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**Fourth Session — Thirty-First Legislature**  
of the  
**Legislative Assembly of Manitoba**  
**DEBATES**  
and  
**PROCEEDINGS**

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**29 Elizabeth II**

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The Honourable Harry E. Graham  
Speaker*



**VOL. XXVIII No. 85A - 2:30 p.m., MONDAY, 23 JUNE, 1980**

**MANITOBA LEGISLATIVE ASSEMBLY**  
**Thirty - First Legislature**

**Members, Constituencies and Political Affiliation**

Name	Constituency	Party
<b>ADAM, A. R. (Pete)</b>	Ste. Rose	NDP
<b>ANDERSON, Bob</b>	Springfield	PC
<b>BANMAN, Hon. Robert (Bob)</b>	La Verendrye	PC
<b>BARROW, Tom</b>	Flin Flon	NDP
<b>BLAKE, David</b>	Minnedosa	PC
<b>BOSTROM, Harvey</b>	Rupertsland	NDP
<b>BOYCE, J. R. (Bud)</b>	Winnipeg Centre	NDP
<b>BROWN, Arnold</b>	Rhineland	PC
<b>CHERNIACK, Q.C., Saul</b>	St. Johns	NDP
<b>CORRIN, Brian</b>	Wellington	NDP
<b>COSENS, Hon. Keith A.</b>	Gimli	PC
<b>COWAN, Jay</b>	Churchill	NDP
<b>CRAIK, Hon. Donald W.</b>	Riel	PC
<b>DESJARDINS, Laurent L.</b>	St. Boniface	NDP
<b>DOERN, Russell</b>	Elmwood	NDP
<b>DOMINO, Len</b>	St. Matthews	PC
<b>DOWNEY, Hon. Jim</b>	Arthur	PC
<b>DRIEDGER, Albert</b>	Emerson	PC
<b>EINARSON, Henry J.</b>	Rock Lake	PC
<b>ENNS, Hon. Harry J.</b>	Lakeside	PC
<b>EVANS, Leonard S.</b>	Brandon East	NDP
<b>FERGUSON, James R.</b>	Gladstone	PC
<b>FILMON, Gary</b>	River Heights	PC
<b>FOX, Peter</b>	Kildonan	NDP
<b>GALBRAITH, Jim</b>	Dauphin	PC
<b>GOURLAY, Hon. Doug</b>	Swan River	PC
<b>GRAHAM, Hon. Harry E.</b>	Birtle-Russell	PC
<b>GREEN, Q.C., Sidney</b>	Inkster	Ind
<b>HANUSCHAK, Ben</b>	Burrows	NDP
<b>HYDE, Lloyd G.</b>	Portage la Prairie	PC
<b>JENKINS, William</b>	Logan	NDP
<b>JOHNSTON, Hon. J. Frank</b>	Sturgeon Creek	PC
<b>JORGENSON, Hon. Warner H.</b>	Morris	PC
<b>KOVNATS, Abe</b>	Radisson	PC
<b>LYON, Hon. Sterling R.</b>	Charleswood	PC
<b>MacMASTER, Hon. Ken</b>	Thompson	PC
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<b>McBRYDE, Ronald</b>	The Pas	NDP
<b>McGILL, Hon. Edward</b>	Brandon West	PC
<b>McGREGOR, Morris</b>	Virден	PC
<b>McKENZIE, J. Wally</b>	Roblin	PC
<b>MERCIER, Q.C., Hon. Gerald W. J.</b>	Osborne	PC
<b>MILLER, Saul A.</b>	Seven Oaks	NDP
<b>MINAKER, Hon. George</b>	St. James	PC
<b>ORCHARD, Hon. Donald</b>	Pembina	PC
<b>PARASIUK, Wilson</b>	Transcona	NDP
<b>PAWLEY, Q.C., Howard</b>	Selkirk	NDP
<b>PRICE, Hon. Norma</b>	Assiniboia	PC
<b>RANSOM, Hon. Brian</b>	Souris-Killarney	PC
<b>SCHROEDER, Vic</b>	Rossmere	NDP
<b>SHERMAN, Hon. L. R. (Bud)</b>	Fort Garry	PC
<b>STEEN, Warren</b>	Crescentwood	PC
<b>URUSKI, Billie</b>	St. George	NDP
<b>USKI, Samuel</b>	Lac du Bonnet	NDP
<b>WALDING, D. James</b>	St. Vital	NDP
<b>WESTBURY, June</b>	Fort Rouge	Lib
<b>WILSON, Robert G.</b>	Wolseley	PC

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**Monday, 23 June, 1980**

**Time — 2:30 p.m.**

**OPENING PRAYER by Mr. Speaker.**

**MR. SPEAKER, Hon. Harry E. Graham (Birtle-Russell):** Presenting Petitions . . . Reading and Receiving Petitions . . . Presenting Reports by Standing and Special Committees . . .

**MINISTERIAL STATEMENTS AND TABLING OF REPORTS**

**MR. SPEAKER:** The Honourable Minister without Portfolio.

**HON. EDWARD MCGILL (Brandon West):** Mr. Speaker, I have a statement for the House. I have copies.

Mr. Speaker, at this moment, the Honourable the First Minister is in Brandon meeting with reeves and officials of rural municipalities and local government districts and with farm leaders. He is giving them a report on the drought situation and is outlining some additional steps that the Manitoba government is undertaking to support the work of farmers in attempting to combat the drought. This procedure is being followed in order to bring the latest in a series of programs to their immediate attention.

By way of background, drought conditions are worsening. For most parts of the agricultural area, this spring's rainfall is the lightest since records first started being kept a hundred years ago. Even with heavy rains now, they would be only partially beneficial although they would help next year's operations. Our officials predict that crop deals will be down 50 percent and that, even with the active feed and transportation programs, we expect a 12 percent decrease in beef herds. Crop values this year are expected to be 595 million. A 305 million carry-over will be of significant benefit this year for this, plus the anticipated crop yields, will mean a cash flow of about 900 million. Even together, this is down 300 million from last year.

Our livestock production, including increased slaughter of hogs and cattle, will be about 455 million, giving a total value of crops and livestock of about 1.4 billion. These figures can change if the drought deepens.

Because of the availability of carry-over this year and because this year's experience will affect next year, we anticipate that even if 1981 is a normal year the total value of livestock and crop production will be about 200 million less than the figure we are estimating for the present year. While this is a stern situation, Mr. Speaker, it should be remembered that the active resourcefulness of our farmers is being supported by a number of emergency government programs that have been in place for six or more weeks and new ones are now being put into action.

There are three things that should be remembered. First, farmers supported by government programs can assemble sufficient feed to carry basic dairy and beef herds. While there will be some normal culling,

there is no need for distress selling. Second, some 15,000 of our farmers carry 200 million worth of crop insurance. While any payouts represent crop failure, nevertheless, these funds do provide some financial underpinning, not only for the farmer but for the local communities. Thirdly, farm credit institutions recognize the difficult cash flow position that some individual farmers face this year and there is a general understanding that no one wants to see a farmer become a financial victim through an act of God. The province will be monitoring the farm credit situation closely to ensure it is dealt with sensibly and sensitively.

Honourable members are aware of the many steps taken to date, going back to mid-April when the Minister of Agriculture began pushing for more use of crop insurance before the April 30th deadline of such an agreement. Briefly, it would entail expenditures of over 2 million to provide water for farms, for communities and for additional dug-outs, together with some major programs that would involve water transfer such as from the Assiniboine into the La Salle River.

I'm sorry, Mr. Speaker, I overlooked one section of this report and I would like to go back and pick this up.

Honourable members are aware of the co-ordinated phone-in system to agricultural representatives to tie in buyer and producer of feed and fodder and of the creation of a provincial Drought Co-ordinating Committee of Cabinet that took steps to begin securing supplies of feed and to assist in transportation costs. They will recall that, as an immediate step, the province bought 1,000 tons of pelletized screenings from Thunder Bay and made initial arrangements for purchase of many many more tons which now are coming in through our Pools and elevator companies. They are aware of the early arrangements to buy up southern Ontario hay which has been moving in by semi-trailer under the joint federal-provincial transportation assistance program. They are aware of further joint arrangements for farm and community water supply through our Agri-water and PFRA programs. They are aware, too, Mr. Speaker, that the 200 fee for filling farm dug-outs has been waived; that crop insurance conditions for broadcast seeding of crops have been eased and that the sugar beet fields may now be reseeded up to June 25 under the insurance program.

Today, Mr. Speaker, the Honourable First Minister is explaining five new or expanded programs to our municipal and farm leaders. These briefly are, first, a 40.3 million emergency feed and transportation program. This is the major item and will include, amongst other things, provision for the rail transport of some 195,000 tons of southern Ontario hay into the province, the largest hay lift in the history of western Canada. Two, a hay-crop incentive program under which farmers have until July 30 to seed fields for forage, covered by an insurance program if these crops fail and by a subsidy program for the crops that are produced. The estimated 8 million cost is included in the 40.3 million figure I have just mentioned.

3. A new Manitoba PFRA emergency water supply program. While details will have to await the formal signing of an agreement covering these programs, I can report that our Minister of Agriculture has been empowered by Cabinet to enter such an agreement. Briefly, it would entail expenditures of over 2 million to provide water for farms, for communities, for additional dugouts, together with some major programs that would involve water transfers, such as from the Assiniboine into the La Salle River.

4. The present program of utilizing Crown lands and wildlife management areas, which already has involved the allocation of 138,000 acres of hay and grazing lands to farmers in an active ongoing program, is being expanded to cover an estimated 500,000 acres. This will involve further temporary fencing, construction of bridges and culverts to enter hard-to-reach areas, and utilization of every suitable and even marginal bit of Crown land for haying or grazing.

5. The suspension of mowing along highway rights-of-way to enable the grass to grow and be cut and baled for feed. The suspension was ordered some time ago, and some farmers now are on the road allowances taking hay. We estimate that some 99,000 acres of right-of-way, with grass conditions ranging from poor to relatively good, can be utilized by farmers. Some farmers take advantage of the program each year and cutting is allowed, first by farmers with land adjacent to the road allowance; and secondly, on a first come, first served basis, as arranged through highway district engineers.

This year involves a major expansion of that program, with all highway department cutting suspended except on raised medians in areas where young brush has to be controlled and a five foot swatch along the Trans-Canada and No. 75.

To enlarge, Mr. Speaker, on the major programs, that of feed supply and transportation, it has been estimated that to maintain basic herds in the province of our livestock, producers will need 750,000 tons of feed more than is available from their own fields and pastures and from normal local sources. Additional feed can be made available, made up of 425,000 tons of pelletized screenings, 50,000 tons each of straw, emergency feed and native or wild hay, plus 195,000 tons from southern Ontario.

Transportation assistance programs are already in place. But to carry the huge amounts from southern Ontario, now being trucked in, we have to use railways in an extensive way, both for present use and for fall deliveries. Under special arrangement, the railways have agreed to absorb 1/3 the cost of rail transport. We expect the federal government will do the same, and while no formal commitment has been made, we are assured this will occur. In the meantime, the province will assume both its own 1/3 share, plus the federal share, with the expectation of recovery. We just cannot wait any longer for formal federal Treasury Board commitment. So we are moving unilaterally at present.

Under the program the province will buy the hay outright and re-sell it to the farmers at the cost of hay loaded on railway cars in Ontario. This presently is about 60 to 70 a ton. Full rail and transportation costs will be met by the province, the railways, and hopefully the federal government. The hay supply

program includes, as I have said earlier, a hay crop incentive program for production of local forage. This involves an insurance-type program of 15 per acre for crops that are registered for forage and are seeded before July 30, 1980. If hay production falls below a ton an acre, the 15 per acre guaranteed payment is provided.

Alternatively, if production is above a ton an acre, the province will pay a subsidy of 15 for every ton that is produced.

Mr. Speaker, this is a brief report on a series of major undertakings to support the active work of the farmers themselves. We feel these are essential, and because a strong agricultural base strengthens the entire economy of the province, we feel these steps will be of benefit to all Manitobans.

**MR. SPEAKER:** The Honourable Member for Lac du Bonnet.

**MR. SAM USKIW:** Mr. Speaker, we welcome the changes that have been made to the province's relief program for drought-stricken farmers throughout Manitoba. I would make the observation, however, that this statement should have been made at least a month ago, Mr. Speaker, and the actions of government should have taken place more than a month ago because it was quite obvious at that time that we were in for a very serious situation, given the amount of precipitation that this province has had over the last eight or ten months, the lowest on record, as far as I am aware, Mr. Speaker, and I'm sure the members opposite will acknowledge that.

Mr. Speaker, had the province moved earlier, and I recognize that it would have been a gamble, through the purchase of hay supplies, two or three months ago, or at least two months ago, six weeks ago even would have helped, we could have purchased hay supplies at a much more reasonable price than we can today. Everyone today is aware of the drought conditions throughout western Canada, and therefore we have had a dramatic surge in the price of feed right across the country. So this subsidy could have cost the taxpayers of Manitoba much less, had the actions been taken several weeks ago, Mr. Speaker, at least as a hedge, which was the case a few years ago when we had to undertake a similar program.

I'm not suggesting to the government that they should have bought up all of the hay in the country, but if they had hedged their bets a bit and bought up a significant supply in order to maintain price levels at a reasonable rate, then the price tag to the taxpayers of Manitoba would have been much less than it is now going to be. Notwithstanding that, Mr. Speaker, we do welcome the new initiatives by the government, we know that these also are not going to be adequate to meet the needs of the farm community, but we don't pretend that government can meet the full needs of our community at this stage. We understand the magnitude of the problem.

What is lacking in this statement, however, Mr. Speaker, is a greater commitment as to where the government is with respect to credit policy, not only with respect to the Manitoba Agricultural Credit Corporation, but I think that the minimum position of the government ought to be that we should have legislation passed giving the government powers to intercede sometime later in the year, should it be

necessary to impose a moratorium on debt. I don't believe that we should take the chance that the financial institutions will recognize the plight of our industry and will not foreclose on many, many people. I believe the government should at least provide that insurance that while it may not be used, it should be in place, in the event that it's needed. I suggest that there is adequate time in this session, Mr. Speaker, to bring about that kind of measure.

The other matter that I believe is an oversight on the part of the government — and I would hope they are prepared to look at, Mr. Speaker — is that the drought is not only affecting agricultural product producers, the drought is affecting many many rural businessmen and there is no mention here as to what the government intends to do with the service industry, the agro service industry, that is so much needed and supportive of the whole agricultural community. I believe that members opposite would agree with me, Mr. Speaker, that many many businessmen in rural Manitoba, and some indeed in the city of Winnipeg and Brandon, are feeling the hardships of this situation and that they will be pinched credit-wise just as severely, or more so, having to carry huge inventories of unsold equipment and things of that nature, Mr. Speaker, that something ought to be done to make sure that this drought does not cause bankruptcy in the field of agricultural services by that group in our society, Mr. Speaker. Thank you.

