

THE LEGISLATIVE ASSEMBLY OF MANITOBA

Friday, April 7, 1978

Time: 2.30 p.m.

SUPPLY — AGRICULTURE

MR. CHAIRMAN: Item 4.(c)(1)Canada-Manitoba ARDA Agreement. Page 9 — The Honourable Member for Lac du Bonnet.

MR. USKIW: Yes, I would think the Minister should explain to us the changes that are taking place here because there's obviously a substantial reduction of dollars indicated in the Estimates compared to last year's spending, and what are the changes, and if transfers of program to other departments, which departments, and so on?

MR. CHAIRMAN: The Minister of Agriculture.

MR. DOWNEY: Mr. Chairman, yes, I believe we are discussing 4.(c)(1)Salaries and there's a decrease of \$22,000 in that particular item. The reason for that decrease, it's a salary adjustment, Mr. Chairman, the difference in the 4.(c)(1).

MR. USKIW: Mr. Chairman, there must be a greater explanation than that because we're talking about almost the same amount of money allocated for salaries as was allocated a year ago but in total the program is a way down from 2.4 million to 1.1.

MR. DOWNEY: We're just discussing salaries at this time. . .

MR. USKIW: Well, I appreciate that, Mr. Chairman, but one relates to the other. If we're phasing a program out or down then that should be reflected in the salaries as well, if people are going to be released, transferred or whatever, so there has to be some co-relationship between the other expenditures and the salary expenditures.

MR. DOWNEY: Mr. Chairman, because the program is ending as at the end of December of this year, the not taking on new clients into the program, there will be some of the grant moneys that will not be expended because of the fact that it would only be unfair to invite them into a program that would be ending and would not be able to certainly carry on for the full length of time it would normally go and the reason for the salaries remaining fairly constant is because of the fact we feel we have a responsibility to the individuals that are graduating and we'll be keeping staff on until the end of December of this year.

MR. USKIW: Yes, well, Mr. Chairman, what are we talking about here? Just the farm diversification component of ARDA, or what?

MR. DOWNEY: Mr. Chairman, it is the farm diversification component of ARDA.

MR. USKIW: Only?

MR. DOWNEY: That's right.

MR. USKIW: So that is terminating in December. All right. And it's anticipated that this money will then be used up between now and December — the \$1.1 million in totals?

MR. DOWNEY: That is correct, Mr. Chairman.

MR. USKIW: Mr. Chairman, I then have the other obvious question and that is, when does the Minister anticipate that we will have another agreement, rural development agreement to replace ARDA, or to succeed ARDA?

MR. DOWNEY: Mr. Chairman, as I've stated many times prior to this in this Committee, that we are working on certain programs and it will be later on this year that we will be announcing, after agreement with the Federal Government and ourselves discussing programs that we will be prepared to answer . . . Hopefully before the termination of this present agreement.

MR. USKIW: Well, in that event then, Mr. Chairman, is the Minister indicating that any subsequent agreement would be funded by a special arrangement, Cabinet order, special warrant, etc. since these funds are going to be spent by the end of the year and, therefore, there will be no funds for any successor to this program. Is that the intent?

MR. DOWNEY: Mr. Chairman, the staff, the money is provided to staff the program for the full year

— it's in Estimate for the full year to the . . .

MR. USKIW: Well, Mr. Chairman, if the program ends in December then either the moneys are spent or there's a surplus there — it's one or the other.

MR. DOWNEY: Mr. Chairman, there would be a surplus if we did not enter into a new agreement by the end of December. However, we have left provisions to be able to enter into a new agreement which would be ongoing from the termination of this one that we have, and we have left the funds in the Budget to carry on with the staff providing we do have another program to replace that.

MR. USKIW: What type of agreement is the Minister hoping to enter into — one that will be universally applied across the province?

MR. DOWNEY: Mr. Chairman, it certainly would be too early to be able to say at this time but I would think that the intent would be to provide a program for the province.

MR. USKIW: Mr. Chairman, there is no intent to get into designated area programming under a new agreement then?

MR. DOWNEY: Mr. Chairman, at this time I could not say for sure whether we could specify a specific area that might need a special emphasis placed on it.

MR. USKIW: How many staff are involved now in this particular appropriation?

MR. DOWNEY: There are 40 permanent staff.

MR. USKIW: How many positions have already been deleted from this area since October?

MR. DOWNEY: Mr. Chairman, there have not been any deleted since October.

MR. USKIW: Are there any vacancies in this area?

MR. DOWNEY: Yes, Mr. Chairman, there are 6 vacancies. .

MR. USKIW: I'm sorry, I didn't get that, Mr. Chairman.

MR. CHAIRMAN: Could the Minister repeat his answer.

MR. DOWNEY: Mr. Chairman, there are six vacancies in the area of farm advisers.

MR. USKIW: Are they going to be filled, Mr. Chairman, or what is going to be the disposition of these positions?

MR. DOWNEY: Mr. Chairman, we do not intend to fill them at this time.

MR. USKIW: Is the Minister telling me then that there are six less staff man years in this section, or is he telling me that he is going to keep the staff man years in the event that he enters into a successor program? The latter is correct, is it?

MR. DOWNEY: Mr. Chairman, that is correct. We will retain the staff man years.

MR. USKIW: Okay, to be retained.

MR. CHAIRMAN: 4.(c)(1)—pass — the Member for Ste. Rose.

MR. ADAM: Mr. Chairman, I would like to raise a point of privilege. This morning when we were dealing — or yesterday — when we were dealing on (c)(3) — Special and Emergency Programs — we tried to impress on the Minister that there were programs available for feed assistance to farmers last fall and the Minister — I am sure the record will show — that he indicated that the only reason why they did not enter into any feed assistance was because the province would have to spend the first million dollars before any federal funds would be available.

My point of privilege is that the Minister has, whether knowingly or otherwise, misled this Committee in making that statement. We have been in touch with Ottawa this morning to find out what indeed the program is, what types of programs of assistance there are which the Federal Government will participate in. There is a program where the Federal Government will share costs on a 50-50 basis from the first dollar.

So my point of privilege is that the Minister either doesn't know what is going on or he is trying to mislead us.

MR. CHAIRMAN: The Minister of Agriculture.

MR. DOWNEY: Mr. Chairman, it was not my intent to mislead the Committee. The information provided under last fall's conditions as it was presented to the Federal Government and as the discussions we had, that they did in fact indicate to us that there was no program that would fit in on a first dollar 50-50 cost-share as it applied to the conditions in Manitoba as they were last fall. It would have applied probably under certain other conditions other than what we had in the Province of Manitoba, is what I said.

MR. ADAM: Mr. Chairman, for the record, I want the record to show that the program that I am referring to was made available to the Province of Saskatchewan on a 50-50 basis from the first dollar and so was the program in Alberta, it is my understanding, and that the Minister could have instituted a program of assistance for farmers who were short of feed last fall.

MR. DOWNEY: Mr. Chairman, I would like to indicate again for the record that we did apply to Ottawa to have that same assistance that was given to Saskatchewan and Alberta and we were turned down on that proposal.

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

MR. URUSKI: Mr. Chairman, the Minister indicated that he was turned down by Ottawa. Does he have any correspondence to indicate that he could table to the members here that Ottawa did in fact indicate that they would not cost-share in terms of the losses of hay in the northwest region, in the Swan River area, in the Westlake Region, and in the central Interlake Region and the northwest portions of the Interlake Region as well? There were at least four areas where severe flooding had occurred last fall and there is no doubt — and I don't think anyone argued with the Minister — that there may have been adequate feed supplies within the region. There were no arguments there, that the areas within the region had adequate feed supplies. But the areas that were adversely affected, and I presented figures in the House to the Minister last session in terms of the surveys done in one area by the farmers themselves, indicated that there was a severe shortage of hay, let alone not counting the spoilage of hay that did occur of the hay that the farmers took off, that there was in fact a net shortage of hay.

So could the Minister indicate what correspondence and what kind of an official reply did Ottawa give that they would not cost-share in this area when, I believe, a number of years back they did cost-share in area assistance previously?

MR. CHAIRMAN: The Minister of Agriculture.

MR. DOWNEY: Mr. Chairman, are we on a point of privilege or are we on the Estimates?

MR. CHAIRMAN: Mr. Minister, we should be on 4.(c)(1), on the Salaries. The Member for Ste. Rose raised the point of privilege but the Member for St. George, I hope, is discussing 4.(c)(1). The Member for Lac du Bonnet.

MR. USKIW: There is no point in belabouring that. We will do additional checking on that point. For the moment I am satisfied with the Minister's reply.

On 4.(c), could the Minister indicate to us whether it is his intention to utilize all available ARDA funds offered to the province by the Government of Canada?

MR. CHAIRMAN: The Minister of Agriculture.

MR. DOWNEY: Mr. Chairman, because of the winding down of the particular program in question and the fact that there were no new clients taken on, there will be a certain amount of dollars not used in that program.

MR. USKIW: That is not my question. I appreciate that that could happen with the existing program. I am now talking about his negotiations for a new program. Is it the intent of the Minister to avail himself of all federal programming in this field under the ARDA-DREE package? Or whether he is going to be selective in his programs and bypass certain sums of money that are available to every province in Canada?

MR. DOWNEY: Mr. Chairman, at the time of our programs and we make a decision on the programs we will be entering into with the Federal Government, that is when that decision will be made, after we know more of the programs that we can use in the province.

MR. CHAIRMAN: 4.(c)(1)—pass — the Member for Lac du Bonnet.

MR. USKIW: Just one last question. Is the Minister telling me that it is possible then that certain aspects of the ARDA package, which may not be acceptable to this government, will be bypassed in

spite of the fact that there are moneys available to the Province of Manitoba?

MR. DOWNEY: Mr. Chairman, I don't really intend that. I would think that we will be bringing in programs that will be certainly meaningful for the farm people of Manitoba and do not intend to pass up federal dollars if they fit into the programs that we plan to implement.

MR. CHAIRMAN: 4.(c)(1)—pass; 4.(c)(2) — Other Expenditures—pass; 4.—pass; Resolution No. 11, a sum not to exceed \$2,126,600 for Agriculture under Farm Management—pass; 5.Livestock Production: 5.(a)(1)—pass — the Honourable Member for Lac du Bonnet.

MR. USKIW: Could the Minister indicate to us the number of staff employed in this section?

MR. CHAIRMAN: The Minister of Agriculture on 5.(a)(1).

MR. DOWNEY: Mr. Chairman, the number of permanent staff are 132.26.

MR. USKIW: Are those all occupied positions at the moment?

MR. DOWNEY: Mr. Chairman, there are 13 vacancies in that department.

MR. USKIW: Are there any contracts and how many vacancies are going to be retained as staff man years?

MR. DOWNEY: Mr. Chairman, there are five contracts.

MR. USKIW: Currently filled?

MR. DOWNEY: Just a minute, Mr.Chairman, there could be a correction on this. Mr. Chairman, I would have to provide that information later.

MR. CHAIRMAN: Did the Member for Lac du Bonnet get that answer?

MR. USKIW: Yes. Is it the intent to fill all vacancies and contracts, and if not, to retain them as SMY positions?

MR. DOWNEY: Mr. Chairman, the intent is to continue to carry on with the SMYs.

MR. CHAIRMAN: 5.(a)(1)—pass; 5.(a)(2)—pass; 5.(b)(1)Salaries \$871,500 — the Honourable Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, this is an area that involves the AI program. What are the staff man years in this section, then?

MR. CHAIRMAN: 5.(b)(1)Animal Industry Branch Salaries.

MR. DOWNEY: 55.42.

MR. USKIW: I wonder if the Minister would just give us the sort of rundown on the staff situation in each case so we don't have to keep asking the same questions.

MR. DOWNEY: Yes, Mr. Chairman, we can have the department provide that on all the programs. Mr. Chairman, there are two contracts in Program Five, and they are filled. In (b)(2), Mr. Chairman, there are no contracts.

MR. USKIW: Is it the intent to retain the full complement here, no reduction?

MR. DOWNEY: Yes, Mr. Chairman, the intent is to retain that complement. There has been one area inspector reduction out of that program.

MR. CHAIRMAN: 5.(b)(1)—pass — the Member for Lac du Bonnet.

MR. USKIW: Just before we get into that, Mr. Chairman, I believe this particular area has to do with all of the various livestock specialists in the regions. Am I correct?

MR. DOWNEY: Mr. Chairman, that was in the Regional division of 5.(a).

MR. USKIW: Yes, I appreciate that it has been consolidated as one vote, but in essence, the program that they deliver is under this particular branch of the Administration. The direction has to come from the centre somewhere.

MR. DOWNEY: Mr. Chairman, some of them carry out regional programs in the 5.(a), and in 5.(b) they carry out the provincial programs.

MR. USKIW: Well, let me be more specific, Mr. Chairman. In the Minister's opening remarks, he indicated some change of structure throughout the various regions involving farm specialists, beef specialists, pork specialists, etc., and I would presume that this is the area in which we can discuss that, if we're talking livestock.

