

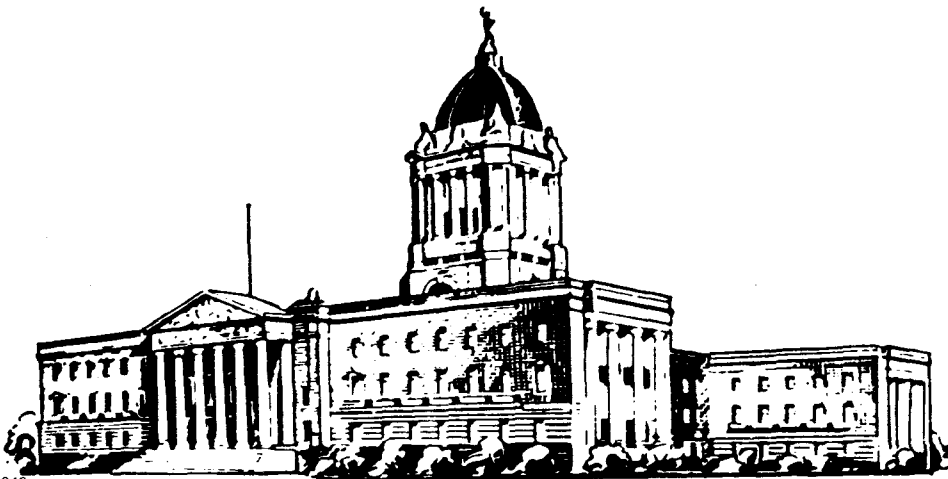


Fifth Session — Thirty-First Legislature
of the
Legislative Assembly of Manitoba

**DEBATES
and
PROCEEDINGS**

30 Elizabeth II

*Published under the
authority of
The Honourable Harry E. Graham
Speaker*



MG-8048

VOL. XXIX No. 14B - 8:00 p.m., MONDAY, 9 FEBRUARY, 1981

MANITOBA LEGISLATIVE ASSEMBLY
Thirty - First Legislature

Members, Constituencies and Political Affiliation

Name	Constituency	Party
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ANDERSON, Bob	Springfield	PC
BANMAN, Hon. Robert (Bob)	La Verendrye	PC
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ENNS, Hon. Harry J.	Lakeside	PC
EVANS, Leonard S.	Brandon East	NDP
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FILMON, Gary	River Heights	PC
FOX, Peter	Kildonan	NDP
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HYDE, Lloyd G.	Portage la Prairie	PC
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JOHNSTON, Hon. J. Frank	Sturgeon Creek	PC
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USKIW, Samuel	Lac du Bonnet	NDP
WALDING, D. James	St. Vital	NDP
WESTBURY, June	Fort Rouge	Lib
WILSON, Robert G.	Wolseley	Ind

LEGISLATIVE ASSEMBLY OF MANITOBA
Monday, 9 February, 1981

Time — 8:00 p.m.

CONCURRENT COMMITTEES OF SUPPLY
—
**ECONOMIC DEVELOPMENT AND
TOURISM**

MR. CHAIRMAN, Morris McGregor (Virden): I call the committee to order. We are on Resolution No. 49, 2.(a)(2)(b). The Member for Brandon East.

MR. LEONARD EVANS (Brandon East): I suppose technically we could have asked this under (a) Salaries, but I don't think it matters too much. Are all the staff of MRC paid under appropriation (2) Technology?

HON. J. FRANK JOHNSTON (Sturgeon Creek): There's five staff, a director who is also the executive director of the Manitoba Research Council, three product development engineers, two of which are assigned to the Winnipeg Industrial Technology Centre, and one administrative secretary. That's the people paid out of that appropriation.

I didn't quite hear all your question. Is that . . .

MR. EVANS: I understand according to the information the Minister gave us on staff complement the other day that there are five people in Technology and my question was, this is the full staff, is it, of the Manitoba Research Council?

MR. CHAIRMAN: The Honourable Minister.

MR. JOHNSTON: No. The staff that you're looking at on the page the other day, the increase of eight, I believe you are referring to, three are for the Portage Technology Centre, and five are for the Winnipeg Industrial Technology Centre. Now that's the increase. At the present time there's other staff in the technology centres who are paid out of the Enterprise Manitoba funds. Then the increase of eight will be paid out of the Enterprise Manitoba funds. These five people are the director, three engineers and an administrative secretary.

MR. EVANS: I am still not quite clear. There are 5 SMY's under Technology and then in addition under Enterprise Manitoba you have listed 28 positions for Manitoba Research Council, so that's a total of 33.

MR. JOHNSTON: That's correct.

MR. EVANS: So my question is, what is the difference between the five. I know you have itemized them here. You say a director, three engineers and one administrative secretary, but what's the difference? Why are they up there apart from the Manitoba Research Council under Enterprise Manitoba? What's the difference between the five and the 28?

MR. JOHNSTON: The five are civil servants and the other people that are working in Enterprise Manitoba are term employees from Enterprise Manitoba. All of the Enterprise Manitoba employees are hired on the

basis of the term of the contract. Now, that doesn't mean to say they won't be there after because during the three year period of building up the technology centres we are very hopeful they become not completely self-supporting but quite self-supporting.

MR. EVANS: Can the Minister tell us what is the major thrust of the Technology Branch now? I know moneys are being spent on the food centre and I know there was some discussion on health products but could the Minister give us a brief overview of the thrust, the direction of the MRC staff in terms of technological development?

MR. JOHNSTON: The 1981-82 intentions will be to assist the MRC in the management of the two technology centres. This is what this five staff will be doing, assuring that the performances . . . well it's consistent with the Manitoba legal agreement, they place their major emphasis upon advancing National Research Council Manitoba project including effective incorporation of the related MRC component. We have been working very hard and had made very successful presentations to the National Research Council to have an international research institute in the Province of Manitoba, the development in consultation with MRC, the private sector, and educational institutions; a major policy paper on strategy for technology development for the province with a December 1st, 1981, deadline; examining the entire process of innovation in the national and provincial context and recommend actions to strengthen the innovative process — that is studies to be done on the basis of where we should be going with R and D in the Province of Manitoba; and increase federal government purchases of R and D in Manitoba.

During the past year they were the leaders in the building up of the facility which is in place at the present time and doing all the other tasks with the Manitoba Research Council. That is the actual function of these five people who are civil servants. As far as the technology centres are concerned or the Portage la Prairie Food Technology Centre, I think we'd better answer it under the Enterprise Manitoba, under this agreement here.

MR. CHAIRMAN: 2.(a)(2)(b) pass; 2.(a)(3)(a) pass; 2.(a)(3)(b) pass; 2.(a)(4)(a) pass. The Member for Burrows.

MR. BEN HANUSCHAK: On 2.(a)(4)(a) with respect to Human Resource Development, I just wanted to ask the Minister what, if anything, has been done flowing from the statement made by this government before it became government on March 31st, and April 1st and 2nd of 1977, at the Progressive Conservative Party's annual meeting. The Minister will recall the whole bundle of policy papers and it says on the cover that it's for discussion purposes but reading the first paragraph it's quite clear that this set of documents presents the direction and intentions of the Manitoba Progressive Conservative Party and the extent to which any discussion of

these papers, or the effect a discussion of these papers were to have, was merely to polish up and smooth up the rough edges on some of the policy statements and that type of thing. But basically, as Sterling Lyon himself says, but while we may change some of the emphasis and some of the policy outlines contained here the general direction of these policies reflects the kind of government we will have in Manitoba.

Now I note, Mr. Chairman, and this is related to human resource development and I would think that the Minister of Economic Development would have an interest in this but one of the commitments that the Conservative party made at that time was to work with industry to encourage pilot projects offering employment opportunities to men and women after they have reached the mandatory retirement age of 65 years. So my question to the Minister is has he developed any pilot projects or assisted in any pilot projects to provide employment for persons after the age of 65, which he had promised to do 4 years ago.

MR. JOHNSTON: Not in this department, Mr. Chairman.

MR. HANUSCHAK: Well, Mr. Chairman, you know the statement is quite clear to work with industry and if one was to work with industry one would assume that one would work through this Minister. So it would seem then that nothing had been done in that regard. There was also a commitment made . . .

MR. JOHNSTON: That's not true, Mr. Chairman. If you will excuse me I would like to answer. That's not true, I said not in this department previously.

MR. HANUSCHAK: Oh, so the Minister has knowledge of something having been done in this area but not through his department. Is that what he is saying?

MR. JOHNSTON: That is correct.

MR. HANUSCHAK: Well, would he be good enough to elaborate.

MR. JOHNSTON: I think you will find through the Department of Labour and for the Over 65 programs you will find that they are basically in that department. Our particular area would be Human Resource Management, to work with industry on the management of their human resource and let them know what programs are available, instruct them where they would go to have personnel problems worked out, that type of information.

MR. HANUSCHAK: Well, listening to the Minister's explanation I find it difficult to understand how, in offering that type of assistance, how one could exclude the people over 65. I mean if he says that he offers assistance in personnel problems and the like well surely people over 65 are part of personnel. But he says he doesn't deal with them

MR. JOHNSTON: Well, I didn't say that, Mr. Chairman.

MR. HANUSCHAK: Very well.

MR. CHAIRMAN: 2.(a)(4)(a) pass; 2.(a)(4)(b) pass; 2.(a)(5)(a) The Member from Brandon East.

MR. EVANS: Well, Mr. Chairman, I wonder if the Minister could outline exactly what information or material the Department has now prepared and is distributing to the public presumably and to business that it is trying to help. Could he outline the promotional material, pamphlets, reports, whatever, that is being prepared by this branch in keeping with its responsibilities?

MR. JOHNSTON: There's a request in this department for an extra person who I mentioned is a writer. We have a director, a graphic artist, and a writer. There is an increase of about \$113,000 in the Other Expenditures. Let me give you the total advertising operation. The plans for the activities planned are career opportunities pamphlets and posters, fashion industry, hospitality industry, wood products industry and printing and publishing industry, displays and advertising and promotion support and also some career symposium support; a career symposium support was held last year. The type of work we would be doing under the Career Opportunities is the continuing of the work that we did last year working with the Canadian Manufacturers Association in their Let's Talk Industry and You Program. We designed pamphlets such as this: Metal Working and Industry; Getting Ahead In the . . . and on the inside gives the brochures 27 Ways To Make Your Career in the Metal Working. We did that one last year and we did the electronics one last year, the electronics industry brochure, working again with the Canadian Manufacturers Association and the Department of Labour and the Department of Education to work on the promotion, because it's badly needed on the basis of career opportunities.

There are very large display posters and advertising and promotion for support with, Lets Talk Industry and You with the Canadian Manufacturers Association.

Industrial and business development information, audio-visual slide material — we will be adding to our slide material that we presented in the Manitobans Program that we produced last year — industrial location publications — that's allowing industry to know where are locations are — cost comparison reports — cost comparison between Saskatchewan and Manitoba or Ontario/Manitoba or wherever — promotional and advertising support — we are going to start a quarterly business information publication for \$50,000.00. Item (2) was \$40,000; (4) is the Manitobans Campaign and display material, product stickers, in-store promotion, advertising, publications, ads and publications, stimulation of private sector involvement using the stickers on cartons for materials being shipped "Manitoba-made"; participation in Manufacturing Opportunities Show and Made-in-Manitoba Week, that's \$40,000; general expenses of printing and stationery, \$20,000; that's \$283,000.00. That's the plans that we have for the coming year.

I believe I mentioned earlier to somebody that we had different choices to be made. We have a request from the federal government to participate in Ottawa in the World Symposium on Small Business, the eighth one where there is 40 countries represented. We will have to take a look at that.

We have then, of course, the Enterprise Manitoba; plans are still being developed and this Enterprise

Manitoba budget is split with the federal government 60-40.

There is the energy campaign extension. Those are the ads that you saw in the Globe and Mail and be in the Wall Street Journal as well.

You have your Manitoba-made extension. These are the ads, and they are very expensive ads when you are in the Wall Street Journal, etcetera. Your Manitoba-made campaign is a continuation of what went on last year. These are the different industries, electrical, farm machinery, transportation, aerospace. Those are the types of ads that we are using in the Manitoba-made campaign. Also, the Manitoba-made stickers with industry. You have your sectorial capabilities brochures, business development brochures. Those are \$100,000 but, as I say, split between the federal and provincial government.

You have also the regular information and technical support materials advertising, the promotional and technical services and seminars, etc., that are held in the Winnipeg Enterprise Development Centre, in the Brandon Development Centre, Winnipeg Industrial Technology and the Portage Food Products Centre. There are seminars held very regularly on different subjects in whatever area they are in. Material to support initiatives to promote Manitoba's capability in western capital products, and that's the sourcing program I mentioned earlier. General advertising and publications, \$10,000; that's \$250,000.00.

Then you have additional advertising and promotion, that is, market development, trade fairs promotion, \$32,000; business development, business opportunities production, \$12,000 — that's \$44,000, for a grand total with Enterprise Manitoba and the department of \$588,000.00.

MR. CHAIRMAN: The Member for Brandon East.

MR. EVANS: Does the department still publish the Community Development Reports?

MR. JOHNSTON: Yes.

MR. EVANS: Would it be possible to have one set of all the pamphlets produced by the department now? I think we have had them in previous years. Just to see an update of any changes.

MR. JOHNSTON: Yes.

MR. EVANS: Thank you. Did I hear the Minister correctly when he said the department was going to go back into producing a magazine? Some years ago we did produce a monthly magazine, or I think it came out perhaps 9 or 10 times a year, I'm not sure. Is the Minister saying now they are going to back into the magazine business with a quarterly business publication?

MR. JOHNSON: A quarterly business information publication.

MR. EVANS: Would this in any way compete with the Manitoba business magazine that's now being printed by Murray Publishing Company Limited?

MR. JOHNSTON: No, it won't, it's not going to be a magazine type, it will be similar to a magazine. It will

be a publication quite similar to the one that was done before on business information in the province; projects, all of those things, it will be assistance to business. We, at the present time, have one that is the small business informations publication that is sent out about three times a year at the present time and that's done through the Enterprise Manitoba Program through the small business sector.

MR. EVANS: Mr. Chairman, I thank the Minister for that information, but could he explain why was the previous publication cancelled? What was the basis for cancelling the previous publication, which too, as the Minister just described, was an informational pamphlet or brochure or whatever you want to call it, it was an informational piece. I'll call it a magazine, if you like, strictly information. It sounds very much like what the Minister has just described, so I wonder what was the purpose of ceasing the first one, when now it looks like you are going to go back into the same type of report, even though it may only be quarterly rather nine or ten times a year?

MR. JOHNSTON: To answer the honourable member's question, I was not the Minister when that was decided to be discontinued, but I believe at the time it was discontinued on the basis of not having sufficient funds, and it's one of those things that got cut out of a budget and that happens to many different things. I was able to convince the Cabinet, I guess, or the powers that be that the information report is one that is beneficial to manufacturers and businessmen in the province, and so we have decided to go back for the quarterly report.

MR. EVANS: I am not opposed to the Minister and the Department moving in this direction. I do have a faint recollection though, Mr. Chairman, that we were criticized, not necessarily by this Minister, when he was a member of the opposition, but I vaguely remember some members of the opposition criticizing us for putting out a magazine which competed with privately produced magazines and we do have one in Manitoba, and I think there's only one that's now produced on a consistent basis and it would seem that in some ways, inevitably you will be competing with that particular publication. It might make it that much more difficult.

Having said that, I repeat I am not opposed to the direction the Minister is moving, but it seems rather ironic that we were criticized by the previous Conservative Opposition for being in the publication field, competing with a privately-produced magazine, and now we see the wheel has turned full circle and we are going to go back into the business.

MR. SPEAKER: The Member for Transcona.

MR. PARASIUK: Mr. Chairman, I would like to ask the Minister if he feels that the cutbacks of two years ago, where these types of cutbacks were made in various departments, but especially this one, when publications were cut out with a great deal of fanfare by the First Minister at that time, whether in fact his actions now when he comes to us saying that he convinced the First Minister, convinced the Cabinet that a public like this was needed, is he now saying that those efforts at cutbacks two years ago were misguided, in fact were wrong, and the government

is now admitting its mistake by permitting this particular publication to again come to light? In fact, my colleague, the Member for Winnipeg Centre, says that possibly they are wiser now than they were two and a half years ago.

Can the Minister indicate whether in fact there have been any start-up costs in design and layout for magazines, because I know that there are start-up costs. Any publisher that I have ever talked to indicates that usually the first year of any magazine's publication, if in fact it would be publishing a publication like that for profit, the first year is usually a loss because you spend at least a year trying to make up for your initial design and layout costs. Can the Minister indicate how much it has cost the people of Manitoba to make up for a mistake made two years ago?

MR. JOHNSTON: First of all, I am not prepared to have words put in my mouth. I don't know whether it was a mistake or not, and assumptions usually are very hard to answer. I can only say to you that the \$50,000 will, we expect, according to our estimates, and there hasn't been any layout work done as yet, but \$50,000 will be able to do the layout and handle the cost of the four publications that we expect to have.

MR. CHAIRMAN: The Member for Elmwood.

MR. RUSSELL DOERN: Mr. Chairman, I wanted to ask the Minister some questions here about his provincial ad campaign. There's apparently three components to an advertising campaign in Manitoba and across Canada and the United States, and I wanted to first of all ask the Minister what the total cost of three components are: There's the television commercials, which are \$62,000 of P.R. paid for by the Manitoba government; then there's newspaper ads which appear in the Globe and Mail, Financial Post and Wall Street Journal. Can the Minister indicate the cost of those ads and whether that is cost-shared with the Federal Government?

MR. JOHNSTON: Yes, Mr. Chairman.

MR. DOERN: Then I would like to also know, I guess the third component is in fact split 50-50, \$67,000.00?

MR. JOHNSTON: I have answered that question before; I believe I did in the House. The third component is not split. I think I answered in the beginning of the Estimates. The Energy Reserve Program will be in the Globe and Mail and Report on Business, Financial Post, Canadian Business, EnRoute, Executive, Wall Street Journal, Fortune, Sights and Selection Handbooks. The cost for those ads, on the energy ads which I just showed you, is \$60,000.00. That is split between the Federal and Provincial Government 60-40.

The Manitobans campaign to create an awareness of the range and quality of the Manitoba-made goods among potential customers in other Canadian provinces and in the U.S., emphasis on priority sectors identified under the Enterprise Manitoba, electronics, aerospace, food, beverage, light machinery and farm equipment, transportation equipment, health care products, and other sectors

in which opportunities have been identified, fashion industrial clothing. That program, with the advertising media, and I believe I showed you some of those ads, will be in the Micro, Canadian Electronics and Engineering, Implement and Tractor, Manitoba-Saskatchewan Business, Aviation Week and Space Technology, Canadian Grocers, Business Life in Western Canada, Style, Skyward, Globe and Mail, Report on Business. Selected Manitoba-made ads have been running over the past few months. Intersession scheduled for February and March, but you are asking about this campaign that I announced in the press. That is \$67,000, cost-shared with the Federal Government.

The Manitobans campaign that you see on television is the one that was not cost-shared by the Federal Government; it was a Manitoba program.

MR. DOERN: I want to go over those figures then. I gather that the T.V. programs cost \$62,000, that the newspaper ads cost 40 percent of \$60,000, which is \$24,000, and that the ads and promotions cost roughly one-half of \$67,000, which is therefore a total of about \$120,000.00. Is that correct, on the three parts of the program?

MR. JOHNSTON: I think that you also should have — the \$60,000 for the Energy Reserve Campaign is the cost of the ads. That's the one that we just showed you and they are going into the periodicals, Wall Street Journal, as I mentioned, and Globe and Mail. That is the cost of placing them.

The Manitoba-made Campaign in the magazines that I mentioned and the large distribution we are getting on that, the cost of placing them is \$67,000.00. The actual cost of the television ads to the station is \$27,000.00. The \$62,000 figure comes from — in the press conference, the advertising agency was asked what each ad would cost and he said \$7,000.00. Now, I have offered to bring in the actual costs. The Member for St. Johns has asked me for that. The figure of \$7,000 was the estimates that we worked on and as soon as we have all the information that the Member for St. Johns asked for we'll be supplying it, because all the bills are not in as yet, certainly we had some estimates.

MR. CHAIRMAN: The Member for Elmwood.

MR. DOERN: I had a series of questions I wanted to follow here. I am looking at that Free Press ad and I am following it from there. There are three components here; the first one being the television commercials, and that apparently costs \$62,000, the total cost of production and placement.

MR. JOHNSTON: That's correct.

MR. DOERN: Secondly, you have black and white print advertisements in a bunch of business publications, which I gather you said cost \$60,000 and that was a 60/40 split, and therefore you are paying \$24,000 on that. I assume it's 40 percent provincial.

MR. JOHNSTON: Plus the production and layout charges that weren't . . .

MR. DOERN: All right, plus production costs which might be \$20,000 or \$30,000; and then there's the

third component of ads and promotions, which are \$67,000; black and white ads, trade shows, etcetera, and you are paying half of that. Is that correct?

MR. JOHNSTON: Sixty federal, forty provincial.

MR. DOERN: It strikes me that you are spending a minimum of \$100,000 to \$150,000 on these three segments.

MR. JOHNSTON: That's provincial dollars.

MR. DOERN: Is there advertising in other sections of your department for other promotions in addition to these?

MR. JOHNSTON: No, it's all done through Enterprise Manitoba and the career advertising that I mentioned.

MR. DOERN: I think the Minister just confirmed a question that I asked him in Question Period, that when you come to production costs, that those are open-ended figures, that \$62,000 for TV programs may be higher and similarly with the newspaper ads, that those production costs are not fixed but they are open-ended.

MR. JOHNSTON: We can be very accurate with the production costs on the printed, because they have been made up for quite some time, but the quoted figures of productions per television ad was \$7,000, and if you read the ad or the article in the paper, it was not me that stated it. The press asked a question of the advertising agency.

MR. DOERN: Is the Minister arguing that the costs will be lower or that they will be higher than the projection?

MR. JOHNSTON: I certainly would ask some questions if they weren't close to what was quoted.

MR. DOERN: Can the Minister indicate why the people in the ads that were shown in Manitoba were paid actor rates? Is it because they were regarded as amateur actors and were paid an equivalent amount of money to a real actor, or was there some other reason?

MR. JOHNSTON: I think it's the law or the union contract if I'm not mistaken. Broadcasters have to pay all people that were picked and were on television. We're only obeying the rules that are laid down by them.

MR. DOERN: Mr. Chairman, I wanted to know as well, again, on the fact that the five commercials cost \$7,000 each or \$35,000 to prepare, whether that figure is regarded by the department as an average or a high amount of money?

MR. JOHNSTON: I stated in the House, I asked that question myself and I am told by most advertising people, and the people in the media, that were there when I asked the question, thought we got a bargain.

MR. DOERN: Can the Minister indicate again whether in the selection of that agency which was McKim, whether a series of agencies were invited to

bid and to present a variety of material and possibly a range of prices for the campaign? Were there other agencies involved in the competition? Was it a competition?

MR. JOHNSTON: Not in this case. The McKim Advertising Agency was a selection that was made by proposals to the department and it was approved by the ad agency that McKim Agency would have the contract for Economic Development, the same as there is another agency that does it for Tourism.

MR. DOERN: Did the Minister then also have the approval of the advertising audit office in the sense of when the figures were checked, were those figures approved or in line with other government contracts?

MR. JOHNSTON: The advertising audit office were involved in the proposals from all agencies when the Department of Economic Development requested proposals from agencies to handle the Economic Development advertising.

MR. DOERN: Mr. Chairman, again on the development of the advertising, was a concept for these ads layed out by the department and then taken to McKim or did someone in the department simply phone them up and say we'd like a series of ads to counter the "doom and gloom" in Manitoba and McKim developed the program? Who developed the program in terms of the concept, was it the agency or the department?

MR. JOHNSTON: The agency made proposals to us on a request by the department on the basis of having ads that would let Manitobans know that Manitoba is a good place to work, good place to live, and a good place to invest.

MR. DOERN: Mr. Chairman, I would simply say in general on this question, which we have debated, that in my judgment these ads are no more than an attempt by the Progressive Conservative Government to counter their bad image; that they are not in fact a series of advertisements to promote Manitoba or to counter so-called "doom and gloom talk", they are simply an attempt to promote the sagging fortunes of the government, and that they are an improper use of taxpayers' funds; that the provincial Conservative Government is spending taxpayers' funds to promote their own political image and that the cost of these ads should fairly be billed to the Progressive Conservative Party and not to the Department of Economic Development; and that the basis of these advertisements is completely erroneous, namely that the basis is that they are going to counter an image which exists in the minds of the media and the Opposition political parties.

Nothing, I think, could be further from the truth. The problem in Manitoba is the sagging economy because of the policies of the Lyon administration and the reasons that are given by the Minister are misleading and the whole concept is mistaken. They are attempting to build up a political image prior to an election campaign. If the government was serious then the Department of Economic Development would go out and drum up business for Manitoba, encourage Manitobans to stay in Manitoba, instead of driving them away, and start generating some jobs

in Manitoba. Instead they see the fundamental problem of the Manitoba economy as image. They think that their image is misunderstood in the public mind. They say that there are no problems, that the economy is booming, that everything is well, that people are happy and that the only problem is that a few people in Manitoba think that there are problems in society. And the Conservative answer is there are no problems in society, the problem is in the minds of the media and the Members of the New Democratic party.

Well, Mr. Chairman, I think that is an incredible approach, and I have to say to the Minister that when he made his opening statement on this Department it bordered on paranoia. If you read what the Minister said when he opened up on the Department, he said that there are people in this society that are against us and are spreading doom and gloom. Well I have to tell you, Mr. Chairman, and I have to tell the Minister of Finance, the new Minister of Finance, that the problem is within the government and that no Opposition political party and no newspaper in the country can generate doom and gloom where none exists, and that the Opposition political party is simply pointing to the basic and fundamental problems in the Manitoba economy and all that the Conservative Government can come up with after 3 years of monitoring is an advertising campaign. They come up with new paint and cosmetics to mask a serious fundamental problem and think that this is a condemnation of their thinking. They're becoming paranoid in their last days in power and they don't have the guts to admit that they have made mistakes and what they are doing is billing the Manitoba taxpayer to try to turn around an image that they have carefully built up by destroying the Manitoba economy since 1977.

MR. CHAIRMAN: The Member from Brandon East.

MR. EVANS: The Minister indicated, in answer to a question earlier, that essentially the monies available for production of pamphlets, advertising material and informational bulletins, etc. were in this Item under 5 plus some expenditures that might be available under the (e) under Canada-Manitoba Industrial Development. Could he give us an idea as to what is the total amount. This obviously doesn't give us the total amount of money for promotion and information services. There are monies elsewhere in these estimates. Could he give us the total amount that's available for promotion and informational services.

MR. JOHNSTON: I just read it all out, the intentions for next year and it's \$588,000 with the Enterprise Manitoba being \$260,000 and the other being \$283,000 which is shown in the estimates, Other Expenditures. The \$283,000 is in the Promotion and Information Services that you see before you; in Enterprise Manitoba there is \$260,000.00.

MR. EVANS: You add up the \$283,000 plus the \$260,000 that gives you the total.

MR. JOHNSTON: And an additional \$44,000 in market development, trade fairs promotion and business opportunities promotion.

MR. EVANS: So now we're looking at \$625,000 in total.

MR. JOHNSTON: \$588,000, \$588,500.00.

MR. EVANS: And that includes Manitrade, is that what you are saying?

MR. JOHNSTON: Enterprise Manitoba Campaign.

MR. EVANS: What is the estimated amount of that that might be spent on television advertising in the next year as opposed to print material or is it all print material?

MR. JOHNSTON: This is all print material.

MR. EVANS: So there are no funds in here, therefore, Mr. Chairman, for further television ads by this Department in the '81-82 fiscal year.

MR. JOHNSTON: As I said at the beginning when I read off this list, these are the intentions at the present time. There could be a decision made, if we felt that there was a reason to have television advertising, we would take a look at it.

MR. EVANS: So while at the moment the intention is to spend this money essentially on print material, the Minister doesn't rule out the possibility of monies being spent for television advertising in the future.

MR. JOHNSTON: That is correct. I don't really know why the members of the Opposition seem to think that television is not a media that shouldn't be advertised on. It's probably the largest advertising media in the world today that everybody uses and if we see that there is a reason to use it we would take a close look at it.