**MR. MCGILL:** Mr. Speaker, I have additional documents which I would be prepared to table, these are the notes being used by the Premier as he speaks at this time to the meeting with Municipal Reeves and farm leaders in Brandon.

**MR. SPEAKER:** The Honourable Minister of Labour.

**HON. KEN MacMASTER (Thompson):** Mr. Speaker, I beg leave to table the Annual Report of the Office of the Fire Commissioner for the year ending December 31, 1979.

**MR. SPEAKER:** Notices of Motion . . .

### INTRODUCTION OF BILLS

**HON. GERALD W. J. MERCIER (Osborne)** introduced Bill No. 95, The Elections Act (Recommended by His Honour the Lieutenant-Governor); and

Bill No. 96, The Elections Finances Act (Recommended by His Honour the Lieutenant-Governor).

### ONTARIO MESSAGE OF THANKS

**MR. SPEAKER:** At this time I would like to convey to all members of the Legislative Assembly the contents of a letter which I received this morning from the Speaker of the Ontario Legislature.

"Dear Mr. Speaker, I am directed by the Legislative Assembly of Ontario to convey to you the following Resolution which was passed by the Legislative Assembly of Ontario, on Tuesday, June 17, 1980. Resolved that Mr. Speaker convey to the

Speaker of the Legislative Assembly of Manitoba the sincere thanks of the members of this House and the people of Ontario for the warm and generous hospitality of the people of Manitoba to the residents of northwestern Ontario who were evacuated during the recent forest fires.

Copies of the Votes and Proceedings in the Hansard of that day are in the Clerk's Office.

### INTRODUCTION OF GUESTS

**MR. SPEAKER:** I should also like to introduce to the members of the Assembly, 26 students of Grade 6 standing from Columbus School, under the direction of Ms Ruth Breckman. This school is in the constituency of the Honourable Minister of Cultural Affairs.

We have 20 students of Grade 7 standing from Grosse Isle School, under the direction of Mrs. Cosens. This school is in the constituency of the Honourable Minister of Government Services.

On behalf of all the honourable members, we welcome you here this afternoon.

### ORAL QUESTIONS

**MR. SPEAKER:** The Honourable Leader of the Opposition.

**MR. HOWARD PAWLEY (Selkirk):** Mr. Speaker, my question is to the Minister of Health. Can the Minister of Health confirm that on or about the 12th of June an accidental death occurred on the D ward in the Selkirk Mental Hospital, involving a patient in the hospital?

**MR. SPEAKER:** The Honourable Minister of Health.

**HON. L. R. (Bud) SHERMAN (Fort Garry):** Yes, Mr. Speaker. I confirm that with regret and would simply like to reiterate the point already contained in the Honourable the Leader of the Opposition's question. We are talking about the Selkirk Mental Health Centre, not the Selkirk General Hospital.

**MR. PAWLEY:** Mr. Speaker, then by way of further question to the Minister, can the Minister confirm that he has received complaints in respect to the staff/patient ratio in both the Brandon and the Selkirk Mental Health Institutions, beyond the complaints that reference has been made to in the Hendlay Inquest in which hearings commenced May 21st, that such proceedings have not yet been completed?

**MR. SHERMAN:** No Sir, I can't confirm that although we watch the staffing situation at both Brandon and Selkirk Mental Health Centres very closely and adjustments have been required from time to time and if further adjustments are required they will be made. There is a standing arrangement between the health centres and my office that needs of that kind will be addressed without formal bureaucratic processes. I might say in connection with the unfortunate death to which the Leader of the Opposition referred, in that case, that particular patient had been for some time granted privacy to attend to her own private affairs. As much privacy is afforded patients in our mental health centres as

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possible. The unfortunate accident occurred during one of those periods.

**MR. PAWLEY:** Mr. Speaker, can the Minister confirm that there were but two male attendants on duty at the time of the fatality on the particular ward, the Ward D?

**MR. SHERMAN:** I can't, Mr. Speaker. The reports that I have received have not indicated such. What they have indicated, as I say, that that particular resident was engaged in taking a bath and had been for some time given the right to do that in privacy. That practice applies wherever it is possible to apply it. So there were actually no attendants present in terms of her own bedroom in the mental health centre, or the bath that she was occupying.

**MR. PAWLEY:** Mr. Speaker, then by further supplementary to the Minister of Health, can the Minister of Health undertake to obtain that information for us, as to the number of attendants on duty, confirm whether or not there were two male attendants, confirm whether or not the patient in question was epileptic? Then, Mr. Speaker, to the Attorney-General, can the Attorney-General advise whether or not an inquest will be held pertaining to this fatality, which occurred on or about the 12th day of June?

**MR. SPEAKER:** The Honourable Attorney-General.

**MR. MERCIER:** I'll take that question as notice, Mr. Speaker.

**MR. SPEAKER:** The Honourable Leader of the Opposition with a fifth question.

**MR. PAWLEY:** Mr. Speaker, can the Attorney-General advise whether or not a coroner was called to the hospital at the time of the death?

**MR. MERCIER:** Mr. Speaker, I'll have to enquire into that matter, and therefore take this question as notice, too.

**MR. SPEAKER:** The Honourable Member for Inkster.

**MR. SIDNEY GREEN:** Mr. Speaker, I'd like to direct a question to the Honourable Minister of Finance. Can the Minister of Finance advise the House as to when his Deputy Minister will be relieved of the embarrassing position of having to serve as Deputy Minister to the Minister of Finance, and Chairman of the Manitoba Hydro at the same time?

**HON. DONALD W. CRAIK (Riel):** Mr. Speaker, in due course, when the government makes the appointment of the Chairman, the Deputy Minister of Finance will be relieved of that responsibility. In all probability, he will continue as a member of the board, as Deputy Ministers of Finance have, from time to time, over the history of the Hydro Board.

**MR. GREEN:** Mr. Speaker, can the Minister advise the House whether he is planning any dismissals of Hydro personnel for giving false information to the Committee on Public Utilities?

**MR. CRAIK:** Mr. Speaker, as the Minister reporting for the utility, I neither hire nor fire.

**MR. GREEN:** Mr. Speaker, without going into a definition of hiring or firing, can the Minister tell us whether he has any plans to deal with existing personnel at Manitoba Hydro who have appeared before Public Utilities Committee, in the same way as he dealt with the former Chairman, Mr. Bateman?

**MR. CRAIK:** Mr. Speaker, the former Chairman was an Order-in-Council appointment and the former Minister is probably well aware of that. That's the only appointment that is made at Manitoba Hydro that was an Order-in-Council appointment.

**MR. SPEAKER:** The Honourable Member for Inkster with a fourth question.

**MR. GREEN:** Yes, Mr. Speaker. I wonder if the Minister of Finance can tell us then whether people, who are not Order-in-Council appointments, are permitted to make false statements to the Public Utilities Committee, with immunity?

**MR. CRAIK:** Mr. Speaker, the member knows full well that whoever appears before the Public Utilities Committee, or any other committee of the Legislature, makes whatever statements that they feel they should make, and that's the size of it.

**MR. SPEAKER:** The Honourable Member for St. Johns.

**MR. SAUL CHERNIACK:** Mr. Speaker, to the Minister of Finance, I'd like to refer him to his statement read by the Honourable Minister without Portfolio and the draft remarks or notes prepared for the Premier on Page 6. The reference to, I believe, the first step of 40.3 million, is more fully clarified on Pages 6 and 7 of the Premier's notes. Would the Minister tell us the expected net cost to the government on this 40.3 million program?

**MR. CRAIK:** Mr. Speaker, we don't yet have confirmation from the federal government. As the Minister without Portfolio, in reading the announcement indicated, we had to move without the agreement of the federal government. So until we have a firm indication from the federal government what participation they are willing to go for, the question cannot be answered precisely. So that's as far as I can go at this time. In total, the program is some 40 million. I would hope that in the final analysis that the total cost to the province would not be more than about half of that, but I am not really prepared, at this point in time, to negotiate it. It's under discussion with the federal government.

**MR. CHERNIACK:** Thank you, Mr. Speaker. Will the Minister then confirm that there are negotiations ongoing and that the Premier is today informing the meeting which he is attending, not at 10:00 this morning, but at 2:00 this afternoon, that there is an expectation by the government that the federal government will contribute roughly 40.5 million in transportation costs and roughly 4 million on the hay incentive program, the Feed Incentive Program? That is the expectation set out in the Premier's notes that

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would imply a total expectation of federal contribution of 8.5 million, according to these notes.

**MR. CRAIK:** I'm not clear on the member's comments, Mr. Speaker. He used a figure of 40 million plus by the federal government. I think that's what he said, but perhaps didn't mean it.

**MR. CHERNIACK:** Mr. Speaker, I thank the Honourable Minister for drawing to my attention an apparent slip of the tongue. As I read these notes, the expectation by this government is that the federal government will bear 1/3 of the rail transportation costs on Ontario hay, which would amount to 4.5 million, according to these figures; plus half the cost of the local hay incentive which would amount to 4 million, making a total of 8.5 million expected to be contributed and thus reduce the 40.3 million. And the further expected reduction, as I read it, would be the resale of the hay at 11.7 million, thus amounting to a 20.1 million net out of the 40.3 million gross. Would the Minister confirm that these are the expectations?

**MR. CRAIK:** Mr. Speaker, I can't use the word "expectations". I can't say further than that I would trust that by the time we are finished twisting arms with the federal government, and the other recoveries, that we end up as a province with not more than half of the amount shown.

**MR. CHERNIACK:** To the Minister of Finance, of course the word expected is the word which is in the notes as being notes for the First Minister, so these are his, or the Minister's words, not mine. Will the Minister indicate any other recoveries that will be sought and could be expected in further reduction of what now appears to be a net of some 20.1 million?

**MR. CRAIK:** Mr. Speaker, the three mentioned are the principal three involved, the federal government, railway participation, and the recovery from the sales.

**MR. SPEAKER:** The Honourable Member for Elmwood.

**MR. RUSSELL DOERN:** Mr. Speaker, I would like to direct a question to the Minister of Consumer Affairs and ask him if he has any comment on the allegation that there is some fraud and deception involved in the accessing of Canadian Home Insulation Program grants in Manitoba, allegations that contractors are in fact cooking the books or making misleading statements on forms and that there may be some collusion on the part of homeowners in that regard.

**MR. SPEAKER:** The Honourable Minister of Consumer and Corporate Affairs.

**HON. WARNER H. JORGENSEN (Morris):** No, Mr. Speaker.

**MR. DOERN:** Mr. Speaker, I assume that the answer is related to the fact that this is a federal program but my question is, since there are Manitoba contractors involved, I ask the Minister whether he is prepared to investigate their

performance in the province, and I would also ask him whether there have been any charges laid against them.

**MR. JORGENSEN:** Mr. Speaker, our Consumers Bureau have responded to a number of complaints that have directed towards them. I can't tell my honourable friend at this particular point whether or not there have been any charges, but I think that the honourable member is well aware of the publicity that has been attached to some of the insulation programs that have been carried on in the province of Manitoba.

**MR. SPEAKER:** The Honourable Member for Elmwood with a final supplementary.

**MR. DOERN:** Mr. Speaker, I also ask the Minister whether he would be prepared to investigate the advertisements, to examine them and have his department examine them because these advertisements presumably also fall under his office. They are advertisements from particular companies making allegations against other companies and, if they are true, then they are very serious indeed because they talk about misleading and irresponsible statements in regard to the 30 attic.

**MR. JORGENSEN:** Mr. Speaker, we have, as I have indicated earlier, investigated a number of the complaints that have been directed towards us. In the first instance, Mr. Speaker, what we have attempted to do is to warn prospective clients of insulation companies to follow certain procedures prior to engaging a contractor for insulation. We've been instrumental in distributing a booklet that was approved by the Department of Consumer and Corporate Affairs with respect to five certain steps that should be undertaken before any consumer engages the service of an insulator. We feel that if the consumers themselves take the proper precautions to ensure that their insulation job is the proper job and the best job that can be done by the contractors there would be very little difficulty. However, that was not done so we have been investigating, as I said, a number of complaints that have been directed towards us.

**MR. SPEAKER:** The Honourable Member for Rossmere.

**MR. VIC SCHROEDER:** Thank you, Mr. Speaker, a question for the Minister of Education. I believe he's aware of an application at Landmark, Manitoba, for a new K to 6 school which would be separate from the high school down there. That application was made to the Public Schools Finance Board. I'm wondering whether the Minister could advise as to the status of that application at this time.

**MR. SPEAKER:** The Honourable Minister of Education.

**HON. KEITH A. COSENS (Gimli):** Mr. Speaker, the Public Schools Finance Board has made a recommendation in that regard and I have been pleased to support that particular recommendation. As far as I know, the School Board feels that is the

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proper direction to follow and I have heard nothing further.

**MR. SCHROEDER:** Just a question for clarification, could the Minister confirm that the recommendation he is following is one for a separate K to 6 school, as opposed to a new school, which would be an addition to the existing high school?

**MR. COSENS:** Mr. Speaker, I'm not quite clear on what the honourable member is inferring here.

**MR. SCHROEDER:** Mr. Speaker, just for some clarification, to the Minister. There was a meeting recently in Landmark at which the local residents voted not to accept any new building whatsoever if they didn't get a K to 6 building which would be separate from the existing school. My question to the Minister is, is the school which he is now recommending, the new school, one which will be separate from the existing school or is the one which he is now recommending one which will be an addition to the existing school?

**MR. COSENS:** Mr. Speaker, I'll have to check the exact recommendation in that regard. The honourable member is talking about K to 6, an addition; I believe the recommendation did involve a K to 12 but I'll have to check that particular recommendation.

**MR. SPEAKER:** The Honourable Member for Transcona.

**MR. WILSON PARASIUK:** Thank you, Mr. Speaker. My question is directed to the Minister of Finance under whose name the statement was read to us by the Minister without Portfolio. I'd like to ask him if his department officials have done any analysis to indicate what the negative impact of the drought will be on the gross provincial product of the Manitoba economy.

**MR. SPEAKER:** The Honourable Member of Finance.

**MR. CRAIK:** Mr. Speaker, the answer is, yes, the department officials, along with the other departments of the government, have been working to develop a model that they can work from to try and make these kinds of predictions. At this point in time, I can't indicate to the member a firm figure that can be relied upon to indicate the impact on the provincial economy in terms of the decrease in the GPP. However, it is going to be of some significance.

As the release that has been read out here today, the Ministerial Statement that has been made today indicates that the impact on the current year is not the only impact. This comes out of the studies, as well; that the impacts do carry forward into the future and perhaps into the 1981-82 year and, in the event of a second-year drought, the indications are so far that there would be, of course, a very very significant impact, a much greater impact by comparison than would be experienced in a one-year drought which we are into at the present time. So, there is a degree of forecasting going on, on the impact. The major concern is that, really, in the event of a sustained

drought that carried through into a second year, then we know that we have a very very major impact. A one-year drought with the amount of carry-over that occurs in the economy is perhaps not as large an impact as would be suspected on first examination.