MR. DOWNEY: Mr. Chairman, it is not in the livestock area that we will be. . .

MR. USKIW: Well, I am not sure if I have it here. . .

MR. DOWNEY: In community programs we will be able to discuss the concerns of the member.

MR. USKIW: There is some reference, Mr. Chairman, to the creation of agricultural representative assistants, being made up of beef specialists, pork specialists, and so on.

MR. DOWNEY: Mr. Chairman, I don't believe I said that in my opening remarks.

MR. USKIW: I suppose, Mr. Chairman, I am remembering a statement of the Task Force, is that it?

MR. DOWNEY: Mr. Chairman, if I am to be responsible for what the member opposite is thinking — I'm pretty sure of the direction of his thinking. . .

MR. USKIW: Well, let me then ask the Minister, is there any intention to change the role of the various farm advisers or specialists?

MR. DOWNEY: Mr. Chairman, I think we are in the area of the livestock branch and it would not be the intent to change the type of work that the livestock specialist would be doing.

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

MR. ADAM: Mr. Chairman, I wonder if the Minister could give us some clarification as to which department, or which section — what branch will this legislation that he proposes to bring in in regards to the beef checkoff be? Will it come under that particular item there? Could you give us any enlightenment as to what section that. . .

MR. DOWNEY: Mr. Chairman, that particular legislation, I would not see it coming in the particular area of the Animal Industry Branch.

MR. ADAM: Will it be under any of these. . . Where can we discuss this?

MR. DOWNEY: Mr. Chairman, the member opposite will be able to see when the legislation is presented, and the proposals — it will be put in as it is decided at that time.

MR. ADAM: Unfortunately, Mr. Chairman, you know it was announced in the Throne Speech, and I'm just trying to get some clarification of what section it's going to come on so that. . .

MR. DOWNEY: Mr. Chairman, the proposed legislation is not an Act at this time and there is no proposed expenditure for it.

MR. ADAM: Okay, thank you.

MR. CHAIRMAN: The Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, am I to get from the Minister's answer the message that there will be additional expenditures added to these Estimates some time during the course of the year based on the premise that the items mentioned in the Throne Speech will be carried out but which are not provided for in these Estimates?

MR. DOWNEY: Mr. Chairman, what are being proposed in the 'pcoming legislation will not require any financing by the government.

MR. USKIW: Am I to read the Minister correctly here, Mr. Chairman? Is he saying that there will be no expenditures of provincial money toward the setting up of a beef check-off program, if indeed one is being set up.

MR. DOWNEY: At this time, Mr. Chairman, not as a normal expenditure to be put into the Budget. No, there's no proposal to do that.

Friday, April 7, 1978

MR. USKIW: Then is the Minister saying that it's conceivable that that could happen though but it's not shown at the moment for practical purposes?

MR. DOWNEY: No, Mr. Chairman, I can foresee no expenditure in that area.

MR. CHAIRMAN: 5.(b)(1)—pass; 5.(b)(2)—pass; 5.(c)(1) in the sum of \$719,200 under Veterinary Services — The Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, could the Minister give us the breakdown on staff again.

MR. DOWNEY: Mr. Chairman, the number of permanent staff are 40.15, and there's an increase of 2 staff. -

MR. USKIW: Contracts?

MR. DOWNEY: Mr. Chairman, there are no contracts.

MR. USKIW: What about vacancies?

MR. DOWNEY: Mr. Chairman, there are two vacancies.

MR. USKIW: What is the intent with respect to the increased staff load here — what are we doing that we were not doing, and what are the expansion programs?

MR. DOWNEY: Mr. Chairman, the new positions that are being filled — it's two new pathologist positions in the diagnostic lab, the jobs that are now being filled. I'm just checking to see whether they were transferred in from contract or in fact whether they were new positions. Mr. Chairman, one was a contract last year and one is a new position.

MR. USKIW: When he talks about diagnostic lab is he referring to veterinary medicine diagnosis or is he referring to the Milk Program.

MR. DOWNEY: Mr. Chairman, it's the veterinary lab that I'm referring to.

MR. USKIW: On that particular point then, could the Minister tell me whether there is full recovery on the samples that are sent in; that is, are the fees sufficient to cover the cost of service in that program, or is there a subsidy built in?

MR. DOWNEY: Mr. Chairman, the amount is not fully recovered. There is a subsidy in that program.

MR. CHAIRMAN: The Member for Ste. Rose.

MR. ADAM: Yes, Mr. Chairman, there has been some problems in this area in Ste. Rose constituency where the veterinarians are unable to find the right drug or there is not drugs available for certain types of scours that seem to be becoming more prevalent. We have one rancher who lost much of his calf crop last year and the same thing is happening this year, and this seems to be expanding. I wonder if the Minister could give us any information of what is happening? Does he have any information in this area?

MR. DOWNEY: Mr. Chairman, seeing as we are studying the area of staffing and salaries in the department, I would hope that with an increase in a staff person and the full-time work of the other individual put into the lab that probably some answers could be accomplished or found, to help in this area to spend more time working on the possible diagnosis of the animals and look for new drugs to certainly prevent — which I am well aware it is a big problem, the scour problem is.

The Veterinary Infectious Diseases organization in Saskatoon have been working with this branch to try and come up with a drug that would certainly work in the prevention and the cure of the scour problem that the member opposite is referring to in beef calves and dairy calves.

MR. ADAM: Mr. Chairman, I ask the Minister in view of the fact that it seems to be an increasing problem — it's getting widespread in our area — some of the ranchers are in pretty difficult straits at the present time, you know, having to lose their calves year after year, or half of their crop year after year with no hope of rectifying the problem because there's just no remedy for that kind of a virus. I'm just wondering, in light of that, if the Minister would consider coming up with some kind of a program to assist these farmers for those very very extensive losses.

MR. DOWNEY: Mr. Chairman, yes, it is the Number 1 concern of both the veterinary lab here and the Veterinary Infectious Diseases organization in Saskatoon. It is their Number 1 priority to come up with a drug or a vaccine which will prevent or cure this very problem. I can assure him that we are very much concerned about it and continue to support this program to solve the problem that the ranchers and farmers in his area that are losing so many calves from. It is a big problem all over the

province.

MR. ADAM: Mr. Chairman, I appreciate the Minister's concern but what I would like to know is, in view of the fact that this is increasing, and now I've just heard him say that it's throughout the province, I'm just wondering what do these young farmers do, and some of them are quite young — it doesn't matter if they're young or old — if they're being cleaned out of business because of this, I'm just wondering if there's any way we could . . . I've had some of my people come very desperately to me and say, look, can you find out if there's any way — I just can't afford to be wiped out year after year, you know, our calf crop year after year. I don't know if there's any insurance — if we could get some type of insurance program, or something, to cover mortality. Now, I believe that might be a coming thing.

A MEMBER: Insurance mortality on cattle? you want life i/

MR. ADAM: Insurance mortality on cattle, yes, there is quite a bit of talk about that these days and there has been some in the past too. You know, if there was some way that these farmers could recoup some of their losses, because it is getting pretty desperate in some areas.

MR. CHAIRMAN: 5.(c)(1)—pass — the Member for Lac du Bonnet.

MR. USKIW: What is the status with respect to milk inspection? Is there a subsidy in that program or is it sort of on a fee-for-service break-even basis?

MR. DOWNEY: Yes, Mr. Chairman, that comes under the Public Health and it is paid for by government.

MR. USKIW: Totally? There are no fees?

MR. DOWNEY: Yes.

MR. CHAIRMAN: 5.(c)(1)—pass — the Member for Ste. Rose.

MR. USKIW: So that's a subsidized program in essence.

MR. CHAIRMAN: The Member for Ste. Rose.

MR. ADAM: Yes, the Minister indicated to my last question that he was putting a lot of emphasis on trying to find drugs that will control this scour of a variety that is unknown or new. I am just wondering if we can get some indication through him that he would maybe consider looking at some kind of an assistance program in the event that we can't come up with a drug that will help prevent these serious losses. After all, we just can't sit idly by and see people lose their crops every year — calf crops — just because we don't have a drug to solve it.

MR. CHAIRMAN: The Minister of Agriculture.

MR. DOWNEY: Mr. Chairman, I have confidence in the individuals who are working in this field and I think that not only this organization but a lot of the private drug companies are also working to develop some kind of a drug or vaccine which will prevent and cure this problem. I have faith that the combination of people working will certainly have a solution to this problem. As I have indicated, we are certainly supportive of it and have added more help and continued support to it.

MR. ADAM: I share his confidence in these people. I am just wondering, in the event that we can't find something very soon, say within a year, would he consider looking at that in the future? I hate to see these young fellows go out of business, you know. I think one is already just about out. He says, "Well, I can't take three years. I have taken two years, lost two calf crops but I can't lose three." And he is just about against the wall. So, you know, he is desperately looking for some kind of help to keep him in business until a cure is found for this. This is what I am asking the Minister now, would he be prepared to at least consider some kind of assistance to these fellows, where we don't have a cure for that disease?

MR. DOWNEY: Mr. Chairman, I think that, as I have stated prior, we have quite a lot of money in the area of veterinary clinics and people involved in that business, that they are subsidized by government. These are the only types of programs that we will be carrying on with. I cannot foresee a calf scour assistance program being brought in by the government.

MR. CHAIRMAN: The Member for Gladstone.

MR. FERGUSON: Since we are on this subject, Mr. Chairman, I think any of us who have been involved in the cattle industry, this has been one of the major worries, especially during a period of weather like we have had the last ten days. But here again, the prevention and the management has got a lot to do with it. Now, the Member for Ste. Rose talking about three successive years of calf

Friday, April 7, 1978

scouring, I think possibly that the individuals involved might take a look at management and try a shot of Vitamin A and a few other things and possibly this might overcome it. And to start talking about an insurance to cover this sort of thing, I don't know where you would get your backing. I am sure that Lloyd's of London wouldn't even have any part in that.

MR. USKIW: You mean the farmers are more risky than Lloyd's of London?

MR. FERGUSON: No, but the virus that causes scour certainly is; it is very risky.

MR. USKIW: They are better managers than Lloyd's of London.

MR. FERGUSON: Well, I'll agree to that maybe in some things too. But I don't think that there is any easy way out of this. In one of the cattleman's recent magazines, they seem to feel that they have a vaccine coming up that is showing a better effect than anything that they have used in the past. I think possibly it could be a breakthrough. But just to add a few words to this, an insurance program, I don't know. I still think the basic problems — you are going to run into it but you have got to use some management too, you just can't put your hand in the hand of the Lord and hope that everything is going to turn out all right.

MR. CHAIRMAN: The Member for Rock Lake.

MR. HENRY J. EINARSON: Mr. Chairman, maybe there is a point of advice I could give to the Honourable Member for Ste. Rose if he would like to take some advice or information that I could give him. Insofar as calf raising, as the Member for Gladstone indicated, there is one thing that I could suggest and he could convey this to his farmer friends in the Interlake country and it is something that has been developed recently, that if he were to inject his cows with so many CCs of pig iron in the month of January, this would assist an awful lot in overcoming scours in calves in the spring. So this is something that would be worth taking.

MR. CHAIRMAN: The Minister of Agriculture.

MR. DOWNEY: Mr. Chairman, that might also be helpful for the Director that is here too, that kind of information.

MR. CHAIRMAN: The Member for Ste. Rose.

MR. ADAM: In light of what the Member for Gladstone and the Member for Rock Lake has said, I just want to say on the record that the individual that I am thinking of — there are others besides this one individual that I can think of — he has been working with the veterinary clinics and the vets very closely for the last three years and they are on his farm continually, this fellow. The vets are out there continually on his place and they are at a loss of what to do themselves. They don't know what to do.

So obviously the Member for Rock Lake is a better veterinarian than maybe some of the vets that we have.

MR. EINARSON: You can't beat experience, Mr. Chairman.

MR. CHAIRMAN: 5.(c)(1)—pass — the Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, could the Minister indicate to us whether there is any change in the milk program at all?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. DOWNEY: Mr. Chairman, no, there are no proposed changes.

MR. USKIW: And a similar question with with ROP?

MR. DOWNEY: Mr. Chairman, there are no proposed changes.

MR. CHAIRMAN: 5.(c)(1)—pass — the Member for Lac du Bonnet.

MR. USKIW: Could the Minister tell us the status of the test station for beef that has just been recently opened.

MR. DOWNEY: Mr. Chairman, I could just make a brief statement. It is, however, back in the Animal Industry Branch that the questions have already been answered.

MR. USKIW: We still are there.

MR. DOWNEY: We are in Veterinary Services, I believe. I could answer briefly though that the bull test station has been opened and it is performing quite well. It certainly has an increase in numbers of animals in it this year. I think the figures are something like 340 to 345. It has been increasing pretty well every year since the start of it and it is providing a good source of breeding bulls for not only the breeders of Manitoba but for western Canada and the other markets available to the Manitoba breeders.

MR. USKIW: Just while we are on that, Mr. Chairman, although we are past that Estimate, could the Minister indicate to us whether there is any new commitment of funds to that organization?