MR. EVANS: Well, Mr. Chairman, I don't think that members of the Opposition are necessarily opposed to using T.V. as one medium, but it's what is broadcast over T.V. that is what is concerning the members of the Opposition. If you are advertising some information to the small business sector, making them aware of some program that's being made available to them or whatever, that's one thing. Or even you know purchase Made in Manitoba products, that's another thing, you know, appealing to the consumer. But when you get into the general, admittedly nebulous area of trying to persuade people that this is a fine place to live by means of a \$62,000 television program, I think this is where we draw the line and say that this is a wasteful type of expenditure. So we're not against T.V. advertising per se, providing you can see some direct benefit. And as I said the other day, I don't see how you can measure the benefit of your \$60,000-odd T.V. program. There is no way you can measure the benefit from that. If that was geared to Buy Made in Manitoba food products or Buy Made in Manitoba clothing or Buy Made in Manitoba furniture, whatever, you could almost go out and measure that and see whether there was an increase in sales of Made in Manitoba furniture, for example, see whether there had been any impact. I don't know how you measure the impact or the benefit from this particular television advertising.

MR. JOHNSTON: Well, Mr. Chairman, all members, who I'm sure have seen the ads, if they take a close look at the 5 of them you'll find that they hit working

in industry, they hit industry, they hit hydro, they hit professionals. I might just say on the professional side I was watching and listening the news tonight at 6:00, where there is a group of people going to have meetings with nurses in this province to convince them to stay here. There are jobs available and just after having, I believe, a 28 or 38 percent increase in salary. They're convincing them to stay here and on the basis that Manitoba is a good place to work, live and remain here as a professional. So the ads were designed to get, we thought, all parts of the people working in the economy. Quite frankly, we have had some very good letters and comments on it, many good and very few bad.

MR. CHAIRMAN: 2.(a)(5)(a) pass; 2.(a)(5)(b) pass; 2.(b)(1) pass — the Member for Burrows.

MR. HANUSCHAK: Mr. Chairman, on Business Development, and I again I would like to refresh the Honourable Minister's memory as to the commitments that he made to the people of Manitoba four years ago. All of these commitments are related to business development in the Province of Manitoba. At that time he promised the provision of an incentive-oriented tax system which will encourage our productive people to remain and pay their taxes in Manitoba.

Now, Mr. Chairman, you know that the Minister has failed on that because that did not happen. Whatever incentive-oriented tax system program he has devised, of which I am not aware, and if he did, it certainly wasn't effective because our productive people are leaving Manitoba and they are not paying their taxes in Manitoba. In fact, Mr. Chairman, by the Minister's own admission, he now has to spend money to tell people that Manitoba is a good province to live in, a good province to work in, a good province to invest in.

He also said that Manitoba must compete for industry development and opportunities. Well, Mr. Chairman, here again the Minister has failed. There is no evidence of any competition for industry development and opportunities. Oh, yes, there has been talk; there is talk about doing feasibility studies, to do a feasibility study, to do a feasibility study type of thing, Alcan, etcetera. But nothing has really materialized as yet, Mr. Chairman.

Also related to Business Development: To provide incentives for risk taking and initiative in Manitoba. Again, to put it in the words of Henry Fielding in speaking of Robert Walpole, it's nothing but a flim-flam, because that hasn't happened. In fact, Mr. Chairman, this year, in which the Minister says there has been no change in government policy, but surely even a grade two or three child would notice it in comparing the Throne Speeches over the past three years, that where the Minister and his colleagues have been talking in 1978, 1979, and 1980 about removing government intervention, removing government intrusion from the economy, this year the government says, "No, the government cannot turn a blind eye to what is happening in the private sector and government must get involved in the development of our economy."

So whatever he had promised the people in 1977, that didn't work. He promised to provide tax incentives for small businesses as the greatest producers of employment and opportunity in

Manitoba. Well, we haven't seen any of those tax incentives to small businesses. In fact, Mr. Chairman, we know what is happening to small businesses, small and large; they are going bankrupt. In fact, Mr. Chairman, when the Minister talks about consulting with the business community, and I suppose he has been accustomed to meeting with the business community at the Manitoba Club and the Carleton Club, and I would suspect that in the very near future, both of those clubs will probably have to shut their doors because many of their members have moved out of the province to other provinces in Canada, and those who are remaining are going bankrupt so they won't be able to afford to renew their membership fees. Again, he repeated that he will provide incentives for new business and speculative investment.

Then dealing more specifically with private enterprise in Manitoba, he said in 1977, Mr. Chairman, that to restore a climate in Manitoba — this is one of his objectives: "To restore a climate in Manitoba where responsible private enterprise is encouraged to flourish and to provide the jobs and opportunities that people throughout Manitoba need." Again, Mr. Chairman, we know that the Minister has failed on that. When he says that Manitoba is a good province to live in, and he has to spend money to tell the people that, he will recall the headline which appeared in the Winnipeg Free Press, and I wish I had it with me — this appeared about three or four weeks ago — and it was quoting a construction worker, one of the thousands of construction workers out of work in Manitoba, who said — there was even a worse one, "Bleak Future for Tradesmen", but in another issue on the same day, a story dealing with the same situation, the headline read, "I never dreamt or I never thought that it would be this bad,". And that's what one of the 4,000 unemployed construction workers in Manitoba said, Mr. Chairman. Four thousand workers representing a population of at least 10,000; now that's 4,000 unemployed. That's not including the partially, the semi-employed workers, who are working 35, 30, 25 hours a week, working half-time, less than half-time, who are not included within this figure of 4,000. That does include the thousands of workers who do not know from one day's end to the next whether they will have a job to go to tomorrow. And that's the healthy economic climate that this Minister is talking about, Mr. Chairman. Obviously he has failed there, too.

The Minister and his colleagues four years ago said that their objective was to wind down the MDC, selling off those government-owned enterprises that can be operated by the private enterprise with appropriate guaranteed job security. Well, Mr. Chairman, we are well aware of the give-aways which had occurred. But the job security? The job security, we're not quite so sure whether there was job security provided to those employees that went with the Crown corporations that were given away, such as Morden Fine Foods, such as the Lord Selkirk, and others.

Then the Minister and his colleagues said to the people of Manitoba four years ago: "To end government competition with private industry and to replace this activity with incentives to private enterprise to perform specific business activities of

benefit to the province." That did not occur, Mr. Chairman; that did not occur. The incentives aren't there and if there are any incentives, any meagre incentives that the Minister is offering, the private sector is not grabbing at them. We do not see a flood of business entrepreneurs coming into Manitoba and developing our economy. In fact, the reverse is occurring and the Minister knows it, because he says he has to spend money to tell the people that, look, this is a good province to live in; this is a good province to work and invest in.

Then, the Minister and his colleagues also said in 1977, related to business development, that they are going to study the feasibility of a system of small business loan guarantees similar to the established Farm Development Loan Program. Well, is the Minister still studying that system of small business loan guarantees? Surely it is not going to take him four years to study it. Surely he will get it off the ground.

He said it — I am reading — as a matter of fact, every fourth or fifth page — there is a memo here with the name of Sterling R. Lyon at the bottom of it, "Government Organization, Economic Policy, Sterling R. Lyon.

MR. CHAIRMAN: On a point of order, the Honourable Minister.

MR. JOHNSTON: On a point of order, I was of the understanding, or I thought the member was reading one of my speeches. Is it one of mine, or what speech is it?

MR. HANUSCHAK: The Minister doesn't know what I am referring to. I am referring to a document with the PC logo on top, and it says 1977 annual meeting. I thought I had explained this to the Minister earlier — 1977 annual meeting, March 31, April 1, 2, policy papers. Now I'll explain to the Minister again. I looked at this and it says for discussion purposes. I thought this is merely a discussion paper and whether it's become policy or not, who knows, so it's really a waste of everyone's time raising it, but then I go to the first page, and it says, and this is over the signature, not just the name typed in there but the signature, Sterling R. Lyon, and he said that, "This set of documents presents the direction and intentions of the Manitoba Progressive Conservative Party". Then he goes on to say that, "These policies and programs are not the last word", but he is very quick to point out. Mr. Chairman, "But while we may change some of the emphasis, the general direction of these policies reflects the kind of government we will be in Manitoba."

Mr. Chairman, to the best of my recollection, the Honourable Minister was a member of the Conservative Party in 1977. He was a member of the Progressive Conservative Party Caucus at that time, and I don't see how the Minister at this time can disassociate himself from what his leader, speaking on his behalf, and on behalf of his caucus, at that time said, and at that time he did say that he's going to study the feasibility of a system of small business loan guarantees similar to the established farm development loan program, of which we see no evidence. Four years later they're still studying it, reviewing, monitoring, observing closely. What else do they do? They are experts at doing a whole

number of things of that kind. Then he said, and when I say he, because like I said, he can't disassociate himself from this, "To expand the Small Business Advisory Program of the Ministry of Industry and Commerce to offer greater support to small business enterprises in Manitoba." That too, Mr. Chairman, the Minister did not do, neither his predecessor nor this Minister, so again he failed, again he portrayed himself as a dismal failure, purporting to be a leader of Manitoba's economy, of the development of Manitoba's economy.

He was very quick to rush into the House in the fall of 1977 to repeal succession duties, and boy, that was going to do wonders. That was going to do wonders, and he repealed The Succession Duty Act, but people continued leaving Manitoba after he was elected government, and they are still leaving Manitoba. There is more of them leaving Manitoba than coming into Manitoba, and for the few jobs that he and his government have created there are many more jobs lost. There are increasing numbers of bankruptcies; increasing numbers of mortgage foreclosures. People just walk away from their assets.

Tonight during dinner, for some reason one copy of the Manitoba Gazette was late in arriving and I received both today, the most recent one, the one for the previous week, and there are notices, the orders for substitutional or notices in lieu of substitutional service of mortgage foreclosure proceedings, where apparently the owners of the assets, whatever they were, homes or whatever, just walked away from them, disappeared. The mortgagees could not find them. There are increasing numbers of cases of that kind. And that, in the opinion of the Minister, is what's to make this province a good place to live in, a good place to work in, a good place to invest in.

The Minister and his colleagues also said at that famous convention, three day convention in 1977 in March and April, "They are going to consider the cost and effectiveness of diverting some funds currently used by the MDC to assist and support employee group purchases of equity in businesses — sounds very good to work out a scheme that would assist employees to become part owners, to become shareholders of the business enterprises employing them — an excellent idea. That was said four years ago, and there's another flim-flam, Mr. Chairman, another flim-flam, because, can the Minister tell us, can he stand up here and say yes, I have considered the cost and effectiveness of diverting funds from the MDC to assist and support employee groups to purchase equity in their businesses and here are the examples. Here are the business enterprises where that has occurred. Here are the business enterprise where that is in the process of negotiations and so forth. It hasn't happened.

Mr. Chairman, I say to you, on all of the commitments which this Minister and he, like I said, can't disassociate himself from this because he was a member of the party that made these commitments to the people of Manitoba; these were the commitments on which he ran during the election campaign in the fall of 1977, so he can't disassociate himself from that and he has to admit that he has failed at each and every one of the commitments that he had made to the people of Manitoba four years less two months ago.

Now the Minister is talking about spending a pittance on business development and probably the bulk of that we'll discover is an advertising program and a pittance again on market development and so forth. I don't want to violate the rules, Mr. Chairman, we'll deal with those items when we come to them, but I just want to point out that given the present day economic condition in our province his \$62,000 advertising program, or even his \$150,000 advertising program, or the increase of about — no it isn't — an increase of \$70,000 for Business Development is not going to save the economy of the Province of Manitoba. It's gone too far down the hill already to be rescued with an additional \$70,000 expenditure. That \$70,000 expenditure is like a drop in the ocean in relation to the present economic state of affairs in our province and the Minister knows it.

Here again he thinks that, well, if I paint a rosy picture in the media, in the press, on TV and so forth, the people turn on the "one-eyed monster" and they'll see the Minister or whomever they see in that program — I've seen one ad dealing with the oil industry on a Brandon station and that was sort of garbled up, but the message that the Minister wanted to convey wasn't all that clear. But he thinks that with a number of ads of that kind that he'll convince Manitobans to say, oh yes, it's a good province to live in.

Well, Mr. Chairman, take your print advertising campaign and distribute it to the thousands of unemployed people in Manitoba, tell them that; put that on their dinner table and see if that would feed their family — your advertising program; the thousands of people, the thousands of unemployed and like I told you before, it's not just those that are presently on the unemployment lists because there are underemployed people, there are people who are on the verge of becoming unemployed tomorrow or the day after or within the next few days. Tell all of those people that Manitoba is a good province to live in and see if they'll believe you. See what they'll say to you, Mr. Chairman.

To sum up, the point that I wanted to stress, that I wanted to make, is that here, four years ago, a number of flim-flam promises were made, none of which this Minister has honored.

MR. JOHNSTON: Mr. Chairman, right off the bat, the Rural Small Enterprise Incentive Program in small business in the rural areas of the Province of Manitoba, the loans were \$117,000 in 1978-79, or grants; in 1979-80, they were \$1,400,000; in the fiscal year of 1980-81, for nine months it was \$737,000, for a total of \$2,295,000 in grants to small business in the rural part of Manitoba.

The manufacturing investment in the province was up 24.6 over 1977 and 1978; it was up 29.8 in 1979 over 1980; and the total increase since 1977 was 76.5. —(Interjection)— In two years, in three years. —(Interjection)— Increases in manufacturing investment in the Province of Manitoba, the percent.

Employment in manufacturing in 1977 was 2.86 of Canada; in 1980, we are at 3.4 percent of Canada in manufacturing.

Manufacturing capital expenditures in Manitoba were 1.31 of Canada; we are now 1.47, not as good as we want it to be, but have been increasing every year since that time.

New businesses reported, 1980, April to December, was 4,868: 1,927 under The Corporations Act; Certificate of Registration, 373; Business Names Registration Act, 2,568, for a total of 4,868. That has been remaining fairly constant throughout all of the years in the Province of Manitoba.

Job vacancies in the Province of Manitoba: The registered vacancies are 2,800 in 1979; the registered vacancies to October, and these figures are all from Statistics Canada, are 2,288. Quarterly Skill Shortages in Manitoba, put out from the Quarterly Report of Occupational Skill Shortage in Manitoba, Economic Service Branch, Manitoba Region, Canadian Employment and Immigration Commission, a whole list of shortage skills in the Province of Manitoba.

New plant expansions — these are just some of them — new plants were 251, and expansions in the larger plants were 745.

Jobs: The total potential of those new plants is 1,785. The investment total is \$103,541,000.00.

The whole list goes through all the numbers, all taken from actual requests for plant expansion either through DREE or through building applications, etcetera. These our department has worked on. These our department, as government, has worked with and been involved with industry in order to have these expansions come true.

Mr. Chairman, when I hear the member start to say that we have not accomplished some of the things that we set out to do as far as expanding industry in the province is concerned, and then when you find that we have created 30,000 more jobs in three years, then you find that the unemployment rate is the third lowest in Canada, and you find that our export shipments in the province are up higher, we have to say that we have been doing a good job in creating employment in the manufacturing investment part of the economy.

Mr. Chairman, those are the facts. They don't come from an article or paper for discussion; they come from Statistics Canada.

MR. CHAIRMAN: The Honourable Member for Brandon East.

MR. EVANS: Mr. Chairman, it is rather amusing to hear the Minister read out certain selected statistics. I am not sure what he is attempting to accomplish. At first I thought he was talking about how many jobs were created by the efforts of his department, which is one thing we can talk about, but now when he wants to get into job creation in general and low unemployment rates and the amounts of investments and talk about these figures in total, I don't know whether he is jumping to the conclusion that it is because of his activities and his department that we have had 30,000 new jobs in Manitoba in the last year. Surely that doesn't follow, Mr. Chairman.

Surely the Minister has got to recognize that job creation right across this great land of ours has increased in the past three years, not only in Manitoba but from coast-to-coast; every ruddy province has had an increase in jobs. The national average increase in jobs has been fantastic and why? Not because of the policies of this government or any particular provincial government. The major influence on job creation has got to be the

devaluation of the Canadian dollar. That is the general consensus of economists across this country. The reason we have got more jobs in Manitoba is because we have got more protection for Manitoba manufacturers because of the cheap Canadian dollar. You can't point to any program of this government that has tended to create jobs to the extent that the devaluation of the dollar has created.

What bothers me, Mr. Chairman, and we tried to make this point the other night but it doesn't register with the Minister, while we have had more jobs created in the past three years on average than we have had for any year before, the fact is, we are still attaining a smaller share of the national pie. Now, ask your economists and they will tell you that. Manitoba's share of the national job creation pie is smaller in the past three years than it was in the preceding eight years under the NDP government. We are getting a smaller share of job creation in this country, not in this province, not a greater share. Yes, it has gone up in totality, but in relative terms we are doing worse than we were in the 1970s, in the early Seventies. But the phenomenon of job creation has got to be — the most prevailing opinion and the consensus, of all the reading I have done, all the magazines, the Financial Post, the Financial Times, all the business magazines — any economist worth his salt will tell you that this has got to be the one single reason. Look at either the Bank of Montreal or the Bank of Nova Scotia's recent bank letter — it even comments about job creation in Canada and that this is a puzzlement because we are undergoing something of a national recession. Indeed we are, and yet we are creating more jobs. The reason has got to be this added protection by a cheap dollar.

What should bother all of us, though, what is happening at the same time is that the degree of productivity of the Canadian worker is diminishing. In other words, we have had job creation increase, the rate of job creation has increased, yet the output of Canadian industry — I'm not talking of Manitoba, I'm talking Canada in general, has not kept up with the job creation. Therefore, the output per worker has diminished in the past couple years, so we're getting lower productivity levels in this country and that's a fact. I don't know exactly why it's happening. I think what has happened is that we've got a lot of people in the secondary labour market coming in now and people who are taking less than desirable jobs perhaps, and for whatever reason, I'm not sure what the answer is, but the labour productivity, the Manpower productivity, which is not a reflection on labour unions or any individual, or if it's a reflection anybody, it's got to be a reflection on management, but I'm not even suggesting that. For whatever reason productivity is down.

But when the Minister sits there and says well, my golly, you know we've got the third lowest level of unemployment in Canada. I say to the Minister go back through the records since unemployment figures were tabulated by Statistics Canada and see where Manitoba rated. Were we ever fourth or fifth or seventh or eighth or ninth or tenth? Were we ever the worst? No, we used to be the best, we used to be the lowest. Sometimes we were the second lowest. The last three years we've never done better than third lowest, but let's recognize the fact that the

reason, one of the reasons and this is gone on for decades, that we've had a relatively low record of unemployment in Manitoba is because of the fact that people do leave this province. They've left it for decades. Unfortunately they are leaving it more rapidly in the last few years than ever before. So much so that our total level of population for the first time I think since the dirty 30's is dropping. Our total level of population is dropping because of the rapid increase in net exodus of people, but we've always had low unemployment rates.

So for a Minister of Economic Development to tell us we've got the third unemployment rate is to tell me that it gets cold in January. That's what you're telling us. It doesn't tell us anything. If you could say that we're going to have the lowest rate of unemployment or we anticipate the lowest, well then maybe we'd be more concerned. I wouldn't be, nor would I be as the Minister of Economic Development rather self-satisfied with quoting the figures as he did about manufacturing investment, because while you can see some increase in manufacturing investment increase across Canada, including Manitoba, we also see unfortunately in this province, disinvestment, disinvestment. When you dismantle Swift's Canadian, that is negative investment. Let's take into account that as well. And when Monarch Wear folds its tent and moves out of the province that is disinvestment, Mr. Chairman, and when Maple Leaf Mills closes, as it is now, and dismantles its machinery and the building is torn down, that is disinvestment and when Indus Electronics says it finally has to close its shop and lay off its workers and goodness knows what's going to happen to the machinery and the organization, that is disinvestment, Mr. Chairman. What bothers me is that while we can see some new investment, there is just too much disinvestment in this province and I don't know what this department can do. That's what we should be addressing ourselves to. How can this department prevent some of this disinvestment from occurring. What can you do to help Maple Leaf Mills. Nothing maybe. What can you do to help Indus Electronics? What can you do to help Monarch Wear. For a moment I thought, when I read the last report of the department, it said some of the more significant achievements of The Business Development Branch during the past year included assistance with the expansion of Monarch Industries, and at first I thought we were talking about Monarch Wear, but I gather this is Monarch Industries that's in the metal fabricating business. I would hope it is at least. I hope we don't consider this a great achievement in helping Monarch Wear and then find out it leaves the province a year later, and I'm sure it isn't. This is what we have to be concerned with and for the life of me, it's a very difficult, almost impossible challenge that faces this branch in this department in the area of business development, because this is the one area of the department where you have the hard-nosed and hard-cell attempt to encourage specific industrial projects to come along and to take place and we have some good staff. I know they worked very hard but you can't get blood out of a stone, Mr. Chairman, and we have some great difficulties to overcome. I'm not suggesting it's all the fault of this government. We just got some very great difficulties to overcome because of our natural resource

situation, because of the national business cycle and so on. We recognize that, but having said, Mr. Chairman, we believe on this side that there are certain policies of the government that have aided, or not aided, but have contributed toward the economic stagnation that we have become characteristic of in the past 3 years. This is where we are concerned that the policies that the government has pursued have worsened the economic situation, worse then it would have been otherwise.

At any rate, Mr. Chairman, I am wondering if I could ask the question now and the Minister did make reference to 241 jobs connected with the expansion of industry and 745 jobs with new industries, and I'm not sure whether I got that correctly, and whether he was referring to this particular department or what he was referring to because there was some noise at the time. So I wondered if he could just reiterate, or without repeating everything he said, I want to make clear that this is what the department believes that it has helped with in the past year.

MR. JOHNSTON: In this department they work with companies employing 50 or more. The jobs created in new plants were 251, expansion 745 for a total of 996. The potential jobs in these new plants and expansion is 1,785. The total investment of the new plants is \$50 million. The expansions are \$53 million for a total of \$103,541,000, and there are additional projects presently in progress that are being worked on.

You know when the Member says he speaks about Maple Leaf Mill, he hasn't taken the time to find out why Maple Leaf Mills closed in Manitoba. I thought the article in the paper was very clear, the statement by Maple Leaf Mills. The reasons for Swift's closing were very clear also. Indus Industries, I said the other night, we have worked with very, very closely, for a long time, and it was an unfortunate situation there that I don't intend to expand on because of personalities, but it had to close up. The bank decided to go along with them no further. But why would General Aluminum Forgings come here? Why was there a decision for the blood fractionation plant of 6 million to come here? Why did CSP Foods at 35 million come here, to Manitoba? United Fibre Bond, insulation pads, carpet underlay 1.2 million? Why did the Heritage Foundry expand for 1.2 million.

Now all of these had contact and worked with our development officers. Bristol Aerospace, rocket plant, we worked with them very hard on their DREE application with the Federal Government; Standard Aero Engines expansion; Public Press, 1,750,000; Sperry Defence Business, naval computers, are now going to expand to the point of 2,500,000; Hudson Bay Mining and Smelting, 15 million. Pardon me, Sperry is 2,500,000.00. I'm only listing some of them here, but I can say to you, Mr. Chairman, that it's all very well for the members to point at some of the industries that closed up, but I assure you that we investigate the reasons for them. We also have all kinds of industries opening up in Manitoba or expanding in Manitoba and usually the reasons are, as with Maple Leaf Mills and certainly in the case of Swift's, a very old plant that was not economical for them to run. Then you have Boeing pleads overgrowth here; Boeing is expanding in the Province of Manitoba. You talk about across Canada, these

people have decided to expand or invest in Manitoba for the reasons that we have been saying for a long time. We have been working with them very hard to convince them and show them the benefits of being in Manitoba to have that market that's growing to the west of us and the south of us and it has been paying off Mr. Chairman.

The Member wants to talk about the third lowest in unemployment. Certainly, we'd like it to be first. I'm not going to compare to other provinces, other than to say that I believe and I sincerely believe that comparing Canada to the Canadian average, and it's not just what I believe, it's fact, comparing it to the Canadian average when you have two provinces that are doing 50 percent of the investment in Canada, is not a fair comparison because Manitoba is not as badly off when you take that into consideration, and those also are the things that make our figures look bad, but it also is the greatest benefit we're going to have, and that's supplying those markets to the west of us, providing the Federal Government doesn't muck up the energy policy and slow them down.

MR. EVANS: Well, Mr. Chairman, the point though is while the Minister can discuss or mention some new companies that have established or are going to establish in Manitoba, I don't believe he has made the case that because of the Conservative Government, because of your economic policies, you are getting a certain amount of business development. That was the thesis in the 1977 election, elect the Conservatives to government and great things would happen in the Province of Manitoba. And, of course, as we know those great things have not come to pass. It is just not satisfactory for the Minister to rattle off a few names and say you know this has happened and that's happened, you know talks about Boeing. I would like to tell him, when I was Minister Boeing expanded. In fact Premier Schreyer, I believe, was there at the opening, I believe, I don't quite remember. Burroughs Electronics, Burroughs Machines, they came to Manitoba. I know we had all the preliminary discussions with Tupperware to come to Manitoba. Phillips Wire and Cable - we have them in Portage la Prairie. I can name lots of companies too, you know. But you have got to look at the bottom line, I would suggest, in all of these and see what's happening in total to investment and jobs that are being developed in various sectors and so on.

There is no question, there can be no dispute that there has been no significant improvement in industrial development in this province under the Conservative Government. In fact I would say the reverse, the evidence is clear. We have not had any economic miracle. It's been, if anything, an economic disaster.

I believe, and I'd like to be helpful on this, I believe that Manitoba is not getting a fair shake out of DREE. Now I know there is The Industrial Agreement, the sub-agreement on industry and there's all these programs that we've talked about earlier today, Enterprise Manitoba and so forth and so on, and moneys for technology centres and so on, but it seems to me that Manitoba is not getting a fair shake from the Federal Regional Economic Expansion Department. I believe that evidence shows that there has been a considerable amount of new large industry go into the Maritimes, go into Quebec,

that has not come to Manitoba, and I believe that one positive suggestion the Members of this Committee can make is to urge the Minister and his department to be more aggressive in persuading the Federal Government through DREE to help bring about more manufacturing establishments in Manitoba. It seems to me that the Province of Nova Scotia, which has been considered a have-not province for a long time and probably still is, has nevertheless experienced a considerable amount of new manufacturing establishments over the past several years, mainly because of the Federal Government's Economic Development Agency, namely DREE. You see quite a bit of development in Quebec through DREE, and it seems to me that we are not getting our fair share of assistance through that department in terms of significant, new industrial establishments.

I will agree with the Minister. Maybe the day and age of flour mills for Manitoba is gone, but surely the day and age for electronics development is here. The day and age for computers is here and there are areas that we should get some federal assistance and they can be very significant to Manitoba. It calls for co-operation I know, and I don't know how you persuade the Federal Government to think otherwise, but I really believe that Manitoba has been let down by the Federal Government and I don't know how the Minister can overcome it, but I think that has to be a priority area, to go after the Feds as they are called through the Department of DREE to get on with the job of helping us, a have-not province, bring about some industry. What bothers me is that the Federal Government always look at the low unemployment rate and they say, well, Manitoba doesn't need any help because it doesn't have much unemployment, whereas Nova Scotia, let's say, or New Brunswick has a very high rate of unemployment, 12 percent let's say, quite often in the wintertime in New Brunswick and Nova Scotia and even higher. But that's not the only criterion on which a judgment should be made as for further assistance from the Federal Government. Unfortunately, they look at unemployment rates and they say it's low in Manitoba so we don't have to worry, but, Mr. Chairman, the Minister has to convince them that things are not as good as unemployment figures would indicate; that there are other figures they should like at, including the loss of our population and other figures that are not so favourable and that therefore the Federal Government should, if it really believes in a one strong Canada, get on with the job of providing economic opportunities. It's just not good enough for us to have a province where the people, and particularly the young people of this province have to leave. They don't want to leave, they like Manitoba. They agree with the Minister. They think Manitoba is a hell of a good place to live in, but they like to eat as well. They like to eat and so they go, and I say the Federal Government is also letting us down. The Federal Government, they talk about a national unity and so on, as far as I am concerned the basis for a strong united Canada is jobs for all from coast to coast and it's just not good enough not to have sufficient jobs in this province. I urge the Minister to get on with the business of persuading the Federal Government to think a little more positively about opportunities in this province.

MR. CHAIRMAN: The Member for Winnipeg Centre.

MR. J. R. (Bud) BOYCE (Winnipeg Centre): First of all, through you, Mr. Chairman, I wish to thank the Minister for the co-operation that he afforded a couple of problems inter-sessionally and through him to the staff it was really a pleasure to deal with the people in the department.

Now after that laying that smoke screen, a number of questions have been directed in my direction. The questions that come to me are from people in the business community that raise the question, if the governments can help Massey-Ferguson and Chrysler and the farmers, why can't we come up with some kind of a program or process to help a number of people that are in difficulty at the present time. This item we are considering is Development and it sounded like my two colleagues were already out in the hustings there making their political arguments.