**MR. PARASIUK:** A supplementary to the Finance Minister. I'd like to have his staff analyze the analysis done by an economist, Tom Johnson, voted in the Financial Times, June 16th edition, where he projects a multiplied loss because of the drought to the gross provincial product of Manitoba of some 1.9 billion or something like 18 percent decrease in our gross provincial product as projected by the Conference Board for this year. The Conference Board figures, if you recall, Mr. Speaker, were the figures being quoted by the Minister of Finance earlier in the Budget Debate so I assume that he believes they have some validity. Would he please investigate this economist's analysis which indicate that there could be a 1.9 billion decrease in our gross provincial product?

**MR. CRAIK:** Mr. Speaker, when we feel we have figures that can be relied upon, we will be anxious to have them presented to the Legislature and to the people of Manitoba so that they can, in fact, get some idea of the impact of the drought. At the present time we're having to upgrade these educated guesses that go into the so-called model that economists work from and the picture continues to change as the degree of knowledge, about the effects of the drought, increases. And as a result, as I indicate, we will provide an educated guess or a model guess, whatever you like, as soon as possible, to indicate the impact on the Manitoba economy. At the present time there aren't very solid and valuable figures that can be used in any authoritative way.

**MR. SPEAKER:** The Honourable Member for Transcona with a final supplementary.

**MR. PARASIUK:** Given the fact that the impact of the drought is quite serious at present, and the Minister indicates it possibly could worsen, while the Legislature is still sitting will the Minister bring in a contingency program of works to get money circulating within the provincial economy so that the bottom doesn't completely fall out of it as a result of this drought? And secondly, will he please consider the proposal of my colleague, the Member for Lac du Bonnet, and bring in legislation providing for a debt moratorium for farms and for small business people, governed by a debt adjustment board, as existed during the 30s, so that people will not be forced to sell out their interests because of the drought at slashed prices, to larger corporate interests, would he please bring in that legislation so that the government may have an instrument to deal with the crisis rather than waiting until after the crisis hits us totally?

**MR. CRAIK:** Mr. Speaker, in terms of the second part of the statement by the member, the moratorium on debt has not, of course, been commented on by the Premier's statement, however, other than the fact that there is a watchful eye being kept on this impact, on the farm economy, on the

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farmers of Manitoba. But with regard to the first part of his statement, what is the government going to do to circulate money through the system, the member is overlooking the fact that in part that is being announced today. That kind of a measure is being undertaken by the government to provide a degree of security for the farmers, first of all, on the basic herds, Mr. Speaker. If the member has some further ideas on circulation of money by wheelbarrow or otherwise, then he's fully within his rights to bring that forth to the Legislature, not necessarily in the question period, Mr. Speaker, but by other means which he knows are available.

**MR. SPEAKER:** The Honourable Member for Inkster.

**MR. GREEN:** Mr. Speaker, I would like to direct a question to the Honourable the Minister of Health. Mr. Speaker, in view of the fact that a medical doctor, who is now found guilty of misconduct, can be ordered to pay all of the costs of the investigation which, if we can look at recent experience, could amount to some 14,000-15,000.00. Does the Minister conceive of an existing problem in the legislation whereby the college has a financial interest in finding a man guilty rather than innocent. That if they find him guilty, he pays the 14,000, if they find him innocent they pay the 14,000, is that a problem that the Minister has considered?

**MR. SPEAKER:** The Honourable Minister of Health.

**MR. SHERMAN:** Mr. Speaker, it is an interesting and challenging point that the honourable member raises. I would like to take it under consideration and respond to him at an early date. I must say, however, Sir, and this I suppose is somewhat irrelevant to his question, that the investigations in this case were prompted by complaints from the general public and the college had a responsibility to follow through.

**MR. GREEN:** Mr. Speaker, I've tried to stay away from the existing complaint because I don't feel it's proper to deal with one particular case, but does the Minister not consider it to be a problem that there is a vested interest in the college, in finding a person guilty of misconduct. That if they find a person guilty of misconduct, then all of the costs that would have incurred are paid by that person. If they find him innocent, then the college has to pay the costs, so they have a built in . . .

**MR. SPEAKER:** Order please. I'd like to point out to the honourable member the question period is a period for seeking information, not for debating and I would ask the honourable member to proceed with his question.

**MR. GREEN:** I do appreciate Mr. Speaker's admonition to me because it is a more difficult point and I'm usually, I think Mr. Speaker will agree, quite brief. I am asking the Minister whether he does not, regardless of the individual case and regardless of the politics, because it was there in our regime and it's there in his, does he not consider it a problem that the present Act gives the college an incentive to find somebody guilty and a disincentive, which would

be financially punitive to itself, to find him innocent? And is there any precedent for that in any type of judicial or arbitration or other kind of finding — and there may be in the Law Society Act — I don't know but if there is, is the Minister satisfied that this should continue?

**MR. SHERMAN:** Mr. Speaker, I want to assure the Honourable Member for Inkster that I understand his question, I concede that it's an interesting and provocative question that he raises. I would think, in the abstract, that one could say it is highly questionable that sort of practice should be sanctioned because in the abstract there could be a conflict of interest. However, Mr. Speaker, I'm not prepared to concede that point in the specific because the College of Physicians and Surgeons, in my experience, is not interested in pursuing that sort of objective, they are interested in pursuing the objective with which the Honourable Member for Inkster is familiar in terms of medical practice and the protection of the public. But I do say to him that I understand the question, it is a provocative one, I'd like to take it under advisement, address myself to it and respond to him a little later.

**MR. SPEAKER:** The Honourable Member for Inkster with a final supplementary.

**MR. GREEN:** Yes, Mr. Speaker, in view of the fact that the Act is now before the Legislature and in view of the fact that despite objectives, that the Minister would not like to tempt people to lose sight of their objective, would he consider doing something about a piece of legislation which gives an incentive toward a particular direction when a judicial body is involved, or quasi judicial body, having effect on a person's right to practice his profession.

**MR. SHERMAN:** Mr. Speaker, I'm certainly willing to consider it but I want to look at it and I want to assess and evaluate the particular case, the particular recent case out of which the principle, raised by the Honourable Member for Inkster, arises in question form before committing myself but I will certainly examine it.

**MR. SPEAKER:** The Honourable Member for St. Vital.

**MR. D. JAMES WALDING:** Mr. Speaker, my question is to the Honourable Minister reporting for Manitoba Hydro. The Minister had requested that the utility produce a report for the year 1979-80 showing the value of Lake Winnipeg Regulation for that year. I wonder if the Minister has now received that report and whether he would make it available to other members of the House?

**MR. SPEAKER:** The Honourable Minister of Finance.

**MR. CRAIK:** Yes, I have, Mr. Speaker, and I'll attempt to make it available.

**MR. WALDING:** To the same Minister, Mr. Speaker, in view of the fact that Manitoba Hydro's reserves have now reached 140 million, which is in excess of the 120 million that the government had

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anticipated as of 1983, is the government now prepared to lift its freeze on Hydro rates in order that Hydro might reduce its rates?

**MR. SPEAKER:** The Honourable Minister of Finance.

**MR. CRAIK:** Mr. Speaker, the government does not have a track record of backtracking on solid moves such as rate freezes. If we were as fickle as the member suggests, it probably comes out of his own experience when he was sitting on the government side because of the fickle policies that they brought forward. I suppose that a government of that stripe would probably also cancel the foreign and currency exchange losses that were removed from Hydro, which by what I would gather from last week's Public Utilities meeting, probably will amount at average rates over the last year to some 300 million to 400 million over the lifetime of the programs.

Mr. Speaker, if that is the case that the 120 million or 140 million, as the case may be, does exist, I think that it will be very valuable to have that kind of money around. It will possibly help Hydro move ahead even though the government is carrying the can for some 400 million in order for them to do it.

**MR. SPEAKER:** The Honourable Member for St. Vital.

**MR. WALDING:** Mr. Speaker, in view of the Minister's speech on the subject and his accusation on this side of fickleness, I'm sure that you would allow me to respond in a similar manner to the Minister. Perhaps I should not attempt to break the rules, Mr. Speaker, but merely ask the Minister whether he considers it would be a fickleness on the part of the previous administration to allow Hydro to continue its previous policy of setting its rates, making its own planning and anticipating, as of a couple of years ago, that it would be in a position by this year or next year to pay its foreign exchange rates and reduce its rates, such a move that has been prevented by this government.

**MR. CRAIK:** Mr. Speaker, the member really likes to lead with his chin. He may refer back to March 16th of 1974, when the members of this House were told that it would take 15 to 20 years to double Hydro rates. He may have a short memory, Mr. Speaker, or he may not have been present to realize that the rates doubled in three years, Mr. Speaker, 36 months. Mr. Speaker, when the people of Manitoba are prepared to take those kinds of undertakings by a government to heart again, Mr. Speaker, they will remember in particular that they can't take them at face value from the stripe of the former government of this province.

**MR. SPEAKER:** The Honourable Member for Transcona.

**MR. PARASIUK:** Thank you, Mr. Speaker, my question is directed to the Minister of Finance. Can he assure us that he will bring before the Legislature, before it ends, the supplementary estimates for the additional costs of the settlement with the civil

servants of Manitoba, bring forward the supplementary estimates for the costs of fire fighting and bring forward supplementary estimates for the costs of the drought measures which he has introduced in the House today? Can he assure us that he will bring those before the Legislature?

**MR. SPEAKER:** The Honourable Minister of Finance.

**MR. CRAIK:** Mr. Speaker, as I indicated during the estimates review, I fully expected that the government would bring in second supplementary supply, principally because of the drought. Whether it contains all of the items referred to by the member remains to be seen but I still expect there will be second supp. supply brought into the House.

**MR. PARASIUK:** I would like to ask the Minister if he would also bring in revised revenue estimate figures for the province, in view of the fact that there is a possible 20 percent reduction in our gross provincial product which could leave us in a very short revenue situation. Can the Minister ensure that he will do that and has he done any analysis on this already?

**MR. CRAIK:** Mr. Speaker, I take the member's question seriously although I think there is perhaps an element of it being otherwise. I think, in answer to that, I should point out that on the expenditure side the estimates can be made much more accurately than they can on the revenue side in a changing period like this. I would expect that the government would bring in changes in expenditure estimates by way of second supp. supply. It would be highly doubtful that it would be even meaningful to try and make even an educated guess at the shifts that might take place on the revenue side.

**MR. SPEAKER:** The Honourable Member for Transcona with a final supplementary.

**MR. PARASIUK:** Thank you. In view of the fact that the Minister of Finance assumed that was possible in the spring and summer of 1977 — that is, to make adjustments in revenue estimates — could the Minister then attempt to do some revenue estimate analysis, couple that with the additional demands for supplementary estimates and confirm whether or not this government will not be facing a budget deficit of over 200 million for this fiscal year?

**MR. CRAIK:** Mr. Speaker, the member is trying to get some sort of numbers on the record, I guess. I can't confirm or comment on the impact with regard to the revenue side. I simply repeat to the member and to the House that I think we can estimate the expenditure side under these fairly trying and rapidly moving conditions more accurately than we can the revenue side. As a result, it seems highly doubtful that we would attempt to alter the revenue picture at this point in time.

**MR. SPEAKER:** The Honourable Member for Churchill.

**MR. JAY COWAN:** Thank you, Mr. Speaker. My question is to the Minister of Labour and as it has

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been indicated that the drought will have a profound impact in the area of the number of jobs in the agricultural manufacturing implement sector, can the Minister indicate if his department has done any study or research as to the impact that this reduction in the number of jobs will have on employment opportunities for summer students who are entering and have just recently entered the job market in the province?

**MR. SPEAKER:** The Honourable Minister of Labour.

**MR. MacMASTER:** Not precisely as the member outlined, Mr. Speaker. For this time of the year, there is nothing unusual in the type of press that's taking place as it relates to summer employment for youth. There are those who would claim that jobs are difficult to find and there are those that claim that there are jobs available. I think the Member for Churchill will be pleased with the figures that are produced next fall, certainly when I'm in my estimates next year, of the several thousands of young people of Manitoba who will in fact find employment, partly on their own as young people have the initiative to do, but also partly through the variety of government programming and assistance that's available.

**MR. COWAN:** Thank you, Mr. Speaker. My question concerns those who will not be able to find work, perhaps because of the drought situation curtailing employment opportunities for them. I would ask the Minister if he intends to direct his department to study this situation for the purpose of coming up with proposals that may help to alleviate what would appear to be a serious situation for those students who have historically found employment in that particular sector.

**MR. MacMASTER:** Mr. Speaker, I think the young people of Manitoba are versatile enough and desirous enough of wanting a job that if in fact the particular type of job that they feel comfortable with and one they're used to having is not available, that they will get out and find one in another area of employment.

**MR. SPEAKER:** The Honourable Member for Churchill with a final supplementary.

**MR. COWAN:** Thank you, Mr. Speaker. The Minister in his answer mentioned that the students were versatile, which jogged my memory. I would just ask the Minister if he has been informed that Versatile is, in fact, planning a fairly large layoff and there has been confirmation of that at the plant site itself?

**MR. MacMASTER:** Yes, Mr. Speaker, I am aware that Versatile hired X-amount of people several months ago on a short-term basis to put together some new type of swathing equipment that they had and that particular job is finished and those people will be let go as soon as the finalization of the assembly of the new piece of equipment is finished.

**MR. SPEAKER:** Order please. The time for question period having expired, we will proceed with Orders of the Day.

## ORDERS OF THE DAY

**MR. SPEAKER:** The Honourable Government House Leader.

**MR. MERCIER:** Mr. Speaker, I move, seconded by the Minister of Finance, that Mr. Speaker do now leave the Chair and the House resolve itself in a Committee to consider of the Supply to be Granted to Her Majesty.

**MOTION presented and carried** and the House resolved itself into a Committee of Supply with the Honourable Member for Radisson in the Chair for the Department of Economic Development.

## SUPPLY — ECONOMIC DEVELOPMENT

**MR. CHAIRMAN, Abe Kovnats (Radisson):** This committee will come to order. I would direct the honourable members' attention to Page 36 of the Main Estimates, Department of Economic Development and Tourism. Resolution No. 48, Clause 2. Item (h) Business Development (1) Salaries—pass — the Honourable Member for Brandon East.

**MR. LEONARD S. EVANS:** This is the area, Mr. Chairman, where we discuss the larger industrial development prospects and projects, and the last day I was questioning the Minister on two or three, and I just have two or three others that I would like to ask a few specific questions thereof, the first being Sekine. Sekine, as some of us realize, is a bicycle manufacturing enterprise located in the Rivers Industrial Park, and it is a type of industry, in my opinion, that has a great future. I think that as people are becoming more health conscious, you will find more and more people, hopefully, wishing to buy bicycles. I hope that there is some viability in us continuing to manufacture these in Manitoba. I know there are some local people who have worked very hard to try to evolve this company into a Canadian-owned enterprise, and I'm wondering whether the Minister can advise what his department has been doing to help the Sekine bicycle factory in Rivers and what the outlook for that particular enterprise might be, if the Minister has an opinion on that.