MR. DOWNEY: Mr. Chairman, just the construction grant that was promised to the people, that I'm sure the last Minister committed the department to.

MR. USKIW: There are no new funds going to be spent?

MR. DOWNEY: No, no new capital funds.

MR. USKIW: On the vet services end, Mr. Chairman, what is the current status of the Vet Science Scholarship Fund in terms of numbers of students, whether we are reducing the volume of students that we are recommending, whether we have levelled off in terms of our requirements for new graduates or service in Manitoba, etc.? It is my understanding that we had quite a number of veterinarians practising in Manitoba under our own new program, somewhere in the order of 65 or so, and the relevant question is, do we keep on training the same number of students, facing the prospect of having too many of them, or whether we are slowing that process down? Are we levelling off is really what I want to know?

MR. DOWNEY: Mr. Chairman, yes, it is levelling off. There are approximately 30 and there will be no reduction in volume; it is at a levelled-off stage. And no reduction in the amount of scholarships.

MR. CHAIRMAN: The Member for Ste. Rose.

MR. ADAM: Yes, on the point of veterinarians, I just want for the record for the members to know that we have a new veterinarian in Ste. Rose who moved in from Alberta. He left a real tax haven to come to a high tax province.

MR. CHAIRMAN: The Minister of Agriculture.

MR. DOWNEY: Mr. Chairman, I believe the approval to assist that individual to come into the province was done also in the recent months.

MR. CHAIRMAN: The Member for St. George.

MR. URUSKI: Mr. Chairman, could the Minister give us some analysis of the feed and grain testing lab, whether the . . . No, I think we are under Veterinary Services, isn't it?

MR. CHAIRMAN: We are on 5.(c)(1) — Veterinarian Services Branch.

MR. URUSKI: Would that not include the test lab?

A MEMBER: No, that's Animal Industry.

MR. DOWNEY: I could answer it for him.

MR. URUSKI: Has there been an increase in numbers and the use of the lab been greater? Are there any changes in approach in terms of testing being undertaken or any new items that may be available for testing in problem areas?

MR. DOWNEY: Mr. Chairman, there have been no significant changes in that feed test lab.

MR. URUSKI: And in terms of numbers, it is pretty well the same as it has been over the last number of years, in terms of volume of testing?

MR. DOWNEY: Mr. Chairman, not from a documented . . . I think that the numbers have been down a little bit in the last while but I don't know how significant that is. —(Interjection)— Mr. Chairman, it has been indicated to me that it has been increasing.

MR. CHAIRMAN: The Member for Lac du Bonnet.

MR. USKIW: Is the province continuing to require the veterinary students — the provision that is —

to provide service in Manitoba upon graduation? Is that still a requirement?

MR. CHAIRMAN: The Minister of Agriculture.

MR. DOWNEY: Mr. Chairman, the answer to that question is yes.

MR. USKIW: One more question on that, Mr. Chairman. What is our present arrangement with the Vet College vis-a-vis financing per student and any capital?

MR. DOWNEY: It is approximately \$6,000 operating to the student, per student per year.

MR. USKIW: What about the capital cost, Mr. Chairman?

MR. DOWNEY: Mr. Chairman, no capital cost.

MR. USKIW: One last question then. Is the proposed expansion of that college then set aside for the moment, or what is the status of the proposed expansion which, as I recall it, they were requesting each province to contribute towards some hundreds of thousands of dollars, or millions, I'm not sure.

MR. DOWNEY: Mr. Chairman, there have been no requests since I have taken office to put any money into that. I presume it has been set aside for the time being.

MR. CHAIRMAN: 5.(c)(1)—pass; 5.(c)(2)—pass?

MR. USKIW: Mr. Chairman, before we get away from Veterinary Services, I want to now deal with the district grants. What changes have we undertaken with respect to veterinary service district grants, if any?

MR. DOWNEY: Mr. Chairman, there have been no changes in the veterinary services district grants.

MR. USKIW: All right. Let me ask the question, is there an intention to change the level of funding, grant funding, for the operation of veterinary service districts?

MR. DOWNEY: Mr. Chairman, it has been discussed with the certain municipalities involved and there is certainly concern by the government, but for this fiscal year there has been no plans to up that grant in this budget, it will be the same.

MR. URUSKI: Mr. Chairman, could the Minister provide me with some of the present status? There have been discussions going on in the veterinary district within the Interlake — in the Arborg area — with some frustration expressed by the area of Fisher Branch in terms of the services provided by the veterinary service out of the Arborg area. The clinic is within the community of Arborg, and the area served is very large; there are some which extend all the way into the Peguis Reserve some 60 to 65 miles away from the community.

There were discussions between the community of Fisher Branch which is within the LGD of Fisher, and the other participants in the Arborg veterinary clinic, about the establishment of a sort of, not a pilot, but a sub-office of the veterinary office of Arborg in the Fisher Branch area. I understand that the LGD of Fisher has now pulled out of the clinic. Has the Minister any information to provide me as to where it stands and what kind of negotiations have been going on up until now?

MR. DOWNEY: Mr. Chairman, at the present time we have postponed the building of a new veterinary clinic in Fisher Branch, however, we have assistance available to have a veterinarian move into the Fisher Branch town or to service that district, and the grant is available to assist a veterinarian to start there and would be available to use the Arborg facility if possible, but it is on a hold position — the facility is on a hold position right now.

MR. URUSKI: So I understand the Minister correctly, you are indicating that you are prepared to assist in terms of a relocation or setting up practice grant. But in terms of providing funds for any facility within the Fisher Branch area, that is on hold, that you are not prepared to at this point in time. Is there any discussion with the local area insofar as trying to attract a veterinarian or has there been any interest expressed by veterinarians to set up a practice in that area?

MR. DOWNEY: Mr. Chairman, there have been discussions and to this point in time there is no one who is interested in coming into Fisher Branch. That is the latest information that I have but discussions are ongoing and there is an attempt to get a veterinarian into that area.

MR. URUSKI: When he indicates that the construction, or future construction, of any type of facility in Fisher Branch is on hold does there have to be any change in any criteria to change his position now, or within the next year or the future that will indicate that he would be prepared to go ahead with the construction of a clinic? Is it on the basis of statistics in terms of numbers or what change in criteria, if any, would have to take place before a facility would be constructed, or is it primarily

because of lack of capital funding at this point?

MR. DOWNEY: Mr. Chairman, I don't feel there are any criteria that would have to change. I would certainly think it is the restraint, and the restraint only that is the reason for it not being built this year and would certainly give it serious consideration for the next year's budget.

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

MR. USKIW: Mr. Chairman, just on that very point, if my memory serves me correctly, I thought there was approval given by the previous administration to the Fisher Branch Veterinary Clinic, or special status district — now I don't know which. I think we have one, or two, or three areas where we went into a special status district approach as an interim or temporary measure. Perhaps the Minister might tell us just what happened to this.

MR. DOWNEY: Yes, Mr. Chairman. The Fisher area is established as a veterinary service district.

MR. USKIW: What are the services?

MR. DOWNEY: Therefore, the grant is available to the district to hire a veterinarian.

MR. USKIW: Perhaps I am somewhat dated on this, but it seems to me that we were able to provide, in some districts in Manitoba where it was not yet felt warranted to proceed with the full program, departmental veterinarian support. I am not sure whether it was on a contractual basis with recovery of fees from the district or whatever the arrangements were, but as an interim measure to provide service to some of these areas that couldn't get into the full program as of that point. There are examples and I am just wondering whether that's what we are doing in Fisher Branch or what are we doing there?

MR. DOWNEY: Mr. Chairman, as I have stated, there is a cash grant available to encourage an individual in there; I do not believe we have a staff complement that could support it from the central veterinary office, to put a veterinarian in out of central office, or central lab at this time. However, there are ongoing negotiations to try and have a veterinarian come in to service that district.

MR. USKIW: Am I not correct, Mr. Chairman, that there is some facility within the department that would allow for that to occur given a situation and problem of not being able to service an area. I believe the department had the capacity. Now, is that being changed policy wise or is the policy that was there continuing?

MR. DOWNEY: Mr. Chairman, there is no change in policy. If there were an individual available, that job would probably . . .

A MEMBER: The staff freeze took care of that.

MR. DOWNEY: No, Mr. Chairman, the staff freeze did not influence that.

MR. CHAIRMAN: 5.(c)(2). The Honourable Member for Ste. Rose.

MR. ADAM: I just wanted to get some clarification on a reply that the Minister gave in answer to a question from the Member for Lac du Bonnet. He indicated when the Member for Lac du Bonnet asked if the same level of assistance would be provided for the veterinary districts, and I believe that was the question, and the Minister answered that this had been discussed with the municipalities. That gives me some cause for concern that there has been some request. Has there been some request to reduce assistance to the veterinary clinics? This gives me cause for concern, so I would like the Minister to please indicate what was the nature of the discussions and did they say to the municipalities, "Well, look fellas this is the usual fee, and you guys are going to carry the whole load from here on in."

MR. DOWNEY: I think there is a request to increase the grants, not reduce the grants. — (Interjection)— That's right, we certainly feel that there is a need for increased money as there is in every department. We are unable to give them an increase this year, but certainly we have to consider all these grant agreements with municipalities. We have to give consideration to their requests and hope that we can provide them with some assistance in the future, but at this time we are unable to.

MR. CHAIRMAN: 5.(c)(2)—pass — the Honourable Member for Lac du Bonnet.

MR. USKIW: Before we leave that, could the Minister give us an outline of whether he thinks we are fairly complete with our clinic program, or are there yet some to be established in his opinion?

MR. DOWNEY: Mr. Chairman, there would possibly be four more clinics at the most if we were to carry on and fill the . . .

MR. USKIW: Is there a tentative schedule of construction of these additional facilities? If so, where would they be built?

MR. DOWNEY: No, there is no real tentative schedule of construction for these, they are all in the hold position. I don't believe there has been any interest from the other areas at this time that they are desirous of having a district and a clinic set up, so there is really only the one area that is in a number one priority position, and that is the Fisher Branch area.

MR. USKIW: So, would I be correct in assuming then that there is no capital provision for any for the current fiscal year?

MR. DOWNEY: That is correct, Mr. Chairman.

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

MR. ADAM: Thank you, Mr. Chairman, to the Minister. On that point, from the municipality of Lawrence, I happen to have property there as well as in the municipality of Ochre River and in the municipality of Ste. Rose.

A MEMBER: You've got property all over the place.

MR. ADAM: Anyway, they are holding a vote on the veterinary clinic in Lawrence, and I am just wondering — I am not in the cattle business anymore but I did say yes, go ahead in reply to this vote — so I just want to know whether the purpose of the vote was to raise funds for the Ste. Rose clinic or is it another district that is being formed — I wonder if we could get that information?

MR. DOWNEY: Yes, I don't know if I am expected to respond as to the amount of land that the individual from Ste. Rose has . . .

MR. ADAM: Never mind, that was only because I had the right to vote.

MR. DOWNEY: . . . classify him as a land baron certainly would not be a fair thing for me to do. . .

MR. USKIW: A land lord.

MR. DOWNEY: Yes, a land lord, that's right. The indication I have from the department is Lawrence are deciding whether or not to join with the Ste. Rose Veterinary Clinic.

MR. ADAM: I see. By the way, my land holdings there are only 50 by 100.

MR. DOWNEY: Mr. Chairman, could he clarify whether that's miles or kilometers?

MR. CHAIRMAN: 5.(c)(2)—pass.

MR. USKIW: Mr. Chairman, just a point of clarification. The veterinary drug is further down in the Estimates, I presume? Let's carry on, then. Is there a continuing program for the rabies problem — do we have public funding of assistance, federal, provincial, or both?

MR. DOWNEY: Mr. Chairman, there is no change in that program.

MR. USKIW: The next question has to do with the diagnostic laboratory, and again I am not sure if I asked that question — yes, I think I did, but for confirmation, is that lab self-sustaining or are we subsidizing it?

MR. DOWNEY: Mr. Chairman, to help the member opposite with his mind, he has asked that question and it is still not self-sustaining.

MR. USKIW: Is it the intent to eventually get it to a position of being self-sustaining?

MR. DOWNEY: Mr. Chairman, the information that I have available is that it is practically impossible to get it on a self-sustaining basis it will have to be a subsidized program.

MR. USKIW: Could I ask the Minister why? It is hardly in the spirit of that free enterprise philosophy of yours. I would want to know why it cannot sustain itself?

MR. DOWNEY: Mr. Chairman, it is in the area of public responsibility as to support the livestock industry and to diagnose the problems such as has been indicated by the Member for Ste. Rose, but it

Friday, April 7, 1978

is the government's responsibility to control diseases that could certainly completely wipe out a part of the industry or the total industry or part of it. It is certainly an essential service that has to be provided by government.

MR. USKIW: Would the same argument apply with respect to the veterinary service and clinic program as a whole?

MR. DOWNEY: Mr. Chairman, you're referring to the complete recovery of the funds from it?