I saw on television last night — was it last night — that Frances Fox announced that the government is going to be involved in helping Teledon, for example; and then I read today in the Winnipeg Free Press that Sedco, a Saskatchewan Economic Development Company has a program to assist people in share equity, which is something like what we had under Chapter 2 of the Manitoba — what was that act? Anyway, they put in place buy-out provisions and in some cases they insisted that there would be a buy-out provision four or five years down the road. What I am rambling around about, I guess, Mr. Chairman, is, could we not prevail upon the Minister to perhaps put something in this item. I know he would have to approach his colleagues for a supplementary estimate, but could he not put in this business development a component to see if there isn't some way that we can come to grips with keeping people in business?

I have prefaced this question by mentioning the big ones, Massey-Ferguson and Chrysler and also our historical relationship to the farmers in the province, and I don't question the need for that. In the last Session, I think, we voted some 40 million for drought and flood, all in the same year, type of thing. The questions that come to me from the people in the business community, the small people, less than 50 employees — perhaps I should raise this on small business development, but it is business development as such, and in talking to some of these people that come to me with their problems, some of it is just a bridge situation and in talking around, these people are forced into bankruptcy by our system with no support apparently being available. Even the people that are in the field say that it may improve in two or three months or four months or six months or the next season or something like that, but these people have no choice.

I don't want to question the particular decision that was made relative to a case in point that the Minister himself raised a few moments ago, but where one of the creditors in that particular case, without focusing on it once again as a specific, decided in their corporate wisdom, which is their right to do, is to call the notes and then they have no other alternative but to fold. I certainly don't want to be put in a position where we would come up with a conglomerate of bankrupt companies at all, I'm not suggesting that.

What I am suggesting for the Minister's consideration, albeit my colleagues are perhaps

rubbing the Minister sore with monitoring and everything else, I would ask him to monitor a situation in this area. For approximately a quarter of a million dollars, could deploy the accountants necessary, with the direction necessary, to take a look at these bankruptcies from an analytical standpoint because, Mr. Chairman, it is view of many that we have to come up with some new structures, and even the present government has admitted to that. Strict reliance on the private sector to solve all our economic problems is passe and I find no reason to criticize the government for that because I would remind people that it was Lincoln that said, "If I didn't agree that I could change my mind, I would be confessing that I was stupid today as I was yesterday." So the government in three years experience can see that there is some necessity to shift, and perhaps they'll even look at our investment in Tantalum . . . to get that one either, but if they could take a look at — have the people who have the experience. I didn't say that earlier to blow smoke at people; that the people that you have deployed within the department are terrific. They can dig out an answer on almost anything, and when they come up with graphics, I'm not too sure about some of the ads you have on television at the moment, but nevertheless the capacity, the capabilities of the people to analyse these things, to come up with new structures . . . I think this left-right, government in business, government out of business, I think is passe, and we almost are in the political situation that we confess to, not necessarily conscription, but conscription if necessary, and paraphrase that in today's terms that not necessarily government in business, but government in business if necessary.

When you have the Federal Government on the one hand becoming involved in Teledon and you have Saskatchewan on the other side apparently attracting private sector money through some involvement in equity sharing with a buy back provision or whatever. We have to come up with some new structures, and I think that if we analyse some of the difficulties which are being experienced by the business community, that possibly in the next fiscal year that you can come up with a program.

I would ask the Minister to . . . I don't know where else I can raise this particular point, but it is something that has come to me from many people in the business sector. It's fine to develop businesses but what about me? I've been in business for a while. What kind of government program is there or what kind of help can I get except going through bankruptcy court? And there really is nothing available to these people. I don't know what the percentage figures are now, but I understand much of our business is under 50 employees.

Perhaps through you, Mr. Chairman, to the Minister, he can take that particular item back to Cabinet and see if it isn't possible to include such provision in Supplementary Estimates so that the government can address this program, and I, for one, would support the monitoring of that situation in that regard.

MR. CHAIRMAN: The Member for Transcona.

MR. WILSON PARASIUK (Transcona): Is this the appropriate item to ask about the aircraft industry?

It's business development. I assume that this is the proper appropriation. I would just like confirmation from the Minister. Is that correct? Okay, I do that be . . .

MR. BOYCE: On a point of order, Mr. Chairman.

MR. CHAIRMAN: The Member for Winnipeg Centre on a point of order.

MR. BOYCE: I'm sorry to interrupt my colleague, the Member for Transcona, but I raised that as a serious question, and I would like some response if the Minister is in a position to say either yes or no or maybe, because people have raised this question with me in the business community.

MR. CHAIRMAN: The Honourable Minister.

MR. JOHNSTON: I would have given you an answer after, but if you would like the answer now. First of all, to the Member for Brandon East, we do get a very good percentage or a share as far as Manitoba is concerned for population etcetera in regional development from DREE. We have a very good working arrangement with DREE. Possibly they don't move the loans as fast as we would like them to, or the grants as fast as we would like them to. We do not have as good a break as far as federal funds are concerned when it comes to EDP program which is Industry, Trade and Commerce, and we will be discussing that with Industry, Trade and Commerce very soon.

I'd say to the member regarding the people that are in business and I think he'd be referring — I don't want to put words in his mouth but it really does have a relationship to what is called the service industry, people in business in the retail business or that type of an industry. Most of the programs that are presently in place both federally and provincially are directed towards manufacturing. The way we try to work with the small industries, and when you mention the one that went out of business because the bank called the loan, there was an assessment, an accounting assessment made of that business. There was representation by our department to that business, to the board of directors of that business, of what had to be done or what should be done and it just wasn't possible to pull it out and we would have, in our opinion, been taking over a business that just would have been a stop gap just to see the day of the actual bankruptcy come a little later in fact, instead of when it did.

We in small business, we have the small business development people and this department by the way is 50 people or over, but we do work through our enterprise centres. We have people in our small business enterprise centres that are production people, that are accounting people, that are management people, that are marketing people, that will work with any business, whether it's manufacturing or the service industry upon request or even if we hear of one that's in trouble we'll try to go out and work with them, but it's usually upon request.

Now as far as setting up a fund is concerned to keep businesses going, we use the Federal Business Development Bank to a large extent, we take people to them, but the province does not have a fund at

the present time such as you mentioned in Saskatchewan that is directed to the service industry. Our assistance to the service industry is really through assistance as far as counselling is concerned or consulting is concerned. I say to the member that is something that we have to look at. There is no question that there are circumstances not with, outside the province. There are lots with outside the province but in the past year, regardless of what the honourable members may think, the drought had a tremendous effect on retail sales within the province. The present — well, even the good weather conditions hurt the skiing industry, the snowmobile industry, and many others. But those are circumstances within the province and, really, they can happen most any time.

The retail trades, and I am repeating myself, or the service industry, there is not a very large, in the Federal or Provincial Government, program to really assist the service industry, Mr. Chairman. Let me just say to you that I referred to the problems within the province and without trying to compare ourselves to other provinces, because I know the Member for Inkster does not want me to do that. But in 1980, when the Conference Board — and these were the figures of the Conference Board — predicted that we would have an increase of 1.8, our Finance Department predicted 2 percent. In August of 1980, because of the drought condition, they reassessed the position and came down to minus 1.6, which they have brought all the way down, as far as the Conference Board is concerned, and I said in the House the other day, we do not completely agree with that figure, minus 1.6, which was a reduction of 3.4. Now, the same drought condition, and I will use the province, but let's just say the prairies of Manitoba and Saskatchewan, in Saskatchewan in April of 1980, the Conference Board predicted that Saskatchewan would be up 3.4. The final prediction of January, 1981 for Saskatchewan is .2, a reduction of 3.2. All of the statistics pertaining to the Province of Manitoba actually indicate, and in the Prairies generally where the drought hit, that it had a very sharp effect, mainly on the service industries, because of the drought.

I say to the member that I and my colleagues in the Committee of Economic Development of Cabinet, are very concerned. I think you probably saw in the paper we had a request from the furniture industry to take the tax off Manitoba manufactured furniture. We just felt we weren't able to do that; it would be very hard to figure out which furniture that was sold to retail stores was Manitoba manufactured.

We have had representation about the sales tax being taken off on the basis that it would stimulate retail sales or get some of the money that is in the banks today out. All of the banks and all of the trust companies have got not record, but very very high amounts, or a very large amount of money in the banks at the present time. People aren't spending it in the ways they used to be spending it.

So those things do have an effect on the service industry and it is something that is a concern and, repeating myself, our basis of being of assistance has been through consultation rather than funds, and the technology centres are also available. They are being developed for use, because a small business does not have the funds to buy technical services,

technology services, some of the larger industries have. We would hope that the Industrial Technical Institute will be of assistance; it has been to several already. We would hope also that that institute would start to have some income of its own very soon. It has some income at the present time but it is not significant right now.

MR. CHAIRMAN: I wonder if I could just have some guidance here. The Member for Transcona was speaking and I see the Member for Winnipeg Centre is very anxious to speak. If his question isn't long, we'll let the Member for Winnipeg Centre.

MR. BOYCE: I wish to thank my colleague from Transcona. The Minister makes my point at both levels. First of all, I wasn't suggesting a revolving fund. When I said a quarter of a million, I was just saying my guess would be the staff necessary, to employ to get the information, to take a proper look at what you might do because I, at this point in time, haven't got an answer. When you say that the drought caused these problems, that's exactly the point, that the people in the business community ask me about, to see if we can help farmers. There is some public good in helping farmers. People make the point and I agree with it. I have never opposed a vote for assistance to farmers in difficulty.

If I could just use as an example, Mr. Chairman, with the indulgence of the committee, I didn't have that much success with the former administration in arguing that there was a definite and immediate social benefit by keeping a group of people skinning trees to make fence posts. The market had decreased to the point where the marketing agent could no longer market fence posts. So the company was in a position where economically they had to recommend that they not purchase any more fence posts. But I made the argument at the time that there was an immediate social benefit to keep the people who were making those fence posts, making fence posts, because if they didn't, the immediate social costs would be evidence. It was proven by the particular case, and I don't want to go into too many specific on it.

But the reason that the problem exists is that no one is addressing themselves to the problem; I agree that no one has taken a look at the service industries and what we could do to support them. We have the technical capacity to analyze when it is in the public interest to step in with one or all or any. We have made it as a political judgment in the past by and large, that farmers are entitled to this kind of support from the public and they have had it, without question, but the economy has changed so much in the last generation that we have to look at other areas. Now, the Minister knows me well enough, that I don't think that the government should be involved in everything in a way that they regulate everything. But take, for example, in the City of Winnipeg, no one has been able to demonstrate to me that the increase of a million square feet in the marketing capacity in the City of Winnipeg in the retail trade was necessary at this point in time and somebody perhaps should be making that case. But I don't want to get into that argument.

All I am suggesting to the Minister, on this particular item, because there is no where else for me to suggest it in the Estimates — I could possibly

put a Private Member's Resolution but I think that that would take up too much time of the House — that the Minister ask his colleagues for an additional sum to keep the records and to analyze those reasons why people are going bankrupt. Hopefully these conditions will change, but nevertheless, I am sure that if the experts were deployed and asked to take a look at this, they could make recommendations. I don't think every inefficient operation should be maintained; I am not suggesting that. I wasn't suggesting that a revolving fund be set up to bail people out. Nevertheless, I believe that it is in the public interest to be of assistance to people in the service industry because in the final analysis, marketing of anything is the basis of our whole economy. It isn't just production; it is marketing also. We have had an occasion where even in the service industry, governments have been involved. I think of the case when they phased out the boiler plant in Transcona and the government was involved in programs to train these people — trained boiler makers when they switched to diesels. So that was a specific response to a specific problem.

What I am suggesting to the Minister is that we take a look at the people who are for some reason in economic difficulty at the present time and see if there isn't some principle that we can apply to these businesses in the same way that we have applied it in the past to the boiler makers and we apply it every year to the farmers, whether it is in subsidies in beef. There were questions raised in the House today, what are we going to do for the pork farmers, for the pork production, or what are we going to do for the beef production?

So if the Minister would accept my premise that if technicians were deployed to keep the records, that they could be analyzed so that we could take a look at them to see if there isn't some public program in the public interest, not for the government to be in business bailing people out, but when it would be in the public interest on a cost benefit, strictly a business approach to the problem, because up to this point in time, we haven't got any criteria to use except the seat of our pants.

MR. CHAIRMAN: The Honourable Member for Transcona.

MR. PARASIUK: I was asking the Minister if he could give us an explanation as to why he really doesn't even mention the aircraft industry at all in his introductory comments, in that last year he seemed to place a fair amount of faith in the economic expansion that would be derived in Manitoba from developments in Ottawa and we expected that to take place. Now this year he is not projecting anything for it, or he thinks it is not going to be that significant. Can the Minister indicate what has changed between last year and this year in this respect.

MR. JOHNSTON: There really isn't that much change except that we are disappointed that we did not get as much of the N.F.A. contracts as we would have liked in Manitoba. The original document that came down when the announcement on the F-18 national fighter program was announced, they had percentages for the provinces. Since that time, those percentages have not been lived up to but when I

say that the percentages weren't lived up to that could have been more of a benefit to other provinces across the country other than Ontario and Quebec, the large placement of new factories, the largest one that was the blade and vane plant in Quebec, and the forging plant which is going forward, I believe, in Ontario, that will be a benefit to those two provinces. Now, the industrial benefits that we have to look for are the offsets with these companies as to them placing business such, as G.E. having been looking very seriously to put a glass plant other than in their present area in Canada.

Also, unfortunately, we had the opportunity to quote on much more business than originally in the N.F.A. program and our industries decided not to quote on it. The work that was put out for tender, some \$850 million of it, in many cases was such that our aircraft industry was not in a position, because they are very busy at the present time, to set up, to do something that might end five years from now, such as working on other aircraft that are presently in use. So they did not, in many cases, quote.

Now Boeing — Boeing is expanding in their particular area but basically doesn't have too much to do with the NFA — they are expanding for their own reasons because they have sales and they are supplying Canada Air at the present time with materials out of this plant and they will be supplying other aircraft people with products out of this plant and they will be expanding on that basis.

The water bomber of Canada Air, we were able to negotiate working with CAE, and we did do a lot of the negotiations with Canada Air to have the CAE make the flaps and the tail for the 215 water bomber. Last week, they delivered the first set 15 days ahead of schedule. That particular order for 15 sets will last until next June and the contract is for \$1.5 million, I believe. Canada Air has orders for another 15 water bombers over and above that and the work that the CAE has done so far with the inspections and everything that have come up on the delivery of the first set is such that Mr. Campbell of Canada Air told me that there would probably be no question that it would be a continuing business for CAE and it has put CAE back in the aircraft business and will give them the opportunity, because of the machinery they had to buy, to quote on other aircraft components.

Bristol is doing what they call the hot parts of the 404 engine for G.E. We are working with Standard Aero Engine to hopefully have the repair and overhaul of that engine and that particular repair and overhaul of that engine will probably come out for tender, or the specifications for it will be towards the end of this year. Standard will definitely be in competition with what we feel is Orenda on that contract, but we think that they have a good possibility of doing it. But Standard Aero Engine is expanding rapidly without contracts, and Bristol has also been expanding their business. Today we were at Bristol and they received an award for the delivery of 75 ship sets for the Aurora that they are making.

The Government of Canada ordered 19 Aurora aircraft, but they have already supplied 75 sets and the man from Lockheed today told us that that program would be going through to at least 1988, so that Boeing will be producing those for the Lockheed Aircraft, because that aircraft is starting to sell. They

have expanded their Rockwood Plant in Stonewall to the tune of \$4.5 million which was announced.

So the aircraft industry in Manitoba is working very much towards the components. It is actually better at supplying components than to be supplying for one specific aircraft or one specific order, because if you supply components you can supply them to many aircraft companies.

The full aircraft industry in the Province of Manitoba is moving ahead but there is no question that we did not get as many of the contracts on the National Fighter Program as we would have liked, mainly because some of our companies decided not to quote, but we are working very hard to make sure that we can get into the repair and overhaul of both the frame and engine of the new fighter aircraft.

MR. PARASIUK: I think last year the Minister was saying that Manitoba might expect something in the order of over 4,000 jobs as a result of the F-18 fighter aircraft being selected over the other one. Can the Minister now indicate whether that 4,000 figure will be met or whether in fact it is closer to about a thousand?

MR. JOHNSTON: If we get the repair and overhaul there will certainly be an expansion of jobs. It won't be 4,000 jobs. I would say that, as I mentioned, the reason for not receiving the number of contracts is because the work available for our industry to tender on was such that they did not want to tender on it, a lot of it. If the Federal Government had said, "You will build the factory here, the larger factories," which they did in the case of the two big ones I mentioned, it would have, but it won't be 4,000 jobs now. But the aircraft industry in Manitoba has been increasing extensively in the province.

MR. PARASIUK: I would like to switch over from the aircraft industry to industry in general. We are talking about business development. Would the Minister concur that there is a problem with respect to venture capital in Manitoba, that business, especially small business, and this relates in part to what my colleague, the Member for Winnipeg Centre, was saying, you know, small businesses have difficulty getting access to capital and when you have interest rates as high as they are, then there is a premium on equity financing. Can the Minister indicate whether his department has done any work with respect to venture capital formation and the extent to which there is a venture capital surplus in Manitoba or a venture capital decrease over the last few years. Is there a problem in this respect?

MR. JOHNSTON: There isn't a shortage of capital in Manitoba or in Canada.

MR. PARASIUK: If there isn't a shortage of venture capital, can the Minister indicate why the government has made a number of grants to companies? Why would you give a grant to K-Cycle if there isn't an absence of venture capital. If there is no absence of venture capital, then you finance this with people putting up equity financing, taking a risk, and that is what venture capital is called. You don't get interest payments on venture capital; you in fact take an equity position in the company. Now, that's the way the private sector is supposed to operate, with

people coming along and deciding that this is a good investment opportunity and putting forward their money. Since we have had a decrease in business activity in Manitoba, since the government has seen fit a number of times to provide direct grants to certain companies without having established a general program of giving grants to companies, but only giving it to selected companies, can the Minister indicate whether in fact this is because there is a venture capital problem? Because if there isn't a venture capital problem, could the Minister then indicate where these pools of venture capital are so that the small businessmen who are coming to me asking for financing for business ventures, so that I can refer these people to the Minister, because the Minister undoubtedly will have some sources of venture capital that these entrepreneurs in Manitoba society right now don't seem to have access to.

MR. JOHNSTON: Well, it depends on the venture. We are not in a position to be able to tell people what to do with their venture capital. We are only in a position to introduce people to people where there is venture capital. When you mention K-Cycle, K-Cycle was not what you would call a venture capital. The province supported K-Cycle on the basis of research, because that company could very easily have left this province if the province hadn't decided that we wanted to have that research continue on the K-Cycle engine.

MR. PARASIUK: That's my point. The company would have left the province because there wasn't sufficient capital to finance its operations here, it would look elsewhere for research and development financing, and that is the whole point of venture capital. The problem in Manitoba seems to be that there is a lack of venture capital. We used to hear stories from the former Member for River Heights, and other people, who said that if certain taxes were changed, if laws were changed, if family law was changed and if various taxes were abolished, that we would be in a position now of having a surplus of capital in Manitoba which would be used for investment purposes to allow business people to develop their businesses. In fact, the government, the previous administration, had been told over and over again that something like the Manitoba Development Fund, which was an attempt by the province to provide venture capital to business people in Manitoba, that this would not be necessary, that if you provided the right climate, there would be an abundance of venture capital and as a result, you would have a lot of small business formation, you would have very few bankruptcies, they wouldn't have to rely on borrowed money as much, their debt equity ratios would be altered, that it would be a better situation with respect to business. Since the last three years have proven this to be incorrect, I am then asking the Minister, in his opinion, is there a problem with venture capital formation and the availability of venture capital in Manitoba, because the private sector relies on venture capital? If there is a problem, what is the government going to do to try to fill that vacuum?

MR. JOHNSTON: Well, I will go back to K-Cycle. K-Cycle wasn't in the position of being in the venture capital stage; it is still in the experimental stage and

the venture capital at the present time is not coming out for one reason only. The amount of money involved, with interest rates, that you can talk venture capital as much as you like, but with the interest rates the way they are, they are not moving into venture businesses as much as they had been, and it's just as simple as that. You have got that situation everywhere in Canada. As I said — let's go to shortages of money — there is all kinds; if a small business wants to borrow money there is money available. There is lots of money available at high interest rates.

MR. PARASIUK: What usually happens with small business, when they go to borrow money, somebody says that you have insufficient equity, you have insufficient security; what you have to do is increase the equity in your company before you can get a loan. The problem with small businessmen is that they don't have the ability to raise that type of money themselves, so they look for other investors, and that is the way the private sector is supposed to operate. They seem to have a great deal of difficulty attracting investors as opposed to lenders.

MR. JOHNSTON: The member just doesn't seem to realize that putting your capital, or putting money, or getting money for a small business, and with small business having to operate with the high interest rates, purchasing inventory and everything at the present time does not attract much venture capital. As a matter of fact, if you keep your money in the bank you can probably do better than putting it into a venture at the present time. Venture capital — there is capital available — I am not saying available, there is lots of capital but it is not being put out at the present time. If the small business goes to the bank they are dealing with high interest rates. I know you are going to talk about increasing your equity, or you don't have enough equity so you want some more venture capital. So if you get some more venture capital and the business needs still to operate — it still has to have inventory involved, or even if you increase the equity, there is still operation to be involved; there is profit to be made and they don't look that good at the present time.

MR. PARASIUK: Mr. Chairperson, we have been told stories of gloom and doom. What the Minister has just told us is in fact the gloomiest picture I have heard about the Manitoba economy so far in this particular year. The Minister has said basically that it is virtually hopeless for small businesses to contemplate going into business. It would strike me that when interest rates are high that the proportion of financing that is equity has to be increased. The Minister is saying that the private sector isn't responding. It would rather keep its money in the banks and collect high interest rates by itself, given that the private sector that isn't operating particularly efficiently as the engine of the economy. The Minister has just told us that it isn't. Is the government contemplating any measures of its own whereby the public would get into the area of providing venture capital for small businesses to ensure that there is some pickup in our economy from its present stagnating sense?

MR. JOHNSON: Well the only answer I can give the Member is the same answer I gave the Member from

Winnipeg Center. We do not have a program at the present time. We are certainly aware of the problems, but as far as having a venture capital corporation or expanding into a Government Crown Corporation, there is no decision on that at the present time.

MR. PARASIUK: Well, I'd like to point out to the Minister that on the next page he has a program of some \$9 million which is not venture capital, it's a grant. There is a difference between giving money away and, in fact, taking an equity position and I know of no private companies operating in a businesslike manner that really would contemplate spending \$9 million in grants. If you went to any of the major chartered banks, if you went to any of the financial institutions, they would not be giving grants away, they might be taking equity positions and I'm wondering why the government is willing and able from its own budgetary process to allocate some \$9 million towards giveaways for companies, but isn't prepared to consider filling a vacuum when it comes to equity formation in Manitoba and launching an equity fund in Manitoba for small business. Can the Minister indicate why you're prepared to give money away but you're not prepared to take equity positions, which strikes me as being far more businesslike and far better for the long term future of Manitoba?

MR. JOHNSTON: Well, first of all, the grants are not \$9 million, they are \$2.8 million. The fact that the

MR. PARASIUK: \$4 million?

MR. JOHNSTON: . . . grant assistance through The Manitoba Research Council is \$2.8 million, but that's recoverable now. If you're referring to that figure of \$9 million, if you're talking about The Enterprise Industrial Agreement the RSEI Program, which does have grants, the RSEI Program is a total of \$5 million out of the whole \$44 million.

MR. PARASIUK: Tourism grants as well?

MR. JOHNSTON: The Tourism grants, that's under Destination Manitoba.

MR. PARASIUK: But they're still grants.

MR. JOHNSON: It's another agreement that is with the Federal Government at the present time. The Enterprise Manitoba under The Enterprise Manitoba RSEI loans or grants to small business are \$5 million out of The Enterprise Manitoba Program of \$44 million, which the Federal government pays 60 percent and we pay 40 percent.

MR. PARASIUK: That wasn't my question as to what percentage. My statement was that there appeared to be \$9 million in grants. The Minister now says it's \$5 million but I see at least another \$2.3 million, probably in The Tourism Program for grants as well, so we're starting to get a substantial giveaway program by this government of a grant nature with respect to the general area of business development and I asked the Minister why the government is prepared to provide \$5 million, \$7

million, \$8 million in grants, giveaways directly to companies, while at the same time it isn't prepared to consider an equity fund for small businesses. Because I was told over and over again that small business does not want handouts, that small business does not want grants, rather small business wants to be given a fair chance and a fair chance would be access to capital.

MR. JOHNSTON: First of all, under The Destination Manitoba Program the grants to date for The Destination Manitoba Program have been grants to either fairs or the Ukrainian festival.

MR. PARASIUK: Tourism grants.

MR. JOHNSTON: Tourism grants, yes. There are tourism grants to assist those particular organizations that hold festivals throughout Manitoba in advertising for their carnival.

MR. PARASIUK: You know maybe you can just give me a list of that, but I'd just like to get an answer as to why the government is prepared to give money to companies and is not prepared to consider an equity fund for business, especially small business. As I said business people come up to me and say they do not want handouts, they want fair access to capital and they say that the money markets, the financial institutions, tend to favour the big established companies. They said if we only had access to capital, if we only had a fair chance, we would then be entrepreneurs. So I can't understand why we'd want to give the money away if they don't want the money to be given away but rather they just want a fair access to capital and the Minister hasn't been able to. You know he's been sort of skirting this particular question, and I've asked it very directly and I want a direct answer from the Minister on it.

MR. JOHNSTON: Well, The Enterprise Manitoba Program is a program of grants specifically set up with the Federal Government and I've explained this three years in a row, specifically with the Federal Government under the RSEI Program to assist the formation of small business in the rural areas. It's a grant of 50 percent up to \$30,000 for a new business in the rural area or 50 percent up to \$18,000 for expansion. Now that was done in an agreement made with the Federal Government on the basis that small business did not have the access to the DREE Programs, the EDP Programs and other programs. It was set up also that it would be done on the basis of recommendations of boards, private people within the areas to make recommendations on the applications that come forward, to assist a special program for the rural area of Manitoba. The grants to date are \$1.1 million approximately from the Provincial Government's share; they're a forgivable loan.

MR. PARASIUK: But could the Minister just tell me why the government in its negotiations with DREE and in its own program, why it is not prepared to consider an equity fund instead of a grant program, instead of a giveaway program. Have businesses asked for giveaways or have they asked for fair access to capital?

MR. JOHNSTON: We are in the program because we believe it's a good program for rural Manitoba,

but we are not prepared to take an equity position in those businesses. We will work with the businesses with our small enterprise development centres. We do all of those type of things to keep them advised on business practises, etc., but we are not prepared to take an equity position in those businesses. The program wasn't set up for the government to get into business. The program was set up to expand business in rural Manitoba.

MR. PARASIUK: So you are prefer giveaway programs to equity programs on the basis of supposed business practise.

MR. CHAIRMAN: The Member from Inkster is next in that case.

MR. SIDNEY GREEN: Mr. Chairman, I think that if I tried to answer for the Minister he won't accept my answer, but one of the reasons it is advisable to go into a grant program rather than an equity program is that when you go into a grant program you don't lose money, because money can't be lost if it's given away and the Federal Minister in charge of these programs went on record as saying that we don't like to see it on the books and therefore if we give it away it's no longer on the books and this has been traditionally Liberal and Conservative business acumen. You don't take a loss when you give money away. The New Democratic Party would take the same money, advance it to a business in either equity or loan and next year if it didn't turn out well you'd see a red figure and the Minister would start yelling about your losses. So I would think that we should have learned from that. That this is Liberal-Conservative business acumen and expertise collaborated in both by the Federal Government and the Provincial Government and let us face it. We participated in it, although I am happy to say we protested every year. We said that the DREE money was not the way of dealing with these problems and it was given away in the hundreds of millions of dollars throughout this country. Hundreds of millions of dollars. But we said that if it's going to be given, and Manitoba does not participate we will be financing other provinces while forgiving it ourselves and there was no alternative to participate in the program. (Interjection)— No, not the DREE grants. We didn't cost share it but we took them and I say that we had to take them and that any province that doesn't take them is foolish.