**HON. J. FRANK JOHNSTON (Sturgeon Creek):** Mr. Chairman, we worked with Sekine very closely. The Deputy Minister, back last December or so, and in January and February of this year, communicated and travelled to Ottawa on one occasion, not strictly for Sekine, but it was on his agenda, to make representation to the EDP regarding their loan. A group in Brandon were requested to make sure they had the funds on hand in order to receive the loan. The group did provide the necessary financial funding, they received a loan from EDP, I was privileged to be at the opening of the new plant, and Mr. Chairman, the forecasts for the new plant and the shipment of bicycles are very, very good as far as they are concerned. We also helped them with

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their problem with anti-dumping regulations; we also gave them a small amount for research and a small amount of travelling funds so that they could satisfy their problems with the previous owner in Japan, to get those all straightened away. Those were funds that are provided on the basis of development, research, and working with EDP to get this company moving again in Rivers, Manitoba.

I say to the honourable member, I think the future is great for Sekine. They have a tremendously good line of bicycles. We also did some work with them through the Manitoba Design Institute and assisted them with the design of a brochure that I think is second to none, Mr. Chairman, so they're off and running. They're making bicycles and they're exporting bicycles to all parts of North America, Mr. Chairman.

**MR. EVANS:** I'm glad to hear the Honourable Minister's reply. I agree, I think there's a very fine group of people that are working very hard, have worked very hard, are working very hard. I wonder if he could give us some idea as to the current sales, or maybe a rough idea of sales potential, without divulging any company secrets; and also, approximately what is the employment there now?

**MR. JOHNSTON:** I'm told, Mr. Chairman, they're gearing up to sell about 30,000 bicycles out of that plant in a year. I will contact the company and ask if they will supply me with his sales projection figures, but I don't give the member any guarantee that he might give them to me or they might give them to me for publication. We'll ask them how many people are presently employed in the plant.

**MR. CHAIRMAN:** The Honourable Member for Brandon East.

**MR. EVANS:** Thank you. I wonder, while we're still talking about the Sekine in Rivers, I'd like to pass on to another company that has had some trouble, Edson Industries, and I wondered if the Minister can give us an update on what's happening there. Unfortunately, the market for recreational vehicles has fallen off, has required the company to lay off some people. Is there anything the department can do or is it just a matter of waiting for the market to develop? I recall, as Minister of Industry and indeed my predecessor, Mr. Sidney Spivak, when a company was having trouble or was about to close or lay off, the department made a very great effort to do something to help alleviate that and try to stretch our resources to the limit to assist failing companies who happen to fail because of something such as this, a market drop. You know, I would say the same thing about a company that perhaps is almost ready to go under or to close up. I think there should be no effort spared, no stone unturned by the department to see if there is some way that company can maintain operations. I realize Edson is still operating, but is there any other prospects for it. Is there a possibility of some diversification of activity, for instance, that would help it survive as a company and maintain the employment levels that it has had in the past? I wonder if the Minister, therefore, could give us some sort of report on what the department has done or will be doing for Edson Industries.

**MR. JOHNSTON:** We have been working with Edson Industries. I had a complete report on the situation from the manager, Mr. Orlie Johnson, on Edson, Mr. Chairman, the member has asked me this question in the House before. The recreational vehicle business is not going well at the present time, as a matter of fact, the one in Gimli has had a problem as well. The recreational vehicle manufactured in Gimli is a 47,000 recreational vehicle and with interest rates the way they are, and I think it goes about eight miles to the gallon, so it's not selling all that well, Mr. Chairman. Recreational vehicles generally though, which is of the type made in Rivers, are also not selling but there are some very large units made there also.

Our development officers have been working with the trailer people from Rivers to look at diversification, but any diversification would have to fit in with their present manufacturing and production potential as far as their machinery is concerned, Sir.

**MR. EVANS:** How many have they laid off or do we know that information? Perhaps the Minister doesn't have it. I don't expect the Minister to know everything that's going on in every company in Manitoba, but because they have worked with the company, could he give us some idea as to what is the employment situation now?

**MR. JOHNSTON:** The honourable member is right. I don't have all that at my fingertips but these are very co-operative people, Mr. Chairman. We'll request the information as to the number they have employed.

**MR. EVANS:** All right. I accept the Minister's observation that the recreational vehicle industry is having difficulties for some very obvious reasons. He mentioned the one in Gimli. What other major manufacturers of recreational vehicles do we have in the province? I believe there are one or two in southern Manitoba and there may be one or two in Winnipeg, I'm not sure. But what other major companies do we have in Manitoba and are they experiencing difficulty as well or are they managing to cope somehow? The Minister mentioned the problems in Gimli, but what about other situations?

**MR. JOHNSTON:** Triple E is in southern Manitoba and they are having the same problems and they are having the problems in Alberta, Saskatchewan, B.C., Ontario, Quebec, New Brunswick, Nova Scotia and wherever they're made, Mr. Chairman.

**MR. EVANS:** I appreciate that this is a phenomenon that's related to the higher cost of gasoline and rising cost of gasoline, plus other factors, inflation having a negative impact because people can't afford luxuries as they used to be able to. At any rate, I don't imagine the Minister has an idea of to what degree there has been a cutback in the industry as a whole in Manitoba. Does the department know, does his staff know, for example, whether there's been a 10-percent cutback in production recently in the industry in Manitoba? Is the production at the present time, say, compared to last year or a normal year, is it 10 percent down for the industry as a whole? Is it 20 percent down? Is it

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50 percent down or just to put it into perspective, what has happened, just in general terms without mentioning any company?

**MR. JOHNSTON:** I don't have that, Mr. Chairman. I just checked with my research people but, again, we can survey the companies and find that out. I would suggest it's very likely more than 10 percent, Mr. Chairman.

**MR. EVANS:** I'd like to go on then to another company in the meat packing or meat processing business. The Minister mentioned the other day, Centennial Packers is a company that I believe he said was in the process of being established or has announced — I'm not sure whether he said an expansion or a new plant. At any rate, what kind of facility is this? I suspect it's a processing facility because I think back about last winter, when Swift Canadian in St. Boniface close down its doors and laid off about 600 people, in fact, at that time there was some rumour, well, possibly some other meat packing plants might close in Manitoba because of the lack of adequate supplies of beef and that we should not be surprised, therefore, if another major packinghouse would close down at some time. I'm just wondering, in this case Centennial Packers sounds like a normal packing plant but it's possible that it is a smaller processing facility and there may be some reason for it to exist. So what kind of a facility is this and is it not affected by this problem that has plagued and had plagued Swift Canadian in its St. Boniface operation?

**MR. JOHNSTON:** Centennial Packers Limited, Mr. Chairman, have purchased a building in St. Boniface. Their head office is in Calgary. They will process fresh and frozen beef and pork products and they will be doing what the market is demanding today and that's portion control food services or meat services. The meat packing industry is changing considerably, Mr. Chairman, and this company is very successful where they are and they're coming to Manitoba to do the same thing and they'll have about 25 employees.

**MR. EVANS:** Just for clarification then, could I, to get it clear in my own mind, would you describe this company as similar to the Schneider's operation here or into that type of product, where you are processing food, making sausages and cold cuts, and selling it on a package basis and so on, is it that type of processing establishment?

**MR. JOHNSTON:** It's not a sausage plant, Mr. Chairman, it's a plant that will be dealing with beef and pork, portion controlled products, not in the form of sausage, etc., to any great extent. I'm not sure what their whole line is in Alberta.

**MR. EVANS:** One or two others here and then maybe someone else would like to ask some specific questions. What about the health of the basic packing industry in the province? We had the unfortunate incident of Swift's Canadian closing down and, as I said, there were some rumours that maybe one or the other of the large meat packing facilities were being adversely affected also by the

lack of supply of beef. Can the Minister assure us that there is no danger of Canada Packers or Burns closing within the foreseeable future? Just what is the situation, this beef supply situation, as it affects the packing house industry in Manitoba? This has been one of our major industries for many a year and one does not like to see it deteriorate.

At any rate, is there any danger at the present time and what problems does the industry face or, now that we have one less facility, are we at the right size, in terms of packing facilities, to handle the amount of beef supply that is available through the stockyards here and the supplies that are available in this part of the country?

**MR. JOHNSTON:** Mr. Chairman, I can't assure the honourable member of whether any plants are planning to scale down or increase at all. He's asking me for an insurance and I can't possibly do that. The meat packing business in the province of Manitoba has changed drastically over the years. The large markets to the east of us are basically doing a lot of their own processing in the provinces of Quebec and Ontario. The meat packing business is changing in that you have a lot of small slaughter houses throughout the rural area that do slaughtering and the cutting and everything is done by government inspected, usually freezer plants. They do supply small restaurants throughout the area.

The meat packing business is going to portion control, basically. Bartley's and many of those type of people are very successful, because that's the way the packing industry is moving. You will find probably in the future that your large chain stores will buy all of them packaged instead of packaging them themselves. These type of plants are very modern and not nearly as big as the other ones and they turn out a specialized product all through the province: Winkler, Selkirk. Winnipeg has many small meat packing plants at the present time: Manitoba Sausage, Winnipeg Sausage. I don't know the name of the ones at Winkler and Selkirk but they are located throughout the province and doing a very good business, Mr. Chairman. The meat packing industry is changing and that's what we try to make ourselves aware of as much as possible, but I have no guarantee that anybody's not going to change their method of processing and marketing at the present time.

**MR. EVANS:** Very specifically then, about the current situation, can the the Minister tell the House whether the supply of animals, beef, hogs, etc., is adequate for the optimum use of the packing facilities that we have. Is there a shortage of animals or is there an ample supply; just what is the situation? Because if you have a shortage of supply, the major packing facilities, not the small processing plants but I'm thinking of Burns and Canada Packers, they can be in trouble. My question specifically is, what is the nature of the supply? Is it adequate to keep those plants operating at more or less an optimum capacity?

**MR. JOHNSTON:** I think in the case of Swift's, there didn't seem to be enough supply of hogs. We work very closely with the agricultural department on that situation. But at the present time there seems to

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be ample supply to take care of the province of Manitoba certainly and our specialized packing plants, that I mentioned earlier, are shipping products outside of Manitoba, Mr. Chairman.

**MR. EVANS:** I would like to go on and ask the Minister about a question that has been asked of him a number of times but I would really like to get clarification on where we stand with regard to the announcement he made, I guess it was last year, with regard to the department undertaking a market study — I think it was a market study — using McConachie and Associates of Montreal, with regard to the possibilities of a helicopter factory at Gimli. Just where do we stand now? Is this study still in progress or has the study come in and conclusions come in to enable the government to decide whether or not they wish to support this particular group which I believe is based in German, and has developed a prototype, I believe, and whether the government is in the position now to make up its mind whether they're going to support this facility or not? There's nothing wrong with coming up with a negative decision. It may be a good thing. On the other hand, there may be possibilities. I'm not suggesting that there aren't, I don't know, but just what has the study revealed or is the study proceeding into some other phase?

**MR. JOHNSTON:** First of all, Mr. Chairman, I don't recall ever making an announcement about the helicopter plant. The announcement was made by the helicopter people themselves while they were visiting Winnipeg, I believe through the lawyer's office that they have in Winnipeg, and I reported at that time that the study was in. There is a study and a supplement to the study that has been received. It has been forwarded to Ottawa. The people in the Department of Transport in the aerospace part of the department are analyzing that report at the present time.

It is not the intention of the province of Manitoba to do anything, as far as assistance towards the helicopter organization that was set up, until we have the report from Ottawa as to the viability or basically whether the helicopter is capable of doing all of the things that it should do or is claimed to do, whether the company has a marketing program and whether the market is there for this particular type of helicopter. At this point, the province of Manitoba has said we have buildings available in Gimli if they decide to move there. If they moved there beforehand, they would do it on their own because the province of Manitoba has no intention of making a move on that particular project until we know that it has all of the things that it should have; as a matter of fact, even as far as certification is concerned. If the federal government wants to put money into it to help them get certification, that's entirely up to them, but it's not our intention to pour money into a project that has not got all of the certifications, marketing, and everything that is necessary to be a viable product.

**MR. EVANS:** I gather the matter is still in process. Ottawa is looking at some of the reports, at some of the information, and you're awaiting advice from Ottawa. The Minister said, "if it has all the things it

should have"; I think those were his words. Well, what if it has all things it should have; what if it is in effect seemingly an acceptable type of product that could be manufactured in Manitoba in the eyes of the department? What kind of help would they expect from the province of Manitoba?

**MR. JOHNSTON:** At this point, Mr. Chairman, all we have said is that there are buildings available — and I think they could be made available reasonably — and they're standing empty, if they decided to come. If the federal government decides that this is a good project for Canada and a good reasonable project for the province of Manitoba where they have looked at the possibility of making it, we would then sit down and discuss it with them. We've had no discussions, pardon me; we've had some small discussions on the basis of them asking what the province would do and the province has informed them that the province is not making any commitment whatsoever, other than the buildings are available, until there are further reports. There is nothing we'd like better than a helicopter industry in the province of Manitoba but the province of Manitoba is not in the position to be experimenting on a helicopter project.

**MR. EVANS:** Could the Minister advise whether this company that we're speaking of that is interested in manufacturing helicopters here has an office in Winnipeg and, if so, what sort of a setup does it have? That's question number one. Question number two: Is the department in continuing touch with the principals or the officials that are working on the development of this? Is the department in communication with them on a more or less regular basis?

**MR. JOHNSTON:** They work out of their lawyer's office, Mr. Chairman. They have an accounting firm that works with them in Manitoba and I'm told that they have a person either on contract or something that is a marketing person at the present time. Yes, we do have contact with them, but our position hasn't changed at all. Even as late as last week it hasn't changed because I believe there were some officials here from the company and they were in Ottawa, and we have no reason to change our position at the present time.

**MR. EVANS:** Just one or two on this subject. Maybe somebody else would like to . . . Does the Minister have any sort of deadline or target date for the word from Ottawa? You say the matter is being studied and reviewed and so on. Is there some sort of a target date that you're looking at for a decision in this, a deadline or what have you? The second question is, what is the cost of the study with McConachie and Associates? Could the Minister give us even a ballpark figure on what the research study, the marketing study, is costing?

**MR. JOHNSTON:** I think at the present time, Mr. Chairman, that Ottawa is expecting to have something more concrete to announce to the company, as to what the federal government would do, around September but I also know that Ottawa has requested some more information and when they

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get that information. Mr. Chairman. I guess then they will have to decide whether they go to Germany and take a look at the certifications. After that, there would have to be prototypes, and I would say certification could take up to three years. The province of Manitoba is not going to pour money into experimental work. It will either be a product that can be sold or we're not going to be involved in it.

**MR. EVANS:** The Minister didn't give me the answer to the second question and that is, what is the approximate cost of the study?