MR. USKIW: The total recovery of all funds advanced by the province for the program through fees. Is that a practical proposition in your view?

MR. DOWNEY: Mr. Chairman, I don't see how that really relates back to the Budget which we're talking about, but I would think that as the program was initially instituted that there was certainly a need felt to support the livestock industry by the concern of the government of the day having such an interest in the industry that the numbers of veterinarians decreasing in the province to some under 30 individuals, that there had to be a program implemented to support the industry. I do not think, as it was set up and continued on, that it would be difficult to make it completely recoverable, however, I think it will be one of the areas that I will be certainly looking at.

MR. USKIW: Mr. Chairman, if one were to take the sort of thrust of this government seriously, one would have expected that in this particular area we would have already put up for sale about 30 veterinary clinics. I know the Director of Veterinary Services doesn't appreciate the thought of that, but I would have thought that that would have been one of the obvious areas where we would have reverted back to the private sector.

MR. DOWNEY: Mr. Chairman, I think it is a matter of philosophy that the individuals are certainly discussing here, and it has been indicated just previous to this that there is room for the socialist element to get into the entrepreneur private enterprise business and there are certain areas where governments have to become involved in supportive areas, essential services to industries such as the veterinary services to the livestock industry which is very important to the province and it is supportive to that industry that plays this role.

MR. USKIW: Mr. Chairman, the Minister is somewhat intriguing to me because I would certainly like to know what his ground rules are for making the distinction. He suggests to me that in certain areas you have to involve a degree of public support to certain programs that assist the private sector, and in other areas you should not, and I would like to know from him just what rule of thumb he applies to determine just where we should and where we should not put public funds in support of the private sector.

MR. DOWNEY: Yes, also the clinics are not owned by the government, they are in fact owned by local Boards, and certainly it would be difficult for government to sell them. I do not feel we would be responsible if we did take that away from the industry, certainly they were put in to support that part of the industry.

MR. USKIW: Then I ask the other obvious question, and that is is there a need to continue the grants to the veterinarians — \$6,000 — is it \$6,000 or is it \$5,000 — they want another thousand.

MR. DOWNEY: Mr. Chairman, the grant is to run the building in the district.

MR. USKIW: Mr. Chairman, am I correct, where there is no building, the grant goes to the veterinarian?

May I put the question then, is it conceivable that the fees could be raised sufficiently to off-set that grant, so that the clinic could be self-sustained — or the service of the veterinarian, whatever the case may be?

MR. DOWNEY: Mr. Chairman, seeing that the program is already in place and not to place further hardships on individuals from the cow-calf area that are losing their calves from the scours, I would think it would not be the right thing to do to remove or to charge more money to those individuals who are already having problems. It would save us implementing another assistance program for those individuals.

MR. USKIW: Mr. Chairman, the Minister of Agriculture doesn't have to convince me — I have been of that philosophy for a long time, I'm having difficulty in understanding the difference in philosophy as between the Minister of Agriculture and the Minister of Finance and the Premier. That's my problem, and I am looking for a degree of consistency and I find that there is no consistency whatever. The Minister of Agriculture intends to obviously carry out a whole host of programs established over the years, that in fact are direct public subsidies to the private sector, and I find that acceptable — I just wanted to know whether he had any ideas of altering the status quo in that regard.

Friday, April 7, 1978

MR. DOWNEY: Mr. Chairman, that program was brought in prior to the last administration, the veterinary districts and the building of these clinics were brought in — I believe the Minister of the day was Doug Watt, if we go back and look at the records that he was the individual who' with the government of the day announced the program, and it was carried out and continued by the last administration. For the record, I think that should be . . .

MR. USKIW: Mr. Chairman, we have become accustomed to the big lie, but that is too big. The big lie I have already accepted as a fact of Manitoba life, but I challenge the Minister of Agriculture to show me where in the former Minister's speech, the last year of their term in office, where such a program was introduced — the dollars that were provided for it — I would be pleased to learn that, Mr. Chairman.

MR. DOWNEY: The time of the announcement by the previous Minister prior to the last administration, it is indicated to me from the department that the announcement was made on June 3rd in Dauphin 1969.

MR. USKIW: Did that have something to do with the election campaign by any chance, Mr. Chairman?

MR. DOWNEY: Yes, and I would actually think it would almost be time for an apology if the Honourable Member Opposite was referring that I had not been telling him the truth.

MR. USKIW: Mr. Chairman, the Minister indicates that the previous government had introduced and announced a program. I happened to be in the Opposition at that time, and I don't recall, Sir, that announcement. I don't recall seeing one dollar of expenditure in the Estimates for such a program. Am I correct?

MR. CHAIRMAN: To the Minister of Agriculture and the Member for Lac du Bonnet, I think that both of you are correct. The Minister said the announcement was made during the former Conservative government, but then the Member for Lac du Bonnet is saying that no dollars were spent by that particular administration. I think you are both right. The Minister of Agriculture says the program was announced announced by Doug Watt, who at that time June 3rd, 1969, was the Minister.

MR. USKIW: Mr. Chairman, let me take you seriously. There were many statements made in the October election to the effect that the only reductions of public service personnel would be by way of attrition, but we found that that changed rather very quickly after the date of the election, that we are now in a much different position. So surely the Chairman isn't suggesting to me that that kind of statement made somewhere, unbeknownst to most Manitobans, carried any particular weight, but I don't think it is germane to this discussion anyway.

MR. CHAIRMAN: Let's stick to Veterinary Services. The Honourable Member for Ste. Rose.

MR. ADAM: Yes, on that very point, I just want to point out that the Minister has said that that statement was made by Mr. Doug Watt on June 15th, I believe, 1969, and we should for the record know that he was not a Minister he was a candidate running for election, and there was no government in office at that time except a caretaker group.

MR. CHAIRMAN: To the Member for Ste. Rose, it is my understanding that Ministers are Ministers until the government changes hands. You may not be MLAs during the election campaign, but you are still Minister.

5.(c)(2)—pass— The Honourable Member for Lac du Bonnet.

MR. USKIW: Yes, what is the position of the Minister with respect to the bulk purchasing of veterinary drugs?

MR. DOWNEY: Mr. Chairman, we discussed that briefly yesterday, I believe. There have been some discussions on it. We have no intent, at this time, to change it. The possible changes that might be made, it could be opened up to a larger number of individuals to purchase some of the drugs. The rural town supply people might be also able to purchase, and not be in direct competition to government to supply the needs of the local livestock people.

MR. USKIW: Mr. Chairman, I'm afraid the Minister lost me in that one — I don't know what he means. Would the Minister elaborate? What are the changes that you foresee?

MR. DOWNEY: I believe I stated that I plan to take a look at making it available to more of the supply stores or individuals throughout the rural part of the province, not only to just a certain part of the . . .

MR. USKIW: Is the Minister suggesting that he is to expand the province's intervention into the private sector, Mr. Chairman, by making it possible for larger bulk purchasing, so that in turn that agency - Crown agency - can supply veterinary drugs to private entrepreneurs who are in the

business of selling those drugs, in the drugstores or whatever retail outlets? Is that what the Minister is saying?

MR. DOWNEY: Mr. Chairman, at this time we plan to continue with the program as it is. I have indicated that it is possible that I will look at that other aspect of it, but not necessarily implement it.

MR. USKIW: Yes, what is the current status of the AI program?

MR. DOWNEY: Mr. Chairman, there is no change at this time.

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

MR. URUSKI: Mr. Chairman, I would just like to go back to one or two questions on the veterinary services and the drug program. Is the drug program a self-standing program in terms of costs in the purchasing, self-sustaining?

MR. DOWNEY: It is indicated to me that it is about the break-even point, that it is very close to a break-even position.

MR. URUSKI: In terms of supplies, is the distribution centre now in the position that it handles a vast majority of drugs that may be used within say the livestock and poultry industry in the province, that they can be purchased — in terms of disinfectants and drugs?

MR. DOWNEY: Mr. Chairman, it has been indicated to me not the bulk poultry products.

MR. URUSKI: Is there any particular reason why? Is it because there is great competitiveness in the marketplace in terms of the bulk — it's primarily the myacin drugs for the feed in terms of preventive action that they use — I'm just wondering, is there any reason why these would not be carried on or handled? 37-01 **MR. DOWNEY:** Yes, Mr. Chairman, the answer is that there is not enough space for storage and there's not enough demand through the clinics for it.

MR. USKIW: Yes, Mr. Chairman, the Minister indicated that the drug program is self-sustained; that is, it doesn't cost the public anything to operate. But is it not correct that the savings indeed are passed on to the clinic program and that there is a margin percentage of profit involved on the drug sales through the clinic program which is part of the means through which the clinic facility is funded, or/and the veterinarian?

MR. DOWNEY: There is a percentage recovered to the government and also to the veterinarian — there's a percentage recovered to him, 25 percent exactly profit to the veterinarian.

MR. USKIW: To the veterinarian. So in essence what the Minister is saying is that it is a very substantial source of revenue to the veterinarian. Yes.

MR. CHAIRMAN: 5.(c)(2)—pass; (5) . . .

MR. USKIW: Mr. Chairman, no, I wasn't through with that.

MR. CHAIRMAN: The Member for Lac du Bonnet. —(Interjection)— Well, I'm trying, Sam.

A MEMBER: I know you are.

MR. USKIW: We have how many staff involved on a permanent basis with the A.I. program now?

MR. DOWNEY: Mr. Chairman, there are three permanent and one contract. Pardon me, Mr. Chairman, there are three permanent and four contract.

MR. USKIW: Is it the intent to maintain that level of staff support?

MR. DOWNEY: Yes, Mr. Chairman.

MR. USKIW: Could the Minister indicate to me whether we have yet, or at this point in our negotiations, whether we've got to the point where we have the complete co-operation of all the suppliers. I believe, historically speaking, we were still having problems in getting the kind of co-operation that is desirable from one company; namely, an American company. Are we still in that impasse with that company, or are they now co-operating with the A.I. program?

MR. DOWNEY: Mr. Chairman, I think there was probably quite a bit of problem with a lot of companies and farm people when the program was being introduced and it wasn't all very easy to try and get everyone to use the government service. Through one way and another it was accomplished. There are three companies now that are dealing with the centres.

MR. USKIW: My question, Sir: are there any that are not yet cooperating with the centre?

MR. DOWNEY: Mr. Chairman, the answer to that is no.

MR. USKIW: No, all right. So then we have succeeded in getting the total industry involved. The next question I have is whether we have yet succeeded in negotiating for a better price from the suppliers given the fact that we have a fairly large market that we supply through our agency — volume discounting is what I'm talking about. Have we negotiated a better price position than what we had initially when we embarked on the program?

MR. DOWNEY: Yes, there was a better price but it also cost the treasury quite a lot of money in subsidies to the technicians to accomplish that goal.

MR. USKIW: Mr. Chairman, that kind of editorial comment isn't going to sidetrack the Member for Lac du Bonnet. There are two separate issues involved: One is, whether bulk buying there are savings to be made. So my question is whether we have accomplished that or whether we have a better bargaining position now and whether we've reduced the cost of the product from the suppliers through bulk purchasing. The other question that you relate to has to do with subsidizing a service to the farmer which he would otherwise not have for reasons that are quite obvious, so the two really don't relate. Are we getting a better price now than we were, a better bargaining position or a better price?

MR. DOWNEY: Yes, Mr. Chairman, the answer to that is, yes there is a better price.

MR. CHAIRMAN: 5.(c)(2)—pass — the Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, what is the status of the option mark inspection question? Has there been any change there? Are we doing anything in that area? There was some discussion taking place for some period of time with the idea of having health inspection facilities or service provided at the auction yards throughout Manitoba. Is there anything that has happened in that regard?

MR. DOWNEY: Mr. Chairman, there have been discussions that I have been aware of. There have been no plans to implement a program. However, there is a coverage by the Federal Department of Agriculture in quite a lot of the health services and there will be ongoing discussions with them, not to have an overlap program, but to work together with them.

MR. CHAIRMAN: 5.(c)(2)—pass; 5.(d)(1)—pass — the Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, I wonder if the Minister could give us a synopsis of that one — just where we're at.

MR. DOWNEY: Mr. Chairman, that is a one contract person on a sheep demonstration project in Teulon, and that is the one contract wage at \$16,000, and we're in the wind-down year with that program too, of the two year agreement.

MR. CHAIRMAN: 5.(d)(1)—pass; 5.(d)(2)—pass; 31,000.

Resolution No. 12, a sum not to exceed \$3,700,500 for Agriculture Livestock Production—pass;

Page 10, 6. Crop Production. 6.(a)(1) Salaries under Regional Division, \$473,900—pass — the Member for St. George.

MR. URUSKI: Mr. Chairman, could the Minister of Agriculture give us the staff complement, contract staff and positions not filled and the like for this section?

MR. DOWNEY: The permanent staff are 107.41.

MR. URUSKI: For (a) and (b)?

MR. DOWNEY: Yes, Mr. Chairman, an increase of 2.24, 16 contracts and 8 vacancies.