But let's not turn this into businesslike transactions. The fact is that it is an embarrassment to the free enterprise system, that the government has to finance and provide social assistance to needy industrialists like Massey-Harris and Chrysler Corporation \$400 million; 10 Saunders in one year, 10 in one year and I don't hear my colleague from the Conservative Party and from the Liberal Party screaming about the incompetence of these entrepreneurs who lose \$400 million, who require social assistance to the extent of \$400 million in one year, but that is the only basis upon which the system can operate. It's the only basis upon which it operated years ago and it has been a consistent failure, but if you don't put it on the books, you don't show red figures and you don't show a loss and the Federal Minister in charge of DREE was good enough to say so. That the Minister of Finance when

asked, the former Minister of Finance, Mr. Turner, when asked why don't we give these in loans instead of grants, he said it would clutter up the books and we'd have these outstanding accounts payable. And we don't know how many of these businesses fail and we don't know how many succeed and none of them are brought before a committee where the members of the public can look and see what is happening with their money.

And that's another advantage, is it not Mr. Minister, of grants, rather than taking positions, because if you take positions and the public still has an interest in it then it comes before committee members, such as the Member for Sturgeon Creek and for the Minister of Corrections who will phone San Francisco. These are patriotic Manitobans and ask them whether really they're getting a good deal out of buying buses or we will get an editorial in the Winnipeg Free Press. Believe it or not these patriotic Manitobans who wrote an editorial in the Free Press urging the City of Winnipeg not to buy Flyer buses of all things, the bus factory in the City of Winnipeg, and the editorial in the Free Press urging them not to buy our buses and writing further editorials talking about defects in manufacturing while we are bidding in Calgary. That's right, so the rules change when the public is involved. When the public is involved it is not stop down-mouthing Manitoba, such as the Minister now says that the Opposition is the problem, they are poor-mouthing the Province. When it's the public involved, when it's the public's money, when it's the public trying to do a job, poor-mouthing is the rule for both Liberals and Conservatives.

Mr. Chairman, this is old straw and I will admit it, but the fact is that it should be said that there are good and cogent reasons. If the Member for Transcona is asking them and the Minister is not giving them, then I'm giving them. Those are the reasons.

I am more concerned, Mr. Chairman, and I guess it's like first things come first. I used to be concerned with what development opportunities are available in the Province of Manitoba. How can we create greater development opportunities? I am now concerned, Mr. Chairman, because first things come first, how to keep what we've got. How do we keep what we've got when we see the erosion that's taking place on the industrial scene in the Province of Manitoba? Is there something we can do to keep what we've got and then talk about future development — and I will specifically go, Mr. Chairman, to the meat packing industry. Ever since I was a child I was aware that Winnipeg was a transportation center and a center of meat packing, and of course the giants, the big three were all located in the Province of Manitoba, Swifts, Burns, and Canada Packers. The big three are no longer located in the Province of Manitoba because one of the big three has left, and I am concerned, Mr. Chairman, with whether or not there is a contingency plan being undertaken by his department with respect to maintaining Manitoba as a center of meat packing in Canada, because the very same considerations, Mr. Chairman, that did apply to Swifts could well apply to the other big two. You know it's like, "and then there were none".

Swifts has never demonstrated to the people of the Province of Manitoba that on the basis of its

investment in our province and its write-offs and its depreciation and the amount of market that it had here, that it did not have indeed a profit or a positive cash flow in this province. All they said was that it was no longer economical to maintain a Manitoba plant. But no longer economical means that if you've got a piece of property that is valued at so many millions of dollars and it is available to be sold as real estate and will realize — and I'll use figures which are not intended to relate to the actual because I don't know the actual — but if the property is valued at \$2 million and can realize, without any effort at all, without any investment, without the plant and equipment an income of \$200,000 a year without moving, then the fact that the company continues to operate on a cash flow or is earning \$50,000 does not make it economical, particularly when the same money can be earned in a central plant in Ontario and the Manitoba plant can be phased away and nothing is lost on the market.

When Swift's announced that it was closing and therefore eroding the big three, it was suggested, Mr. Chairman, not that the public of Manitoba bolster another bankrupt industry such as the Minister interpreted it, what was suggested was that the public of this province immediately continue to produce the product that was being produced by Swifts, and if Swifts is a copywrited name which I am sure it is, you could use Speedys or anything else; Jets. If that product was being sold and if the market is domestic, or largely domestic, and these are the things that I asked the Minister to have his department analyze, if the market is domestic the arrangement could be made solely on the basis that one goes to the major consumers such as the chains, the co-ops, the other major producers and ask them not to buy this product but to purchase the same amount of the product that they had previously purchased from Swifts; and at the same time ask the domestic market in Manitoba to purchase the same product that they had been purchasing in the same quantity and see whether the markets and the cost of production, based on the depreciated cost of the plant — I certainly wouldn't pay them the value of the plant for abandoning us — but just what they have left in it after taking advantage of years of tax concessions by the City of St. Boniface who took the smell when they gave the concessions, to see in two years time whether the very same workers, the very same expertise producing the very same product and with some co-operation on the part of the consumers, whether that could be kept in the Province of Manitoba.

The Minister glibly referred to that proposal as an attempt to rescue a sick business. I didn't know that Swifts was sick. I think Swifts are very healthy. I think they continue to be healthy. I think they continue to be healthy while we are getting sick. They are not the sick ones, we are the sick ones.

I think that's behind us, but there are two left, Mr. Chairman, and I don't know whether the Minister is able at this time to guarantee that Burns and Canada Packers are going to maintain the meat packing industry in this province; whether there is no danger whatsoever that this is going to happen in the future. And I am further very confident, and I will be pleased to be told that I am wrong and I'll be happy if the Minister tells me I'm wrong, but I suggest that

there is no contingency plan now in the Province of Manitoba as to how to maintain Winnipeg as being a center of the meat packing industry in this country in the event that Burns and Canada Packers, or either one of them, move in the same direction as Swifts. I say, Mr. Chairman, that there should be a contingency plan; that we should examine just how much of the product is being sold here; we should examine what the economics are of keeping a plant here and we should be prepared to do something to prevent a simple erosion of a whole series of additional not bad paying jobs.

It's not the most pleasant job. The men in there are working very hard and for the most part it is tough work and difficult work but it is a living and it is a good thing for the province in terms of an employment industry that has been here for a long period of time.

Mr. Minister, in short, I would like to know whether the province is keeping abreast of the situation and what if any — well I won't even go as far as to demand that — but whether there are contingencies which are available to protect Winnipeg as a center of the meat packing industry in this country, even if the private sector plants decide that they are no longer going to operate here, taking the same course that was taken by Swifts.

MR. JOHNSTON: First of all, the member refers to my statement that I made when the Swifts plant was closed. Regardless of what you have the plant for, Swifts, according to all of the information we received and there were meetings held with Swift's, is that you couldn't manufacture or produce the products being produced in that plant profitably. Now it's all very well to say if the government took it over and you say that they change the name to Jets, and for the first contingency you mention is that can we get the stores to buy it. Secondly, will the people — you know you could advertise or anything can be done to ask the people to buy the Jet product versus the Canada Packers or the other products — but there is absolutely no guarantee that they will do it and then you are operating a plant that does not produce the products economically and you are not going to be able to sell them for more than other people sell them.

The area of the contingency plan. I couldn't say to the member that there is what you'd call a great big contingency plan but we are very aware of what's happening in the meat packing business today in Manitoba. The meat packing business in Alberta has had the same problems but I shouldn't refer to another province when I am speaking to the Member for Inkster, but we can tell you this, that Central Packers have moved into the Province of Manitoba. They started with \$750,000 and they are planning an approximately \$1.8 million expansion already. They will be producing products according to the market as it is, as required for the Province of Manitoba economically. There are all kinds of small abattoirs, if you want to call them, or killing stations throughout the rural part of Manitoba that are doing that and supplying freezer plants, etc., who are processing the meat and selling them that meat in the rural area of Manitoba.

We have sausage plants, Manitoba Sausage and Winnipeg Sausage, Winnipeg being the newest one. We have several new sausage plants processing all

the way through Manitoba. So there's no question that the packing industry or the meat industry today in the Province of Manitoba is changing, and Bradley's is another one who produces a product that is already packaged, ready for sale, in a different form than was ever done before, which is the changing market trends, if you want to call them, within the province.

So yes, we would be very concerned about the other packing plants and we are very concerned about them, but remember that Burns is a much more modern plant than Swifts was. Canada Packers is not a new modern plant and they have given no indication that they are planning on leaving. I think the only thing would — and I would have to defer to my agricultural colleagues at the present time — is that they didn't have the produce available to them to keep the plant going. That would be one of the greatest concerns. But we have no indication that other plants are closing up, but we have got indication that there are other new types of meat packing industries developing in the Province of Manitoba. Bradley's, the figure is here if you want me to look it up, but I think it's \$1.2 million, another expansion in the Province of Manitoba.

We are very aware of the market trend. I agree with the member that there will still be canned Swift's products sold in the Province of Manitoba that are produced in other plants but there is no guarantee that the province could make the Swift's plants operate economically. There is no guarantee that the people would buy them over and above the Swift's name or the Canada Packers name and those are the risks that we weren't prepared to take.

MR. GREEN: Mr. Chairman, two things, first of all the Minister says that Swifts indicated that they couldn't produce meat here profitably, and I suggest that the profitability of their operation was based on the market value of their plant and land; that if they based it on the depreciated plant and what they paid for the land they were producing meat here very profitably, and if they were given those figures, for a company that decides to depart the province, if they were paid their depreciated value and the value that they paid for the land, plus, if need be, carrying charges, although I don't see how there would be carrying charges when they occupied and produced there, then they were producing, I suggest to you, very profitably. But it's not profitable to produce when you can sell the land for millions of dollars more than you paid for it and that will hold true to the other plants.

With regard to the fact that there is no guarantee, of course there is no guarantee and the Minister says we wouldn't risk. That's the argument, Mr. Chairman. The Minister has no faith in the people of the Province of Manitoba. What he is saying is that he would not have any faith in either the chain stores or the people of this province continuing to support a Manitoba product. I said maybe he's right, although I am a man of greater faith. Maybe he's right, but give them a chance. Would you go to the chain store and ask them, you are now taking X quantities of Swift's, we are going to send you the same product. We are going to tell the people of Manitoba through an advertising campaign, we are going to go into an advertising campaign and we are going to put these ads. Just think how much more sense the ad that I

am going to now relate will be to the ads which are presently being put. The ad will say, "People of the Province of Manitoba, Swift's has abandoned you. You are now going to produce the same product. We are asking you, the public, to stay in Manitoba, continue to buy what you were previously buying under the Swift's name under a new name." We are going to advertise to the chain store: "Be good Manitobans. We are not asking you to do anything unusual; what you previously purchased as Swift's, you will now purchase as a product made by the same employees, same expertise, same management staff, because they would all work for you." I tell you that they will work for you, because I know that they work for the public in other places. They will work for you. The same people would produce it with the same quality control and it would be sold as a Manitoba product.

What did the Minister say to that? He wouldn't risk that. What he is saying, Mr. Chairman, is that he has no faith in the people of the Province of Manitoba. He won't even engage in a sensible advertisement to them, an advertisement to their own benefit. — (Interjection)— Mr. Chairman, here come the ideologues. What he says is, it makes sense but it is state ownership.

Mr. Chairman, the Honourable Member for Souris-Killarney, the Minister of Finance, is prepared to give up Swift's, Canada Packers, Burns, Eaton's, everything that we've got, rather than own it. I, Mr. Chairman, have no objection to ownership. I like to own things. I like profit; it's not a dirty word. It's the Member for Souris-Killarney who can't stand ownership, can't stand profit.

I am suggesting to you, Mr. Chairman, that every time you run into these fellows and you show them that what they are saying makes no sense, they have a simple answer: State ownership, Bolshevism, socialism. That is the answer to any unanswerable argument as far as the Conservatives are concerned, and that's what we got. Instead of that, in order to avoid state ownership, he says you buy companies for twice what they are worth. His friends, Mr. Chairman, his Liberal and Conservative friends have just given the Chrysler Corporation in North America \$400 million worth of bank guarantees in Canada. The figures in the United States are in the billions. Am I making a mistake? I believe they are in the billions. In order to avoid state ownership, you go to Fascism, because Fascism is to use the state to finance the existing industrialists, rather than let them go the way of free enterprise.

So when you tell me "state ownership," I tell you, "Fascism," because that's where you are going.

MR. JOHNSTON: Mr. Chairman, I am not going to get into the debate of Fascism, etcetera, and I don't know that the member and I will ever agree, but the member has got to realize that if you have got that plant and if you know that the Swift's people had poured hundreds of thousands of dollars into it to make it efficient and it still was not producing the product efficiently, and now you say that you are going to take the plant over and you are now going to have a new product on the market, you are going to have to design a whole new packaging system for those products, design new names, new colouring on packaging, you know, the whole process of merchandising for a brand new product would have to be done.

You don't have the backup of the international company on the basis that they had for design, testing the market, etcetera, for products in many different places. You would just be pouring money in for a long time and no guarantee whatsoever that the chains or the larger stores will take it. Yes, they will take it probably, if they say, you will give it me cheaper than I can buy from the guy who has the international product at the same price, nothing, it hasn't happened before. I can tell you, Mr. Chairman, I was in the food business and when somebody comes along with a new product that usually is what he faces for five or six years. Then, as I say, you have no guarantee that the public will buy it. Why should the province take that risk when our meat packing industry is expanding in other ways?

MR. GREEN: Mr. Chairman, first of all, let us be quite clear. When the suggestion was made, it was suggested it be done for a period of two years and that if in two years we found that these things were not being realized, as was suggested, then the plant might have to go, or would have to go. I will go further than that, would have to go.

But the Minister says that he wouldn't even consider it. He says that although he can hire the same guy, he can hire Foster Advertising, who did this advertising campaign — a good Conservative, I suppose, by the way — was it Foster Advertising that did the advertising? — (Interjection)— It wasn't; I made a mistake. Well, I tell you, then Foster's are not working hard enough, then you can get them to design the package if they didn't do the other. I tell you that designing the package and the colour is nothing and the advertising that you would have in appealing to the Province of Manitoba, on the basis that I have just suggested, Mr. Chairman, I have some faith in the people of the Province of Manitoba. I believe that they would want to keep their workers working, rather than lose 500 jobs. I believe that they would want to buy their own product and provided that the product was equal, it would be produced by the same people, they would continue to buy it.

In any event, Mr. Chairman, it is at least a chance; it is at least a chance. The fact is, as my friend the Member for Brandon East indicates, that they did not spend hundreds of thousands of dollars in remodelling that plant. That plant was deteriorating for the last years, according to him.

MR. JOHNSTON: I can only say that the Honourable Member for Brandon East should check with the Swift's people because they have the figures and facts of how much they spent on that plant in the last three years. — (Interjection)— I am only saying that they are willing to produce the figures and they were sitting there producing those figures right in front of the union members in that plant and the employee's association, and there was no disagreement that that new equipment didn't go into the plant.

MR. CHAIRMAN: I think that there are other members who have got the eye of the Chairman. If he wants to give his spot to you, I guess I have no right but to do that, but the Member for St. Vital was next on the list and I think to keep it within order.

MR. D. JAMES WALDING: Mr. Chairman, I had a question on a different topic and I'll yield to my colleague from Brandon East.

MR. CHAIRMAN: The Member for Brandon East.

MR. EVANS: I don't want to prolong this, Mr. Chairman, but I would like to ask the Minister, did he and his department officials have a look at the actual financial statements and operating details of that company, or did he just take a statement from the officials of the company, who said that they couldn't make money in the St. Boniface plant?

MR. JOHNSTON: Nobody in my department — I don't think anybody did in government — examined the financial statement of Swift's.

MR. EVANS: Mr. Chairman, I would like to suggest that, again, we are trying to save industry, we are trying to make what I hope are useful suggestions to the government, and I think it would be worthwhile if you could think of a contingency plan, that that be part of it, that you request the company at least to make this data available to you so that there can be an examination.

While you talk about the difficulties of operating a plant and so on and the problems of merchandising and packaging and so on, I would suggest to you that you look at the plant and see the different components, because packaging is one part, but as you know, and as your officials will tell you, there is a basic abattoir portion. The basic abattoir portion, producing the basic meat supply, is not an area that requires a lot of processing or a lot of advertising. It is sold as a bulk commodity, or whatever the term is, and you are not involved, therefore, in a lot of processing and a lot of merchandising. It is a different kettle of fish.

I am just suggesting, and I don't know what the answer is, I'm not an expert in this, but I would think that your department and your government should have taken a harder look at it and looked at the components of it. Maybe it couldn't be operated on the comprehensive basis that it had been, but maybe there was some sense in operating it on a scaled-down basis.

As a matter of fact, I can refer you to the experience in the City of Brandon, because there was a development there by Pool Packers, by the Manitoba Pool Elevator, and they operated on a complete integrated basis and they found that they were having difficulty in merchandising their bacon, their baloney, the sausages, etcetera. It did require a lot of money to merchandise it. Remember they had Party Pride; everything was P.P. because it was Pool Packers that was the owner. All of their products were Party Pride and other names that coincided with those initials. At any rate, after a couple of years, they found that they had a very difficult time of breaking into the market so they sold out to Burns. Burns has kept it because it is viable as a basic abattoir. There was some viability there to keep that plant going in Brandon, and it is going today and it is a very profitable, successful operation.

I am suggesting to the Minister, maybe, just maybe, I don't know, that you should have looked at this to see whether you could have somehow managed to keep the abattoir portion, if not the entire operation of Swift's — you know, half a loaf is better than no loaf at all — and there just may have been some economic sense in doing that.

MR. CHAIRMAN: The Honourable Member for St. Vital.

MR. WALDING: Mr. Chairman, I wanted to ask the Minister whether he or his department have had any dealings or involvement with Interdiscom Systems Limited?

MR. JOHNSTON: No.

MR. WALDING: I wonder if the Minister can tell me whether they have solved their financial problem, which had some publicity over the last month or two.

MR. JOHNSTON: Not that I am aware of. Interdiscom Systems has been working with the Manitoba Telephones. If Interdiscom Systems overcomes their financial problems, but first of all has a marketable commodity, let's say, or a marketable product, they would then have the opportunity to come to the Department of Economic Development for a grant of funds to develop a corporation and anything of that nature — we do not have any fund within the corporation — that government would look at it as an individual application. Presently they have been working with the Manitoba Telephones.

MR. WALDING: I am a little curious, Mr. Chairman. The Minister has told the Committee that his department doesn't just sit and wait for companies to approach them in difficulties, that they keep an eye open, watch what is going on and will approach companies that are in difficulties in order to assist them. The fact that this particular matter involving high technology and some 30-odd employees has been receiving considerable publicity over the last couple of months in respect of their financial difficulties, I find it a little strange to hear from the Minister's earlier remarks that no one in the department has read of these difficulties in the paper and approached the company to see if they can be of assistance to keep these 30-odd Manitobans working in a very technology field.

MR. JOHNSTON: Let me say this, that the Department of Economic Development has not had any discussion with Interdiscom from the point of view of supplying funds. We have had discussion with Interdiscom on the basis that we might be interested in assisting them through the Enterprise Manitoba funding where we do have funds to do market survey or a research business plan and on that basis we have not approved the funds, that would be through the program of Enterprise Manitoba, on a marketing plan or a business plan for Interdiscom. We have had, I'm informed, some discussions on two occasions with them regarding that.

MR. WALDING: The Minister wasn't quite accurate on the first answer that he gave me that there was no involvement or dealings with them at all; that there has in fact been at least two meetings between the company and I presume members of the staff. I wasn't sure from the Minister's answer whether he personally was involved in it.

MR. JOHNSTON: No, I was not personally involved in any meetings with Interdiscom and if you are suggesting that I am misleading the committee, I would only have done it through a misunderstanding.

Your first question was such: Have we had any financial involvement? I thought that's what you were referring to. No, we have not, we've had discussions with them on the basis of possibly a marketing study.

MR. WALDING: Mr. Chairman, the original question was intentionally framed in such a broad manner that it could include any financial dealings or other advice or almost any discussions between the two groups. Can the Minister tell the Committee where those discussions stand at the moment? Are they still ongoing or have they been broken off? Can the Minister advise us as to the present position of this company, whether their future looks secure or are they still in a rather precarious position?

MR. JOHNSTON: I am informed that we don't anticipate any further meetings at the present time. The future of the company would probably have to be on the basis of the viability or a marketing study which we have not approved. We have had the request from them to do so.

MR. WALDING: Thank you, Mr. Chairman.

MR. CHAIRMAN: 2.(b)(1) pass. The Member for Winnipeg Centre.

MR. BOYCE: First, Mr. Chairman, I think the Minister should be complimented on his successes, because we have admitted that these are very difficult times. But when I was speaking earlier, I was rather hopeful that the government had changed its attitude, but with the comments of the Minister of Finance to some of our suggestions that this is state ownership, state ownership — Mr. Chairman, the Minister of Finance wasn't here earlier when the Minister and I were discussing some of the problems of the business community. But when you see such things as a report that's floating around relative to the CPR where they show assets of \$1.4 billion and public subsidies of \$10.3 billion and you see such things as the citizens of Winnipeg, years and years ago, when it was controlled by Conservatives, Progressive Conservatives, Mr. Chairman, they took a look at Winnipeg Electric and they said that's enough, and they built their own hydro-electric system. When the people in the rural communities of the Province of Manitoba realized it was the people of the Province of Manitoba under a Progressive Conservative Government which electrified this province, that the people saw a problem and they got together and they solved the problem. It was state ownership. But, Mr. Chairman, the waving of these herrings and flags and a left-right as I said earlier, people are sick and tired of it.

When we come up with a suggestion of an approach to a problem, and these are only suggestions, and albeit some of the pejorative remarks which are made in political debate, I hope that the Minister will take them in that light, because I for one appreciate the difficulties that the Minister is facing. Briefly at this hour I don't fault the board of directors of Canadian Cannery one whit. If I was sitting on the directorship of that particular company and I saw the possibility of getting money for nothing as a grant from the Federal Government to build a new plant in Quebec, I would take the money, I would build the plant and I would let the one out

here in Morden, Manitoba rot and close it down.

But for people to say that we were in state capitalism to buy Morden Fine Foods as a response to a need in that community because the farmers out there were growing crops that they wanted to sell. This is the approach that we have to use and all that has been suggested before the Minister of Finance, state capitalism, or state ownership. The Throne Speech was little refreshing to some of us who have been involved in business in this particular province; that there is not a solution in either one of the camps. It's going to take a concerted by everybody in the province to look at novel structures, something new.

So albeit some of the later arguments, I hope the Minister will take a look at the suggestions I made earlier relative to that particular item and see if they can develop the capacity to keep their records and analyze them to see if some suggestion will emerge.

MR. CHAIRMAN: 2.(b)(1) pass; 2.(b)(2) pass.
Committee Rise.

SUPPLY — AGRICULTURE

MR. CHAIRMAN, Abe Kovnats (Radisson): This Committee will come to order. I would direct the honourable members' attention to page 9 of The Main Estimates, Department of Agriculture, Resolution No. 9, Clause 3, Manitoba Agricultural Credit Corporation pass.

The Honourable Member for St. George.

MR. BILLIE URUSKI: Thank you, Mr. Chairman. Mr. Chairman, before we broke for the dinner hour we had a debate by the Honourable Member for Rock Lake and that's when we broke. I had a number of specific questions I will not even try to discuss, if one could consider the redbaiting that the Member from Rock Lake was trying to elude to about property rights and the like in trying to bring in the whole constitutional debate into the debate on The Department of Agriculture and the Estimates of The Manitoba Agricultural Credit Corporation. Mr. Chairman, the Minister indicated that, and I want him to correct me if I'm wrong, that in terms of the 366 farmers who opted to purchase of the 366 of the 569 lessees that they purchased approximately 140,000 acres under The Land Lease Program through loans, did the amount of loans that were granted to those farmers was approximately \$11.7 million? Am I generally correct in that amount? If so, Mr. Chairman, could the Minister indicate the amount of subsidy that was paid to those farmers received under this portion of the subsidy program that the province has of 4 percent or of the first \$50,000, roughly \$2,000 per farmer. Would each of those 366 have received \$2,000, Mr. Chairman, in the one year, first year of the program?

MR. CHAIRMAN: The Honourable Minister.

HON. JAMES E. DOWNEY (Arthur): Mr. Chairman, they would qualify for the interest subsidy of 4 percent up to a maximum of \$50,000 per loan — (Interjection)— they would qualify, yes.

MR. URUSKI: Would there be any farmers, any producers, in that group who would have been over the age limit. Is that a possibility that some of those would have been excluded or roughly would have the entire 366 applicants been qualified or would there have been a percentage of them or numbers of them, they might have numbers that might be excluded from receiving the rebate. I believe there's the, what is it, 39-year age limit?

MR. DOWNEY: All those would be young farmer qualifiers, like me.

MR. URUSKI: Mr. Chairman, could the Minister indicate the remaining roughly \$10.3 million that was expended for land purchases in the last year of the 22 million, how many acres would have been purchased under the program?

MR. DOWNEY: Mr. Chairman, if I understand it correctly, the \$11 million in land lease purchases was over and above the amount in the Direct Loan Program. It was in addition to the Direct Loan Program, Mr. Chairman.

MR. URUSKI: I thank the Minister for that information, Mr. Chairman, so therefore there is still an amount of \$22 million of direct loans. I believe he indicated that was for land purchases, or if that's not the correct figure, could the Minister give me the 1980 figure of the amount of direct loans for land purchases and then he can tell me the numbers of lenders for that \$22 million and the numbers of acres that would have been purchased for that amount, Mr. Chairman?

MR. DOWNEY: I think, Mr. Chairman, I would be better to put it in the terms of three years and then the last year. For the total period of three years of direct loans by the Manitoba Credit Corporation, there were 1,375 loans for \$61 million. In addition, of that, the Credit Corporation financed 275 conversions for \$11.7 million.

MR. URUSKI: 11.7?

MR. DOWNEY: 11.7 million.

MR. URUSKI: That's consolidation loans?

MR. DOWNEY: No, that is conversion loans, for the period of the three full years.

MR. DOWNEY: For the period of the full three years, the past three years. Outside financing were 41 farmers for 1.7 million.

MR. URUSKI: Explain that.

MR. DOWNEY: That was if the individual who was converting his lease program to a purchase program, he went to some other lending institute. Whether it was a federal credit corporation or whether it was the banks, we don't know.

MR. URUSKI: These 41 would also have been the land lease?

MR. DOWNEY: That's right, they were outside financing on land lease.

MR. URUSKI: Okay.

MR. DOWNEY: There were 29 tender sales, 29 parcels sold by tender for 1.89 million. There were 180 stocker loans for 4.22 million and nine co-operative and partnership loans for 604,000 and a total guaranteed loan of 78 for \$3.7 million.

MR. URUSKI: 3., I'm sorry?

MR. DOWNEY: The last figure I gave was 78 guaranteed loans for 3.7 million.

MR. URUSKI: Thank you, Mr. Chairman. Now just to understand the 61 million of direct loans is aside from all the conversions, the outside loans, the tender sales, that's a separate entity on its own. Mr. Chairman, could the Minister indicate in those 1,375 whether they have the total acreage involved in the transactions for those 1,375?

MR. DOWNEY: No, I haven't got the acreage, Mr. Chairman.

MR. URUSKI: Would that figure be available, Mr. Chairman, in terms of the collateral that the corporation would be seeking for those loans. Would that amount be available? You know, why I asked that, it's been readily available in terms of the Land Lease Conversion Program where the Minister indicated that there was 223,600 acres purchased under the Land Lease Program. Originally he had those figures readily available and with the amount of money involved in terms of the \$22,637,000 which was roughly \$100 an acre which would have been I think the average amount if I'm not mistaken — 223,600 acres at \$22,637,000 for the expense of the land, that's the figures he gave us and 569 lessees. Would you not have readily available the numbers of acreages in terms of the direct loans that would have been made under the \$61 million over the three-year period?

MR. DOWNEY: I hope the member understood the 61 million isn't all for land purchases; it's for other purposes as well as land.

MR. URUSKI: Do you have a breakdown?

MR. DOWNEY: I haven't at this particular time but we don't have the acreages readily available on the direct loans, the staff have indicated they could get that figure but it would take a considerable amount of time to put those figures together.

MR. URUSKI: Yes, Mr. Chairman, when the Minister indicates the 61 million in direct loans was not all for land purchases, what amount of that 61 million would be for land purchases?

MR. DOWNEY: Approximately 70 percent of it would be for land purchases, for land lending or for land mortgages.

MR. URUSKI: Mr. Chairman, would any of the remaining 30 percent be for debt consolidation and how much if it is for refinancing?

MR. DOWNEY: Approximately 15 percent would be for debt consolidation and the balance for machinery and livestock.

MR. URUSKI: Mr. Chairman, in the 15 percent, would that also include refinancing of existing loans? Would it be included in that 15 percent figure that is there for debt consolidation or would some of those be moved elsewhere in terms of a total refinancing situation?

MR. DOWNEY: That would be basically for debt consolidation, where debts were accrued from other sources, Mr. Chairman.