**MR. JOHNSTON:** It was split between the province and the federal government. It's approximately 40,000, Mr. Chairman.

**MR. GREEN:** Mr. Chairman, I believe that this is an area which it is very important to canvass somewhat thoroughly, because I have been listening to the Minister for four years, when we sat across from one another in the House when he was in opposition, when we were in government, and then I've listened to the Minister rather very carefully since he has been the Minister of Industry, and I'm going to try, Mr. Chairman, to convey to you what he has conveyed to me, in the hope that I'm not being inaccurate.

Unlike some of his colleagues, the Minister of Industry and Commerce has never said that he will not use public moneys to finance industry, although that has been the official position of the Conservative Party, and the very firm position on which they sought a mandate in the election, that the government would not put public money into businesses. This Minister has never said that. This Minister has, in the years that I sat and listened to him when he was in opposition, said that it was okay to give 92 million in public funds to Churchill Forest Industries, on the basis that it was a loan and would be repaid, that the maladministration was turning the loan into equity so that it wouldn't be repaid. And when this issue of, believe it or not, aircraft industry in Gimli came up, the Minister did not say, there will be no public moneys going into an aircraft industry in Gimli, the Minister said, we will do a feasibility study, we will look at it, we're not going to deal with experimentation. Mr. Chairman, and I'm going to deal with that word in a moment, because there is no business that is not experimentation. Chrysler is experimentation, one of the biggest businesses, a multi-billion dollar business in North America, the epitome of capitalist entrepreneurship, is experimentation. But you do the best you can. And this is what I accept as meaning, not experimentation.

You get a feasibility study, you look at the product, you do your market survey, you do your feasibility studies, you come up with what you consider either to be a reasonable proposal or a not reasonable proposal. That's something new to the Conservative administration; that is something that everybody tries to do, but it's always a question as to whether it will go or it won't go. And when the Minister says that we're not going to deal with something which is not certified or which will take three years to certify, if the Minister had sound, professional, highly qualified

advice that he could trust which says that a program for certification will realistically take three years, that it will cost X number of dollars, that in return for the investment of X number of dollars, you're going to make 33 percent on your money, which is very, very high, does the Minister regard that as an experiment? Or doesn't he, which every other business man does, look at it and try to assess the prospects of success?

Now, I gather that the second is what the Minister means, and I repeat, I've tried to assess this, that he is not saying no to anything, and I congratulate him for that, Mr. Speaker. Unlike some of the other remarks that I have heard with regard to this, I will not pooh-pooh anything. You got these fellows from Germany, they have a lawyer in Winnipeg, if what they say makes sense, I will not look for their pedigree. If what they say does not make sense, then their pedigree be damned. But you have to determine whether it makes sense, and that's what the Minister has said. Frankly, I am unwilling, on the part of the people of the province of Manitoba, to say, that I will not look at seeing whether the air facilities in Gimli, which the public has invested millions of dollars in, are not usefully available for a productive industry in the province of Manitoba, and that that productive industry could create, through multiplier effects, enhanced wealth in our province. If the public of this province were willing to do it — I should be more careful — if the Canadian public was willing to do it, to spend 9 million a year every year, to feed, to clothe, to provide equipment for, to train, to provide other accoutrements for, things which did not put, directly, anybody into shelters, provide more food, provide more clothing, provide educational services, provide health services, provide anything tangible, if we were willing to do it on that basis, then why not be willing — as the Minister appears to be — willing to do it on the basis that you're going to work with a product which you have a feasibility study for and which has a chance of succeeding and becoming an important industry in the province of Manitoba.

Mr. Chairman, if we had not done that with Versatile Manufacturing Corporation, the public, we would have lost the biggest manufacturing industry in the province of Manitoba. And let's recall the history. Versatile was dead broke, down and out. No institution in the private sector would advance them money. The public said, we will give you a 6 million guarantee on the basis that we will get one-third of the shares of your company. Versatile was astute enough, and possibly we were not as well advised as we should have been, to use that guarantee to get the money from the bank, not draw down on it and then not have a shareholding made available to the public of this province, with the result, we still have a good thing. I believe that it is a very good industry in this province. My complaint is that we don't own a third of it.

That, Mr. Chairman, appears to be the difference. Because the Minister says he's willing to do those things. He is willing to look at the feasibility studies; he is willing to look at the prospects of his success; he's willing to look at the job creation; he's willing to look at the return on the investment. He has only stopped short at one position, and in this, Mr. Chairman, we part company in greater than 90

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degree angles, at 180 degrees. He says he will put up the public money but he will put it up either as a gift or as a loan — he will not take equity — that the public should not have equity in the business. On the amazing assumption that loan moneys are paid back and equity is not. But if the business does not succeed, you do not get your loan money back, and if you haven't taken equity and been in a high risk position and the business does succeed, then you do not get the benefit of the risk that you have taken.

Mr. Chairman, no businessman would proceed on the basis that the Minister of Industry is proceeding on, and that's my real argument with the Conservatives. They are completely unbusinesslike in dealing with public moneys. That if you had a private investment house who had those opportunities and had to take the major risk, they would see to it that, in return for that risk, they got not only repayment, but they would see to it that they would get equity, Mr. Chairman. And that appears to be the difference, not between the government, because the government's official stance has been that we will not put public money into a private business.

The Minister has said, we will not take equity in it. He somehow believes that if you keep your hands off the equity you are kosher and that you have not done anything bad. The only reason for the pursuance of equity in a risk venture, Mr. Chairman, is that that's where the risk return is. Because you will lose your money if it's bad, and if it's going to be bad and you're going to lose, you might as well be a part of the action if it makes money. Now, that's what I have learned in the business world. I have never been contradicted, Mr. Chairman. I have taken this proposition to financial institutions in this province where I have been asked to speak, and I asked them, where am I wrong as to what you would do? And none of them have said that it makes more sense, on a risk proposition, to make a grant, which is priority No. 1 of the federal government — and I'm going to deal with that in a moment, and which the Minister seems to agree with — or make a loan, covered by assets which reflect, really, capital spending, and if you have to realize on the assets, well you know. What would the benefit have been of a loan to Saunders Aircraft? So you'd have advanced the 40 million, instead of taking equity in it. You would get it back, on that basis?

Mr. Chairman, let me make myself perfectly clear, if I can. I believe that the Minister must look for public investment; that first of all, his prospects for private investment in the province of Manitoba are rather low because the major areas of private investment, if they have no sweetening of the pill, if they have no sweetener, are going to be located in places which are better from the point of view of transportation, which are better from the point of view of markets, and that your national transportation companies will do what they did in Morden. They will come, milk the community for as much tax concessions as they can get, and then leave them high and dry. That's what they did.

The First Minister said, we are going to put the private sector on trial, and they have been tried and they have been found guilty. Really, it hasn't been them who have been tried, it's been the Conservative administration who has been tried and found guilty. This Minister knows it, and is going to have to figure

out a way, and Mr. Chairman, he's going to have to figure out a way, first for the reason that I've given, and second, for a much more important reason, that in the game which will be played in this country of luring investment, we have the worst lures. We are in the poorest position to lure.

Let's look at the lures we are going to have to deal with, and what free enterprise has accomplished in this country. I call it free prize, the free prize system, and it is a free prize system. Now that there is no Manitoba New Democratic Party government investing public funds, has investment in public funds ceased? Investment of public funds in business ceased? The federal government has just guaranteed multi-millions of dollars to Chrysler Corporation. It's not really a good example, because people will say there is an industry, the workers are there, they're going to lose their jobs, the government is under pressure, Mr. Carter is under pressure, they're going to do something. They wouldn't do it to start with. They will do it to start with, Mr. Chairman.

The better example — and the Minister is going to have to contend with it — is what has recently happened in Nova Scotia. Is Jeremy Akerman the Premier of Nova Scotia? Do the New Democrats govern in Nova Scotia? Have I missed something, or maybe Gerry Regan is the Premier. Maybe the Liberals are still governing; maybe the last election did not really happen, and I have missed it or is, as I suspect, the Premier of Nova Scotia, a man by the name of Buchanan, a Conservative? What has been the lure to Michelin Tire, Mr. Chairman? Do you know what they have done for Michelin? Talk about investment of public funds. The province of Nova Scotia has given Michelin upwards up 14 million. They will not show it as a receivable. They will have no equity in the plans. They will not be alone. It will never come back. And on top of that — I am going to try to remember the figure, and if there is anybody in the House who can help me out, I'd like the help — they're getting another 40 million from the federal government; that there will be between 50 and 60 million given as an outright grant to Michelin to locate a factory in the province of Nova Scotia by Liberal and Conservative governments, Mr. Speaker, that's one and half times Saunders in one lure. Well, Mr. Chairman, the honourable member says they can sell their tires. I don't whether he was here long enough but if they can sell their tires and if the public is being asked to put up 50 million, why can't we have a piece of it? I want a piece of the sales. I'm doing what any other financier would do and I'm suggesting, yes, that you have to sell them. But I'll tell you, from what some of the Conservatives think is good business, Mr. Speaker, the Minister got up in his seat, we all remember it, and said they were going to build jet planes and he's hoping that in the building of those jet planes that maybe 2,000 jobs — am I too high? — He's going to try, the possibility of so many jobs in this, so many jobs in the other, perhaps it's 400 jobs, it doesn't make any difference. Are they going to sell those jet planes? What are those jet planes for? What have the jet planes been used for that we bought 20 years ago? The only jet planes on which there has been a profit through use are the ones that are shot down, the ones that were shot down over Vietnam. So if you want to know whether we can make money

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producing planes, I tell the House, without a doubt we can make money producing planes. On Conservative philosophy we could make money producing planes by flying them up and shooting them down. And we could have a massive tourist industry, Mr. Chairman. You know, you have the skeet shoots; they could say come to Manitoba, under Conservative philosophy, shoot a plane down and then we'd produce them again and there are jobs etc. And they say, Mr. Speaker, not I, they say that's good politics. There was jubilation, Mr. Speaker, jubilation in this country and in this province when we said that they're going to produce so many jet planes; that those jet planes would not be for use of any citizen; that they would not add to the wealth, the well-being of any person in this society, except on the contingency that there is a war, therefore, we create an incentive for wars in order to use what we have created; or they will just go by the boards and the good that we will get out of them is not the planes but somebody will be employed, some equipment will be sold, some community will say that now we have a factory in our midst.

Now, Mr. Chairman, the Minister is going to have to deal with this. He can do one of two things. He can say Manitoba's an agricultural province, we do not want chimneys in our province, we do not want manufacturing jobs or at least we're not going to do anything to get them, we are not going to create any particular incentives to them. And by the way, Mr. Chairman, by the way, it is not an unthinkable policy, it is not an unthinkable policy to say that we are going to maintain the present level of industry, we're going to concentrate on the agricultural base, on the resource base and industries flowing from them. But nobody has ever had the courage, or if not the courage, the wisdom to pursue such a policy so they say we want manufacturing. We've got the second biggest bus plant in Canada and one of the biggest in the United States. We've got a very good farm machinery plant and we had an aircraft plant and it worked and we're looking at another one. But the Minister is going to have to make a choice, Mr. Chairman, and I'm very interested to know how that choice is going to be made because he's going to be faced with two propositions, both of which he is a loser by; to leave manufacturing to the private sector and private sector investment; or to enter into the lure game with other provinces who have much more tasty and enticing lures than Manitoba can ever hope to offer. He won't take the third choice, and there is a third choice and I expect and I've always believed that choice is the position of the New Democratic Party, that we will look at what is being done with regard to public spending in the private business field and we will operate that public spending just as any other businessman would. We will do it on the basis of sound investments, we will do it on the basis of good feasibility studies but we will be owners where it makes sense to be owners. Now he won't do that because that, Mr. Chairman, as I have perceived it from this Minister, has been ever since he has sat in the House, been his distinction between the industrial development policy that he believes in and the industrial development of the New Democratic Party. Both sides say, Mr. Chairman, and under both systems public moneys will be invested.

That really does charity to the Conservative position. Under both systems public moneys will be spent or outlaid. Under the one system that public moneys will be invested in a non-businesslike basis, that is the Conservative way, and under the other system it will be invested on a businesslike basis and that will be the way that was being pursued, in the last two years of its administration, by the New Democratic Party government. Because I agree, and we have generally conceded, that the first years all we did was pick up the kind of investment program that was being pursued by the Conservatives and instead of having the money advanced as loans we advanced it as equity but we were still dealing, Mr. Chairman, with problem industries. And that stopped and the Minister knows it. In the last two years of the Manitoba Development Corporation and the last four years, from 1973-77, there was only one enterprise that was started after 1973 in which there was a loss and that was in total conjunction with the private sector, 50 percent-50 percent. It was Evergreen Peat Moss and it was a loss of 300,000. And of the total of over 150 million, that was invested by the Manitoba Development Corporation that wasn't recovered, well over half of it was in ventures that were started under the Conservative administration and under half of it was in ventures that were started by the New Democratic Party administration. The only difference, Mr. Chairman, was that we had ours listed as equity and they had theirs listed as loans. One of the most astonishing gifts of money was with regard to Columbia Forest Products which was an organization, 5 million and all the capital you need after that; and a judge said, contrary to what my friend the Minister always gets up and says, a judge says if you got a contract to invest the capital you can't tell them that you won't give them any more or they can quit; and they did and the province couldn't succeed in the case that they had with regard to that particular company.

So, Mr. Chairman, the Minister is going to have to tell us what he is going to do with regard to public spending or public investment and if, as I understand it, the difference is that public investments by the Conservatives will be like Michelin, where you give 60 million away, you don't show it on your books so you don't show that they owe you 60 million, so that's immediately written off. Well you keep using 10 percent, you don't show the 7 million a year that accumulates on that which you should be getting a return on if you've loaned it out at normal interest rates, so you avoid those losses. It was never better expressed by the Minister of the Department of Regional Economic Expansion who came to Manitoba and said, if we show it as a loan it clutters up the books and if we give the money away then there's no problem, there are no losses shown. That's very unbusinesslike, Mr. Chairman, and I believe that word, in a nutshell, represents the distinction between the investment policy of the Conservatives and the investment policy of the New Democrats, theirs is unbusinesslike. It will be necessary, it will be pursued as it was pursued under the Roblin administration but it is unbusinesslike.

**MR. CHAIRMAN:** The Honourable Member for Fort Rouge.

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**MRS. JUNE WESTBURY:** Thank you, Mr. Chairperson, would you please advise me, Sir, if this is the section under which we can talk about Manitoba Development Plan? —(Interjection)— I take it I cannot talk about Flyer Industries under this. I have some questions to ask, when I asked a question once before, another Minister answered as being responsible for Flyer.

**MR. JOHNSTON:** Mr. Chairman, Flyer is the responsibility of the Minister of Fitness and Sport, the Co-ops, who the Manitoba Development Corporation is responsible to and the committee hearings were held when the people from Flyer were available in the committee hearings to be questioned, I believe last week or two weeks ago approximately.

**MR. CHAIRMAN:** To the honourable members, I would suggest that questions under Flyer, if it comes under Business Development, would certainly be in order.

The Honourable Member for Fort Rouge.