MR. CHAIRMAN: The Member for St. George.

MR. URUSKI: Are all the positions filled?

MR. DOWNEY: No.

MR. USKIW: Is it the intent to maintain all of those positions?

MR. DOWNEY: Mr. Chairman, yes, it is. It's okay, Mr. Chairman.

Friday, April 7, 1978

MR. CHAIRMAN: 6.(a)(1) — the Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, is this the section in which we discuss the Grass Land Program, Grassland societies, etc.?

MR. DOWNEY: Yes, I believe it is, Mr. Chairman.

MR. USKIW: Could the Minister tell us just where we're at with that program — whether it's an ongoing program that's going to continue, or whether it's phasing out. What is the status of the Grass Land Program?

MR. DOWNEY: Mr. Chairman, it is the plan to continue on with the Grass Lands Program.

MR. CHAIRMAN: 6. (a)(1)—pass — the Member for Lac du Bonnet.

MR. USKIW: I'm wondering, Mr. Chairman, whether the Minister could tell us whether that is going to carry on at last year's pace, or whether there are new projects. What's taking place there?

MR. DOWNEY: Mr. Chairman, there will not be an increase this year. I think there will be two new regional projects, but it will just be replacing two that will be phasing down to maintain the same level.

MR. USKIW: What is the main thrust of this particular operation for this coming year? Are there any highlights that the Minister would want to indicate to us in the Crop Production section?

MR. DOWNEY: Mr. Chairman, certainly part of the growth and the development production of agriculture comes within the Crop Production section, and we'd hope that we could expand the acreages of special crops and grass seed production and forage production. It would be our intent to see the development of corn, grain corn and silage corn throughout more of the province as a livestock feed. We certainly would hope that the Province of Manitoba could look forward to filling a far greater share of the Canadian corn market which is now being filled by our neighbors to the south of us. It is our intent to try and define an individual within the department to work as a corn specialist with the people in the corn production areas, and also can expect a certain increase in interest in the sunflower production and the other oil seeds. As I stated earlier, there will be emphasis certainly put on the production of forages and grass seeds for the Province of Manitoba.

MR. USKIW: Would I be correct, sir, in assuming that our corn production that you're talking about has to do with distilling, for distilling purposes, not livestock.

MR. DOWNEY: Mr. Chairman, I indicated a number of locally produced corn is locally processed for the distilling industry. However, there is quite a market in western Canada for corn in the livestock feeding industry and certainly an increased need for it — or would hope there would be an increased need for it in Manitoba. So with an increased demand, or an increased market, we would hope to see certainly an increased acreage to fill the amount now that is coming into Canada from out of the country — have Manitoba producers fulfill that market and increase silage corn to complement the livestock feeding industry.

MR. USKIW: My question really had to do with whether we are still importing American corn for distilling purposes or whether we're self-sufficient? That's the question I'm asking the Minister of Agriculture.

MR. DOWNEY: Mr. Chairman, we have more than filled our quota for distilling corn. In fact there has been quite a lot of corn being sold to the feed trade in the western part of the province. We are filling the distilling needs in Manitoba.

MR. USKIW: Mr. Chairman, the Minister uses the word "quota." I find that offensive coming from a Conservative Minister, but does he mean that we are not allowed to produce all that our plant could use in Manitoba? Why does he use the term quota?

MR. DOWNEY: Mr. Chairman, I do not believe I used the term "quota", but I will check. We have produced all of the corn needed in Manitoba for the distilling industry. As I said, there was more than enough for that industry and it was sold to the feed market in other parts of Canada. Also, it is very desirable by the feeding industry in the rest of Canada.

MR. CHAIRMAN: The Member for St. George.

MR. URUSKI: Yes, Mr. Chairman, the Minister's comments in relation to special and forage crops, that there be special emphasis placed on this type of production. Could the Minister indicate, is this the area of the department where they provide research funds to universities or summer students to

Friday, April 7, 1978

do work in relationship to problem areas in special crops or forage crops? The point that I am raising is there is a special crop that is in rather great demand across North America, and that is the alfalfa crop which is —(Interjection)— Yes, , the weed. The crop where farmers are now introducing the leaf cutter bee to pollinate this crop. But the problems that the group of farmers have been encountering in the Province of Manitoba has not been so much with the bee end of it, with the pollination of it — they have some problems there but they are being able to cope with them — the areas that they are having problems with are in the areas of weed control and fertilizer — amounts of fertilizers that should be added. They have done some testing on their own but they haven't been able to come up with adequate analysis as to whether or not there should be heavy fertilizing, or no fertilizing, or in between. They are in need of some testing and someone who would be able to spend a summer on some of the fields in Manitoba to be able to put some figures together with respect to fertilizer, to weed control and certain other measures. I would hope that the Minister could give consideration, or whether there would be funds maybe for the provision of a summer student to do this kind of research in this area.

MR. CHAIRMAN: The Minister of Agriculture.

MR. DOWNEY: I think it is an area of concern to the government and to myself that we have to certainly look at problems such as the gentleman from Ste. Rose has indicated, the continuing feed shortage, occurring in the middle of winter by preparing for it the spring ahead and developing crops and trying to replace some of the native hay grounds with tame forages. It has been indicated to me from one of the grassland projects that some of the grasses that are trying to be introduced into Manitoba, that they are not hardy enough for the Province of Manitoba and the people involved suffer some winterkill. It would be my intent to certainly do research and develop varieties that would be hardier for the Manitoba conditions and improve the production in the tame forage and replace a lot of the native hay grounds with the tame forage through the use of fertilizers, the proper use of fertilizers, and instructing or advising the farm people of the proper fertilizers and grasses to use to be able to carry more livestock on the land base that they already have.

Certainly my approach to a feed situation, a feed shortage problem, is not to wait until the snow is on the ground to cure that problem but to certainly do it a year ahead when it is possible to try to promote growth of grass and then be able to store the feed so that it is in good condition for winter feeding.

MR. URUSKI: I would like to thank the Minister for his comments. I would like to ask him whether he would be prepared to receive and consider some summer program for doing the type of research that I have said, because this is of course in a very specific area; it's a very new area in terms of seed production, commercial seed production of the alfalfa kind, done commercially with the use of the leaf cutter bee. But the farmers have come into some problem areas in that they have not been able to either have or get information across this country or North America in terms of some of the testing that has been done in respect to the specific problem areas that I have earlier raised. They would be prepared to provide the field plots and whatever would be necessary in areas where they are actually producing the crops, but they would require some help in terms of someone who would have the technical ability to put figures together and do some of the testing that they require.

MR. DOWNEY: Yes, Mr. Chairman, I would like to indicate to the member opposite that to increase grass and forages throughout the province we certainly would hope that a lot of the grass seeds and the alfalfa seeds would be produced right here in Manitoba. It is another part of the industry that is supportive to all of agriculture. I would certainly invite the individuals to sit down with the department and discuss such a program.

MR. CHAIRMAN: The Member for Lac du Bonnet.

MR. USKIW: Mr. Chairman, I would like to ask the Minister just what is going to happen with respect to the number of special crop producers in the Morden area with the probability that the government is going to phase out of the Morden Food processing business. Has the Minister had discussions with the growers in the Morden area with respect to just what their status is going to be as producers for that plant, or new opportunities that may arise to fill that vacuum when that plan is closed down?

MR. CHAIRMAN: The Honourable Minister of Agriculture.

MR. DOWNEY: Yes, I would think the producers of specialty crops in the Morden area could expect to have to grow a lot more products because the plant hopefully would be taken over by private enterprise and certainly sell a lot more product at a profit. So I would think they could look for increased production in the areas of specialty crops and would feel that the private sector could certainly take over and do probably a better job in that particular area.

MR. USKIW: Yes, Mr. Chairman, there is no doubt in my mind that if a large multi-national was to move in, that they would probably open up new avenues or new markets for production of Manitoba crops. There is no doubt in my mind at all.

The problem is that we have to live with our history and the history is that a multi-national did own

Friday, April 7, 1978

that plant and closed it down. The public took upon itself the idea of purchasing it and trying to maintain that industry in that part of the province. So that is the government's policy, with respect to the disposal or sale of that asset, one which will commit a potential buyer to maintain the operation there? Or is it possible that it could be bought out by some large company but closed down, just as it was going to be with Aylmers — I believe it was Aylmers — that owned it and decided to phase out that operation.

MR. DOWNEY: Mr. Chairman, I think these are pretty much assumptions by the member opposite. He is assuming quite a lot at this time. It is certainly not our intent to cause any hardships to the people growing special crops in that area by just the disposal of it.

MR. USKIW: Mr. Chairman, unless I have been misled by the First Minister and others, the Minister of Industry, it is my understanding that all government corporations that are involved in production or services, other than the traditional government services, that they are all up for sale. Now, perhaps the Minister might clarify that for me. If I am wrong on that assumption, then I would be pleased to hear from the Minister.

MR. DOWNEY: Mr. Chairman, as I indicated, the facility, if it were to be sold — I am sure there will be discussion on that, there will be a chance to debate it in the proper time — that certainly the individuals to whom it would be sold to to operate it would give the farm people an opportunity to produce for it and hopefully expand the need for it. We are now in 1978 and certainly look forward to agriculture producers having an opportunity to grow and expand in all crops.

It would be our intent to re-encourage a development of a rapeseed crushing plant or an oilseed crushing plant into the province that I believe was proposed at one time and for some reason changed their mind not to build. I would think that through some kind of negotiations with ourselves and the Federal Government on a different structure for processed products out of the Province of Manitoba, that we could look forward to the encouragement of more servicing to the industry, such as the Morden processing plant.

MR. USKIW: Mr. Chairman, I don't know whether this Minister can answer that question. The Government of Manitoba has to date sold public assets that were profit-making organizations, companies that were making money. This particular company in Morden has not had a very good record in that regard and I would have thought that this might be one of the first ones that they would want to sell. I am sure the Member for Pembina wouldn't want to keep an asset there that was costing the people money, that had to be subsidized or that couldn't break even on its operations. So, Mr. Chairman, what is the position of the government with respect to the Morden plant?

MR. DOWNEY: Mr. Chairman, getting back to the crop production, we have had no indication of any change in cropping patterns or programs for that particular area so I think that is more in line with the area of discussion that we are talking about here.

MR. USKIW: Mr. Chairman, surely if there is going to be a sale of that asset in the near future, then it is incumbent on the government to communicate that to the producers so that they would know where they are relative to that plant's operation this year. Certainly that is a matter of public policy that shouldn't be hidden in some closet. It is a matter that has to be known and people have to make decisions based on that knowledge.

Is the Minister telling us that he knows today that that plant is going to operate this year?

MR. DOWNEY: Mr. Chairman, it certainly would not be fair for me to say that it is not going to operate. It is the intention to have it operate to service the people in that community for this coming year, whether it be sold or whether it be owned by the province.

MR. USKIW: Mr. Chairman, can the Minister assure us that that plant will operate this year?

MR. DOWNEY: Mr. Chairman, it is indicated to me that contracts have been let to the farmers in that area at this time.

MR. CHAIRMAN: The Member for Winnipeg Centre.

MR. BOYCE: Mr. Chairman, it is going to make interesting reading to compare the two statements relative to this particular problem, the one just given by the Minister of Industry and Commerce in the Committee which is sitting in the House, and this one.

I have a question for the Minister that I have great difficulty in understanding the difference. I understand that in the processing of rapeseed that the Federal Government is putting a considerable amount of money into the production of rapeseed oil in the west to overcome the difficulty because of freight rates — which I support by the way. But I can't understand the position of the government where they say that the reason the Minister of Industry and Commerce is looking for a sale for Morden Fine Foods is because it is showing a deficit.

What is the difference between the ongoing deficit for a company which serves the farming community in this particular area, and a front-end subsidy? What in essence is the difference

between the two?

MR. CHAIRMAN: The Minister of Agriculture.

MR. DOWNEY: Mr. Chairman, I think to clarify it, the subsidy for the Morden Fine Foods is picked up by the Provincial Government and the subsidy for the processed products that we are talking about in regard to rapeseed would be a Federal responsibility.

MR. BOYCE: So it is still taxpayer dollars. I don't know whether the Minister meant that remark in jest or not, nevertheless taxpayers are taxpayers. So there is really is no difference — a subsidy is a subsidy one way or the other regardless of where it comes from. It means that for some reason or other because of inequitable freight rates or lack of markets, or for some other cause, in strict economic terms, that some operation is not viable and there has to be public input into an operation to sustain it. To the Minister, Mr. Chairman.

MR. DOWNEY: Mr. Chairman, just in response to that, I would think that if the Morden Fine Foods were sold to private industry and they were to carry on and put it in a profit position, and the Federal Government were to pick up the cost on shipping processed goods out of Manitoba and the Province would, in fact, be quite a way ahead of the game. I would just like to comment I am doing some research now into why the particular proposed plant in the western region of the Province was not built for the processing of oil seeds, and to this point I have not found out the exact reason why it was not built.