MR. URUSKI: Mr. Chairman, now part of that 15 percent or the 30 percent would be part of the 1,375 total of clientele that we are speaking of, is that correct?

MR. DOWNEY: Yes, Mr. Chairman.

MR. URUSKI: Mr. Chairman, in the three years of that 61 million, what percentage, what number of those 1,375 would have been eligible for the 4 percent subsidy up to \$50,000.00? Would the bulk of those 1,375 or how many would have been — or really maybe the Minister can indicate the three-year costs, since he has the figures of the amount, of the subsidy program up until the end of 1980?

MR. DOWNEY: The figure that is available, the eligible numbers of farmers that qualified for the loan rebate, or for the interest rebate I should say of 4 percent, it was 1,043. The figure I think I gave earlier was something in the neighbourhood of \$500,000.00.

MR. URUSKI: I'm assuming, Mr. Chairman, that 1,043 is the total over the last three years since the inception of the program. Am I correct?

MR. DOWNEY: The program was introduced in July of 1978, Mr. Chairman, so it would be from July of '78 forward to approximately this time.

MR. URUSKI: Mr. Chairman, the \$500,000 figure that the Minister has given us is the amount of subsidy up till this point or is that an annual figure of 500,000?

MR. DOWNEY: That's total for this date.

MR. URUSKI: Mr. Chairman, could the Minister indicate by what criteria the MACC uses to establish current market value of land in a particular area? What is their yardstick that they use in terms of establishing current market value?

MR. DOWNEY: Through the appraisal system that has been an ongoing process with the Credit Corporation.

MR. URUSKI: Yes, Mr. Chairman, could the Minister indicate as to the appraisal system, from their knowledge of the last five years, has land basically appreciated at amounts in excess of say in the hinterland between Dauphin and Swan River to be in the area north of Dauphin, whether land has appreciated on an average of 15 percent compounded annually in terms of value in the last five years? I'm referring back to the instance that I gave the Minister where the recalculation of land that was purchased for roughly \$40,000 now would have to be valued in excess of \$100,000 for half a section.

How would the Corporation come to that realization? Because even at 15 percent compounded annually as an increase in value, you still do not reach an amount of today's value at that rate and that's the question that I'm raising as to what value has the Corporation imputed into an annual gain of the price of land?

MR. DOWNEY: Well, Mr. Chairman, I think it would be difficult to just put a blanket type of a formula or a statement in place that would say that land has gone up in a specific area a certain percentage. I think there are certain factors that determine what the price of land does and of course productivity is one of the guidelines as well as if a farmer is adding an additional quarter or a half section to his existing unit or whether it's a new unit. The appraisal mechanism that is used of course is in relationship to what the trading of the area that has taken place, surrounding sales, there are banks and federal credit corporations involved in lending of funds as well. So it's basically a market appraisal that is done as well as the quality of the land that is being used as security. So basically I can't make or I wouldn't make a blanket statement that would say there's been a certain percentage increase. I haven't got that kind of information available here but it might be possible to take an area that shows the kind of land value increase that has taken place in a specific area, if there were a few sales in that area that we could relate to.

MR. URUSKI: Mr. Chairman, I appreciate the Minister's comments in terms of his not being able to provide the directness. That's the reason why I raised the question specifically as to whether or not when the Corporation purchased two-quarter sections of land separately, but in total a half a section, has land in the area that I mentioned more than doubled in an area that is not — you know, if it was immediately in the Dauphin-Ochre area which is fairly high quality land. If the land soils are, say, (f) and (g) type quality soils in general in the area that I am speaking of, would there have been a general increase of approximately 150 percent in the last five years in terms of the reassessment of land lease?

MR. DOWNEY: Mr. Chairman, may I get further clarification from the member. If he's talking about (f) and (g) land, is he talking about fair or good land, or is he using the crop insurance classification for — (Interjection)— well, I think it's better to refer to it as Class 1, 2 or 3 soils, 4, or 5, which basically would be easier to identify . . .

MR. URUSKI: 3, 4.

MR. DOWNEY: Well, Class 3 or 4 land is — (Interjection)— Yes, a mixed type of farm is what he is referring to.

MR. URUSKI: Yes.

MR. DOWNEY: Again, I couldn't put a blanket statement on but I would say that the price of land just as an observation more than anything else that it has been increasing as fast as the rate of inflation or a little faster, that the value has been increasing at that kind of a rate.

MR. URUSKI: Mr. Chairman, that's basically what I thought. is that the value of land in an area that has not been prone to the market pressures as other areas like the Portage area, like the Carman area, like the Winnipeg periphery where lands have escalated from \$300, \$400 to extreme cases of up to \$1,500 an acre. Those outlying areas while they have risen and I accept the Minister's comments that the rate of inflation or slightly better and that's the point I was trying to make in my earlier remarks which the Minister, while he did not accept. That is really the nub of the whole argument, Mr. Chairman. We find that while the Minister's argument statements are to the point where most farmers would like to own property and I don't think there's any great disagreement with that statement, Mr. Chairman.

The point of our debate this evening was that you have by the nature of the change in policy have taken away an option that farmers had and you are putting a further stress on the rural community by virtue of how you are handling the Land Lease Program now with the re-evaluation process. Well, I don't quarrel but that's part of the contract, Mr. Chairman, and that's part of the process that you shall undertake to re-evaluate the lands at the five-year point to re-establish a new lease rate. But what seems to be odd, Mr. Chairman, is that the evaluation is going to the point where it is at least more economical, more beneficial for the farmer, at this point in time, rather than to continue leasing that he should be put in a position or at least is in the position of saying, well, look no matter what I do I have to go ahead and borrow the money to purchase the land, even though I may not have the money. Because really it's now costing me more money by virtue of the increased value of the land which has gone well above the inflation rate and above what could be countered as has been a normal increase of roughly 10 to 15 percent as an annual evaluation rate, thus indicating to farmers that look, there really is no option in our program, we want to make our point very clear and to make that very clear that farmers want to own, we are going to use whatever means are at our disposal. Yes, Mr. Chairman, the Minister puts his finger as if it's a gun to his head.

Mr. Chairman, that is the very argument, what you are telling us now, the very argument that the Conservatives made in the '77 election, Mr. Chairman, that there was the NDP with the farmers, they were holding a gun to their head that farmers had to sell their land, that it was a compulsory program to sell to the government. I mean that's the fabrication of the argument that the Tories put forward to the people of Manitoba and I have to say that they scared, that they literally frightened many people into believing that if the NDP came to buy your land or the government came to buy your land you had to sell it, Mr. Chairman. The Member for Rock Lake in his remarks really hinted at that, that that was the thrust of their argument. You are now indicating that basically that was the intent of our program and what we are saying is that regardless of how you cut it you have not really changed the attitude of government towards the farmer. You are doing the very same thing that you accused the NDP of doing, Mr. Chairman. You are really holding a gun to the farmers head saying, look, you either buy or pay, whichever — you either go into debt, Mr.

Chairman, because we are right now, we are doubling your lease rates on what we deem to be the value of the land and deeming the value of land is one-and-a-half times as great in value as it was in 1975 and there's your option. So what option has the farmer really got, Mr. Chairman?

To make sure that the Conservative philosophy of land ownership comes true, they are really leaving the farmer with no option because it's in his economic interest to go further into debt, to go into debt even though he may not be in a financial position to do so because he will be paying more in the new lease rate then he would if he went out and borrowed the money under the Subsidy Program and purchased the land. So it really doesn't make any sense for him even though he has enough debt load to carry now, he has to say, look, I'd be an idiot if I didn't go and buy even though I am in debt far enough because it's going to cost me money in the long run to stay under the program.

Mr. Chairman, that is exactly what is happening in the rural areas. The government is in effect holding a gun to the farmers to make sure that their policy of land ownership comes true. You see, Mr. Chairman, just what the Tories had accused the NDP of doing, they are themselves on an ideological bent doing the very same thing, Mr. Chairman. You see, there is basically no option under the Tory program. You either borrow the money and you own the land no matter what the program is or you're out, Mr. Chairman.

Mr. Chairman, but the basic difference in the two programs is, the NDP program did not cost the people of Manitoba one red cent, Mr. Chairman. There was no subsidy into the NDP program from the public treasury, Mr. Chairman. Every penny that was used to purchase the land was, if the farmer exercised his option to purchase he had to pay back all the subsidy he had in rent while he farmed so that everything was paid back, while under your program it cost in the last three years a half a million dollars that the taxpayers took to subsidize an ideological bent to make sure that Jim Downey and his Tories can stand up in the hustings and see farmers went ahead and they purchased this land because they preferred to own it. Mr. Chairman, I believe that's true that farmers would prefer to own land. The fact of the matter is it's like home ownership — not many people are in a position to purchase homes — they just don't have the bucks, they are not in a financial position to do it. How many young people today are in a position to start farming, Mr. Chairman? Almost zip unless you have (a) an outside financial interest in which there's a large income that you have the financial capability; the second, unless you have a rich uncle, father, father-in-law or the like who can assist you in making that transition, and thirdly, Mr. Chairman, I really don't know unless you go and rob a bank and are able to purchase the land through some outside means. There is no other option, Mr. Chairman, because, Mr. Chairman, we don't have another option to farmers. They either have the money themselves or they can work their way in through family interest — no other option, Mr. Chairman. There was a third option which you did remove, Mr. Chairman.

The fact of the matter is, Mr. Chairman, the previous program was less costly, more efficient,

more efficiently run, Mr. Chairman, and helped many more farmers in the land business. Mr. Chairman, this process that the Minister and I hope he brings those figures because I will not let him dodge that, that he should tell his staff that they should have the numbers of acres available in terms of what was purchased under this program because I venture to say that the cost per acre in terms of the refinancing, we will continue the refinancing end and we will move the consolidation process in rural Manitoba far quicker than we've ever moved before. Because what you will see through this program is far more consolidation than we've ever seen.

The very argument that the Tories made which they accused our government of causing inflation and causing spiralling land prices, they are now duplicating, Mr. Chairman, because while previously under the former program the farmers had the option of going to a private lending institution or to the Federal Government for loaning. The province was not duplicating a federal lending agency. They were not jockeying for position to see who can give farmers a better deal; they were not in the program. They provided a third option, Mr. Chairman, and that's really where you can be accused and you are being accused of duplication, of wasting money, in comparison to the two programs and certainly not providing the option to farmers to continue. The shotgun approach, if one can use it, that in terms of trying to justify your ideological bent of private land ownership, Mr. Chairman.

It's very obvious what is happening in rural Manitoba. Do you not read the banking ads? The Member for Minnedosa isn't here — that many of the banks have ads indicating that it's becoming the known practice that it is far easier for farmers to work out their method of financing and their operations by a long-term lease. It is far less expensive to farmers if they lease equipment, you know, combines, \$100,000; tractors at 60,000 or 70,000, so you put it on the lease purchase or the lease. So you work it out on the lease, Cargill Grain in hog production. What else? It is strictly a contract. The farmer becomes the worker of the Cargill Grain and he is on contract. He gets paid so much for his labour; he is guaranteed a return on a per hog basis. Of course, it can mean a very nice operation if that's what the farmer wants to do in terms of saying, today and for the next 10 years or whatever, I am working for Cargill Grain because they will supply me the feed, they will supply me the hogs, all I do is now that I've gone bankrupt, my buildings are there and to make full use of my buildings, this is an option for me. Not very much of an option, Mr. Chairman, because he has nowhere else to go and the point being, talk about the independence of rural Manitoba, there is where the erosion of at least the independence of rural farmers has come about by the lackadaisical attitude of this government towards the farmer and farmer-owned and operated enterprise, Mr. Chairman, because that is slowly being eroded by the attitude of this government in terms of its commitment to farmer-owned operators.

So, Mr. Chairman, while the government can stand up and say that, yes, we've loaned more money to farmers in the last three years than ever has been loaned, No. 1, they then went back into the competition with a federal agency which is really

duplication of services, Mr. Chairman; and No. 2, they have cost the taxpayers of Manitoba a half million dollars in subsidies. Not that the Loan Program isn't a bad thing, Mr. Chairman, but when the re-evaluation takes place, it is really not an option. Farmers don't have the option as the Tories would like to say.

MR. CHAIRMAN: The Honourable Member for Gladstone.

MR. JAMES R. FERGUSON: Thank you, Mr. Chairman. Certainly you would have to look forward again and this is an argument that we've gone through I think since Day One about the ownership of land, etc., etc., etc. The display we've just finished going through from the Member for St. George, of course, is very credible and he might even get an "Oscar" for whatever you might want to call it. I guess you'd have to call it acting or whatever it might be but as usual we're facing the two philosophies and No. 1 would have to be that who is buying the money? It certainly wasn't being bought out of the pocket of the Member for St. George. In so many cases towards the end of that great and glorious reign we had under the Socialists, the first person into the yard when a piece of land was advertised was a person from the government competing against the small family farm operator who they tried to say that they are out to protect. Unfortunately, Mr. Chairman, they were not. Their people were in the yard before anyone else was with an offer saying, look it, we'll have the bucks in your hands in 24 hours. I would like that great and glorious fellow across the way for St. George, and not the guy from Ste. Rose because he wouldn't know what's going on, but in any event — (Interjection)— that was what was happening. They with the Government of Manitoba, were using the taxpayers' money to go out and trying to put the young farmers out of business for one reason only. We'll take the land over, we'll buy it and we'll lease it back to you, but once we lease it back to you, we have control of you. I don't have to go too much further.

You can go into an area in my constituency — and we fought bitterly in this House about it — where one particular family, all good card-carrying NDPers, controlled 19 quarters of land. Nineteen quarters of land, Mr. Chairman, and they picked up another 800 acres just like that. This is under the guise of "oh, yes, we're all for you." Where were the little guys? I can name five on my hand right there that had applications in for that property. They were turned down but a good NDP card-carrier, 19 quarters of land, picked it up and oh, oh, ho, this is a good theory. Everything under socialism is a good theory. If it worked the way it was supposed to work, we'd all be good socialists; we'd all live off the state. None of us would work. All we would do is sit back and say, look it, it's going to happen. All we have to do, we'll just sit back and let it happen and it will. And it will, Mr. Chairman, it certainly will.

But what happens is that all of a sudden you get somebody that has complete control of the top. Now if they don't like what you're doing down here, they say, okay, ha, we've made a little decision that you aren't going to get that land, not at all, and if you want to fight it, go to a Court of Appeal, go this, go

that, you've got lots of routes. But the end result is going to be. Mr. Chairman, you're going to end up exactly where you started, with zilch, except one thing, state control. That was the reason the NDP were voted out of rural Manitoba last time. That's the reason they're going to be voted out again. They haven't gained one vote in rural Manitoba, much as all they may think they have. The people aren't stupid; they know exactly what these boys are doing. They've sneaked under their little cabbage leaf there once, laying to rest, and saying, well, look it, when we come out, you know, we're altogether different now, we learned our little lesson. We had a fellow by the name of Jenson that was zipped out there and got us a whole bunch of trouble but we're a bunch of nice guys now. No, we really are, we're a bunch of real nice guys but, boy, we haven't changed and it's just going to be the same old story. One big farm, one big railroad, one big oil company, one everything, eh? But it isn't going to happen because you fellows aren't going to even get close. Theory 1, I know you're not going to get close. So I'd just like to bring the record just a wee little bit straight. What has happened basically is that under the guise of Wildlife Management areas, used every trick in the book, Wildlife Management areas, do we need that much? No, we certainly didn't. I don't want the figure, I think it's about 200 and — the Member for Lac du Bonnet would probably know better than I do — but it was in the area of 260,000-270,000 acres.

A MEMBER: About 600,000 acres probably.

MR. FERGUSON: No, no, not in total. That was maybe 440 or near. It really doesn't matter. The grand and glorious plan was control of the land mass of Manitoba by any devious means or any other means that you can bring forth. —(Interjection)— No, no, no, no, no. Just use a figure, Mr. Chairman, just use a figure out of the air. We'll say a half a million acres. Do we need a half a million acres for Wildlife Management areas in the Province of Manitoba? What are you going to put on it? What are you going to put on those 500,000 acres? —(Interjection)— Are you going to put chickadees? —(Interjection)— Well, you should know. You should know because you're the closest to being the one there is here, but in any event, what are you going to put on it? It wasn't multi-purpose. It was bought strictly for one purpose, Wildlife Management areas, complete control by government to dish out to whichever particular spot, whatever particular phase they thought the things should go. —(Interjection)— No, no, unfortunately, I've been around here quite a little while. I have watched the devious means of my honourable friends across the way and I'm not fooled at all by your actions because I know exactly where you're going and I know exactly where you're trying to go. You're not going to go; it's game over for you, but in any event I think that I have made my point. We've listened; I've listened to this argument and we all have who have been here for a while.

MR. USKIW: But that's an old speech though.

MR. FERGUSON: Good one though, isn't it? The Honourable Member for Lac du Bonnet, we have listened to these speeches I know for years and years and years. As I say again, it's only a class of

philosophers and you fellows are not fooling us and you're not fooling the people of Manitoba. To say that you had a program. Sure, it was a nifty. I'd like nothing better, I'll sell my land to the state, lease it back. —(Interjection)— Sure, why not? Why wouldn't I? As a matter of fact, I think the information at one time was through one of your appointed members that I had sold my farm and had leased it back to the state. And it was all over the place and somebody got some bad information from your department. . . . —(Interjection)—

But in any event, Mr. Chairman, we'll just bring this in here to a head quickly. As far as I am concerned, you people have the philosophy that you're doing a whole bunch when you use the taxpayers' money to buy the land, to put the young guys basically out of business. You walk into the yard, bid against them and —(Interjection)— okay, and in 24 hours and many many times your people said and I don't think that one of you over there will deny it, you will have your money in 48 hours if you sell to us. That was the big selling point and don't tell me it isn't right because it was. I know the story; I heard it many many times from my constituents. So, Mr. Chairman, I would again like to just bring this thing up a wee little bit and the posturing of the Member for St. George just isn't being bought. You might just as well save your breath, get this thing over with, pass the Estimates and go on because I know what you're trying to do and what you're trying to say. The farmers in Manitoba know what you're trying to do and trying to say. They're not going to buy it. —(Interjections)—

MR. CHAIRMAN: Before I acknowledge the next speaker — excuse me, Sam, I'll acknowledge you first but — I'm running into great difficulty as a new member of the agricultural community. I'm trying to co-ordinate the Credit Corporation, the Manitoba Agricultural Credit Corporation, with the purchasing of land and I understand there is a connection but I see further on, on Page 12, under Item 7.(d), it says Agricultural Crown Lands. I was just wondering whether that might be . . .

A MEMBER: It's a different ball game.

MR. CHAIRMAN: It's a different ball game? I'm looking for some guidance. —(Interjections)— Just a minute. I have allowed the debate because I am fairly new at this and I'm trying to find out the connection and if the next speaker could possibly bring in the connection, I would be very very pleased.

The Honourable Member for Lac du Bonnet.

MR. SAMUEL USKIW: Thank you, Mr. Chairman. Mr. Chairman, there indeed is a connection, the connection being that the Minister of Agriculture for Manitoba happens to be involved in the administration of a number of leases, leases resulting from a program where the Crown was involved in land acquisition and subsequently leasing those lands to clients. I was most delighted to hear the Member for Gladstone repeat some of his thoughts of days gone by, Mr. Chairman. They are not new thoughts. I'm sure those that want to recall them will recall them because they have been uttered in this House many many times before. But the problem with the Member for Gladstone, as is the case with

all of the other members on the other side, is that they don't analyse their own position to find out how futile it is.

Mr. Chairman, let's examine what the Member for Gladstone suggests. He suggests that there is some socialist plot in this province to take control of all the land and to then use the government as a vehicle that would determine its use and who would use the land, and for what purpose and so on. You know, state farming or state agriculture or collectives, this is what the member is trying to impress us with, that is the argument. But, Mr. Chairman, if he examines the program that he is suggesting would do just that, he would find that just the opposite is true. If we want to collectivize agriculture in North America, what we have to do is get the hell out of the market and let only the people with the fattest wallet buy the land, Mr. Chairman. Oh, yes, that's what we must do. The public should get right out of any supports, any subsidies, any intervention by way of acquisition, should get out of the Credit Program. — (Interjection)— Yes, Mr. Chairman.

A MEMBER: No, you've got the fattest wallet.

MR. USKIW: That's right, Mr. Chairman. The fattest wallet will buy up all the land eventually in the market economy. Now, Mr. Chairman, if it was a plot — the member used the word "devious" — it was a devious plot to get control of the land. All we have to do is let unbridled capitalism have its way for another couple of decades and it would be very simple to achieve that result because then it would become a popular thing to put the people back on the land, the people that lost it. This is nothing new, Mr. Chairman, this has happened in other countries. In fact, all of Europe has gone through this where a handful of people end up owning everything and then you need a revolution to divide it up again. And so, you repeat this thing over and over again every few hundred years. Every few hundred years you have to have another revolution to redistribute the land. Now if that's our objective, if our objective is to have public control, then we ought not to have a Land Lease Program. We ought not to make it easy for people to become owners of land. We should allow those that are already huge large corporate private to gobble up more of it around their own surroundings so that we dramatically escalate the depopulation process and you end up with a rural aristocracy all over again as it was, as it was in Europe. And wherein the population, in order to get access to that land, would have to make very fundamental changes to the question of land ownership in order to bring about the kind of equity of distribution of land resources that would then be considered democratic, Mr. Chairman, that would then be considered democratic, yes.

Mr. Chairman, so the Member for Gladstone ought to appreciate that the Land Lease Program as it was operated resulted in the opposite. It resulted in the fact that people that could not otherwise become owners of land have become owners of land.

MR. FERGUSON: Controlled by the state.

MR. USKIW: Mr. Chairman, the Member for Gladstone says "controlled by the state". Mr. Chairman, the person that holds the mortgage

controls everything, the person that holds the mortgage documents controls everything and that could be the Minister of Agriculture through the Manitoba Agriculture Credit Corporation, it can be Household Finance, it can be the bank, the Royal Bank, Mr. Chairman. It could be any number of financial institutions, they own the land if they hold the mortgage — they're the ones that own the land, Mr. Chairman.

Mr. Chairman, the Member for Gladstone knows full well that the options that were available to those people were clearly stated in a contractual form, they're not a secret document, they are a public document, always have been. It is something that was made available for people that were otherwise not in a position to acquire any land assets of their own. At least it was a step in the direction of giving those people an opportunity to get a toehold in agriculture, which otherwise they were unable to do. But, Mr. Chairman, I want to repeat for the benefit of the Member for Gladstone that the surest way to end with socialized agriculture is to have unbridled control of capital power in the market place for land — yes, that is the surest way to do it. Now it may not happen in the next decade, Mr. Chairman, but you know sure as tomorrow it is going to happen, it is going to happen whether New Democrats are governing, whether Conservatives are governing, because either group, or the Liberals in Manitoba, they're now an extinct species, but, Mr. Chairman, the fact of the matter is that if you go back and I know there are other reasons.

There has been fairly substantial declines in rural populations for reasons of consolidation, of land holdings, reasons of economic efficiency — there are valid reasons but the growth factor does not relate only to the needs of viability. If you travel throughout this province but more so in the Province of Saskatchewan and Alberta you need an airplane to fly from one end of one's farm to the other — that's how big they've become. There are no constituents there, Mr. Chairman. The Member for Gladstone under those conditions would have half the province as a constituency once it reaches that stage where there are just a few people managing the soil, Mr. Chairman. Yes, take an airplane and fly around some of the countryside and take a look at how many homes that there are in some parts of Manitoba but go further west to Saskatchewan and see what has happened to the rural communities of Saskatchewan as a result of a market oriented land ownership system where there were no other options available.

Now if you project that another 20 years, 30 years, 40, I don't know, Mr. Chairman, how long that process would take but, Mr. Chairman, what you do is you wipe out the rural constituencies politically, that's what you do, that's what happens. The population disappears, you end up with 2 percent of the people out in the countryside and 98 percent in the cities and towns — that's what you end up with, Mr. Chairman.

So you know with all of the commentary from the other side about the objectives of democratic socialism in terms of agricultural policy, heavenly days, if one was to look for that objective we certainly took the wrong path in getting there because the Minister of Agriculture this afternoon has advised us that 369 out of about 500 lessees

have opted to purchase their land at a substantial capital gain, no cost to themselves and no cost to the people of Manitoba. A true windfall benefit, Mr. Chairman, a true windfall benefit and we didn't have to pay for it, I mean we the taxpayers. The taxpayers did not have to spend one penny in order to afford those clients a land holding at half or less than half the current market value. If that isn't assisting someone towards land ownership, I don't know what is. Because I know that if I buy land, Mr. Chairman, I have to meet the competition in the market, Mr. Chairman. —(Interjection)—

Mr. Chairman, I don't have to educate the Member for Gladstone but I'm sure he knows, I'm sure he knows, Mr. Chairman, that he would far sooner pay \$100 an acre for land than \$200 or \$300 if it was available at that price to him — that's exactly what happened here. The taxpayer didn't bear any cost in making that happen, that is the beautiful part of it, Mr. Chairman. It has to do with nothing else than capital gains on real estate and that's all that created the net gain, the benefactor is the lessee who became the owner and at no cost to the province — yes, I shouldn't say no cost because an economist will argue with me because we have given up our opportunity to make profit, yes I have to admit that if you wanted . . . We're talking about real dollars spent, we're not talking about market value. If you want to talk in economic terms you would have to talk in terms of market value. But in terms of the state playing a role in helping some people get established at no real dollar cost other than lost profit, lost profitability, Mr. Chairman, there is no better way in which it could have been achieved. The Minister's subsidy of 4 percent on the interest rate is a direct charge on the taxpayers of Manitoba, Mr. Chairman.

The Minister's program, the new program that subsidizes the purchase of land at 4 percent subsidy on the interest rate costing the people of Manitoba \$2,000 for every client up to \$50,000 of loan capital. Now, Mr. Chairman, that is an actual cost that has to be paid by the Clerk of the Assembly, by the Chairman and by myself and all of us collectively. I don't object to it, Mr. Chairman, all I'm pointing out is that it is \$2,000 more than what the other program cost — that's what I'm pointing out, Mr. Chairman — that it could be done more efficiently and a greater advantage to the individual, to the recipient. And this is what my friends opposite fail to respect, the fact that it did work and it will always work and I have to qualify myself here, Mr. Chairman, it will only work that way in an inflation economy. I agree if you ended up with a deflation situation it would work in reverse. But in an inflation economy the expectation of land values is always going up. You can carry out such a program at zero cost to the people of Manitoba and at the same time help thousands of people get established in agriculture who would become owners, contrary to what the Member for Gladstone is suggesting is the idea behind the program.

MR. DOWNEY: I'd just like to straighten the record out because under the Land Lease Program, Mr. Chairman, the government that bought the land for the farmer leased the land to the farmer at 5 percent of the appraised value or 5 percent of the purchase price. Where did the government get the rest of the

money to pay the difference between what the money cost and what they were getting from the farmer? Now if that isn't a subsidy program that the Member for Lac du Bonnet is standing here saying —(Interjection)— well, he's saying lead into it.

A MEMBER: No you walked into it.

MR. DOWNEY: He's saying I walked into it. He did not tell the public the full story. Certainly, and if he says he doesn't want to be any part of a government that pays a \$2,000 loan subsidy like we're doing so that the farmer can actually own the land, take advantage of the appreciating value, he gets the value of the appreciating value, he doesn't have any ties on him when he goes to sell the property if he so desires to sell it, he has no further obligation other than to meet his mortgage payments. — (Interjection)— Mr. Chairman, the member's standing there saying that because government buy it it doesn't cost anybody anything. Well, he's trying to say that he had a better program.

First of all, I said it earlier today that under the last government they didn't have a loan program through government. They had to take the option of the only program available through government if they wanted was the Land Lease or they had to go to outside the market place, outside the government loan program, FCC or the bank and compete, and compete against the state. And they couldn't compete against the state because the state could pay any price because they just had the ability to take whatever money they needed and pay for that piece of property, which by the way, was in fact subsidized and there is no question, was subsidized and when in fact they sold or if the individual was to sell his property he eventually had to pay that subsidize interest back. No it wasn't the taxpayers that helped the farmer, it was again the government riding on the backs of those young farmers. It was the NDP government riding on the backs of the young farmers. And two examples, if a farmer wanted to sell his property or dispose of it there was an increasing interest rate which the provincial government was charging to those producers so they had to pick up the interest subsidy. No. 2, if in fact the increased value went up at any rate and the farmer wanted to dispose of it then the state was again ready to take the money from who, from the farmer. Under our program we are directly supporting the young farmer with what I would call an honest and outright interest subsidy. It just goes straight, paid to that young farmer. No devious five-year contracts, appraisal programs, and for the Member for St. George who tries to again say that it is us that is reappraising the land and charging them a higher rent — it's their policy, it's their program. The people signed that contract with the Credit Corporation and in fact we have very little control over it.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. HENRY J. EINARSON: Mr. Chairman, I spoke this afternoon on this subject but, Mr. Chairman, I hope to assist you a little bit. You mentioned that your experience in the agricultural field was limited and I do understand to the members of this House

that the Chairman does have a blueberry patch somewhere in the south-east corner of Manitoba so I think that he qualifies to be someone who was recognized as some qualification as to what agriculture is all about.