**MRS. WESTBURY:** Thank you very much, Mr. Chairperson. It was not the staff people from Flyer I was interested in questioning, it's the Cabinet and the Minister who would be responsible for any expansion of Flyer if it was to take place. I asked a question in April relative to possible expansion of Flyer Industries, in view of the fact that the city is taking a serious look at electrification of the transit system, and in view of the fact that cities all over North America are looking at electrification again and it seems to a great many people that this would be an excellent opportunity for Flyer to expand into further programs. We understand that they are fully booked well ahead and I would suggest that is a very good reason to be looking at possible expansion of the industry. If they're fully booked, why not look at further needs and look at taking on further contracts from the point of view of supplying employment to the people of Manitoba. I'm afraid, Mr. Chairperson, that it's the Conservative philosophy which might perhaps make it difficult for them to accept expansion of Flyer. I would like to suggest that they open their minds and if there is a field here where expansion would be profitable for the people of Manitoba and would provide employment opportunities in an area where it's badly needed, that the government should be opening its mind to further development of that highly successful industry and I wonder if the Minister can perhaps reassure us that the government is looking at expansion.

Also I wanted to ask a couple of questions about the move by Flyer into building a plant in North Dakota and how that is going to affect our Manitoba industry. One would hope that is complimentary to the Manitoba industry and is not, in fact, taking any work away from Manitoba. So I would ask the Minister to tell us just how the North Dakota plant works in relationship with the Manitoba employment situation, please?

**MR. BANMAN:** Mr. Chairman, I think that it's unfortunate, maybe the member wasn't aware of it. During the Economic Development Committee hearings in the Legislature, questions of the nature

that the honourable member has asked about, can be solicited either from, I guess, the Minister there or the chairman of the board. Maybe I can just briefly indicate to the member that one of the problems we faced with regard to the operator of Flyer Industries is what's referred to as the "buy America" clause. It's been something that has bothered the company through many of the years of operation. One of the things the member has to appreciate is that, every time we bid on a U.S. contract, we have to ask for a waiver as far as the exporting and importing is concerned, and a waiver on the "buy America" clause. We are restricted at present to building the 40-passenger bus. In other words, if we wanted to get into a market where, for instance, a smaller transit bus that we wanted to build, there are suppliers in the States right now that are building those and we would be precluded from entering that market.

We have very aggressively, Mr. Chairman, asked for rulings with regard to this. We would, of course, like to get a blanket exemption under the "buy America" clause. This seems highly unlikely and the reason that we have even looked at a possible U.S. location is to make sure that we aren't left in a position where we can't bid on any U.S. business at all and we would be left in the rather unfortunate position, Mr. Chairman, of having to deal with the Canadian market only, and not only with the just the Canadian market, we have to exclude Quebec. The province of Quebec has made an agreement with General Motors that for the next 10 years the larger urban centres in Quebec will buy nothing but G.M. buses, in turn for the construction of a plant, I believe, it's in Ste. Therese.

Mr. Chairman, if the U.S. market would dry up on us, it would mean rather significant problems for Flyer because there is no way there are enough buses within the rest of Canada that could keep that particular facility going. As a result, what we have done now in trying to make the company viable and to try and bring it to a black position is we have programmed for something in the neighbourhood of 350 buses. We are now in the process of filling our order book. The way things are going right now, I believe we have two quarters for next year filled; we still have another two quarters to fill.

The member mentions trolley buses. We bid on an Edmonton contract; I understand we were low bidders but that doesn't mean we are going to get it. As a matter of fact, we might have trouble getting that. There's another big order coming out in Vancouver, but just because we are in the marketplace doesn't mean necessarily that we will get those contracts. So all I'm saying to the member is that the idea about having a plant, maybe a final assembly plant, to meet the American component requirements to come under the "buy America" clause, something like Motor Coach Industries does, where maybe you build a shell here; even though we buy the transmissions and the motors from the States, they are put in in Canada and aren't considered part of the American component. So maybe you'd have to look at doing the same thing Motor Coach Industries is doing; putting the shell manufacturing, everything, here and they're just taking the components that we buy in the States, the power train or whatever, assembling it there, which

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would bring us up to an acceptable American component level.

We are looking at all these different aspects. It's not a matter of just going out there and saying: Hey, Boston is buying another 200 buses and we're going to bid on that. It's a complicated business with people worrying about procurement locally. The United States government is no different than anybody else; they are looking at the "buy America" clause very carefully. As I mentioned, we've had people out in Washington who are trying to get the federal government to make sure that Flyer is included in any Autopac negotiations so that we receive some concessions there. So we are aggressively trying to stay in the marketplace and that is why we have explored several different options. It's my belief, after looking at the ups and downs that Flyer has faced in the last number of years, I think if we can reach a constant level of production and fill our order book with that, rather than dreaming of building 700 buses, if we could build about 350 a year and maintain a stable level so that we don't get into that boom and bust cycle, I think that's where we're shooting for.

Now, somebody can get up and criticize me for not building a bigger plant for 600, 700 buses, but I think one of our problems has been we build 600 buses and then we're down to 150. You can't maintain management; you can't maintain staffing in those fluctuations. So we're looking at a consistent production schedule, try to fill up our order book with regard to that and maintain the level of employment and quality of employment out at the field. That's where we're heading right now.

I would suggest to the member, if she has any questions, Economic Development Committee is the right place to look at it, because I know my colleague, the Minister of Industry and Commerce, who is concerned about the Autopac agreement and that we discuss these things, is not familiar with the day-to-day operations like I am.

**MR. CHAIRMAN:** The Honourable Member for Fort Rouge.

**MRS. WESTBURY:** Mr. Chairperson, you have stated that I may ask questions and I shall then follow up with a question. In the North Dakota plant, are Manitobans employed there or is that employing Americans? Also, can the local content requirements, both in Canada and in the United States, not be met to some extent by some subcontracting to locally located firms in the areas where we are bidding on a contract or where we anticipate that we will be bidding on a contract?

**MR. BANMAN:** Mr. Chairman, I'll just mention this and I'm going to sit down because I don't think this is the right place to discuss this. We're talking Flyer and it's a Crown corporation which I am responsible for and my estimates aren't up. So let me just reiterate to the member, and I guess this is the problem when maybe I haven't been clear enough or maybe there was an article in the newspaper which blew up this North Dakota thing. There is no plant in North Dakota; there are no employees in North Dakota. The only thing we have done in order to protect ourselves in anticipation of maybe some "buy

America" clause is spend a few hundred dollars and incorporated a company in North Dakota. That's all that has happened. It's a shell company; there isn't any activity in the company. It's dormant but it's a contingent thing. We would hate to see us put in a position of not having any contingency plans should a "buy America" clause be invoked. We are working on that. There are no plans to set up a factory in North Dakota. We have pressed the federal government to make sure we are included in Autopac. We are trying to get a blanket waiver of the "buy America" clause which means all the employment and as many components as possible would be manufactured here in Manitoba.

**MRS. WESTBURY:** Mr. Chairperson, I thank the Honourable Minister for his answers and I'd like to go on to another point. Reference was made by an earlier speaker to the proposed helicopter manufacturing plant in Gimli. I wanted to ask the Minister whether the government did formally present a letter showing its requirements, as the lawyer for the group had suggested they need, and what the results of sending that letter have been. Earlier in May, the Honourable Minister of Economic Development made a statement to the effect that the decision may be delayed for some time in the wake of a consultant's report. Would the Minister please give us his reports now on what is developing in this whole area, please?

**MR. JOHNSTON:** There was a letter, Mr. Chairman, that obviously has been passed around. I'll have to be careful who I send letters to, I guess, but it's public knowledge that there has been a letter stating that the facilities in Gimli are available and that they would be welcome in Manitoba providing all of the things that I just finished mentioning, possibly 15, 20 minutes ago, before the Member for Inkster spoke. The report is in the hands of the federal government. We have to depend on the federal government regarding aerospace industry to a very very large extent. We don't have the expertise here and, if it's going to happen, it's going to have to be with the assistance of the federal government. There's no question about that. But at the present time, they haven't made any decision and it isn't our intention to make any decision on the helicopter plant in Gimli until that happens. But we didn't, as the Member for Inkster says, tell the people to go away. We will look at it, and it's as simple as that.

The Member for Inkster — I would disagree with him on one point — when he says that Manitoba hasn't got a lot to offer. Manitoba is probably in one of the most geographically advantageous situations than any other province in Canada at the present time. As I mentioned earlier during my estimates, if you drive 500 miles a day for three days, you'll be on the outskirts of the North American continent. We have all of those things that are in our favour and we are now developing a tremendous market in the west of us. We do have some excellent lures and, as I said before, that we would negotiate. I'm told the Member for Rossmere that we don't have a program but we will look at things.

I'd say also that, you know, while we don't have the largest share of manufacturing in Canada, our manufacturing has increased. Investment has

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increased steadily since 1977. We've gone up over '76; we went up from 1.38 to 1.31. In '78, we went to 1.41; in '79, we went to 1.48 and the intentions for 1980 are for 1.53, which are very good increases that I have mentioned. Our leather manufacturing has increased considerably; it's higher than the Canadian average. Clothing is higher than the Canadian average, the increases. Furniture fixtures are higher than the Canadian average. Printing and publishing, primary metals, metal fabricating, machinery, transportation equipment and those manufacturing industries have all increased in the past two years in the province of Manitoba. We are increasing in those areas higher than the Canadian average. So, you know, there are some lures to the province of Manitoba.

When the member comes to the point, which I'm sure he was trying to make, that the government of Manitoba at the present time, the philosophy is not to be in business — as much as possible not to be in business — the government's philosophy is to provide jobs for Manitobans, receive tax dollars, recreation, infrastructure and all of those things that governments rightly should be doing.

I think the member knows very truly that when he says we part company about 180 degrees, we do. We do on that particular subject. It has been debated many many times in this House and I would say that I disagree with some of the lures that Manitoba has. We use DREE, as the honourable member knows, and I mentioned DREE earlier in my estimates; we use it very extensively in the province because we would be very foolish, with the competition there is around us at the present time, not to use it. We are very aware of the competition that is around at the present time and there are a lot of companies that won't even talk to you if you talk equity. So you have to look at every situation but it is not the government's philosophy to be in equity, Mr. Chairman.

**MRS. WESTBURY:** Thank you, Mr. Chairperson. I have a further question with respect to the construction of new fighter aircraft for Canada's Armed Services. Can the Minister please advise the House as to what progress is being made by those officials of his department who have been working toward securing some of this work for Manitoba?

**MR. JOHNSTON:** It does come under marketing, Mr. Chairman, the fighter program. It's under the marketing and we have two people, one on contract, that have been working very extensively with that program.

**MR. CHAIRMAN:** The Honourable Member for Inkster.

**MR. GREEN:** Mr. Chairman, I'd like to make sure that my honourable friend, the Minister, knows at which point I believe we part company. I'm not suggesting that infrastructure and other things are not normal activities of government. What I am suggesting is that when the Minister talks about the outlay of public funds, it is his position that the outlay should be in the form of grants or loans. Now he says that the companies won't talk equity. That means that they are losing something and it's our

position that if public funds are invested that the public would take a businesslike position, the same as an investment, and I'm glad that the Minister — because for a while I thought he was going to sit silent — has confirmed, by and large, that what I have said constitutes the difference.

But Mr. Chairman, the fact is that, within the last ten minutes, there have been indicated two lures which we cannot match. One was; the province of Quebec said that the only buses they will buy they will buy from General Motors. Now, when we did that in this province, as a reaction, the Conservatives came down on us, and all of the business community came down on us. They said, you have got Winnipeg as a captive buyer of Flyer buses. A captive buyer; we couldn't bid on the Quebec market. Mr. Chairman, the record will already show this, but I wish to underline the record, because something has been said by the Liberal spokesman in this House, that in my most optimistic days, and there weren't many of them with some of these enterprises, I would not have said, but I wish it underlined, that the Liberal spokesman referred to Flyer — and I'm trying to remember her very words — as that highly successful company. Mr. Chairman, I have indicated what the Liberals and the Conservatives regard as highly successful. It doesn't matter how much public money is in there as long as there are jobs and they are selling a product, such as the airplane. But Flyer has not been a highly successful company; I would not say that, I could not say that. Flyer has had some successful years. I certainly feel that Flyer has been maligned, in particular, one particular statement keeps coming from one of the newspapers in this province, to the effect that a Minister got up in the House and said that Flyer will lose 3 million a year forever, and that there will never be any change, and has continued to say this. That has never been said, Mr. Chairman. What was said, at the instance of the Board of Directors of the Flyer Coach and the Manitoba Development Corporation, and they were quite right, that it should be announced to the public of money that, on the basis of existing marketing and existing problems, Flyer can expect to lose 3 million a year. But they were going to make efforts to see whether that could be turned around. And one of the efforts was the American market. And other efforts were to see whether they could cut expenses, rationalize production, and other things of that nature.

So it has never been the statement, and this is where we get down to the question — the Attorney-General is here — and you ask whether this question is a question of fact or a question of opinion. The facts are that a certain statement was made. The opinion of the editorialist is that something else was said. How do you know whether it's libelous or defamatory? But the fact is that statement was never made.

The spokesman for the Liberal Party has referred to Flyer as a highly successful company. I want to tell that spokesman that during the years 1973 to 1975, the most venomous attacks and the most industrially sabotaging attacks, were made by the spokesman for the Liberal Party and by the Leader of the Official Opposition, as he then was, the previous Member for River Heights. So, in spite of that, we now have, which I consider to be some movement, the

spokesman saying that Flyer is a highly successful operation in the province of Manitoba, and wishes to see it expanded.

Mr. Chairman, the Minister has referred to increases in investment in the province of Manitoba. There wasn't a year between 1970 and 1977 when there weren't increases in investment, capital investment. The difference is that we included the entire capital investment, and the Conservatives have insisted on limiting it to the private investment. But in every year, you can go back to the budgets, between 1970 and 1977, there was an increase in investment dollars in terms of capital investment in the province of Manitoba. Some of it was money that we didn't recover, the biggest of all was 180 million, spent by the public, to build a pulp mill at The Pas, Churchill Forest Industries. And 180, I believe, is a conservative figure. So the investment was there. It's not as if it wasn't there. And it will be needed again, Mr. Chairman, it will be needed again for the very reason that one Minister got up in the House today, in answer to a question from the Member for Transcona, and said, when there is a drought and we are starving, will you do things to create work? And the Minister didn't say, the public isn't going to put money into work creating programs, he took out a piece of paper, that's exactly what the Premier is talking about, in terms of his speech in Brandon.