MR. BOYCE: Mr. Chairman, when the Minister ascertains why it wasn't, I would be very interested in finding out why it wasn't built. I would suggest it is primarily because of the freight rates. But once again the Minister has said that, in this particular case, Morden would be viable if the Federal Government would subsidize the freight rates to ship the commodity out. But yet in the other Committee, the Minister of Industry and Commerce expressed some umbrage at the fact that the former government had established the policy that when goods, including in this particular area foodstuffs, could be spun out of purchases in a way where Manitobans could have a fair kick at it, the present administration during the election campaign adopted the stance that we were trying to push stuff down people's throats. I am sure the member knows it would take a fine eye, a real connoisseur, to tell the difference between a standard and a choice and a fancy pea when it's on a plate. Most people, when they are purchasing food in large quantities, purchase to a standard. But if you put out bids for food which means that it has to go to a broker and you buy it in blocks then you can't spin out your peas and beans and corn and all the rest of the stuff that is purchased or produced in Manitoba, whether it be in Portage or in Morden. The essence of the directive that went out relative to the purchasing of commodities from Morden Fine Foods, was to make it so that they could compete with the other companies. I for one — I'll repeat what I said in the other Committee — it is absolutely ludicrous that you go into correctional camps in the Province of Manitoba and you find fancy grade produce which is produced in another province because of the purchasing practices of the Province.

But be that as it may, Mr. Chairman, we are quite interested in agriculture; the people of the city are dependent on it for many reasons and it still accounts for half of our gross national product. Many of the programs that have been in existence we have supported them as city members, because it is vital that we have a viable farm community. I took great exception during the election campaign to the particular snide remarks that were made about this purchasing practice that we had suggested so that the farmers of Manitoba could compete with the people who have been greasing wheels in the City of Winnipeg for years.

MR. CHAIRMAN: 6.(a)(1)—pass — the Honourable Member for Lac du Bonnet.

MR. USKIW: I would like to ask the Minister what the status is of the potato expansion in Portage, the establishment of the new plant — are we in production this year or is it next, and the acreages involved and so on.

MR. DOWNEY: Mr. Chairman, the answer to the proposed McCain plant at Portage, there will be some crop produced for that plant, I believe, in 1978 and will be processing some of the product there this fall. That's the information provided to me.

MR. USKIW: Is that sort of a small amount or is it a full operational quantity or acreage that is going to be planted this year?

MR. DOWNEY: Mr. Chairman, I cannot indicate at this time what the amount of acres would be.

MR. CHAIRMAN: The Honourable Member for Portage.

MR. LLOYD G. HYDE: Six thousand acres of potatoes will be planted in the Portage area in 1978.

MR. DOWNEY: Mr. Chairman, just in further comment to that, I don't think we have to certainly be concerned — as the member stated not too long ago from the Ste. Rose area that he was concerned

Friday, April 7, 1978

— that McCains would become a land baron in that area and take over all the land in Portage. Although it could certainly be possible if they were to persuade the farmers of the area to sell to them, that would be up to the farmers and the individuals involved and I am sure that people will be free to certainly do as they like between one another. I think that the plant there as proposed will certainly help the producers in the Province.

MR. USKIW: Has the company asked for any particular concessions from the government of Manitoba that you, sir, are aware of?

MR. DOWNEY: Mr. Chairman, I'll answer that but I don't believe we are referring to the Estimates that we are. . .

MR. USKIW: Oh yes, absolutely, absolutely, Mr. Chairman. We are dealing with a major expansion of one of our crops.

MR. DOWNEY: We are not dealing with the moneys that are in here for this particular program, however I will answer the question, it will come up under another area. There are some water services that have to be put in to facilitate the plant that is being built.

MR. USKIW: Mr. Chairman, I wonder if the Minister could tell us how much public financial input subsidy is involved in expanding the potato acreage in Manitoba through this particular facility in terms of grants to the plant, in terms of concessions on interest rates if you like, in terms of any infrastructure development that the Crown will have to put in place on site in order to satisfy the company.

MR. DOWNEY: Mr. Chairman, seeing as we are dealing with the crop production budget, in this particular amount of money expended there is no money in this particular appropriation for the planting of potatoes or subsidizing of the production of potatoes in that particular area. I think that that questioning could come under the Water Services Board or under the MDC or the department in charge of the encouragement. So, if I am to answer it here, I can do it, but you are getting a little off the particular area of money that we are talking about.

MR. CHAIRMAN: To the members of the Committee, it was my understanding that it was agreed upon that we would rise at 4:30 and being past 4:30 now, I would suggest that the Committee rise. Is that agreed? Committee rise.

SUPPLY — DEVELOPMENT AGENCIES

MR. CHAIRMAN: I would like to direct the Honourable Members attention to the gallery where we have 58 students of Grade 9 standing of the Alexander Ross School, under the direction of Mr. Gunther. This school is located in the Honourable Member for Assiniboia's constituency, the Honourable Minister of Labour.

I would like to also direct your attention to 25 students of Grade 9 standing of the Gladstone School. These are under the direction of Mrs. Mary Tenner from the Honourable Member for Fort Rouge's constituency.

I would like to direct the Honourable Members to Resolution No. 77. No. 1. Manitoba Development Corporation. The Honourable Member for St. Johns.

MR. CHERNIACK: Thank you, Mr. Chairman. I'm glad the Minister of Finance is here. We can possibly clear up the question dealing with today's newspaper announcement of a decision yesterday to guarantee moneys for the Canadian Co-operative Implements Limited, and to be right in order, I want to know what role the MDC is playing in connection with this advance. —(Interjection)— Sneaky? I learned from guys like you.

MR. CHAIRMAN: The Honourable Minister.

MR. BANMAN: Mr. Chairman, the MDC is not involved.

MR. CHERNIACK: The next logical question, Mr. Chairman, is why not? Well, Mr. Chairman, the Manitoba Development Corporation's purpose I believe is outlined in the Budget somewhere, has been to provide support for the Saunders Aircraft Corporation Limited. That is the extent to which this government appears to feel the MDC is there for. They don't say that it is there in order to sell out the assets of the people of Manitoba, that they don't say, but they say for some peculiar reason, that its purpose is to provide support costs of Saunders Aircraft. I would have thought, Mr. Chairman, that the truth is that they have a much larger purpose and that they are being continued in order to help the economic climate in the Province of Manitoba and to provide assistance to various kinds of private enterprise that the government or the MDC board feels is properly so. So I would like to ask

Friday, April 7, 1978

how it is that the MDC, whose purpose I believe is to bolster private enterprise, and I do consider Canadian Co-operative Implements Limited as being part of a private enterprise system, that the MDC should be involved and therefore I ask the Minister, who I assume as part of the Executive Council has been involved in whatever decision was made, to clarify for us the role of government in the proposed assistance to the Canadian Co-operative Implements Limited and to also indicate to us where the — well there is no capital supply anymore — but where the supply is in order to support the decision of Cabinet yesterday?

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CRAIK: Perhaps just to clarify the matter I think there are probably two important comments to make. First, is that the discussions with regards to CCIL that are dealing with neither loan nor section (b) of the MDC but deal with guarantees. And secondly, the matter is in Finance because that's where the member who was a member of the former government had it. I inherited this matter in Finance last October 24th. It's been in Finance since way back when, a year ago, and that's why I suppose it's still in Finance, the fact that the Finance Department was looking at it back when the former member was on the government side.

The first application from Co-op Implements was, as I recall, January 1977, after having gone through a number of examinations by the former government through whatever departments, whether MDC was involved or not, I don't know. But I know that it finally fell to rest in the Department of Finance for expediting or whatever was going to be done sometime later on after that date, when the government changed on October 24, 1977. That was one of the first orders of business that was on my desk, so I suppose that Finance is one of the places that it could be looked at. It isn't a normal thing under the guarantee type of undertaking that is being looked at, that perhaps the MDC would become involved in since the MDC is more inclined to become involved in loans or equity positions in companies. So I think that part of the answer, Mr. Chairman, to state it again, is the member is going to have to answer his own question. Why did his government deal with it through Finance, because that's where we found it?

The second part of the question is, the answer to repeat again, it's a loan guarantee, which is somewhat different from what the MDC usually gets involved in.

MR. CHERNIACK: Mr. Chairman, that's very helpful. I now realize that the government for the last five months has just been going along the way that the former government was in carrying out the procedures of the former government, at least in connection with the Co-op Implements. It's a peculiar reason to say that Finance has it because that's where it was. The peculiar thing is that the Minister of Finance is defensive about it. I don't blame him. By all means, if the government of the day considers the Minister of Finance the capable person of dealing with it, that's fine. But I still come back to — and I don't even fault him, I don't know why he's defensive — I have no fault to find.

MR. CRAIK: Why are you asking the question?

MR. CHERNIACK: Well, the fact that he doesn't know why I am asking the question is his problem, isn't it, Mr. Chairman? Surely it's his problem. Did you want to . . .

MR. JORGENSEN: Well, I was going to raise a point of order. I'm always appreciative of anybody's ingenuity in circumventing the rules. The Member for St. Johns initial question was properly under the item that is now being discussed, but having received the answer, that the Manitoba Development Corporation was not involved, then I think that the rest of the discussion is out of order. I know that my honourable friend is going to find some ingenious way of getting back on again, but I just want to draw his attention to the fact that we are discussing the MDC and I'd like him to stay to it.

MR. CHERNIACK: Mr. Chairman, I do not accept the suggestion that I am attempting and certainly I can't accept the suggestion on your behalf that I am succeeding in circumventing the rules, because you, Mr. Chairman, wouldn't let me do that, so I'm still on MDC, Mr. Chairman.

I'm on MDC because I have to remind the House Leader that when he was sitting one row behind where he sits now, he heard the then Minister responsible for MDC say that the MDF had nothing to do with financing the Monaco Agreement, Churchill Forest Industries. We later found out that in all charity the Minister of Finance did not know what he was talking about, so I now have to say to the present Minister, you know I have to question him, how sure is he that the MDC is not involved in financing Co-operative Implements, because I have not heard from the Minister of Finance, who is the only one who has risen to answer the question, where the authority is based on which to carry out a guarantee, where will the funds be authorized? And if I'd know that, that there is a place where it will come from, other than MDC, then, Mr. Chairman, I would not be in order to continue to discuss it.

MR. CHAIRMAN: The Honourable Minister.

MR. BANMAN: Mr. Chairman, it is my understanding that the Department of Finance has been dealing with this particular matter and that the Manitoba Development Corporation will not have any input into this loan guarantee.

MR. CHERNIACK: Well, Mr. Chairman, now I think maybe the Minister of Finance should understand why I'm asking the question, because I think that we are entitled to know where are the funds provided out of which the province is going to carry out its decision, apparently arrived at by Order-of-Council yesterday, or by Cabinet yesterday, to do this funding? And all we have to know is to get the answer and then obviously it will not be the MDC, or not obviously, apparently it will not be the MDC, and then I, for one, would move off the subject, Mr. Chairman.

Mr. Chairman, I know where we were told where it is not coming from, but I have enough experience in this House to know that we have, on occasion, been misled on this very question about the Manitoba Development Fund, the predecessor to MDC, therefore the Minister of Finance can put my mind at rest very readily by saying where it is coming from, not telling me where it is not coming from. For example, I'm sure it's not coming out of the highways program of the Minister of Highways, nor out of the Consumer Affairs Department represented by the Honourable Minister, who is present. I can tell him many places where it is not coming from; it would help us considerably if he'll tell us where it is coming from. Surely it would save a lot more time if he answered the question, which could be a very simple one, than to let any doubt hang as to whether or not the MDC is involved.

Well, Mr. Chairman, I'm sorry to say that in view of the Minister of Finance refusing to answer the question, the answer to which he must know or then he would be highly incompetent, having only today or yesterday, announced a decision of Cabinet, and that is his decision, his announcement I should say. Well then I had better read to him what it says. Obviously he didn't have time to read it, "The Manitoba Government is prepared to guarantee a \$3.3 million loan, and Finance Minister, Don Craik, said details are being worked out and declined to say what the other provinces are doing."

Now, Mr. Chairman, according to this newspaper it is his announcement. "Finance Minister, Don Craik, said details are being worked worked out." Now, Mr. Chairman, was it not clear a few minutes ago that there was a Cabinet decision to guarantee \$3.3 million? Isn't that what the Minister of Finance has already told us this afternoon?

MR. CRAIK: You can go read the Cabinet orders.

MR. CHERNIACK: Isn't it strange, Mr. Chairman, that here we are a number of duly elected members of the Legislature, and the Minister of Finance who is present with us and who has the information, or if he doesn't can't be very competent, is refusing to tell us and is saying, "Go read the Order-in-Council." Mr. Chairman, he's right here, and does he want each and every one of the 20-odd people, MLAs, who are in this House, to go and have a mass meeting reading an Order-in-Council when indeed he has the answer available and is now apparently refusing to tell us which should be a very very simple statement? The moneys that are going to be used will come from this or the other source, this or the other fund, this or the other line, and not the MDC which is really what I am involved in at the moment.