But, Mr. Chairman, in listening to this debate this afternoon, now this evening. I would like to suggest to you, Mr. Chairman, that this resolution we're on right now, namely Resolution No. 9, The Manitoba Agricultural Credit Corporation, and all it stands for to me is the key issue of the entire Department of Agriculture Estimates that we're dealing with from the time we started until we concluded. You know, Mr. Chairman, I mentioned in my very beginning of my comments this afternoon and I don't know whether it sort of hit my colleagues opposite in a way they didn't appreciate or what but, Mr. Chairman, I want to reiterate and I learned this from my socialistic friends that it didn't make any difference to them whether it was true or whether it was an untruth that they were conveying to the electorate, in this case of the Province of Manitoba or to the people when it was dealing with the federal election, if they repeated it often enough, Mr. Chairman, they sometimes were able to get some efficient people to believe what they were preaching. And that's the philosophy that they've had as long as I've known them and unfortunately, Mr. Chairman, sometimes they've succeeded in achieving that particular goal.

I mention, Mr. Chairman, the fact that in Ottawa and I'm sorry to have to go back there but I must repeat it again and I'm sorry that the Member for Fort Rouge is not in her seat this evening because she is the chief spokesman for the Liberal Party in the Province of Manitoba who speaks for the Liberal Party, — the Member for Fort Rouge, she speaks for the Liberal Party in the Province of Manitoba — whether she is acquainted with the agricultural policy of this province, she must take full responsibility for speaking for the Liberal Party in the Province of Manitoba because she is the lone member in this Legislature.

I must repeat again, Mr. Chairman, and I think it has a significant relevance to what we have been debating this afternoon and this evening, the matter of the ownership of property — that is the key issue. I would hope the people of Manitoba get the message that the Liberal Party of Canada, the NDP Party of Canada and the NDP Party of Manitoba which endorses the NDP Party of Canada are very explicit in saying that they do not agree that anyone should have the right to own property. They agree fullheartedly, Mr. Chairman, and I would hope that the news media tell the people of Manitoba that the NDP in Manitoba endorse the Federal Liberal Party and the NDP Party in Ottawa that no one should have the right to own property in this country.

The Member for Inkster, I wish he was here also this evening, who has stated on more than one occasion that the only property that anyone should own is the ground that you're buried in and after him making that kind of comment I wondered whether he even believed that you should own the six feet of ground that you're buried in.

So, Mr. Chairman, I feel very strongly about the issues that we're talking about tonight. As far as I'm concerned, Mr. Chairman, this is the most important resolution in the entire Department of Agriculture

because we're dealing with a group of socialists who believe in nothing more, nothing less, than state ownership and let that be known to the people of Manitoba, Mr. Chairman, and I hope the press indicate that to the people of Manitoba, in particular the agriculture people in this province.

Mr. Chairman, I'm very serious in this matter because I'll tell you, Mr. Chairman, the previous administration under the NDP and under the Honourable Ed. Schreyer also got into the business of buying up land for the preservation of wildlife. I don't know how many acres, Mr. Chairman, they bought —(Interjection)— the Minister of Agriculture tells me 650,000 acres they bought up with the taxpayers money and I say to the people of Winnipeg who in the next election are going to have the majority in the Province of Manitoba as far as seats are concerned, do the people of Winnipeg believe that their tax money should be used to buy up land throughout rural Manitoba for the preservation of wildlife when I add to you, Mr. Chairman, that the farmers have provided this to the taxpayers of this province without any cost whatsoever to them? You know, Mr. Chairman, these are facts that I think are very important and should be known by the people of this province.

It should be known just exactly what the NDP did when they were the government of this province. Mr. Chairman, the Member for Lac du Bonnet and the Member for St. George are playing a role and they are trying to camouflage what they were doing from '69 to '77. They were trying to camouflage the fact that they weren't all that serious. They wanted to help the young farmer, that is just a myth, Mr. Chairman. That is a hoax because if they had been elected for another four years, God forbid, what would happen in the Province of Manitoba because they would be the largest real estate owners in this province. Like the Minister of Agriculture at that time and a constituent of mine asked him and I repeat again, Mr. Chairman, what would you do if you are the biggest cattle owner in the province? I indicated this afternoon, I don't want to repeat it but I'll tell you, Mr. Chairman, we are concerned on this side of the House. It's not only the ownership of property by an individual or individuals but it's also the pride that one individual would have in owning property, something that he could say is his or she could say is hers. Mr. Chairman, there is a big difference in being able to acquire something that you have a feeling it belongs to you because it's only human nature that you're going to do something with that, with what you own. You are going to improve upon for yourself and also in turn you will provide better things for society in the community in what you live. Make this a better Manitoba, Mr. Chairman, under the free enterprise system that we operate in Manitoba under the Conservative Government.

Mr. Chairman, I want to say I've had very few complaints under the administration of our agriculture department in Manitoba of the kind of programs that the Minister has brought into this province in the past three years. I am proud to endorse everything that he has done and I wish him every success in what he's doing to now because I speak on behalf of my constituents that I've had nothing but congratulatory comments in regard to what has happened, in the land ownership aspect

and all the aspects and particularly with the serious problem we had this last year in the drought situation. Compare that with the Federal Government which the NDP on the other side have endorsed which was an absolute disaster compared to what we've had in Manitoba.

Thank you, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, I appreciate the sensitivity of my friends opposite. We, in eight years of government, never found ourselves once in the position of having to use taxpayers' dollars to try to convince Manitobans that things are okay in Manitoba. It was so self evident, Mr. Chairman, we never had to resort to that kind of tactic but this Minister only a few weeks ago or a few months ago had to resort to that. Yes, he had to resort to the buying of ads in the newspapers and on television, radio, telling Manitobans that really they shouldn't be looking elsewhere, things are pretty good here. In all the years that I've watched Manitoba politics and that goes back a few years, Mr. Chairman, I don't recall one such incident on the part of the Liberal Government prior to 1957, on the part of the Roblin administration for 10 years, the Weir administration for a year, I don't recall any of those administrations, the Schreyer administration for the next eight years, ever resort to the idea that the taxpayers should finance a political campaign for the party in government, Mr. Chairman.

MR. CHAIRMAN: Order please. The Honourable Minister.

MR. DOWNEY: On a point of order. I think we're debating the Manitoba Agricultural Credit Corporation Estimates at this particular time, are we not?

MR. CHAIRMAN: Could have fooled me.
The Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, I think everyone recognizes that this Minister was responsible for the purchase of ads costing the taxpayers of Manitoba \$62,000, ads that are attempting to convince Manitobans that things are good in Manitoba. Mr. Chairman, if the Minister is not responsible, let him say so and I will withdraw those remarks. But it is a matter of record and it's a matter of fact and the Minister knows it is and that's why he is not asking for a retraction, Mr. Chairman.

MR. CHAIRMAN: The Honourable Minister of Agriculture on a point of order.

MR. DOWNEY: The point of order again is that we're debating the Manitoba Crop Insurance Corporation Estimates. The question is, did we spend some \$62,000 in advertising any particular program? No, the Department of Agriculture did not.

MR. USKIW: Mr. Chairman, I agree with the Minister that the Department of Agriculture is not going to pay the bill. All I was saying is that this Minister authorized the expenditure of \$62,000 and

he has to assume his share of the responsibility for having made that decision. I don't believe that he absented himself from that decision. If he has, I am prepared to be corrected but, Mr. Chairman, we are dealing with the fact that the Member for Rock Lake and the Member for Gladstone are attempting to tell us here today how well things are in agriculture pursuant to the policies of this administration. I merely point out, if things are that good, then they needn't spend \$62,000 of people's money trying to convince them of it. It should be self evident, Mr. Chairman, and I will say that to every Minister of the Crown, not only this one because they all took a part in that decision. Mr. Chairman, I know the Minister is sensitive about that decision. I know it reflects on the fact that they have a feeling of despair, that they feel that they have to do something to redress an image that is tarnished so soon, so soon after an election, Mr. Chairman. Yes, that is the problem that this Minister faces along with all of his Cabinet colleagues, along with the Minister of Finance. So any amount of grandstanding . . .

MR. CHAIRMAN: The Honourable Minister of Finance on a point of order.

HON. BRIAN RANSOM (Souris-Killarney): On a point of order. I believe that the item in question is Manitoba Agricultural Credit Corporation.

MR. CHAIRMAN: I think that at this point I would have to agree with the point of order inasmuch as I don't think that you can compare the Honourable Minister of Agriculture because he might have supported a program in some other department to be discussed under this particular item.

The Honourable Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, I had perused these Estimates from one end to the other and I didn't find one spot where it said "Propaganda Department" and therefore I felt that it was my duty to try to find out from each Minister as to his role with respect to that decision. Mr. Chairman, if the Minister suggests that he is not involved in trying to redress his image as Minister of Agriculture through paid ads, paid for by the Crown, I will accept that explanation.

MR. CHAIRMAN: Order Please. The Honourable Minister of Natural Resources on point of order. — (Interjection)— I'm sorry. The Honourable Minister of Finance.

MR. RANSOM: Yes. The logic that the Honourable Member from Lac du Bonnet is using is that the Minister who has had a part in making a decision for the government is responsible for all decisions of the government and under that sort of logic we would be discussing any and all subjects within the purview of government within any given department. That obviously cannot be so and we must deal with the subject before us.

MR. CHAIRMAN: On the point of order again I have got to agree on that particular aspect on the point of order. The Honourable Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, I am not at all attempting to debate \$62,000 of expenditures. I was

merely illustrating to members opposite that if their programs were so well accepted by Manitobans, that the government wouldn't be in the position of having to buy ads and that this Minister wouldn't have had to support that position.

MR. CHAIRMAN: Order please. I have made a ruling on the point of order and the honourable members are disregarding my ruling. I would ask the honourable members to please get back to the item under discussion which is Manitoba Agricultural Credit Corporation. The Honourable Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, in the course of debate I know the rules and I know that if I interjected one word having to do with MACC in every sentence I would be in order. I was merely pointing out Mr. Chairman, what is taking place with respect to the policies of this government in the Department of Agriculture and their shortcomings; shortcomings to the extent that they can't rely on program content itself to convince the people of Manitoba that they should be re-elected. Mr. Chairman, I don't intend to belabour that point. It is members opposite that are showing sensitivity to it. Had they not got up and questioned me on a point of privilege or order, we could have dispensed with that comment ten minutes ago, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Rock Lake, on a point of order.

MR. EINARSON: Mr. Chairman, I must challenge the Member for Lac Du Bonnet, that I don't think I made any comments that had anything to do with the \$62,000 he talks about. I was talking about this particular resolution and debating the philosophy of our government as opposed to what the NDP on that side were trying to espouse to us and try to cover up for their errors and for the things that they were unfortunate in seeking ways of getting the rural people particularly of Manitoba to agree with what they tried to espouse.

MR. USKIW: Is that a point of order?

MR. CHAIRMAN: No that was a point of privilege. The Honourable Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, you will recall moments ago that the Member for Rock Lake got into the constitution debate and I don't see anything on this item which allows us to get into constitutional questions.

MR. CHAIRMAN: Order Please. The Honourable Member for Rock Lake on a point of order.

MR. EINARSON: Yes, Mr. Chairman. The Member for Lac du Bonnet talks about the constitution. I was relating it insofar as the ownership of property was concerned and that's what they've been debating all afternoon and this evening. That's why I used that particular and they didn't like it.

MR. CHAIRMAN: Before I acknowledge the next speaker, I think that some form of co-operation from both sides of the House would be in order and actually I would like to get out of the Legislature

before the end of next summer and the way we're going it doesn't look like we're going to get that, that's going to allow me to be out of here by summertime. I think that all members on both sides of the House would like to be out of here after the Estimates have been given a thorough investigation; there is no doubt about that. I think with a little bit of co-operation either in the person who is speaking and the people who are listening, I think that we can proceed. The Honourable Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, I couldn't agree with you more. Mr. Chairman, I would like to ask the Minister of Agriculture to at least give us an idea as to what his department's forecasts are with respect to the role of MACC in the long term. If he's looking at a 5 year, 10 year, 20 year projection as a role for a government credit agency involved in the financing of agriculture in Manitoba, whether he sees that role diminishing, whether he sees a continued duplication between provincial and federal governments in trying to service the same client, the same purpose. What numbers is he looking at with respect to farm operators in terms of the next decade or two decades down the road, that will require financing and how that is going to change the operations of MACC.

I think if we look back 10, 15 or 20 years we can see quite a dramatic change in the need for credit response on the part of all financial institutions as agriculture evolved into a more productive, more efficient, larger scale operation than it had been up until that period of time. I would like the Minister to illustrate for us just what he projects into the future to what role governmental agencies will have to play in furthering agriculture in Manitoba, indeed in Canada and what the optimum size of farms that he wants to finance. Are there going to be limitations or is it going to be a wide open field so that anyone can use the facility of the corporation or will there be priorities? How is the Minister going to allocate the resources of the state in this connection, Mr. Chairman?

MR. CHAIRMAN: The Honourable Member for St. George.

MR. URUSKI: Mr. Chairman, thank you. I had a number of questions that I wanted to place to the Minister of Agriculture. I wanted to make a couple of comments with respect to the one comment that the Member for Rock Lake made and I wanted to make sure that I commented on it because I believe he was red baiting in terms of his arguments with respect to the ownership of land and the constitutional debate that he made.

Mr. Chairman, the Member for Rock Lake was certainly perplexed to say the least, in fact, he was very emotional on the issue about the New Democratic Party, I believe, and the Federal New Democratic Party and the Federal Liberal Party as being initially in favour of entrenching property rights in the constitution and then being opposed to it as this has some great meaning for land ownership in the Province of Manitoba.

Mr. Chairman, I think the Honourable Member for Rock Lake should look into it a little bit more deeply in terms of the entrenchment of property rights. As I

understand it, if that issue was entrenched in the constitution, and he should check with his Attorney-General, that if the Minister of Agriculture, the Minister of Natural Resources, the Minister of Highways, wished to build a highway or a drainage ditch or do some surveying and the property was needed for some public project, with the entrenchment of property rights in the constitution, Mr. Chairman, there would be no right of the state. Mr. Chairman, no right of the state.

A MEMBER: That's not what I said.

MR. URUSKI: Well, Mr. Chairman, that's not what he said. Mr. Chairman, I'm telling you what I believe it is. The fact of the matter is, it would give the state no right to take land for public projects, Mr. Chairman. —(Interjection)— I know he never said that, Mr. Chairman, but that's the fact of the matter, that's what the issue is, Mr. Chairman. Well I want to hear the Minister of Government Services or whatever his title is, to say that's not the issue, that's the essence of the issue, Mr. Chairman, and that's what it really involves.

Mr. Chairman, I want to know from the Minister of Agriculture, and I questioned him before and he couldn't give me an answer with respect to the method used by MACC to evaluate lands that are under lease with the corporation. I wanted to know, I believe when the lands were tendered, the problem that the Minister was having a couple of years ago in the tendering of the lands that were not being leased anymore and they were to be sold. The Minister used evaluations given to him eventually by the Land Acquisition Branch in terms of determining the market value of those lands in the area that they were to be sold. If that is correct I'm wondering whether that Branch is now being asked to provide evaluations of the land that is under renegotiations of the lease rate.

MR. CHAIRMAN: The Honourable Minister.

MR. DOWNEY: Mr. Chairman, if I could deal just specifically with that question at this point - No they're not.

MR. CHAIRMAN: The Honourable Member for St. George.

MR. URUSKI: I'm sorry, Mr. Chairman, I didn't hear the Minister.

MR. DOWNEY: The answer is still no, Mr. Chairman. It is MACC staff that are doing the appraisal work.

MR. URUSKI: Mr. Chairman, did the MACC staff do the appraisals previously as well, or did they not consult with the Land Acquisition Branch originally in the lands that were tendered the year before.

MR. DOWNEY: Mr. Chairman, I believe in the initial purchase of that land that Land Appraisal were involved in reviewing the appraisals that were put on the land.

MR. URUSKI: Mr. Chairman, when Land Acquisition was involved in the initial appraisals of the land when the land was bought, why would Land Acquisition not

be used now in terms of determining the proposed market that is being used.

MR. DOWNEY: Well, Mr. Chairman, basically the Land Acquisition as I would assess the situation weren't actually involved in anymore that just reviewing the work that was done by the Manitoba Agricultural Credit Corporation.

MR. URUSKI: Well, Mr. Chairman, could the Minister indicate whether or not the Land Acquisition Branch is being used to establish the values of Crown land that is being presently sold?

MR. DOWNEY: Yes, Mr. Chairman.

MR. URUSKI: Mr. Chairman, what would be the reason for the change not now using the Land Acquisition to establish these new values. They are establishing the lands that are presently being sold under the Crown Lands Act, those few quarter sections in terms of establishing the values, and they would not be used to establish the values within the corporation. Why would there have been a change in this method?

MR. DOWNEY: Well, as I indicated, Mr. Chairman, land value appraisal were just as an overview or review of what the Credit Corporation had initially appraised it at and I would think it was just a matter of duplication and not a matter of adding anything to the system that is being used. It's a matter of not being necessary to use the dual system.

MR. URUSKI: Mr. Chairman, the reason that I'm asking those questions and the point that I wish to make and I will tell the Minister why, if he feels there was a duplication. My understanding and assessment of the situation is that the lands that are presently being sold under the Crown lands have been appraised by the Land Acquisition Branch and in general one would find that the values of the lands that are being sold are substantially less than the assessment that is being put on the lands that are presently being reassessed for lease purposes, Mr. Chairman. That is the reason I'm questioning the change of method that the Minister is using. Because, Mr. Chairman, when one looks at the escalation in value and if one was to match that with Crown lands that are being sold in that same area, one will find, and I venture to say that one will find that the escalation under the Land Lease Program substantially greater than what is being asked for Crown lands in the same area, Mr. Chairman, and that's the point I'm making. That's the reason, Mr. Chairman, I ask those questions and I venture to say that the Minister if he wants to be consistent that he really should be using the same method of calculation or using the same people in terms of assessing the land, because, Mr. Chairman, he is, by making that change, in terms of putting on the new value, the value that I've indicated has increased 150 percent within five years in terms of the new value.

I believe that that value is higher than what the normal increases of land have been throughout the last number of years, Mr. Chairman, and the Land Acquisition Branch was involved in setting the initial evaluation of the land when it was purchased. So, Mr. Chairman, why would they not be involved at this

point in time in re-evaluating the new rate, the new value of the land, and yet they are being utilized in evaluating Crown lands that are being sold.

Mr. Chairman, I find that a bit of a contradiction in terms of the Minister says, that was your program. I believe that he has changed in essence the way the program is being administered, Mr. Chairman. What we are really getting is a two-tiered system. We are having a lower price of Crown land that would normally be sold, or at least a regular price as the way the Land Acquisition Branch would evaluate it, and a higher price in terms of the lease rates to be able to tell farmers it's to your advantage that you should purchase the land. And that's really what is happening, Mr. Chairman.

MR. CHAIRMAN: Clause 3 pass; Resolution No. 9, Resolved that there be granted to Her Majesty a sum not exceeding \$2,846,400 for Agriculture. Manitoba Agricultural Credit Corporation, \$2,846,400 pass. Resolution No. 10, Clause 4. Agricultural Production Division, (a) Administration, (1) Salaries pass. The Honourable Member for St. George.

MR. URUSKI: Mr. Chairman, I wonder if the Minister is prepared to give an overview of the whole division and indicate the major changes in thrusts in the division and then we can probably go into each of the areas; the major changes in program expansions or deletions in programs and the like in the division and the major thrusts of the production division.

MR. CHAIRMAN: The Honourable Minister.

MR. DOWNEY: Mr. Chairman, I'll just try and give a brief overview. It includes of course the administration of basically the livestock production and soils and crops branches which covers a fairly large area. I guess specifically to start off with the introduction of this part of the Estimates, I would be best to just touch briefly on a couple of areas that have been a major concern to the municipalities in the province.

One area is our support for the wheat districts. There has been some concern in the past couple of years that there has been a reduction in the cost-sharing of the operation of the wheat districts and there has been an increase in funding to the municipalities in that specific area as well as the area of support for the veterinary services districts which was also a concern to the municipalities. Those specifically fall within the Veterinary Services Branch and the other within the Soils and Crops.

As far as the other areas are concerned there basically are very few changes. We can deal with them in a specific way as we go through them, but any changes to the ongoing program are not — I can deal with them as we go through them. But those are the specific increases that are in the Estimates for this section.

MR. CHAIRMAN: (1) pass; (2) pass; (a) pass. (b) Animal Industry Branch, (1) Salaries pass. The Honourable Member for St. George.

MR. URUSKI: Thank you, Mr. Chairman. I wish to raise a number of comments with respect to the number of issues that are presently before the beef

industry and the beef producers. I just want to make sure that this is the area I can discuss the Beef Income Assurance Plan, or is the Minister indicating it should go elsewhere in terms of . . .

MR. DOWNEY: Mr. Chairman, I think I indicated in our opening statement that under Economics Branch would probably be a more suitable place to debate that particular program.

MR. URUSKI: That's Resolution No . . .

MR. CHAIRMAN: Where would that be, Jim?

MR. DOWNEY: Under Agricultural Marketing and Development Division.

MR. URUSKI: Oh yes, on Page 12. Okay.

MR. CHAIRMAN: The Honourable Member for St. George.

MR. URUSKI: Mr. Chairman, I'm wondering what the Minister has, what recommendations, what is his department planning in the livestock industry dealing with the brand inspection, any programs with respect to the brand inspection; health inspection; the financial responsibility of the buyers in the handling of livestock and weighing. A number of recommendations that have been under study and have been reported to by a number of commissions, the last one of which reported in 1976 dealing with the meat industry.

I understand the Minister provided some \$30,000 of financial support to the Manitoba Cattle Producers' Associations in dealing with the brand inspection and the method of transportation, the bill of lading that the transportation should use in terms of transporting the livestock. But I'm wondering, Mr. Chairman, whether or not any movement towards implementation and program development are being considered, not even being considered, are they being put forward, whether it be by legislation or the like in terms of the recommendations of the latest beef report, and to comment on that, Mr. Chairman.

We've had a case in point dealing with the health inspection of animals at local auction marts. We have had this year a breakout of the disease in cattle of brucellosis, Mr. Chairman, for the first time in many years and in fact, I believe 500 head of cattle in Manitoba have had to be slaughtered because they had contracted the disease of brucellosis. Mr. Chairman there have been recommendations given a year or just — when were the recommendations? 1976 — it would be, Mr. Chairman, approximately less than a year, maybe nine months prior to the new administration taking over. There were a number of recommendations made by the committee enquiring into livestock marketing in Manitoba, which did, amongst other things, look at previous studies that were done by the Government of Manitoba and made certain recommendations.

One of them with respect to the area of brucellosis was that TB testing and general health inspection be required by provincial authority at all markets in Manitoba selling cattle, swine, sheep or horses, Mr. Chairman. I am wanting to know whether or not there has been any movement in this direction and what the policy of the government is in this and how

far have they moved in terms of implementing some program, especially in light of the recent outbreak of brucellosis in the cattle industry in Manitoba?

As well, Mr. Chairman, there were recommendations, and I believe the Cattle Producers' Association have looked at this. The same individual who now is the executive director of that agency was one who was involved in the study himself dealing with the licencing and bonding of dealers of livestock. There have general complaints in this province and in many provinces that the bonding provisions are inadequate with respect to the dealers of livestock and whether or not there is an intention of strengthening the bonding provisions in the livestock industry. The recommendation that was provided for the government was that livestock dealers should be licenced and that annual dealer licence fees be set at a level sufficient to create a trust fund for guaranteeing payments to producers for cattle purchased by dealers on farms or at auction markets in the Province of Manitoba. The bonding of dealers was not satisfactory.

There are a number of recommendations, but I have only touched on a couple and I am wondering what the Minister has in terms of program, legislative or actual program for the livestock industry in Manitoba.

MR. CHAIRMAN: The Honourable Minister.

MR. DOWNEY: I thank the member for the question specifically in that area because there have been some recommendations in previous reports. There has been a recent study done by the livestock association in Manitoba, a report which I have not had the opportunity to fully review, because I have just received it and will be making it available to the public very shortly. But basically the recommendations from the livestock industry that there be . . . and have not been I would have to say, I haven't had time to assess totally what the impact would be or what the total recommendations are, but basically there is a feeling of need for a manifest type system where in fact there is some form of document that travels with livestock being moved from one area of the province to another.

The question of compulsory branding to force individuals to put a brand on their livestock is not in fact recommended by the Association and I guess I would have to say that I feel somewhat the same way. I think that there should be a certain amount of responsibility for an individual to in fact protect his own property through that kind of mechanism that's available to him. Although we do see the three provinces to the west of us with brand inspection as a compulsory type process, I do not think that the cattle producers in Manitoba are prepared to accept a compulsory move, but I do believe there is some need to have the livestock that move throughout the province, with a form of identification with them, so at least a form of control mechanism or ownership can be tied to the livestock that are moving.

On the issue of licencing and bonding, and I think it's important for the media and for the public to be aware of that in Manitoba today that an individual, whether he be a livestock dealer or just a citizen at whatever profession he's at, can in fact, go through rural Manitoba, walk into a livestock sale barn and buy any number of given livestock, providing that he

can prove to the management of that organization, whether it be a publicly owned co-operative type sale barn or a privately owned auction mart, can without any form of licensing or proof of bonding or ability to pay other than to the satisfaction of the owner, there is no restrictions on him. And what has happened, or what could happen — it hasn't happened in a large extent, but what could happen is an individual who would do such a thing, whether he be from this province or from a province east of here or west of here, move in, buy a large number of livestock, ship those cattle to either the United States or to a jurisdiction out of this country or in fact even within the province, not have the ability to pay the auction system or the individual or co-op that owns that livestock sales facility, would not have the resources I am sure, to pay the farmers and would in fact put the farmer in jeopardy by not having protection.

I know that the grain industry has a licencing and bonding system to protect the farm community and consideration has to be given to giving the farm community protection through the bonding of livestock buyers. So I do think that's a recommendation that has to have serious consideration given to it because in fact if, and I say if, we always live in the world of the unknown, if that kind of thing were to happen then we would have the agriculture community put in a situation that it wouldn't be healthy.

I think that on the point that the member makes as far as the — well, there is, of course a system of payment that is enforced at the union stock yards, one of the sales agencies in Manitoba, where in fact there is a 24-hour pay basis where the livestock have to be paid for that are purchased through any of the commission firms.

On the issue of licensing of facilities or in fact controlling of the health factor, that is a difficult one to administer. However there is at this particular time, Federal Government regulations which in fact cover basically the contagious diseases, for example the brucellosis that the Member for St. George mentions, that there has been an incidence of brucellosis breakout in the Brandon area where some several hundred purebred cattle had to go to slaughter. There are several other smaller incidents that have been reported. The information that I have from the federal authorities that it is under control, however we have to appreciate in western Canada that through the tight controls of cow herd testing which has worked very well to declare certain areas brucellosis-free, it has given us the ability, as exporters of livestock traditionally, to be able to export our breeding stock or feeder cattle into the United States. And that's something that, in the best interests of the cattle producers, that we should continue to endeavour to have, a brucellosis-free province. It's unfortunate that the situation developed as it did. I'm not aware of them having knowledge of where the disease came from or where the outbreak occurred from but I do know that the officials have also done some testing at the provincial bull test station which had some bulls tested, slaughtered. It is under quarantine, there won't be any animals allowed to move out of the bull test station until the Federal Government and we are assured that the problem is under control.

I'm sure the member is aware that the partacular disease, brucellosis, is mainly spread within the

female factor of the herd. However the male animal can also spread the disease as well but not as rapidly as the female.

However, as I indicate we have traditionally enjoyed exporting of a lot of cattle, feeder cattle in particular out of western Canada, both in the United States and eastern Canada. There is a major concern, of course, that it does not get into the dairy industry because in fact there is a disease called undulant fever that could be spread to the human species and is in fact not a good situation. So there has to be extra caution taken with the movement of livestock and the control. I will keep the members fully aware of what is happening as I have the information but at this point the information that is at my office is that it is under control, there are certain herds that are under quarantine and as I say, as any developments take place I will be alerting the House and the farm community.