Now, I'm not, Mr. Chairman, a great fan of work-creating programs for work-creating programs themselves. It's much better if your combined public and private program is creating full employment, but if it's not creating employment, then it costs money not to engage in work-creating programs. And Mr. Chairman, I'm not saying this as a queer idea of New Democrats, it is the position of substantial economists in the country, it's the position now, of the Premier of the province, who says we have to spend money to create work-creating programs, but Professor Ruben Bellan has for years, indicated that any moneys spent to take a person who is unemployed and make him employed has got to be a net gain, in terms of wealth creation, and it should only be the part that hasn't been covered by your public and private programs, but you're going to need it. The Minister is going to need it. And he's going to invest public funds. He's going to do what the Conservative government in Manitoba did; he's going to do what the Conservative government in Alberta does; he's going to do what the Conservative government in Ontario does; he's going to do what the Conservative government in Nova Scotia does; he's going to do what the Conservative government in New Brunswick does. And when the Bricklin went down, Mr. Hadfield didn't say it was a mistake, it was a disaster, it was a socialist experiment, 22 million invested in a sports car. He said, now more than ever, the province of New Brunswick has to take initiative in providing public investment to creation of manufacturing industries within our province.

It's going to be done, it is being done, in the province of Manitoba, and the Minister is right to look at an aircraft plant in Gimli; he is right to assess the feasibility of it. But he is wrong, Mr. Speaker, and this is where the 180 degrees takes place, he is wrong to say that the public moneys will be given as gifts or loans. In no case will the public invest money

on a businesslike basis. They invest money on a Progressive Conservative unbusinesslike basis.

**MR. CHAIRMAN:** (1)—pass — the Honourable Member for Brandon East.

**MR. EVANS:** I only have a couple more questions on this item and then perhaps we can pass it if no other member wants to speak, maybe after 8:00 o'clock. But I had a number of questions with regard to the McDonnell Douglas manufacture of a fighter aircraft and its impact on the province of Manitoba, and I'm wondering whether the Minister can bring us up-to-date as to what is happening, how much work is being allocated to the province of Manitoba, how does that translate into work . . . ?

**MR. CHAIRMAN:** Order please. The hour is 4:30, time for Private Members' Hour. I am interrupting the proceedings and I will return at 8:00 o'clock this evening in committee.

## IN SESSION

### PRIVATE MEMBERS' HOUR

**MR. SPEAKER:** Order please. We are now under Private Member's Hour. On Mondays, the first item of business is Resolutions.

#### RES. NO. 6 — SALE OF MCKENZIE SEED COMPANY

**MR. SPEAKER:** Resolution No. 6, standing in the name of the Honourable Member for Ste. Rose. The honourable member has 13 minutes remaining.

**MR. A. R. (Pete) ADAM:** Thank you, Mr. Speaker. I spoke previously on this resolution, Mr. Speaker. I did speak on the amendment, but I believe that I would support the amendment but I find that it perhaps goes a big too far. I would not want to take a position where we would be 100 percent in favour of taking back the company, it would depend on certain circumstances, Mr. Speaker, although I strongly believe that the company should be kept in the public sector as a precaution against losing this company. Because that is the trouble with the problem of allowing the private sector to be involved in anything, you have no options and this is what I find quite often happens with the government. They are so dogmatic in their approach to the economic development of our province that they get themselves boxed in, and I think that's what's happened in the mining field, and this is the danger that I find, again, with this particular company, you leave yourself no option at all when you have everything held in the private sector.

I would strongly believe that we should retain this company as a public company, because Mr. Speaker, there is always the danger of a private entrepreneur or a purchaser of McKenzie Seeds who would in turn decide that it's more profitable for him to transfer his operation into Ontario. And if the purchaser of McKenzie Seeds finds that is more profitable for him to do, certainly no one can blame that person for making that decision to move the company from Brandon, in the province of Manitoba, to some place in Ontario or some place perhaps

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where the market is larger. I wouldn't fault any private entrepreneur for doing that, and that's probably what he should do, but that is not in the best interests of the people of Manitoba and those people who depend on jobs from McKenzie Seeds. I believe that the public should be involved to some extent, I think we should have a good mix, a good mix of economic development, between the private and the public, Mr. Speaker. I know that the Minister of Education is probably going to speak after me, Mr. Speaker, or I don't know, maybe the Minister of Water Resources if he comes in time before I sit down, Mr. Speaker, but I feel that it's in the best interests because we can go through many towns in the province of Manitoba today where we find that they exist primarily because of public services in those communities. There are many fairly substantial towns, population of 500 or 600 up to 1,000 and more, I know I can speak of Portage la Prairie where, you know, some of these towns, if we took privatized all the services that are provided by the public, they would just wither and die on the vine, Mr. Speaker, there would be nothing left. I don't want to mention any names of towns to make people feel bad but, you know, I can take anybody who would like to go, I can take anyone out to see many towns where, in fact, I know one town where I was just recently, where there are about 20 residences for sale. It's not a large town, Mr. Speaker, there's only about 500 population or so, there are 20 residences that are up for sale and I was told by one of the businessmen there, not too long ago, that half of the town was for sale and I presume he was speaking also of private residences. But I took a drive around the business sector to see actually what was happening and I saw five For Sale signs on businesses, Mr. Speaker, so I say that the public should be involved. Here is another instance where the public should be involved because otherwise many many towns will just die on the vine, Mr. Speaker. That is why I try to give an example of what is happening because many towns in the province, if there is no public involvement in some way or another, they are going to die on the vine. If you take out the education and the highway crews and the telephone crews and the water crews and so on, well they're in trouble.

So, Mr. Speaker, I'm going to support this resolution but I have some reservations because I feel there may be some circumstance, if the company is sold, we hope it's not sold, I would strongly suggest and recommend to the government not to take the chance of it being privateered and moved out of the province; I would strongly suggest that they hold it in the public sector. But if they so decide, Mr. Speaker, to sell it and the resolution is amended by saying that anyone who does buy this company will be reimbursed, any purchaser, only to the extent of actual cash outlay, plus interest, Mr. Speaker, I would have to have some reservations because I don't think we'd want to buy it back in every circumstance. There may be things that happen that it may be just as well it does remain in the private sector.

So, with those reservations and those caveats, I would support this resolution, Mr. Speaker. I think I covered most of the ground in my earlier remarks

but basically this is my position. I'm going to support this resolution anyway.

**MR. SPEAKER:** The Honourable Leader of the Opposition.

**MR. PAWLEY:** Mr. Speaker, one cannot examine this resolution without examining another aspect of federal and provincial governments' policy. We cannot deal with this particular resolution in isolation from other developments which are occurring and that, specifically, is the introduction of Plant Breeders' Rights legislation at the federal level, legislation which will, in fact, provide a development of monopoly control, insofar as certain specialized seed companies are concerned, mainly, Mr. Speaker, providing greater control to multinationals. It was therefore with regret, Mr. Speaker, that we learned, but the other day, that the Minister of Agriculture, Manitoba government, supported the Liberal government in Ottawa, in respect to the introduction and passage of Plant Breeders' Rights. We would have thought that the Minister of Agriculture in the province of Manitoba, rather than following along behind the Minister of Agriculture in Ottawa, would have demonstrated some initiative on behalf of those in western Canada that could be adversely affected by the passage of this legislation.

We look forward, Mr. Speaker, to extensive debate with the . . .

**MR. SPEAKER:** Order please. The Honourable Government House Leader.

**MR. MERCIER:** Just on a point of order, Mr. Speaker, the question before the House is the Resolution Amendment proposed by the Member for Inkster as to whether the House shall give notice to prospective purchasers etc. and I wonder if the Leader of the Opposition could somehow make reference to the subject matter before us.

**MR. PAWLEY:** To the point of order. If the House Leader had listened to my opening remarks, I'd indicated very clearly that there is a clear connection between Plant Breeders' Rights and what will happen as a result of passage of Plant Breeders' Rights with the privatization McKenzie Seeds in Brandon. Because what will happen, Mr. Speaker, is what is happening elsewhere. For example, in Britain, in one week Rank, Harris, McDougall, a flour milling company of substantial size, purchased 84 country seed companies after knowing that Plant Breeders' Rights legislation was going to be passed in Britain. Amongst those that bid, in respect to the sale of McKenzie Seeds, were two large multinational seed companies: W. Atlee Burpee Company representing International Telephone and Telegram and Sandoz representing Northrupping Company, another large multinational corporation. Those two large multinational corporations bid and were interested in the purchase of McKenzie Seeds. Why were they interested, Mr. Speaker, they were interested because they foresaw the development of what is happening by way of the introduction and passage of Plant Breeders' Rights legislation. Mr. Speaker, if we are to ensure that the public interest is maintained, then McKenzie Seeds in Brandon must remain a

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public company, as it has for many many years. Years prior to the election of a New Democratic Party government in 1969, McKenzie Seeds was a successful public corporation and, Mr. Speaker, expanded the operations of that company during the period 1970-77, under the capable leadership of the then Minister of Industry and Commerce, to an extent that 70 percent of the package seed business in Canada was controlled by Steele Briggs. It was because of the foresight, Mr. Speaker . . .

**MR. SPEAKER:** Order please. I hope we would allow the honourable member the opportunity of making his remarks.

**MR. PAWLEY:** It was because of the foresight of the then Minister of Industry and Commerce, under the previous government, that ensured that McKenzie Seeds would not simply continue as a public corporation . . .

**MR. SPEAKER:** Order please. I hope that all members, and they all have an opportunity to take part in debate, if they wait for their opportunity the time will come.

The Honourable Member for Selkirk.

**MR. PAWLEY:** Mr. Speaker, thank you very much for your kind assistance. Mr. Speaker, it was that sort of initiative and leadership that not only provided for the retention of McKenzie Seeds, as a public corporation, although there were some in the province that would have suggested that it be privatized but also, under that Minister's leadership, that provided for the expansion of McKenzie Seeds, through Steele Briggs, to the point that Steele Briggs obtained 70 percent of the package seed business in Canada; that we do have, I believe, a public seed company in Manitoba that Manitobans can be justly proud of. And, Mr. Speaker, we will not allow, we will now allow that seed company, owned by one million Manitobans, to be sabotaged by the irresponsibility of a government which has demonstrated irresponsibility from one act to another and, unfortunately, with the Minister of Transportation present, he has probably demonstrated the worst irresponsibility of the lot, across the way.

Mr. Speaker, as I indicated a few moments ago, the major concern that the Opposition has to ensure that McKenzie Seeds remain in the public realm is because of the developments at the national level pertaining to Plant Breeders' Rights. Plant Breeders' Rights provides for the potential of monopolization of the seed industry; the increasing of costs to those that depend upon seeds; the increasing concentration of agricultural industry, to the extent that it's owned by fewer and fewer from the farm to the consumer; and if we are to ensure that there is an equitable distribution of that which is produced in abundance in this province, by way of seed, it does not come, in agricultural industry does not come by monopolization, it does not come by placing in motion processes which could lead toward McKenzie Seeds being gobbled up by those that would be gobbling it up, not for simply the purpose of buying a seed company but to increase their monopoly, their power, that they would be enjoying as a result of this legislation that is now before Ottawa.

I would have hoped, Mr. Speaker, that at least on this matter we would have seen some separation on the part of this government from what is happening in Ottawa. In saying those words and expressing support for the amendment, Mr. Speaker, we are not unmindful of the fact that there may be circumstances in which the employees may purchase McKenzie Seeds, in which a co-operative may in fact establish ownership of McKenzie Seeds; that a New Democratic Party government would not, under those circumstances, reacquire the assets. It would depend, Mr. Speaker, upon the circumstances. We say that McKenzie Seeds ought to remain public; we say that the potential is great, great, Mr. Speaker, for abuse and for a prejudice to the interests of Manitoban agriculture, in the long run, by McKenzie Seeds being transferred to private ownership, private ownership that in all likelihood would lead to multinational control and increased power through new Plant Breeders' Rights legislation being processed in Ottawa; we say that the soundest and safest course is to retain McKenzie Seeds in the public domain. And if this government does, in fact, dispose of McKenzie Seeds in such a manner, in such a way as to strengthen that opportunity for abuse of the interests of Manitobans, then, Mr. Speaker, a New Democratic Party government would reclaim ownership of McKenzie Seeds on behalf of all the people of the province of Manitoba.

So, Mr. Speaker, we will be supporting the amendment that is before us, expressing clearly the position being accepted by the Opposition and with the caveat and understanding clearly expressed that we do not intend, of course, to take it to the absurd by becoming involved in repurchase, if it was being owned and controlled at the local level by employees or a co-op and as long as it was being maintained at the local level and was not being processed in such a way to eventual transfer of ownership that would lead to the loss of control within Manitoba, and of course, Mr. Speaker, we must keep in mind that this government may very well end up in decimating McKenzie Seed. We're not going to take over an operation after it's been decimated because of irresponsibility across the way. We recognize that as a contingency because of the processes that the government across the way have commenced and initiated.

With those few words, we support the amendment. We say keep McKenzie Seed in public hands. By keeping McKenzie Seed in public hands, accountable to all the people of the province of Manitoba, we shall ensure, we shall best ensure, that McKenzie Seed will not be turned into a pawn on behalf of multinational seed companies, including I might mention by way of interest, Royal Dutch Shell Oil Company, which is now the world's largest seed company. I don't know whether you're aware, Mr. Speaker, that Shell is the largest seed company now in the world and will be receiving tremendous potential and opportunity through this legislation that's presently being processed in Ottawa with the support of Manitoba's Minister of Agriculture. Yes, tremendous opportunities being provided. So if we are to ensure that McKenzie Seed operates in the interests of all Manitobans, McKenzie Seed should remain a public Crown corporation. That is the only

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safe secure way of ensuring that the interests of all Manitobans are protected.

**MR. SPEAKER:** The question before the House is the proposed motion of the Honourable Member for Inkster, that the resolution be amended as follows:

BE IT FURTHER RESOLVED THAT this House give notice to prospective purchasers that a new government will reverse any privateering of McKenzie Seeds and will reimburse any purchaser only to the extent of actual cash outlay, plus interest, at a maximum to be offset by any deterioration caused to the Company by any mismanagement while under private control.

**QUESTION put on the Amendment, MOTION defeated.**

**MR. PETER FOX (Kildonan):** Yeas and Nays, Mr. Speaker.

**MR. SPEAKER:** Call in the members. Order please. The question before the House is the proposed amendment of the Honourable Member for Inkster. All those in favour of the Motion please rise.

**A STANDING VOTE** was taken, the result being as follows:

**YEAS**

ADAM	BARROW
BOSTROM	BOYCE
CORRIN	DOERN
EVANS	FOX
GREEN	JENKINS
McBRYDE	MALINOWSKI
PARASIUUK	PAWLEY
SCHROEDER	URUSKI
USKIW	WALDING

**NAYS**

ANDERSON	BANMAN
BLAKE	BROWN
COSENS	CRAIK
DRIEDGER	EINARSON
FERGUSON	FILMON
GALBRAITH	HYDE
JORGENSON	KOVNATS
MacMASTER	McGILL

McGREGOR	MERCIER
MINAKER	ORCHARD
PRICE	SHERMAN
STEEN	WESTBURY
	WILSON

**MR. CLERK:** Yeas 18, Nays 25.

**MR. SPEAKER:** I declare the Amendment lost.

We are now dealing with the main Motion, the Motion as presented by the Member for Brandon East.