MR. CHAIRMAN: I think that for the honourable members, we are discussing the Manitoba Development Corporation and it has been suggested that your subject does not deal with the Manitoba Development Corporation and I would ask that if you have any questions would you refer them to the Manitoba Development Corporation?

MR. CHERNIACK: Mr. Chairman, I recognize your ruling that we are confined to MDC, and therefore, Mr. Chairman, I do point out I'm sorry I'm not leaving the subject of the Co-op Implements but I am trying to make it conform with the MDC.

The only agency of government that I can think of, and that's on the spur of the moment — I could start digging and looking but there's no need that I should, it is not my job — but the only agency of government that I know of that could be used to assist ailing industry in Manitoba is the Manitoba Development Corporation. Now there may be others, but they don't occur to me offhand. We are dealing with the Manitoba Development Corporation and I asked the Minister what involvement there was and he says, "None."

Well then, Mr. Chairman, and I say this again, since we were told back in 1966 and 1967 by the predecessor Conservative government to this one, that MDF was not involved in a certain very substantial loan arrangement, and discovered that that was not true, I ask now in order to have confirmation so that the matter is disposed of so that we can proceed to other subjects, to be told where it's coming from. And Mr. Chairman, I'll tell you this, if the Minister of Finance continues to refuse to tell this Legislature where the authority for the moneys will be provided — the basis on which he is able to make a statement such as has been made — then I have to say that he is either flaunting the duly elected representatives of this House or he is ignorant of what the intention is.

And, Mr. Chairman, he says I like to say it, it's absolutely untrue. I don't like to say it and I have given him fully fifteen minutes time within which he could have clarified the situation so readily, and not having done so I say he is refusing to do so and, Mr. Chairman, I can't figure out why.

So, Mr. Chairman, since you can now get advice from the Honourable Member for Roblin, who is no doubt a great authority on these matters, and until you decide I am out of order I will just conclude by saying that I am going to sit down and give the Minister of Finance another opportunity to tell us where the source will be, so that he clears for us the fact that it will not be where it seems to me it ought to be logically, and if he tells us that then, Mr. Chairman, we can proceed to other items.

MR. CHAIRMAN: The Honourable Minister of Finance.

MR. CRAIK: Mr. Chairman, I think perhaps just to assist you in your attempts to carry on the work of the House in a manner in which it should be carried on and which the Member for St. Johns knows it should be carried on, if he is in fact interested in it rather than just trying to carry on one of his normal diversions, if he would take the time to read the Order-in-Council rather than read the paper and then attribute an announcement to myself or to anybody else, he'd find that the Order-in-Council is authority for the Minister of Finance to negotiate an agreement in this particular case, with those limits on it. There has been no money spent at this point in time. It is an authority for the Minister of Finance to go to that extent. I expect this will be done in the next short while, but it's still subject to a number of other governments being involved in it and a number of other participants as the corps group of the CCIL interest, and in a matter of due course it will be presented. And when the money is actually voted at that point in time the member will have the full right to be apprised of all the information if it's that important to him. In the meantime you're on the Estimates of the MDC. The matter is not an MDC matter.

To repeat to him for the third time, the matter is in Finance where there are competent, capable people looking after the matter where it was referred by his government, and if he has been half as alert then as he is now he'd have known that, Mr. Chairman.

The matter has been there under examination and in due course, if there's a final commitment made by the government subject to some final details of the agreement, then he's fully entitled to that information. As far as the source of the funds is concerned if it's not MDC he knows very well that it comes out of the general revenue of the province. If it were a loan, it's not a loan — it's a loan guarantee — something that's not unusual for governments to do in certain cases; it doesn't necessarily have to come out of the MDC.

But to repeat again, you're on MDC. This matter that he's talking about — if he took that time to go down the hallway and look at it if it was of as much concern to him as it appears to be now — he'd find out it's an authority for the Minister of Finance in this case to proceed with the negotiations with the amount of authority that's been indicated.

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

MR. CHERNIACK: Mr. Chairman, I thank the Honourable Minister of Finance. I'm sorry it took this long to get him to make a statement. I assure him that I rose to ask about it because, Mr. Chairman, this is money of the province and now I'm told it's not MDC. But, Mr. Chairman, the only point that I raise is whether it's a guarantee or money it has to come off some vote, and therefore I have the Minister's assurance obviously that the vote it will come out of will not be moneys already set aside for the Manitoba Development Corporation.

MR. CRAIK: Nothing to do with it.

MR. CHERNIACK: But you do realize, Mr. Chairman, that a guarantee like money has to have the authority of the Legislature, and when we were guaranteeing various funds when we were in government we had to charge it off in authorized expenditures. So I'm just saying that that's fine as long as the Minister assures us it will come out of some voted authority other than MDC, I can go along with MDC. I'm getting heads being shaken by two Ministers, at least I can hear them, so I wonder, do they want to respond?

MR. JORGENSON: Mr. Chairman, I'm just getting a little bit impatient at the Member for St. Johns. Despite a warning from you, Sir, or I should say a caution from you, Sir, that he was out of order, and despite the fact that twice I've risen on my feet, and despite the fact that the Minister of Finance has said he is out of order, he continues to pursue this subject. I suggest to him that since he's now been informed that the MDC is not involved in this matter, any discussion that follows is out of order on this particular subject, and I wish he would relate his remarks, whatever he has to say, to the MDC.

MR. CHAIRMAN: The subject is Clause 1., Manitoba Development Corporation. The Honourable Member for St. Johns.

MR. CHERNIACK: Thank you, Mr. Chairman. I trust that the Honourable Minister will tell us how much authorized capital authority there is for the MDC which has not been used, and by that we may find out some other way of knowing what is available within MDC to honour and back guarantees made by the Cabinet who apparently have not yet revealed where their authority will be, what voted authority there will be for anything they do for some enterprise other than through the MDC. So I wonder if the Honourable Minister can give us that information.

MR. CHAIRMAN: The Honourable Minister.

MR. BANMAN: Mr. Chairman, I can tell the member there is a fair amount of capital authority that has been voted that hasn't been expended. I can get the exact amount for the member.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Thank you, Mr. Chairman. I have a couple of questions which I assume will be within the orbit of the Manitoba Development Corporation. The first one again refers to another report that appeared in the paper which indicates that the Manitoba Development Corporation has transferred many of its loan applications to the Federal Business Development Bank for processing and the Federal Business Development Bank is now picking up many of the applications or accounts that the Manitoba Development Corporation had.

And that furthermore there are negotiations going on at the present moment between the Federal Business Development Bank and MDC to work up a series of joint enterprises. I would wonder if the Minister would be prepared to tell us exactly what is the nature of the negotiations; what are the arrangements that have been made with the Federal Development Business Bank; are they taking over some of the companies or accounts or loan applications that have been made to the Manitoba Development Corporation; and has there been any formal agreements? Is it simply an informal understanding or are there more specific objectives that the Minister has in mind in relation to this Federal Bank?

MR. BANMAN: Mr. Chairman, there are no formal agreements. We have talked to the Federal Business Development Bank who operate several locations in Winnipeg and they've just opened a new one just down the street here.

We have referred several accounts to them. The Department of Industry and Commerce refers accounts to them. The Federal Business Development Bank, as the member knows, is not only involved in just the loaning, they're also involved with the case program which we talked about the other day. It is the feeling of a lot of the officials there that many of the loans that were handled by MDC could be handled by them.

I should point out at this time to the honourable member that in the last several years that MDC, as far as attracting new business and providing new loans, it was a very minimal amount, I think that in 1977 about four new loans and in 1976 another four. So they were not a real active borrower in the marketplace whether it be on a high risk basis or just another borrower to anybody that needs money.

We feel that we can work out a fairly good relationship with the Federal Business Development Bank as well as with some other groups such as the RoyNat Group and others who seem to be providing more expertise in going into the small loans field a little more aggressively than they used to.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MR. AXWORTHY: Well, Mr. Chairman, I wonder if the Minister could perhaps expand upon that answer just a little bit and indicate whether this really demonstrates that the Manitoba Development Corporation is basically getting out of the loan business. Is it simply going to act as an interpreter or as a jobber to transfer or secure applications and then transfer them to other financial houses for loan funding? And can we now assume that basically the role of the MDC has been fundamentally altered from its previous position and that it simply will act as an in-between or middleman in securing applications but not putting any money out?

MR. CHAIRMAN: The Honourable Minister.

MR. BANMAN: Mr. Chairman, there's been a moratorium placed on lending. As I pointed out before there was not that much activity in the last number of years. We are reassessing the position to see exactly what direction we'll go. The policy direction has not been decided as yet until we do a further review on the matter and then we will be announcing as to what direction this particular corporation will take.

MR. AXWORTHY: Well, Mr. Chairman, I'm pleased to hear or at least I welcome that particular explanation as to where it's going. But I still would be interested in knowing if this means that the Provincial Government at least has decided that it is no longer the responsibility of the Provincial Government to provide any loan capital for investment purposes in the Province of Manitoba, and whether this particular review that the Minister has said is taking place has that as its terms of reference.

And while there has been a slowdown of activity, I think that that was done primarily probably for political reasons as opposed to demand reasons. I would be interested in knowing, while the loans have not been made, what has been the incidence or frequency of requests and applications and can he give us some idea of how many have been transferred to other loan institutions such as the Federal Business Development Bank?

MR. BANMAN: Mr. Chairman, I can try to get some figures along that line. Let me just say at this time that I think, and again I come back to statements that I made during the Estimates of Industry and Commerce, in as many ways as possible we would not like to duplicate any other services that are available to the people of Manitoba insofar as lending is concerned. The government's position as far as equity, of course, is one which is well known and we are not taking any more equity positions in companies.

There is sort of a void for funding of small enterprises and that type of thing, I think the whole area

Friday, April 7, 1978

has to be discussed very carefully with the Federal Government. There have been different proposals put forward which would deal with the formation of venture capital groups, allowing people who invest in that to have fast write-offs. Ontario is looking at it; Quebec has looked at it. And in consultation with these people, trying to get some data back, they inform me that again in order to make the thing work, federal support would be required for it because of the large amount of tax involved as far as income tax, the federal portion. If just the provinces do it, there might not be enough of an incentive.

So there are different areas that the provinces are looking at. We are in consultation with them on that and once we can arrive at some agreement with our fellow counterparts in the different provinces and the Federal Government, we will be coming forth with some solutions. And that would have a bearing as to exactly what direction we go with the MDC.

MR. AXWORTHY: Mr. Chairman, I thank the Minister for that information. I would like to turn to a slightly different topic in which I believe the Manitoba Development Corporation still has an interest and that is the Gull Harbour Recreation Centre which was built under the auspices of the previous government. As I understand it has been on the sales block or the auction block for the last while and I would wonder if the Minister can inform us if there have been any offers for that particular complex. Or perhaps more importantly, and this may get back more to the question of finance, it is my understanding that there has been a federal capital loan in this area . . .

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

MR. BANMAN: On a point of order, the funding and the agreement between the Federal and Provincial Governments dealing with the Gull Harbour resort was an agreement that was signed for tourism development and the MDC was not involved in the funding of that particular program. Just on the point of order, I think if the honourable member would like to raise that during the Tourism Estimates, that would be the proper place to do it.

MR. AXWORTHY: Yes, Mr. Chairman, I thank the Minister again for his suggestion and maybe it would serve simply to put him on notice that we will be prepared and interested in asking some questions about the Gull Harbour complex at that time, particularly in terms of the federal funding which I gather is being withdrawn at this point because it has been put on sale.

MR. CHAIRMAN: The Honourable Member for Selkirk.

MR. PAWLEY: Mr. Chairman, I would wonder if the Minister has a few comments pertaining to the questions that were raised this morning by the Member for Brandon East and myself pertaining to criteria that is used in disposing of Crown assets, particularly with reference to cost benefit analysis and regional development considerations.

MR. CHAIRMAN: The Honourable Minister.

MR. BANMAN: Mr. Chairman, there was no formal consultative study done as far as the cost benefit ratios. I should point out to the member that over the last number of years the number of passengers carried on the M.S. Lord Selkirk has been on a steady decline, for what particular reason we are not quite sure, maybe because of the costs involved, the increased costs that had to be passed along to the people using the boat. But not only was there a decline in the number of passengers using that facility, there was also a decline naturally then in revenue.

If you take the last year's projection, the prospects, unless there was some miraculous turnaround, which we couldn't see because the costs are increasing and there was a level at which people would not use that facility if we kept increasing the using price, so that that along with the projected losses we were faced with is what determined the decision.

MR. CHAIRMAN: Item 1.—pass — the Honourable Member for St. Vital.

MR. WALDING: Yes, Mr. Chairman, I would like to go back if I may to a topic which was under discussion this morning and that was the sale of the Lord Selkirk. I was not clear from the statements made by the Minister in the debate that occurred at that time, as to just how the sale came about. As I recall, the Minister did say that the MDC was aware of the change of government and that the new government had a change in philosophy and that somehow the sale proceeded from that basis.