MR. URUSKI: Thank you, Mr. Chairman. I realize that the present outbreak, I believe, in reading the reports, is under control but recommendations that the Minister received, as I understand it, the testing that goes on is primarily at the livestock auction, the main auction marts and at the testing stations and the like for brucellosis on a regular basis and at the killing plants, yes. But Mr. Chairman, there are and have, over the last number of years, cropped up a fairly, I would say there must be two dozen, maybe more, locally operated auction marts throughout the province. I know in the Interlake there is at least three in my immediate area that I'm aware of and there are auction marts all over the province, whether or not some move is being contemplated by the province in terms of doing some spot checks at the auction marts to ascertain whether or not there should be some testing that goes on there in terms of cattle numbers changing hands. The reason that I raise that is that in the event there is some animals with disease, that disease could be transmitted to other disease-free herds by the mere changing of hands where numbers of young stock and the like are sold at these auction marts, are picked up by other local farmers who are either increasing their herds in terms of the type of livestock they wish to purchase and also other buyers.

Ultimately of course before the cattle go to slaughter these would be checked at the stockyards and at the killing plants but it's been recommended that some checking be done and whether or not it's been undertaken at the provincial level or even considered, I'd like to know the Minister's comments.

As well, one other recommendation, Mr. Chairman, that was studied and it's been recommended, I think it goes back even as far back as the middle '60s when the select committee recommended the establishment of public weighmasters at the public killing plants when cattle are being sold and slaughtered. Much of the complaints with respect to the whole packing system has been on the issue, and there have been a number of complaints, whether or not the cattle that the farmer was being paid for was in fact the one that he received the ticket for. And the control, there is virtually no control and very little possibility of a farmer coming back after the fact. I think the Minister well knows, and we've had, over the years, numerous complaints with respect to trying to verify the actual weight of the head and the

type of head. In fact there have been such mixups that farmers got paid, received statements for cattle that they never even shipped. The whole thing was balled up. And so this area is one that really should have deserved some action on the part of our administration, was not, and I'm wondering what discussions the Minister has had with the producers and whether or not he's considering or implementing such a move in the Province of Manitoba.

MR. DOWNEY: On the point of testing in sale facilities for disease, there is an ongoing testing process for brucellosis before any female breeding stock or female cattle are sold at any sale other than the Union Stock Yards where I believe they have to be tested, if they're to leave the yards other than for slaughter they have to be tested after the sale, that at all local stock yards or auction marts there is a testing program in place that all cows, bulls and females of a certain age and older, because it's the older animals that carry the disease, have to be blood tested before they are sold.

And if there is a reactor, what is known as a reactor, then there's a quarantine put on that particular man's livestock, that animal is sold directly for slaughter, in fact all the animals are sold for slaughter and that herd is tested. So there is a fairly tight inspection system that is in place.

On the second point, the member's comments on a provincial or Federal Government weighmaster operating in slaughter houses, I think that there's always a question of controlling or keeping track of individual's livestock and keeping track of them. I would hope that if we were to proceed on the manifest type system that might be one way of going partial way to helping keep track of the livestock that are moved and slaughtered.

I guess if you're looking at the buying and selling or trading of farm commodities, that it has been tradition in this country to have the weighman and an elevator be hired by the elevator agent, not a federal or a provincial weighmaster. Basically the same kind of thing could occur, or basically the same thing has occurred in packing plants except that when a farmer sells a load of grain at an elevator, he is his own inspector and keeps track of it. Now mind you, I've heard lots of stories about what happens in those situations as well. It's a worthy point to consider because there are mixups, there are, in certain cases, particularly where a farmer sells directly to a packing plant, after that animal is slaughtered and weighed by that particular company, there is very little recourse that the farmer would have. Mind you, I'm not sure you would have any more recourse if a government inspector or a government weighman were to do it. If it's a matter of giving the individual assurance because of the government involvement then he would have a point. Whether it's going to remove any of the mixups that may occur, again it's a questionable factor.

But a worthy point and one that I think discussion should take place within the packing house industry. I know at the Union Stock Yards there is in fact government weighmasters that are in control of the scales and they are authorized people by the government.

MR. URUSKI: Thank you, Mr. Chairman. Could the Minister indicate whether he intends on, in his

dialogue with the cattle producers association, whether or not any of the recommendations that were made in the 1976 study are being processed and whether or not he has recommendations from the MCPA with respect to implementation, changes or dialogue. What are there recommendations with respect to some of those recommendations?

The other area I wanted to touch on and ask the Minister, whether there have been discussions and dialogue with the Federal Department of Agriculture in terms of the grading process of cattle with respect to the amount of fat on the carcass and the marketability of certain cattles, whether there have been representations made pursuant to this report dealing with, and I'll repeat to the Minister, a recommendation that the province requests Agriculture Canada to revise current beef carcasses grading standards and procedures to improve quality grading so that beef carcasses are classified into more homogeneous groups with respect to tenderness, yield grading, so that beef carcasses are classified into the yield of lean meat as well as beef carcass grading regulations to reduce the minimum fat cover requirements for A(1) and B(1) carcasses of all weights to .1 inches or less and remove the mineral marbling requirement for A grade and that the province arrange to have such lower fat cover requirement and marbling standards used in grading beef destined for sale within the Province of Manitoba. Based on studies of consumer preference and tender tasting, that over the last decade, preference studies have shown that beyond a doubt that in beef from youthful cattle, tenderness is not significantly related to the degree of marbling and the degree of fat, Mr. Chairman.

And so primarily most carcasses are graded solely because of fat cover and marbling requirements and tests by Agriculture Canada indicate that Grade B and A fat are equally tender and going just on the basis that both A and B are equally tender the difference substantially has been only in the amount of beef on a carcass and whether or not there have been discussions and whether or not changes have been implemented in terms of changing the method of grading beef in the Province of Manitoba.

I do know, Mr. Chairman, from example, that in terms of the poultry industry, the method of grading predominantly is on the back fat of poultry as to how the poultry grades. It is not the configuration of the breasts or the amount of meat on the breasts and the front of the poultry. It is the back side fat which determines the grade of the bird and really in terms of quality I don't think it makes very much difference in terms of the taste and quality of the product, and I'm sure this has probably historically evolved and it's time to re-assess and really a time for change. Maybe the Minister could report on this.

MR. DOWNEY: On the first point of looking at the 1976 studies that have been done with the cattle producers, I haven't specifically discussed them, I'm not sure, they may have alluded to them in their recent study that they've done. However I will ask them for their comment and I would be prepared to discuss further with the member at any point if he has a specific point to deal with. As far as the specific grading of beef cattle are concerned, there was a change made approximately four to five years ago when there were some basic grading standard

changes in the slaughter cattle industry when they changed from the choice red, blue and brown which identified or specified the actual quality factor, they changed to the A(1)(2) and (3) where in fact the letter A meaning quality and the (1)(2) and (3) meaning cutability, with an A(1) being the highest percentage of lean to bone and A(4) having an excessive amount of fat covering. Where in fact under the old grading system, the A(4) probably would fall within the choice grade and the consumer was not as desirous of buying fat as they were lean meat so there was a basic change.

So the letter now A's, B's, C's and D's, which most of the cows fall in, of course, was a significant change in the overall approach to the consumer's desire to buy more lean beef through that grading system.

There is a proposal coming forward from the Federal Government to re-classify or to grade, grading of feeder cattle. I haven't got the specifics on what they're proposing but today there is — the old system of course was choice stock calves, feeder cattle, choice feeder cattle and I'm not sure what the proposal is but there has been some ongoing discussion with the department staff and the livestock industry.

So basically to this point I think that the new grading system for slaughter cattle has just been in place long enough that there can be a fair assessment made, and to my knowledge there is acceptance by the consumers and I think that to go further than that at this point would not be of benefit to this debate.

MR. URUSKI: Yes, Mr. Chairman, with respect to the beef testing bull station at Douglas it is my understanding that it was a — was it a provincially operated testing station, has it now changed hands in terms of operation and ownership?

MR. DOWNEY: Mr. Chairman, there is a provincial government contribution of \$50 per bull that's on test in the test station and it's operated by the Beef Cattle Performance Association of Manitoba.

MR. URUSKI: Mr. Chairman, is that the extent of the contributions that have been historically provided for that station?

MR. DOWNEY: There was an additional grant given to the organization, or to the bull test station to rebuild the station and that was provided last year and the year before, in a grant of \$100,000 over the two years. So there was an additional \$100,000 in the last two years to rebuild the station, to go into buildings and facilities.

MR. URUSKI: Yes, Mr. Chairman, the Manitoba Beef Cattle Performance Association, as I understand it, does the province have appointments to the board of that organization, and in terms of what were the \$200,000 in terms of grants utilized for, when you say buildings? Was it the barns, was it test stations or what was involved in that \$200,000 grant?

MR. DOWNEY: It was an actual replacing of the corrals and the facilities. The province also provides the land that the station is on because it is on a

Crown piece of property. So there's the land and a grant of \$100,000 for the rebuilding of the station and we do not make appointments to the Beef Cattle Performance Association. We do, however, have some staff that sit on as ex-officio officers on that organization.

MR. CHAIRMAN: (1) pass — the Honourable Member for St. George.

MR. URUSKI: Mr. Chairman, I believe under this section the Progeny Proving Program, could the Minister provide some details with respect to that program, Mr. Chairman, how extensive the cost of the program and some background details on that?

MR. DOWNEY: The program is still carrying on. There was a reduction last year in the numbers that were in the program. There has been an increase in the number of bulls again this year, we saw a reduction last year from — an increase from three in '79-80 to five bulls selected this last year. So it isn't a large program by any means, it's one of the smaller programs in the department.

MR. URUSKI: Mr. Chairman, could the Minister indicate the extent of increased brand registration within the Province of Manitoba? Is there a movement to more branding and the method of branding on a voluntary basis within the province or has it been held relatively stable and the numbers of head that would be . . . ?

MR. DOWNEY: That information, Mr. Chairman, I haven't got right at my fingertips but it's possible that it's in the annual report.

The last year's report, on Page 18, indicates that there was a total of 4,753 brands that were registered during the year and that is out of approximately 15,000 cattle producers in the province with 158 being new registrations so there was an increase last year in the number of livestock branded under a voluntary basis.

MR. CHAIRMAN: (1) pass — the Honourable Member for St. George.

MR. URUSKI: Mr. Chairman, while I realize the numbers are about one-third, would the Minister have the numbers of animals that would be, in terms of the one-third, are they larger producers, smaller producers or what's the situation with respect to the branding? Has he received the report from MCPA with their recommendations, Mr. Chairman, that he provided some \$30,000 to them for this study?

MR. DOWNEY: As I indicated, Mr. Chairman, I just received the report and haven't had a chance to give it a thorough going over but I would say the size of the operations that do branding are of average size.

MR. URUSKI: Is the Minister prepared to provide copies of that report to members of the House, with its recommendations? Knowing that the government has to have time to assess the report later on during the year, but will the Minister be able to provide copies of that report to members on this side of the House?

MR. DOWNEY: I'm prepared to provide copies very shortly, Mr. Chairman.

MR. URUSKI: Thank you, Mr. Chairman. In looking at the annual report I notice that there has been a decrease in sales to the Manitoba Milk Marketing Board of milk, somewhat a slight decrease in terms of the production as per the annual report of fluid milk; I believe it's fluid milk, or total milk sales. Has there been any change since this report is until March 31st, 1980, has there been a change through the year 1980 in terms of the production statistics that he has. Unless I'm reading those statistics wrong, what are the production statistics in the year of 1980 and can he break them down for us?

MR. DOWNEY: The increase in milk production, Mr. Chairman, for the year 1980 over 1979 would indicate an increase of 4.7 percent in production of milk produced in the province.

MR. URUSKI: The production would 4.7 percent over the 1978-79 figure. Am I correct?

MR. DOWNEY: That was the 1980 figure over the 1979 figure.

MR. CHAIRMAN: (1) pass; the Honourable Member for St. George.

MR. URUSKI: Mr. Chairman, in the inspection program, have there been any major problems encountered by the department in the field with respect to on farm inspections and/or the creamery and/or dairy processing plant inspections?

MR. DOWNEY: No, Mr. Chairman.

MR. CHAIRMAN: (1) pass; (2) pass; (b) pass. (c) Veterinary Services Branch, (1) Salaries pass. The Honourable Member for St. George.

MR. URUSKI: Mr. Chairman, I'd like to just check with him with respect to his capital program. Will the capital program of veterinary clinics be — is there any moneys for clinics in the capital program or are they provided in this area of the program at all in terms of operation costs? Where are the operation costs of the veterinary clinics provided and what are the changes anticipated in the program?

MR. DOWNEY: Mr. Chairman, there isn't any funds provided for new facilities but there is in this appropriation funds provided to increase the veterinary grants from \$5,000 per veterinary district to \$7,500 per veterinary district. We made a change last — no, it was in the wheat district that we made the change in legislation to provide that. I'm sorry, Mr. Chairman, there was a legislative change necessary last year to provide for an increase in the grant because the legislation provided for a \$5,000 maximum, I believe it was, per district, and that is now changed that that can be made by regulation, and we have that money in the estimates to increase from the \$5,000 to \$7,500 per district.

MR. CHAIRMAN: (1) pass — the Honourable Member for St. George.

MR. URUSKI: Mr. Chairman, I guess I probably could have covered it before the feed testing lab, I noticed that under the Green Feed Program there have been exclusions of certain hay products or

grass products that were not allowed under the Green Feed Program, and the Minister may be wondering why I am questioning it under this area. The feed testing lab should have been able to provide some analysis as to the quality of the product, and the Minister knows that he has received letters from several farmers in the province indicating that when they placed canary grass, as an example, under the Green Feed Program, they were held ineligible to receive assistance under the Green Feed Program on the basis given by your staff that the quality of the product, the feed quality of the product was not very good. Yet, in speaking with farmers, I understand that rapeseed which was cut and baled under the Green Feed Program was eligible as a crop. When one would look at the two just from the basis of pulpiness and size, the rapeseed crop which would be cut would have had to have been dried before it would store properly and would certainly make a very difficult, if anything, a cumbersome crop to feed in terms of feed for cattle. Not looking at the nutritional value, but I understand that many farmers have used canary grass which does take a very long time to mature, so that its quality, had it been processed properly would be good. I want to know from the Minister whether or not there have been tests of the hay actually cut in the field to indicate that the position taken by your department was in fact the right position to take in terms of feed quality, because I do know in discussing this with many farmers in the field that cattle take very well to canary seed hay which was processed in July long before it reached maturity, yet they were ineligible to make application — or they made application but then subsequently were denied for coverage under the Green Feed Program. I want to know what analysis the Minister has to back up his position with respect to the quality of the product.

MR. CHAIRMAN: Order please. I have not passed Item (c) which is Veterinary Services. Have you moved on to the next one?

MR. URUSKI: No, Mr. Chairman, that's really where I am, under Veterinary Services; the veterinary lab is under Veterinary Services. The testing lab is there and that's why I am raising the question . . .

MR. CHAIRMAN: I'm sorry, I was little confused. I thought you had moved to item (d) which was Soils and Crops.

MR. URUSKI: No, Mr. Chairman.

MR. CHAIRMAN: That's fair enough. The Honourable Minister.

MR. DOWNEY: Mr. Chairman, I think I could have answered it in another area but the point that the member is making that the canary grass did not in fact have the same quality for feed as for example rapeseed, that was provided by the professional people within the department. Just thinking about the program, the objective was to encourage production of an annual crop . . .

MR. URUSKI: This is an annual crop.

MR. DOWNEY: The canary seed was an annual crop?

MR. URUSKI: Yes, it is an annual crop.

MR. DOWNEY: But basically, when we looked at the quality factor that was indicated to us that rapeseed for example made a reasonable quality feed whereas the canary grass didn't. That's basically all I can — I could debate all night on it, but that's the information that the technical and professional people have given to me now. As I say it is a debatable point and the evidence that I have substantiates the decision.

MR. URUSKI: Mr. Chairman, I accept the Minister's comments. I would like to have the practical information that he would have received from staff because as I understand it when you cut rapeseed it has to dry before you can bale it. We all know if there is rapeseed what kind of stocks they've got when it dried. I don't believe that you would end up baling rapeseed prior to it drying out. You would have to dry it, and you know what rapeseed looks like after you dry the stuff, the plant. I don't know how cattle can really eat the hay portion of it or the stock portion of it. Granted the seed itself in terms of protein quality, one certainly doesn't argue that, but the type of — (Interjection) — Mr. Chairman, the farmer from Steinbach can make his remarks all he wants, the fact of the matter is I'd like to know the technical information that the Minister has available to him that came up with that decision because farmers were originally accepted under the program, and subsequently the hay was baled and it was given to be weighed and then it was cancelled and that's the reason I raise this. The crop, canary seed, is an annual crop. It is not a per annual crop and it has a long maturity period.

Mr. Chairman, at the time the Green Feed Program was in full motion the canary seed was just in its growing stages, it was not near the seed production period and as a result many farmers, and I have several in my area who went under the program and are certainly wondering why they would have been not accepted under the program. The reason given is that the quality of the product is not very good. I want to know what technical information the Minister has to substantiate that information.

MR. DOWNEY: A letter from the feed lab, Mr. Chairman, which I am prepared to provide for the member.

MR. URUSKI: Mr. Chairman, when will the Minister have that letter available for me?

MR. DOWNEY: Tomorrow, Mr. Chairman.

MR. URUSKI: Thank you, Mr. Chairman. I will await the letter that the Minister has in terms of the actual testing and the quality of feed that he has given.

Mr. Chairman, in terms of the Veterinary Services Branch could the Minister indicate the size of the inventory that the Veterinary Lab has? What amount of inventory and stock of veterinary products does the Veterinary Lab carry at any one time in terms of veterinary drugs in the province?

MR. DOWNEY: If it's the inventory of veterinary drugs, that would be best asked under the Acquisition of Capital and Construction, Mr. Chairman.

MR. CHAIRMAN: Item 9? The Honourable Member for St. George.

MR. URUSKI: Mr. Chairman, I have had comments, and I believe the provincial veterinarian comes under the Veterinary Services Branch, I have had comments by small Canadian manufacturers of veterinary supplies indicating that they've had difficulty placing some of their specialized products and one of which I believe was a swine vaccine. I can't recall the specific, not brand name, but the specific type of vaccine, but I did receive representations made by Canadian manufacturers indicating that because of the amount of inventory that the lab carries, they are unable to even put for sale or carry products made by some other Canadian drug manufacturers.

I wanted to know from the Minister whether any manufacturers, whether they be Manitoban or Canadian are being excluded for the very fact that the branch is unable to even carry their product, even though they don't necessarily have to stock it, but carry it, whether anyone can put their product, make it available at the prescribed rate and negotiated rate that the Veterinary Lab handles, or is there just a select number of products that the lab carries and everyone can come and at least the product be available even though it may not be stocked?

MR. DOWNEY: Mr. Chairman, the purchasing department of the Veterinary Services or the Veterinary Lab can purchase from any company they wish. They do it on a basis of low price for product that they are buying and there aren't any restrictions on who they buy from.

MR. URUSKI: Mr. Chairman, is the Minister indicating that there are no restrictions whatsoever in terms of a company being able to list their product provided a veterinary asks for it and even though they may not — stocking would not be a problem for not carrying or being at least able to purchase a certain product? It may not be on stock, but certainly it could be purchased. Am I correct?

MR. DOWNEY: Yes, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Ste. Rose.

MR. A.R. (Pete) ADAM: Thank you, Mr. Chairman, I just wanted to ask the Minister a few questions on the veterinary facilities. Could the Minister indicate if we have veterinarians in every Veterinary Hospital at the present time?

MR. DOWNEY: No we haven't, Mr. Chairman.

MR. ADAM: How many clinics are without a veterinarian at the present time and could the Minister indicate how many veterinarians do we have in the province at the present time or has it gone down?

MR. DOWNEY: Mr. Chairman, there are two districts that don't have veterinarians in them, one Lunder and the other one St. Lazare. The total number of veterinarians in clinics, I believe, would be

approximately 45, Mr. Chairman. I'm sorry, in the Provincial Government Clinics and the Municipal programs there are approximately 45 - a total of private and government clinics are some 60 - approximately 60 veterinarians. Relatively constant over the past year or two.

MR. ADAM: Yes, the Minister indicated a while ago that they would be increasing the assistance on the cost share, matching grants totalling \$7,500 per clinic. Will this be again matched by the municipality or will the municipality be still paying the \$5,000 and the province paying the increased \$2,500.00.

MR. DOWNEY: The program, Mr. Chairman, will be to match the local municipal districts up to \$7,500.00.

MR. ADAM: So it will still be 50-50. If I understand the Minister correctly it will still be a matching figure. Could the Minister advise if the province will still be providing funding for upgrading and maintenance of existing hospitals and, as well, will there be any federal funding under the matching grants. Is there any federal funding coming from the Federal Government on this?

MR. DOWNEY: No there is no Federal Government funding, Mr. Chairman. Also the upgrading program was basically an energy conversation program where we made some changes to what were called the old McDonald Buildings, reducing the window space and doing some insulation work and that is basically done to this point so there isn't any upgrading funds in the estimates this year. But it is, I want to be clear, it is a 50-50 cost sharing of the operation of the clinics up to \$7,500 where last year it was up to \$5,000 by the province.

MR. CHAIRMAN: (1) pass; (2) pass; (c) pass; (d) Soils and Crops Branch (1) Salaries pass — The Honourable Member for St. George.

MR. URUSKI: Yes, Mr. Chairman, could the Minister indicate any changes in the terms of acreage and seed patterns with respect to the branch in terms of special crops and new crop development in the Province of Manitoba.

MR. DOWNEY: Mr. Chairman, I haven't got the figures on the projected planting intentions so far this year but the Annual Report should have those figures available in it, Mr. Chairman.

MR. URUSKI: Yes, Mr. Chairman, while there are some basic figures and recommendations and comments with respect to certain crop production and weed control and different tests that were carried on in terms of the departmental activities in the last year, I wanted to know whether or not there were any new thrusts in the department in this area. Another area, Mr. Chairman, and that deals with the recent recommendations dealing with, I believe, the 2-4-D herbicides that have been recommended by the federal agency, that certain of those be taken off the market; and what work has been done within the department dealing with the whole weed spraying program with respect to some of these changes and their recommendations, Mr. Chairman?

MR. DOWNEY: Mr. Chairman, may I, first of all, make a comment on the type of crop production or the type of work that is being done. I think I can also respond to that in some of the work that's being done under our AGRO-MAN Agreement under The Federal-Provincial Agreement, which is basically a program to encourage the development of crops that can be further processed in the province, either through the red meat industry or directly to the Oil Seed Crushing Industry or, in fact, processing of potatoes or vegetable crops. There have been a number of programs that I would say have been excellent and one of them, of course, is the soya bean work that is being done on soya beans. Another one, of course, is the work with the corn producers of this province to further develop more acceptable varieties of corn. Sunflowers, a crop that under the development of some of the hybrid varieties have given to the producers of Manitoba a fairly broad range of specialty crops. We could talk about Jerusalem artichoke and that type of crop that has also seen quite a bit of development work, as well as the continuation of some of the forage crops under the Grassland projects that have been very successful throughout the province.

So basically there is a fairly major amount of work being done with the development process and I would say that the process of using on-farm trials with participating producers to me is a good way to demonstrate to the farm community just what can happen with agriculture production, more effectively than to put a lot of written reports out and I think we have to do it by demonstration and, of course, follow up with reports. I hope to be able to keep providing the Members of this Assembly with the information from the Agriculture Research Department and from the University, because I think it's a matter of alerting the community, the total community, to the developments that are taking place and I do believe that the objective of further processing of our agricultural crops or our livestock industry can be demonstrated in two ways. One, the purpose in the actual efficient use of the valuable energy resources that we have in the province, the renewable types, No. 1; and the employment creation work that comes from the actual further processing and the more refined or finished products that we produce in this province the more efficient transportation becomes to move that product into other markets.

On the issue of use of chemicals or weed sprays. I think, basically, and the members are also aware that the licensing and the use of the 2-4-Ds, or the chemicals that are available for the farm community, do fall within federal jurisdiction. However, we have a very qualified group of people within the Department of Agriculture who have a good understanding of the chemicals and products that are available.

Basically the recent reports by the Federal Government that there are some forms of 2-4-Ds that contain dioxanes that could in fact be harmful to people who use products from them. I think that the Committee should be aware that the Department of Agriculture have not recommended those types of chemicals for the past approximately 10 years in Manitoba, that the esters with dioxanes have not in fact been recommended on the recommendation list so I think there has been a responsible role played by the Department of Agriculture regardless of what

political stripe was administering the particular department.

As far as my approach to the use of 2-4-D, I think we have to No. 1, be responsible that we don't want producers using chemicals that are going to be harmful to their health and we don't want them using chemicals that are going to be harmful to the health of the people that are consuming the food. They have to be responsible as well as the consuming public has to be as responsible in understanding that if, in fact, the support chemicals are taken away, in an irresponsible way from the Agriculture Production Industry, that there will be an increase in the price of food at a rate at which I don't think any consumers would be satisfied to pay. So I think there is a real need to both have responsibility on the side of the people who are using it for health and safety factors and, at the same time, a clear understanding of the consuming public so that in fact they know what is safe. And I believe that it is the responsibility of government to continue to provide research money and continue to develop products that are available to the farm community that are safe. If you're going to remove the product that has a question mark attached to it, then there should be provision made to replace that with a commodity or a product that is in fact known safe. It's a continual process and, as I say, there has to be a responsible role played by both sides.

The best way in which I think a true assessment can be made is a group of people from both sides of the picture who actually sit and make a judgment on what is and is not safe so there is room for good communication. I don't believe that there is any farmer in Manitoba that would want to use something that was harmful to his own health, to the people who are consuming the food and, at the same time, I think the consumers have to understand that if they responsibly move and have the products removed from the farm community then in fact there will be a dramatic increase in food prices.

MR. DEPUTY CHAIRMAN, Albert Driedger (Emerson): The Member for Radisson.

MR. ABE KOVNATS (Radisson): Mr. Chairman, I would like to ask a couple of questions of the Minister on weed control. I'm not that well versed on it but I'd like to get some information. Weed problems are throughout the whole of the province. They take away from the production and the agricultural community and I am a little aware of it and I hope that maybe the Minister can bring me up-to-date on some of this weed control and the chemicals that are used for weed control. I know that weeds can be transported throughout the province either through animals, the wind and all other different factors and I was wondering whether the Minister can advise whether, in fact, government regulations do control it to the point where the Provincial Government is funding the weed controls; whether in fact there is any control over, and it might sound superfluous, but I know that it's transported through manure and I've been directly involved in as much as I have got some manure from Canada Packers or around in the stock yards and taken it out to the farm and I've grown some beautiful flowers, which are nice beautiful yellow and white flowers, and there has to be some control because I

understand that these flowers are weeds and the offspring of weeds and I am unwittingly transporting it. Is there any control over the type of fertilizer that is sold throughout the city, throughout the province, through manure, which can carry weeds through the seeds through the manure? If the government is funding weed control through a weed control program, is it through the different communities that pay for this control or does the government fund it?

MR. DOWNEY: I thank the member for his questions. As I said earlier there is a proposed increase in the grants to our weed districts within the province. The specific issues that he raises as far as the movement of product that contains weeds, whether it be manure or whether it be some form of natural plant matter for the use in gardens or whatever, there is in fact The Obnoxious Weeds Act, which anybody that is transporting grain by truck or product such as he refers to, does come within the authority of a weed inspector or a weed district and has to comply with the Act. If he is transporting a product that is harmful then in fact could be stopped from spreading of a noxious weed. There is a control mechanism through the department. I think it is a matter of never having the weed problem completely under control.

One of the difficulties that I believe some of the municipalities are facing and its been recently pointed out by the Member for Emerson and some of his weed control people that they have a specific problem with bladder campion which is a very difficult weed to control as in some regions of the province there's a weed such as leafy spurge that are also very difficult to control, but I think the point has to be made that government cannot take responsibility for controlling of all weeds. I think that you get to a point where if a farmer sees a certain patch of weeds that in fact it becomes the government's responsibility.

The first call on the weed control is within the farm community or within the municipal community if it's on a road allowance or a railroad right-of-way or on a piece of vacant property in a city, there is an Act and there is a law that tells those individuals to control their weeds.

MR. KOVNATS: Thank you, Mr. Chairman. I was concerned because earlier on in the debate there was some discussion about whether fertilizer is doing some damage to the land. The Member for Ste. Rose had brought it up and it did give some concern because I think that weed control is an imperative thing in this province, and I wanted to find out in fact, whether weed control could give us the same problems as fertilizer, breaking down the soil, and I don't know that much about it but as a novice it had given me some concern and I think that we have to be very careful in the type of weed control chemicals that we use and you have brought me up to date concerning weed control and The Obnoxious Weed Act, but also the Member for Emerson had brought me up-to-date on this particular item, and I have forgotten the name of this weed, but some of my neighbours out in the Piney, Menisino area, were quite concerned about it and it does grow in the ditches and you have a real good man out there who is in charge of weed control. But I know that it can be transported and can cause some damage and I

was just looking for the type of supervision of this type of weed control and you have given me a pretty good idea and I thank the Minister for the information.