The Honourable Member for Virden.

**MR. MORRIS McGREGOR:** Mr. Speaker, in speaking in opposition to the main Motion, I would just like to say I really feel this government is doing everything it can to put the company on a solid footing, to make it a viable and prosperous operation, no different than the former administration. I have a personal, maybe one can say, a stake in here. I live close to Brandon. I know a lot of the employees at McKenzie Seeds and would like to see their future on a more secure basis because there is some concern of where is McKenzie Seeds going.

I think, a couple of months ago, I was invited to sit in with the Minister when the "Save McKenzie" group was in here, and one of the members said to my Minister, do you mean your attitude is exactly the same as ours is? And the Minister said, yes, exactly. This company is one that's dependent on, as agriculture goes, as the weather goes, so goes McKenzie's. Last year, we know their sales were down because we had a wet and cold spring. This year, it probably won't be an awful lot better because of the drought.

I knew quite a few of the members of the old board, very capable people. Now, there has been a new board selected, and I'm sure they'll come in with new ideas. I'm all for, if there was a move, for the employees to own this company. As I've said many months ago, if a deal could be arranged, I would be quite willing to buy some shares. Just referring to the new board of directors alone, most of them I know pretty personally. The President, Ed Mazer of Brandon Implements, a very solid company, and I'm sure Mr. Mazer has got a lot of problems, far beyond McKenzie Seeds, but he's a capable young fellow. Frank Collyer, a car and machine dealer from Killarney; Keith Lewis, an accountant from Dunwoody and Company, a very capable accountant; Conn Christianson, a retired businessman; Craig Stuart, an ex-MP, and a very capable MP while he was in Ottawa. —(Interjections)— PC as a matter of fact. Andy Wilton, of Wilton Implements; Henry Rempel, these are all Brandon, and A. E. McKenzie's daughter, Mrs. Roberts, who lives in Winnipeg but certainly has her heart in that company. And of course, Ian Blicq, that's been here, not as long as McKenzie's, but he's been here associated with the economic development for many, many years. I'm sure that group of people are going to have suggestions to the Minister and probably a different

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view, but I get just a little bit upset and I guess that's because I just don't really understand politics. If you're here, you condemn everything they're doing there. We were there, we condemned the people over on my left.

But really, as I look back on the file here, the same approach is being made to the Member for Brandon East, or through the Honourable Member for Inkster over the years, you go back to 1975, February, April 1970, and the different companies that were being approached at that time, and that was good of the Minister. That was the right thing to be doing. That company did need extra help, be it Ciba-Geigy in June of 1975 or the same company back slightly earlier than that. It turned out they didn't make a deal, but it was also quite aware that the people and the Minister did realize that there were problems here, that they needed additional, or sponsorship and co-operation with other companies.

Most of the things that I would be saying, I said earlier, that when the amendment was slightly out of order, and in any case, I feel strongly that this company is going to stay in Brandon, regardless of whether we are in power or someone else, because it would be less than the responsibility of a responsible Minister not to aim to help and to keep A. E. McKenzie's all the many years. I'm sure if we knew some of the earlier pioneers, that company probably struggled many times in the 80 years of this century. I think it started at the tail end of the last century.

I just say, I congratulate my Minister for sitting down with this board and trying to get new ideas and new thrust, and I'm sure that will be the net result when these new board members sit down and really add and subtract. You can't expect them to come back to the Minister after a month or two in office and say, this is the way we see it. These business people are broadminded and tough-headed businessmen. They're not going to come back until they have a blueprint of a future for this company that will keep it in Brandon, and I just think that board of directors will do just that, and it might be that the government of the day has to put in a little more to ease up this debt load that's there, in total I guess around the 10 million.

So with that, that's probably my remarks and I would just like to propose an amendment. I move, seconded by the Honourable Member for Gladstone, that the motion be amended by striking out all the words after the words "economy of Manitoba" in the last line of the second WHEREAS and preceding the third WHEREAS, and substituting the following:

WHEREAS the government of Manitoba is committed to a principle that McKenzie Seeds Company become a viable and prospering company at Brandon; and

WHEREAS the government of Manitoba is looking for opportunities to improve and expand the marketing activities and employment opportunities at McKenzie Seeds Company; and

WHEREAS the government of Manitoba is dedicated to the principle of exploring all avenues available to them to accomplish these objectives;

THEREFORE BE IT RESOLVED that the Legislative Assembly of Manitoba encourage the government to continue its publicly stated objective of endeavouring to strengthen the operation of McKenzie Seeds for

the benefit of the economy of Brandon and Manitoba.

**MOTION presented.**

**MR. SPEAKER:** The Honourable Member for Inkster.

**MR. GREEN:** Mr. Speaker, I welcome the proposed amendment, not because I think it's a good amendment, but because I think that it delineates differences in political positions, both sincerely held, that should reflect itself in the Legislative Chamber of the province of Manitoba. From the moment that this debate started, both sides of the House have asserted their desire to maintain a packaged seed plant in the province of Manitoba which will be viable and which will employ people. I don't think that there has been a word of difference of opinion on that question, and I think, Mr. Speaker, that it's important that the people of the province of Manitoba know that there are differences of opinion in the Chamber, and the difficulty that this amendment poses for people who will not underline and reflect those differences is that anybody who is merely interested and says that it is just as good to have this company operated in the private sector on the basis that the company will be viable and that there will be jobs employed, could be Liberal or Conservative. — (Interjection)— Mr. Speaker, my friend, the Member for Morris says, shame. I respect Liberals and Conservatives, I just don't agree with them. And by the way, if it comes as a shock to them, I think that they believe just as sincerely and as strongly in the rightness of their position as people who don't agree with that position believe sincerely and strongly of the rightness of their position.

So we have to find out, really, whether there is a difference between public ownership and private ownership, particularly as it reflects with this particular company. And there is no secret, Mr. Chairman, that as part of my own political initiative, that I believe that there should be more public ownership. Now, the people on the other side would like to exaggerate, and exaggeration is not a characteristic which is exclusive to Liberals and Conservatives. We do it over here, too. I don't know if I say "we" whether I'm going to offend people who won't associate with that we, but exaggeration is not an unheard of thing in Legislative Chambers. So the First Minister, if he heard me say that I believe in more public ownership, he would say, Karl Marx, the embodiment of Karl Marx. He somehow lives with the fact that Hydro is publicly owned, and speaks very proudly of Hydro. He somehow lives with the fact that even Churchill Forest Industries is now publicly owned and sometimes speaks proudly of that company, and there are many other agencies which he will accept public ownership of.

Indeed, Mr. Speaker, the world has moved. My friend, the Member for Morris always likes to tell me that his government has proved that my thesis that social democracy or socialism, or whatever label you want to attach to it, moves society in a certain direction, and then when the Conservatives come in, they merely mark time. They don't go backwards. And that government attempted very strenuously to show that yes, we do walk backwards, and they

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started to not only stand pat but claimed to be undoing some of the things that the New Democrats have done: Like Autopac, you know there were noises; like the mineral resource program, there were noises. Now we find that Autopac, Mr. Speaker, is spoken of proudly by my arch-Conservative friend, the Member for Lakeside, the Minister to whom Autopac reports, as the finest automobile insurance company in North America. And I am proud that he is proud, because I do think that we take pride in our public institution.

And my arch-friend, the Minister of Finance, who said that we are going to get out of any involvement in mining, he is now happy, the Minister of Tourism, the Member for La Verendrye, he overruled; the Manitoba Development Corporation wanted to sell the 25 percent in Tantalum, he said, no, we're going to keep it.

Now, this motion reflects a principle, Mr. Speaker. There has to be a certain amount of public ownership. I made those remarks when the Minister of Industry was talking and indicating that this economy will not survive, it will not progress without a certain amount of public ownership, and the question is, where are the areas where public ownership is going to be either kept or improved upon, and we've indicated in no uncertain terms that in the mining area it has to be extended, that in the area where public moneys are utilized in any event . . . And that's one of the biggest embarrassments to my friend, the Member for Morris, because he got up in this House and said, I wouldn't give grants, I wouldn't give loans, I would stay out. He did say that. And he said that on a television program with me, and he, like I, have to sit amongst a group — and by the way, we are not to be self-righteous; the fact is that they may be right and we may be wrong — but the fact is that he has to live in a conceptual government which is not merely his point of view, but everybody else's point of view. And therefore, he will live with a certain amount of mining, he will live with a certain amount of public grants to private business.

I repeat, the area is, where can you show that public ownership is valuable, and where can you keep some initiative and where, most important of all, Mr. Speaker, can you get the expertise? Because the thing that the public lacks more than anything in the area of commercial development is expertise. With the mining companies it's just as easy, philosophically, to go 100 percent as to go 50, and I got up in the House and I said the reason that we're going 50 is because all of the aggressive progress-oriented people are now in the private sector. It's not as if they got there by some magic, that was the only place to be, it's the only place where the action was and, therefore, it was necessary to develop hand-in-hand with the people who were aggressive in the industry and that's why 50 percent makes sense. But, Mr. Speaker, I say without hesitation, that if you had the expertise, 100 percent makes more sense. I'm talking about the resource-based industries which the public owns to start with and really developed, in years gone by, by giving away.

The other areas, Mr. Speaker, are where the public is already the owner and this is one where the public is already the owner. The public is the owner, Mr. Speaker, because it received this business — and

I'm not perfectly acquainted with the history — but it's said to be a gift by McKenzie to the Brandon University. I don't know whether it was that much of a gift because I don't know that it had any value when it was gifted. We were approached, when we were in government, by people who wanted to give us things, like law books. The reason they wanted to give us things is that they wanted to then value those law books, put them down as a gift and get that as a deduction from their income tax.

Now I'm not suggesting anything of that nature with regard to McKenzie Seeds. All I'm suggesting is that it was a public enterprise, that for years it lost money, that when the New Democratic Party came into power there were aggressive moves made, some of them which proved to be good, some of which proved not to be so good, which happens in every business. But on the whole, Mr. Chairman, we could see the development of a viable public-owned company and that is very important for a government that has, as one of its features, the development of public ownership. McKenzie Seeds was a good example because even under adverse conditions the writing was on the wall that it could be successful. If we did CFI bookkeeping McKenzie Seeds has never lost anything, if we said that the moneys that we have advanced are not loans, but they are grants; if we did DREE bookkeeping, it would never have lost anything because the large portion of McKenzie Seeds expenses — and I will admit that I have not looked at the last statement where all kinds of changes were made in valuing inventory, etc. — but there was a 750,000 loss. But there may have been 750,000 in interest paid. The interest charges would be in the neighbourhood of 750,000.00. So if the equity, if the amount that was invested in loans was changed to equity, McKenzie Seeds would have very very good returns every year and I, for one, said that I wouldn't do that because I wasn't changing the operations of the company and it was better to know what your interest losses were because somebody pays the interest, the money doesn't come from nowhere. If the province puts up the money and puts it up as shares, then the province has a deadweight debt which shows interest on its payables and it's going to be there, it doesn't disappear. It's only Liberals and Conservatives who make interest disappear by saying we'll deal with grants, that the DREE money — the Member for Morris should understand that Ottawa and Nova Scotia have just given a 64 million grant for Michelin. They've given multimillions of dollars to Chrysler, mind you that's a loan; that's to come back, that is a loan guarantee. But the 64 million to Michelin —(Interjection)— The Member for Morris says, "at least pure in this respect" and I have never had the occasion to challenge him but it doesn't work because they're giving it. It's a Liberal government on the one hand and it's a Conservative government who are giving 64 million to Michelin, in addition to giving it they're changing the labour laws to suit Michelin.

The Member for Thompson would appreciate that. Your Ministry of Industry comes to you and says that we can lure a company into this province provided you change the labour laws. They did it in Nova Scotia. Do you know what they did? They said that in order to get certification at Michelin, in a three-month period you had to have over 50 percent of the

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employees at every plant of the province, not one location, every plant. And when they brought in the legislation they had over 50 percent in one of the locations.

**MR. SPEAKER:** Order, order please. I realize the honourable member is very interested in Michelin, but we are dealing with McKenzie Seeds.

**MR. GREEN:** It's all, Mr. Speaker, part of the same principle and it's certainly of interest to the Member for Thompson, the Minister of Labour, who I indicated on numerous occasions that if he managed to keep the Conservatives out of restrictive labour legislation that I would compliment him in advance. I compliment him in advance and now I compliment him retroactively because he has done it in certain areas and he has not brought in the restrictive labour legislation. But, in Nova Scotia, the Conservatives brought in legislation to suit the luring of that company. So, Mr. Speaker, it is relevant to this issue and to vote for this resolution, in its present form, is to cop out. I'm not saying that the resolution should be voted against because who could be against; encourage the government to continue its publicly-stated objective of endeavouring to strengthen the operations of McKenzie Seeds. My impression was that its publicly-stated objective was to get rid of McKenzie Seeds and see to it that the new owners continue the employment in the plant at Brandon and that difference, Mr. Speaker, has to be shown, and unless it is shown the passing of this resolution is meaningless.

Therefore, Mr. Speaker, I more or less used my time, but I would urge the members of the opposition that if there is a difference between them, on what's to happen with McKenzie Seeds, that difference not be submerged in suggestions that the plant is going to move to Toronto. Because the Member for Morris will know that a New Democratic Party government transferred a plant from the public sector to the private sector in Morris, on the basis that the plant would stay in Morris and that if there was any change in the employment situation the public would have a right to buy it back. We did that, Mr. Speaker, because that was a particular public investment that we could not make a go of and that Sheller-Globe could make a go of and we recognized that. Sheller-Globe could forcefeed that plant into markets they already possessed and did it. In this respect there is nothing that the private sector can do that the public sector has not done. As a matter of fact, the private sector in this particular plant would be getting a free ride because it's the public sector that has made this company viable. The private sector would be getting the same kind of free ride that the Conservatives have given them with regard to Tantalum Mining, the same type of free ride that the Hudson Bay Mining is getting with regard to that Trout Lake Mine. It is not necessary, Mr. Speaker, one cannot rule out the situation of a plant changing from the public sector to the private sector. I've indicated that it was done and it was done with recommendation of the MDC board which was not objected to by the government even though we could have objected to it, and it has worked, and it makes sense. This one doesn't make sense, Mr. Speaker, and I believe that there is an obligation on

the part of the opposition to indicate where the difference lies because the passing of this resolution doesn't change anything.

**MR. SPEAKER:** The Honourable Member for Brandon East.

**MR. EVANS:** Thank you, Mr. Speaker, I believe it's 5:30. I'm quite prepared to start my remarks but if you wish to call it 5:30.

**MR. SPEAKER:** Order please. The hour being 5:30, the Honourable Government House Leader.

**MR. MERCIER:** Mr. Speaker, I move, seconded by the Honourable Minister without Portfolio, that the House do now adjourn and resume in Committee of Supply at 8:00 o'clock.

**MOTION presented and carried,** and the House adjourned until 2:00 p.m. tomorrow afternoon. (Tuesday)