MR. DEPUTY CHAIRMAN: The Member for Ste. Rose.

MR. ADAM: Thank you, Mr. Chairman. I am pleased that my comments the other day on modern farm methods has raised some interest of our Chairman, the Member for Radisson. I wanted to ask the Minister if the University of Manitoba has made any studies in regard to those concerns that I raised in the opening remarks on what are the ecological affects of our modern farming methods. I wanted to know whether the Minister has asked the University of Manitoba to undertake some studies. I know there are soil tests going on and fertility and so forth, but I want to know whether there has been an indepth study as has been the case in Saskatchewan.

The University of Saskatchewan has made studies in this regard and Dr. Rene of the University of Saskatchewan finds that the modern farming practises of today and past farming practises, the results that he finds is that there's a 50 percent decrease in soil fibre and structural deterioration of the soil as the Member for Radisson has expressed concern about, substantial loss of nitrogen through leaking, erosion and denitrification, and a serious increase in soil salinity because of our farming practise.

The Federal Minister of Agriculture, the Honourable Mr. Whelan, has noted that on one occasion that the annual loss in production capacity through soil salinity in western Canada is greater than the loss of agriculture land to all other uses in all of Canada. The affects on our soil and waters can be traced back to specialization and all it entails such as monoculture, summer fallow, lack of rotation, absence of livestock and manuring and no legume grass and mixtures in rotation and heavy use of chemical inorganic fertilizers to maintain yields and heavy use of chemicals, and also chemicals to control pests in addition to inorganic fertilizers to increase production.

If this is correct and we want to see an increase of 30 million tons by 1985, where are we heading?

MR. CHAIRMAN, Mr. Abe Kovnats: I guess I had brought this onto the Chair by myself when I made the statement concerning the remarks made by the Member for Ste. Rose, but this discussion concerning fertilizer rather than . . .

MR. ADAM: Right in there, Mr. Chairman.

MR. CHAIRMAN: But it was discussed at one other time and I don't think it can be discussed on each item. I make a suggestion, not that I'm ruling you out of order, but it has been discussed before. The Honourable Member for Ste. Rose.

MR. ADAM: Mr. Chairman, with all due respect, I am asking the Minister if a study has been made by the University of Manitoba in regards to what is happening to our soils. We are on Soils and Crops Branch at the moment and I am asking the Minister, has there been any indepth studies made by the

University of Manitoba in regard to farming methods today that has concerned you greatly, Sir, just a few moments ago. I am very concerned of what is happening with the use of all these chemicals to control pests and to increase crop production. Are our soils breaking down to a point where we are endangering in fact our survival? That is my concern and I think it's very legitimate and very important. I would like to hear from the Minister if there have been any studies made and if there hasn't, well, he had better get one going. This is my point. It's the point I am trying to make, Mr. Chairman.

MR. CHAIRMAN: The Honourable Minister.

MR. DOWNEY: Mr. Chairman, as I indicated I believe it was yesterday or the end of last week that we haven't requested any studies be done. I don't know whether he is threatening me or not, whether we'd better get going or not. The work that is being done by the University is in the annual report of the University of which he has last year's copy available and I have said I will provide this year's copy as soon as I have it.

What I am informed of is that there is more concern of the continuation or the breakdown in the soil makeup or composition from excessive amounts of tillage and continual summer fallow. That has been more of a concern than the use of fertilizers or chemicals, but it is the breakdown in soil from additional or excess of cultivation that has been of concern.

The member makes a good point. I think that studies on the major resource that is available for crop production is important. I know that we have responsible people in charge of research projects within the University. We as a department can give consideration to that. I am sure that the member makes reference to the study or the work that is being done or has been done in Saskatchewan. I am sure some of that information would be applicable to Manitoba soils and if he has a copy of a study that's available or could provide us with the detail on how we could get that, I am sure it would be appreciated so an assessment could be made. There is a good working relationship in most cases within the University circles and within the professional people within the different provinces, so if there is information in Alberta, Saskatchewan, that there is a cross use of that information, and I am quite prepared to make an assessment of the studies that have been done, and if there is in fact need to make a further study then give consideration to it.

MR. CHAIRMAN: The Honourable Member for St. George.

MR. URUSKI: Thank you, Mr. Chairman. I wanted to share as well some of my concerns in this whole area. In looking at the Annual Report and assessing the thousands of pounds of chemicals that are being utilized by the agricultural industry in terms of attempting to keep down the amount of weeds in the crops that we grow, it seems that forever we are increasing by thousands and thousands of pounds of herbicides that we pour. If you look at the statistics, we are really looking at thousands of pounds of herbicides that we apply annually. What bothers me, Mr. Chairman, is the more we keep pouring on, the

more the weeds keep coming, and from one develops another and harder strains and we keep — the more we develop the worse things seem to become. We seem to be caught in a vicious cycle. As soon as we develop one herbicide there tends to be a weed that pops up that we can't control and the cycle seems to be never-ending.

Mr. Chairman, I'm really concerned that we are doing so much research in the conventional sense in terms of utilizing the existing methods of continually spraying. Are we developing and doing work in terms of providing not only research but actual practice of using natural methods or even bacterial methods of controlling weeds and disease by using other insects.

Mr. Chairman, we know now that there has been a natural evolution in terms of the thistle, there's a thistle caterpillar, whatever, that attacks the Canada Thistle and is now eating the bugs and causes the thistle from maturing and going into seed, thus preventing, in a natural way, the growth of the weed, the thistle. But how much work is there going on in terms of developing natural methods of weed control. Because at the time we are spraying, we are killing natural insects, we are killing birds, and the like that would be in many instances, natural predators of weed killing insects and it seems that we seem to be creating as many problems by conventional methods as we are trying to eradicate. I am wondering what move is there within the department and within the community to look at alternative means.

We are now looking at zero tillage and have done some fairly practical tests in that area in terms of the tillage of soil but we are doing very little, at least that I am aware of, in terms of weed control by natural or bacterial means, Mr. Chairman. I'd like to hear some of the Minister's views and comments and direction that the department is taking.

MR. DOWNEY: Mr. Chairman, there has been a program introduced this year called Weeds 81 Course which emphasizes good natural control of weeds or good husbandry and good technical practice. There are alternatives being demonstrated or displayed to the farm community, on alternatives to the chemical control to weed control. I share with the member some of his concerns about the continual buildup of the resistance of weeds and the continual additional strength of chemical type control mechanisms that have to be used. I think that as well, the professional people who I would consider the people who are our front line people on this, whether they be working in soils or crops or in plant pathology, that they in fact are pretty concerned as well. And if, in fact, there was a natural method or control system developed, I would think they would be as strong a proponent of that kind of a control as I am as the Minister, or as the Member for St. George is. It is a good commonsense way to have nature protect the human species and use it as a control mechanism. So I share with him his feelings, or his concerns, about using that kind of a control.

There has been work done, again I think probably one of the most effective mechanisms of course has been some of the newer soil incorporated type weed controls. First of all, what that does, it doesn't eliminate the use of chemicals but it eliminates the danger of it being spread by wind and I think that is

a kind of a mechanism that has been introduced that is fairly effective. I can remember all too well the work that is involved in applying of these types of chemicals, and the more you can keep it concentrated or under control within the boundaries of the soil or within the incorporation of the actual soil, then the safer it is for everyone.

Again, as far as using a type of insect to control a weed that is a devastating problem, I know there has been some work done but specifically for us to have a program with this particular point, I'm not aware of one, however there may be one being carried on at University. I do think there are some concerns, but I also feel we've got some pretty well equipped and qualified front line people that are working aggressively in this area.

MR. URUSKI: Thank you, Mr. Chairman. I realize what is being done today in looking at the type of research and the like that is going on within a department and in the community. It seems to be directed really at the conventional methods that we now employ, and it seems that unless government does take the initiative to say, all right, we're going to start breaking the trend and —(Interjection)— no, no, no, you have to break the trend first, you have to be prepared to break the trend that we have been used to in terms of weed control and using the conventional methods, and say, we're going to change the trend of operating, we're going to change the scope and direction, we're going to try some tests, we're going to — I shouldn't be that negative, I'm sure in terms of crop rotation the growing of legumes and the like is a way, a more natural way of providing some natural weed control and incorporation of natural nutrients back into the soil by growing legume crops and then plowing them under, and keeping them as hay crops and nurse crops for other forage uses so that you can have a fairly effective weed control program for most weeds.

There are many weeds that of course will be dormant in soils up to a decade or more, that the seeds will lie dormant in soil and unless the conditions are ideal, will not sprout and will not grow until they are activated in some way either by plowing the soils or whatever means and so there has to be some thrust in the direction of changing the method of assessing and handling weed control.

Mr. Chairman, I'd like to know — looking at the annual report there is an elite seed potato farm that has been established to provide disease tested stocks and the province has co-operated in the establishment of that project with the Manitoba Seed Growers Association and also there is funding from the AGRO-MANITOBA Agreement. Could the Minister indicate the extent of the provincial support, how long that program has been going and where that project is and how is it funded and the like, Mr. Chairman?

MR. DOWNEY: Mr. Chairman, that program falls within the AGRO-MAN Agreement. It's a 60-40 cost-sharing program with the Federal Government and operated by the Elite Seed Growers. Basically I can answer it now — there is \$97,000 in this year's operating budget for the seed potato farm, of which it is a cost-sharing program, 60-40. So there is \$97,000 in it for this year's operation and the project

is carried on south of Portage la Prairie, where it was when the last administration was in office. It's carrying on at the Portage la Prairie site.

MR. URUSKI: Mr. Chairman, I am assuming that that has been an ongoing project for a number of years. I knew there was research and work being done in the potato seed industry, I was not aware personally to the extent. Is this almost like a research farm or is it someone's personal farm that is being used as a production site for disease-free potatoes. What's the scope of the program?

MR. DOWNEY: Well, basically the program is to provide disease-free potatoes.

MR. URUSKI: How many acres?

MR. DOWNEY: The numbers of acres that are involved, it again is being carried out on a piece of Crown land, I would think we're in the neighbourhood of somewhat less than a half section of ground. To be specific on acres I can't, but I think it is less than a half section of ground.

MR. CHAIRMAN: (1) pass; (2) pass; (d) pass. (e) Technical Services Branch (1) Salaries pass — the Honourable Member for St. George.

MR. URUSKI: Mr. Chairman, I wonder if the Minister can indicate, in terms of the technical services branch, whether he has the latest review that's been done by the — I'm not sure, maybe I'm speaking in the wrong area — the Manitoba branch of the machinery testing.

MR. DOWNEY: PAMI.

MR. URUSKI: PAMI. I think it probably falls under that.

MR. DOWNEY: Yes, it does.

MR. URUSKI: It does under that. Whether he knows the extent of their program in the coming year, and to what extent provincial funding will be affected by new programs as compared to last year's programs. Is there a fairly sizeable amount in further capitalization of that facility, and what's the extent of the program?

MR. DOWNEY: Well, as the member is aware, it is an operating agreement between the three provincial governments with a facility in Saskatchewan, Manitoba and Alberta. The basic work is to carry on and evaluate farm equipment for the farm community as well as evaluation of some of the manufactured products for the industry here in Manitoba. The funding this year is some \$477,100, as opposed to 519.1 last year. The reduction basically is in the costs of operating and they did have a surplus of funds built up which has helped them carry forward.

Another program that they're entering into this year, it is my understanding that they'll be doing some test work for the Versatile Manufacturing Company. Versatile, I believe, are developing a test program, not too far out of the city of Winnipeg, I believe it's in the area of Starbuck, and the actual testing of their tractors will be carried out under a contractual agreement by the Prairie Agricultural

Machinery Institute, which I think is a step forward. Basically Nebraska is the closest area for horsepower testing and PAMI is also going to be getting involved; it's another program that will give them. I'm sure credibility as well as provide a service to a pretty basic industry here in Manitoba.

So there are some new work activities involved and I'm pleased that they're able to work with the local industry to help indicate to the farm community and to the international community basically, because we're aware that Versatile does market internationally, that it will carry that kind of stamp of approval with it and I think it's a good progressive step.

MR. URUSKI: Mr. Chairman, certainly that's an interesting proposal. Could the Minister indicate the extent of the contract or is it still in negotiation stages at the present time? Certainly it deserves watching in terms of the extent of the testing and would probably be beneficial both to the experience of PAMI, as far as the Provincial end of it, and versatile in terms of having to go international across borders to actually test their equipment while they are building them here in Manitoba. So we would say that it's certainly a good move in terms of the arrangements that could be accommodated here in Manitoba. And if the Minister has any information on that contract, if not, I have some further questions on another area.

MR. DOWNEY: I can respond very quickly. I should have also added that they're doing some work for CCIL under contractual basis. No, I don't have the information on the specific details of the contract for either Versatile or CCIL.

MR. URUSKI: Yes. Mr. Chairman, will it mean any additional expenditures in terms of capital equipment or the like for PAMI in Manitoba to undertake this program or staffing components.

MR. DOWNEY: Not an expense to the organization which is supported by government.

MR. URUSKI: Yes, Mr. Chairman, I have several questions with respect to the bee industry and I would like to, at this time, mention to the Minister in terms of the work that is being carried on under the AGRO-MAN Agreement dealing with leaf-cutter bees and the alfalfa industry and the studies that are there. I would like to thank his offices and staff for seeing fit to go ahead with the study and some of the research work that is being done in the Interlake Region with respect to that program. I know a number of the farmers that are involved and certainly they were very appreciative of some of the work that has begun under that program. I notice from the last year's statistics, in terms of honey production, that Manitoba apiarists are down in terms of the numbers of pounds of honey per hive, Mr. Chairman, and there has been a decrease in the numbers of pounds per hives, although there has been a remarkable number increase from '78 to '79 in the number of hives and the number of beekeepers. Has the Minister any statistics for 1980, whether there's been a change one way or the other? And I know that there have been some problems, some fairly substantial problems in the industry, in terms of the

inspection, but the problem that they have with disease in the beehives and there is a provincial program dealing with fumigation of the hives. I'd like to know how successful that program is and is the department facing problems in being able to put their finger on diseased hives throughout the province since bees are sold in the off-season and whether or not there is a problem of disease being transmitted from one apiarist to another? That's, I think, quite a substantial problem that the Association has.

MR. DOWNEY: I want to thank the member for recognizing the work that the department is doing with the particularly the leaf-cutter bees, because in fact it's a complimentary-type program with the — I shouldn't say complimentary-type program — it's a complimentary-type industry where the leaf-cutter bees pollinate the alfalfa and with alfalfa seed prices the way they are it could mean a substantial increase in returns to the producers of alfalfa, whether they be from the south-east corner or from the InterLake area.

I may also add that it's fortunate that we are in our estimates but it's unfortunate that I'm unable to attend the Annual Bee Association, or Honey Producers Association meeting tomorrow evening in Brandon, but I want to wish them a good meeting and I will have my legislative assistant attend on my behalf to bring greetings from the province and to

MR. URUSKI: May he have a sweet tooth.

MR. DOWNEY: Well, I'm sure he will have, but I do think it's important that we do point out the importance of the bee producers and the honey producers to the Manitoba industries of crop production, particularly whether it be Kanola rapeseed or sunflowers, there is a tremendous increase in the yield that the producers of these crops obtain with the pollinating effect of the honey bees. Last year's production we saw — 1980 as compared to 1979 — a slight reduction in total pounds in honey production. We're down from 15.6 million pounds in 1979 to 14.4 million pounds in 1980. Also a reduction in the estimated value of the honey and wax of about less than \$1 million. The other point that I would like to make is that there was an increase in the number of beekeepers from 1,300 to 1,500. The numbers of colonies increased from 93,000 to some 99,000.

The point that the member raises as far as the disease factor or the disease problem with the American fall brood being the main concern, or one of the main concerns, is assisted by government in controlling this by the carrying on with the fumigation chamber as well as adding an additional part-time inspector to the staff to help inspect and identify any areas that may be of problem to the producers. I may also indicate, and I'm quite pleased to have had the opportunity to go through the honey co-op facility here in Winnipeg where we saw a tremendous merchandising program being carried on by the provincial honey producers where, in fact, they are packaging and putting in jars or containers here for consumers in Germany, Japan and that actually is going right onto the shelves for those consumers and it's being printed in the language of their mother

tongue and it's very enlightening to see the way in which this marketing effort has been put forward. So I think that the work that is being done by the honey producers is to be commended this year and I guess initially there was an extremely important point made by the honey producers, was their concern that the drought had some effect on the earlier . . .

MR. URUSKI: How many pounds per hive?

MR. DOWNEY: . . . earlier production but when the total 1981 production figures will be in I think they, too, will be somewhat surprising to the producers. I would think that that report would be available for the year, well we have it now what it is for the last year.

MR. URUSKI: What is it?

MR. DOWNEY: How many pounds per hive?

MR. URUSKI: Yes, since it's gone up to 99.

MR. DOWNEY: The average yield per colony in the year 1980 was 145 pounds which was down from 168 the year previous. So there was a less of an impact than what was initially thought from weather conditions.

MR. URUSKI: Yes, I thank the Minister for the information he has provided dealing with the bee industry in terms of the increased numbers of beekeepers and the increased number of colonies but the drought had its toll on the industry as well. I'm assuming that the incidents of disease is as great as ever, or did disease play as major a part in the reduction in terms of honey as much, or did the drought play the major role in terms of the drop in production, Mr. Chairman?

MR. DOWNEY: I would say it is indicated that the drought had more of an impact than the disease factor and another innovative step, and one that's working very successfully, is the Over-wintering a Bee Program in Manitoba where traditionally the bees had to be transported from the southern United States. Now the majority, or a large number of producers, and over-wintering their bees right here in the province in a regulated confined building. A lot of credit is to go to Dr. Cam Jay at the University of Manitoba who has done a tremendous amount of work in the whole field of bee production.

MR. URUSKI: Yes, thank you, Mr. Chairman. I wonder if the Minister would be prepared to give us a statement dealing with the infestation of spruce budworm throughout the Province of Manitoba and what methods the department is employing?

MR. DOWNEY: Well, I think, Mr. Chairman, the Member would be well advised to question the Department of Natural Resources, the Minister of Natural Resources, on Spruce Budworm. I think specifically we haven't got a program in the Department of Agriculture to deal with Spruce Budworm.

MR. URUSKI: I see, okay.

MR. CHAIRMAN: (1) pass; (2) pass; (e) pass The Honourable Member for St. George.

MR. URUSKI: Yes, Mr. Chairman, is the Farm Machinery Board under (e).

MR. DOWNEY: Yes, Mr. Chairman.

MR. URUSKI: Thank you, Mr. Chairman, could the Minister indicate where the department, where he intends to move with respect to legislation dealing with The Farmers' Union, whether he's intending to bring any amendments to the legislation in this session.

MR. DOWNEY: Not this session, Mr. Chairman

MR. URUSKI: Mr. Chairman, can the Minister indicate what his position is with respect to the problems encountered in the industry dealing with bonding or the lack of it. I'm sure that he's been made well aware of the problems, especially with dealers whose distribution base is outside the Province of Manitoba and where the quality of the equipment is very poor. There have been a number of cases that I have been involved in and I think probably some of his own —(Interjection)— yes, that's one example. I think the round baler, the Minister points out that is one of them where there has been a very major problem encountered by a lot of small dealers who took some of those round balers on display, ended up stuck with the baler, in effect, and the value of their outlay far exceeded the amount that they could have collected in terms of if they were going to put a claim against the industry, and I think ultimately they did, I believe. But I really don't know the resolution of that one. But it really pointed out, over the last number of years, the inadequacy of keeping up with the amount of bond, especially when dealing with outside the province distributors. The local dealers ended up being stuck with the equipment and the outside distributor, whether it be U.S. or Canadian operation, the dealers were left to civil litigation against that distributor and it was very difficult on many dealers, in that one instance alone, as to the amount of outlay or loss that they sustained as a result of that operation. I believe there probably may be other instances which I may not be aware of but I am wondering whether there is any reluctance on the Minister to move ahead and strengthen some of these areas. You may want to. I don't know. There may be alternate ways of dealing with it. You may want to consider treating in-province dealerships in a different way, or in-province distributors differently than you do out-of-province distributors in the way that dealers can get back at their own distributors since they're within the province. But that's something that certainly can be considered. I'd like to know what the Minister is thinking in that respect.

MR. DOWNEY: Mr. Chairman, the issue which the member refers to on the bonding of particularly a specific type of round baler that was a difficulty, to my knowledge there aren't any outstanding difficulties in that area, that there have been some bonds called and rectification action has been taken. I am not aware of any outstanding issues in that area.

MR. CHAIRMAN: The Honourable Member for Rock Lake.

MR. EINARSON: Mr. Chairman, the Member for St. George raises an interesting matter here, and I am not certain but I would also seek information from our Minister of Agriculture. But as I understand it major machine companies, if they want to sell repairs in the Province of Saskatchewan, I understand, Mr. Chairman, that there is legislation that has been established by the government of Saskatchewan that have indicated to major machine companies that if you want to sell repairs to farmers in Saskatchewan you have got to be established as your major depots in the province of Saskatchewan.

Mr. Chairman, I want to say for the public and for the record that International Harvester, for instance, I don't mind using their name, because I am concerned, Mr. Chairman, for the kind of service that the farmers in Manitoba are going to receive now and hence because of the legislation that's been established in the province of Saskatchewan, that I think that this is most unfair to farmers generally when a government gets involved in establishing legislation indicating to a major machine company, telling them that they have got to do certain things or they're not in the business in the province in which they operate.

I want to say, Mr. Chairman, I understand that, you know, John Deere Plow Company, for instance, have established their major depot in Regina, and there's been many questions asked of me by my constituents, Mr. Chairman, who have been patronizing say International Harvester, whether it be any other company in Manitoba, are very concerned that these companies are being forced, because of the legislation in Saskatchewan, of having to move out of Manitoba into the province of Saskatchewan in order to operate.

I don't know whether the Minister of Agriculture had any comments on this thing, but to me — (Interjection) — the Member for St. George raises a point, but I want to suggest to you, Mr. Chairman, that he is not doing us service because he believes in the same philosophy as the government of Saskatchewan does, and I say, Mr. Chairman, with all sincerity that this is not in the best interests of the farmers in this Province of Manitoba. As a result, I don't know who they're talking to, and I don't know where they really stand. Are they supporting the farmers of Manitoba, or are they supporting the farmers of Saskatchewan in effect of what the Saskatchewan government has done in the way of legislation telling major farm machine companies that they have got to establish in that province if they want to do business with farmers in that province.

I would welcome comments from the Minister of Agriculture if he has anything to elaborate on that matter, because farmers in Manitoba are concerned about this.

MR. CHAIRMAN: The Honourable Member for St. George.

MR. URUSKI: Thank you, Mr. Chairman. From the comments that the Minister made before, I understand that was the only problem that he saw in the industry and that's finally been resolved. I believe the dealers did take that distributor ultimately, I believe, in terms of civil action, they went after the Canadian distributor who is, I believe, based in Edmonton — was the distribution point with the

manufacturer somewhere in the United States, as far as I recall.

The comments of the Member for Rock Lake, I will only touch upon. I really don't know the extent of the Saskatchewan legislation. I am not so sure frankly Mr. Chairman, — (Interjection) — Well, Mr. Chairman the Member for Rock Lake has had his opportunity. He can get up and speak if he wishes. I am not sure what that had to do with this particular issue, but I do know, Mr. Chairman, when the member indicates that there is forcing of people to make certain decisions by basis of legislation . . . Mr. Chairman, economic pressure by the farm machinery itself on local dealers has played a major role on dealers where they would establish their distribution points. There's been a very large centralization of farm machinery depots throughout western Canada. Manitoba certainly hasn't been immune to that. We know that in the Interlake, for example, John Deere Corporation would have loved the local dealer, who happens to be in Fisher Branch, to possibly, because of their long range plans to move to another community. That has happened in the Dauphin area what happened to International — my friend Mr. Kawchuk who is in Dauphin had a dealership in Gilbert Plains. I think he was told in not so many terms that if you wish to continue a dealership, Dauphin is the place where we want you to establish. I'm sure in his area he has seen many small dealerships close up, regionalization by the planning of the industry itself has gone ahead in terms of centralization — (Interjection) — Mr. Chairman, I don't know the legislation. The member says I'm evading his point. If I knew the specifics of the legislation I would be prepared to comment. I am being quite candid with the member. I don't know the specifics of the legislation but I will check. We will be here for a couple of more days. Mr. Chairman, I will check that out. I will make it a point even though I am not the Minister.

I haven't heard the Minister comment with respect to that legislation and they have some working relationships with Saskatchewan. I would pleased to hear the comments of the Minister of Agriculture of this province dealing with the farm machinery legislation as it pertains to distributors within the Province of Saskatchewan. He should have the information if they have some close relationships and be able to let us know. Possibly there is someone from the Farm Machinery Board that can provide the information to him.

Mr. Chairman, I would like to specifically ask the Minister whether or not he can give us the statistics with respect to number of complaints for the year 1980, and the number of requests for repossession in the year 1980 in terms of farm machinery and where they are at in terms of disposition.

MR. CHAIRMAN: The Honourable Minister.

MR. DOWNEY: Mr. Chairman, 1980, the board licenced some — I will give you a full rundown of what the activities were and then it may be of help to the members — licenced some 527 dealers and 150 vendors in 1980; 143 dealers and 52 vendors have been bonded by the board under The Farm Machinery and Equipment Act fund.

Complaints for the eight months ending November 30th, the board have processed 158 complaints

covering such areas as parts, availability, warranty, and service. For the year to date complaints are down 29 compared to the same period for 1979, so the complaint department is somewhat less. Complaints covering parts availability received by the board are down some 47 percent to November 30 of 1979. There is also a reduction there as well.

Repossessions to November 30, 1980, the board have processed 67 applications, a decrease of 34 percent compared to the same period in 1979. Applications received, 42 accounts have been settled and 12 applications are in process or are being held pending confirmation of settlement.

Basically I can report that the activities of the board are working normally with in fact less complaints than the prior year.

MR. URUSKI: Mr. Chairman, would the Minister, or at least my analysis, and I would like to hear the Minister's comments on this in terms of the decline in the record in the number of complaints going down in the last number of years would have in my estimation some relationship to the way the farming community has been operating in terms of the tight cash flow and in terms of the agricultural sector in this province operating a lesser capacity.

In the year 1979 there were a fair number of applications for repossession, some of which were settled amiably, there was in excess of 100. It has dropped somewhat in the year 1980 by the statistics that the Minister gives. But all in all I would think that in terms of the numbers of problems generally would relate to the sluggishness of the agricultural economy; the farmers not purchasing as much equipment and the dealers in general in a sort of stand pat situation.

Could the Minister indicate whether or not he has statistics as to the numbers of dealerships that may have closed in the last year by those reports?

MR. DOWNEY: Mr. Chairman, I haven't got any numbers of dealerships that may have closed, and I haven't got any specific information as to volumes of business other than I have discussed with dealers in different parts of Manitoba and in fact there is an indication that last year was not in fact one of the worst years. I haven't got any specific numbers available to me except that I have talked to dealers in some communities that have indicated, in fact, business last year was better than the year before. But I know that there are areas as well in the province that wouldn't be showing that kind of an increase. As a total industry report, I haven't got it available, but I am not aware of any specific businesses that closed in the past year.

MR. URUSKI: Mr. Chairman, there is no doubt that in some areas the business volume in terms of dollar amount would have increased. I have had some discussions with the odd dealer who has indicated that as well, but it's primarily not in terms of numbers of pieces of equipment, but certainly in terms of the value of the equipment, in terms of price increases and that the dollar amount, because of the increased value of equipment, the dollar amount of business might have been up in some cases but in very few cases, Mr. Chairman, in the last year.

Could the Minister indicate whether or not the farm mechanics course that was to begin, I think it

was discussed probably five years ago or better, whether that has got off the ground and how many students are in that course. I believe it's in Assiniboine Community College in Brandon; whether that course is now off the ground.

MR. DOWNEY: The question probably would be better asked in the next section in Agricultural Training Branch. If the member wants to pass this item we can get into that tomorrow, if that would be more satisfactory.

MR. CHAIRMAN: (1) pass; (2) pass; (e) pass. (f) Agricultural Training Branch.

MR. DOWNEY: Committee rise, Mr. Chairman.

MR. CHAIRMAN: Committee Rise.