Now, I would like to ask the Minister to be a little more specific on that. Did the MDC in fact come to him with a recommendation that the Lord Selkirk be sold, or did the Cabinet make a decision authorizing or instructing MDC to put the boat up for auction, or did it come about by way of a recommendation from the Minister to the Cabinet? Could the Minister inform us of that, please.

MR. CHAIRMAN: The Honourable Minister.

MR. BANMAN: Mr. Chairman, I don't know if the member was in the Chamber when we dealt with that particular item, but as I mentioned, back in 1976 — I think it was 1976 — the Development Corporation Board passed a resolution saying that they wanted to sell the boat to the Department of

Friday, April 7, 1978

Tourism. At that time they stated that they didn't want to have anything more to do with the underwriting of the losses of that particular boat. As a result I imagine the members opposite decided to treat it as a tourist facility and what they did with it is vote moneys in the Tourism Estimates for the operation of that boat. So that the MDC more or less washed its hands of that boat back in 1976 already and didn't want to have anything more to do with it.

MR. WALDING: Mr. Chairman, I was in the House this morning when the Minister made that statement and that is what to me is still a little vague about the actual sale by bid of the boat. Now I would like to get it a little more clear from the Minister. Was it MDC that recommended to the Cabinet that the boat be sold, or was it the Department of Tourism and Recreation that recommended to the Cabinet that the boat be sold, or did the Cabinet instruct MDC to sell the boat, or Tourism?

MR. BANMAN: Mr. Chairman, it was a Cabinet decision to sell the boat.

MR. DESJARDINS: See, that's not so hard . . . through that three hours ago.

MR. BANMAN: It is easy, Mr. Chairman, to answer questions when you understand them.

The Member for St. Johns asked with regard to unused capital, I am informed that there have been no capital votes for the past two years but there is approximately \$70 million in capital authority outstanding.

For the Member for Fort Rouge, we have turned over in the last couple of months two applications to FBDB.

MR. WALDING: Mr. Chairman, I would like to thank the Minister for his frank disclosure of what we have been trying to get at for a good part of today.

I would like to go back as well to the matter of the scrap value of the boat that again was mentioned and again the Minister was not entirely specific on this matter. He did indicate that knowledge had been transmitted to him to the effect that the scrap value of the boat was approximately the selling price.

Now, can he be a little bit more specific for me and tell me whether that information came to him from the MDC?

MR. BANMAN: No, Mr. Chairman, it came from my officials in the Department of Tourism.

MR. WALDING: Mr. Chairman, I would like to ask the Minister then whether MDC had expressed an opinion as to the scrap value of the boat?

MR. BANMAN: Mr. Chairman, the MDC was ready to sell the boat to the Department of Tourism for \$1.00.

MR. CHAIRMAN: Item 1—pass — the Honourable Member for St. Vital.

MR. WALDING: Thank you, Mr. Chairman. Do I take from that then that it was the opinion of the Manitoba Development Corporation that the value of the boat for scrap purposes was \$1.00?

MR. BANMAN: Mr. Chairman, the member can take what he wants from that reply. But the fact is that the Manitoba Development Corporation didn't want to be burdened with the continuing operating losses of this particular boat and saw their operating losses in the matter of a year or two being more than their investment in the boat. As a result they wanted to get out from under.

As I mentioned before, the occupancy rate of the boat was steadily on a decline and that was one of the problems that we faced too. If the prospects for increased occupancy and that better viability would have been there, I think we would have had a closer look at it. But it has been on a slide since 1974 and there were no encouraging signs that made it look that it would be any better. As a matter of fact the projections are progressively worse.

MR. WALDING: Thank you, Mr. Chairman. The Minister told me just a few moments ago that the opinion as to the scrap value of the boat had come from officials in Tourism and Recreation. I don't want to be ruled out of order now, Mr. Chairman, for just pursuing that a little bit, but can I ask the Minister whether this opinion came from the personal opinions of his staff in Tourism and Recreation or whether they had obtained some outside expert opinion.

MR. BANMAN: Mr. Chairman, the information was of course funnelled through the department and dealt with by my Deputy, and if he has ever been in my Deputy's office — who is a Maritimer — and sees all the ships on the wall, he has had some expertise as far as the boat industry. I would say that he probably has a pretty good idea of what the value or scrap values of different things are. So I am confident, Mr. Chairman, that he did the proper checking and that the department looked around to see what the approximate scrap value was of the boat. That is the information I have and it has actually been sort of confirmed by the people who built the boat, that they feel that that is roughly the price too.

Friday, April 7, 1978

MR. WALDING: Thank you, Mr. Chairman, I accept that answer from the Minister.

I would like to go on to a slightly different topic now. Do I recall from the discussion this morning that the Minister is prepared to table in the House a copy of the information package that went out to prospective bidders on the boat?

MR. BANMAN: Yes, Mr. Chairman. I think the Member for Burrows not only had picked up a package like that at the time of the proposal, but I think he also had the ads and the different things. But I will be providing that for the Member for St. Johns. He said he only wanted one copy so I am going to try to get him one copy.

MR. WALDING: Again, I thank the Minister, Mr. Chairman. One copy would suffice for our caucus.

Mr. Chairman, I asked the Minister of Finance about a week or so ago if he would be prepared to table in the House the bids that the government had received for insurance on government buildings and he gave me that assurance, I believe it was on Monday, for which I am grateful — or I will be when it is received. I think that the Minister of Finance recognizes the importance of the people of Manitoba knowing who is prepared to do business with them and at what rate. Since that precedent has been set by one Minister, I would like to ask the Minister of Industry and Commerce whether he would be prepared to table the proposal bids received by him or MDC or whoever received them, for the Lord Selkirk and its related assets.

MR. BANMAN: Mr. Chairman, I will take that question as notice and I will check out with the department as well as with the MDC people and report back on that and see if there are any problems with that.

MR. WALDING: Thank you, Mr. Chairman. I would like to go into now a slightly different area, a follow-up from the Minister's statement of a little while ago that the decision to put the Lord Selkirk up for sale was in fact a Cabinet decision. I would like now to ask him whether the sale of Cybershare and Dormond Industries and Dawn Plastics were also Cabinet decisions and whether they came about by way of a recommendation from the Minister or recommendation from the MDC?

MR. BANMAN: Mr. Chairman, the member knows that if there is an Order-in-Council passed, it has got to be ratified by Cabinet. So, as I mentioned before, the bids, the tendering system, the evaluation of them, the legal work involved, the exchanging of the moneys and the shares and that, is all done by the Manitoba Development Corporation. The evaluation was done by them. They then made a recommendation to me which I then took into Cabinet for discussion and for ratification so that we could get the Order-in-Council passed.

MR. WALDING: Mr. Chairman, perhaps I am not making the question clear enough. The Minister told us that the decision to sell the Lord Selkirk was made by Cabinet. Was the decision to sell Cybershare also made by the Cabinet?

MR. BANMAN: Mr. Chairman, the Order-in-Council has to be passed, so Cabinet has to approve it, definitely.

MR. WALDING: Mr. Chairman, on the assumption then that the answer to the question was "yes," can I ask the Minister whether he recommended to Cabinet that Cybershare be sold?

MR. BANMAN: Yes, Mr. Chairman.

MR. WALDING: Can I then take from the Minister's answer, Mr. Chairman, that Dormond Industries was also sold subsequent to a Cabinet decision?

MR. BANMAN: Yes, Mr. Chairman.

MR. CHAIRMAN: Item 1—pass — the Honourable Member for St. Vital.

MR. WALDING: Yes, Mr. Chairman, I would like now to ask the Minister if he recommended to Cabinet that Dormond Industries be sold?

MR. BANMAN: Mr. Chairman, if the member would read the press releases and the statements I have made, I have said that what Cabinet did was ratify the decisions of the Manitoba Development Corporation, that's what we did.

MR. WALDING: Thank you, Mr. Chairman. Is the Minister then telling us that the decision to sell the Lord Selkirk, Cybershare, and Dormond Industries were decisions that were made by the MDC?

MR. CHAIRMAN: The Honourable Minister.

Friday, April 7, 1978

MR. BANMAN: Well, Mr. Chairman, qualifying that, the Lord Selkirk is a different deal than the other companies because the MDC had already said to the previous administration that they didn't want anything to do with it and had more or less washed their hands of that particular enterprise.

The other companies are a different story. As the recommendations for the sale came to me I then took those recommendations and recommended them to Cabinet and Cabinet then approved the sales of the different companies that the member mentions.

MR. WALDING: I believe I have it clear now, Mr. Chairman, and that it was the MDC that was making these policy decisions to sell off various assets and it then recommended to the Minister, and the Minister then recommended to Cabinet, who then approved the deal. Is that correct?

MR. BANMAN: Mr. Chairman, yes, with the understanding that it was the government's policy or the government's intent to get the government out of business as far as equity positions are concerned, with that understanding. The same way as the Member for Inkster used to get up and say that, "We want to take equity positions." So if you are saying that he directed the MDC board to take equity positions, in the same manner then I directed, if you want to use that analogy. — (Interjection)— It's the axiom. The board was reflecting some of the policies and some of the feelings of the government.

MR. WALDING: You know, Mr. Chairman, the more questions I ask of this Minister, the more confused I get. I asked him first of all whether it was a decision of Cabinet that certain MDC properties be sold and the Minister told me, "Yes, yes, it was. Then after I asked him a couple more questions, he said that it was MDC that made the decision to sell certain properties and the Cabinet merely approved it.

Now, I really don't believe that he can have it both ways, Mr. Chairman, and I'm trying to get some clarification from him as just where the policy decisions came from, or is he simply telling us that MDC somehow read the mind of government and knowing what the Cabinet would want them to do, decided that they would in fact recommend the sale of certain assets.

Now can he clarify this for me please.

MR. BANMAN: Well, Mr. Chairman, the member will appreciate that some of the MDC loans are under Part II of the Act, which means that they come under the Minister's approval. Now, when you are dealing with a company like Dawn Plastics which we just dealt with, when we came into power we were faced with either the company being insolvent and going into receivership, or pumping another \$200,000 into it to pay off the creditors.

Now we come to the same point several months later, they need another \$200,000.00. So the MDC, reading what the government's intention is, not to pour any more money into it, without a big announcement, policy statement to them, were not willing to put any more money in it either, and neither was this government. So we thought the best recourse was the one which was taken by the MDC. They put it up for sale and we ratified that sale.

MR. WALDING: Is the Minister then telling me that the decision with Dawn Plastics emanated from the Cabinet and then was passed down as an instruction to MDC to sell it? Or did it go the other way?

MR. BANMAN: No, Mr. Chairman. In speaking with the Board of Directors and the Chairman, the Chairman informed me a couple of months ago that Dawn Plastics, as well as another company, Dormond Industries, that they were putting them up for sale and that is what happened.

MR. WALDING: Subsequent to the answers that the Minister has given me, Mr. Chairman, that MDC recommended the sale of certain assets to the Minister who then passed that on to Cabinet for their approval, can I ask the Minister if he received any recommendation from the MDC that Morden Fine Foods be sold?

MR. BANMAN: As a matter of fact, Mr. Chairman, the MDC does not want to advance any more moneys to it. They don't think it is a good risk and any funds that will be advanced will be advanced under Part II of the Act, which means it is right in the Minister's and Cabinet's lap.

MR. WALDING: I'll try again, Mr. Chairman. Did the MDC recommend to the Minister that Morden Fine Foods be sold?

MR. BANMAN: Well, Mr. Chairman, if the MDC say they don't want to put any more money into an enterprise, and this happened in Saunders when we hit the \$16 or \$17 million mark, MDC said no more, that's it. So what happened then? And we are in the same boat with Morden Fine Foods.

If the government is not going to infuse some more money for operating capital, that company will go into receivership. So you are faced with the dilemma of Dawn Plastics. Either you let the company go into receivership or you try to sell it and keep it going.

MR. WALDING: That's very interesting, what the Minister has just told me, Mr. Chairman. He told me that in the case of Dawn Plastics that the MDC, recognizing the rather precarious financial position that Dawn Plastic was in, recommended to the government that it be sold. The government

agreed and it was sold.

He is telling me now that a similar situation applies in the case of Morden Fine Foods, which is from his words also in a precarious financial position. I am asking him, is the Manitoba Development Corporation recommending to him, the Minister, that Morden Fine Foods be sold?

MR. BANMAN: Well, Mr. Chairman, let me put it this way. You know, it is hard to come up with some of these answers to try to explain what is happening. The MDC does not want to put any more money into Morden Fine Foods. They don't want to. So what happens then? Then if the government doesn't put any money in under Part II of the Act, it goes under, as simple as that.

MR. WALDING: I hear the Minister, Mr. Chairman, but he is still not answering the question. I asked him if he received a recommendation from the Manitoba Development Corporation that Morden Fine Foods be sold?

MR. BANMAN: Mr. Chairman, I am going to have to — because it is getting very technical here — I'll have to get the exact phraseology for the gentleman and tell him exactly what they told me.

MR. WALDING: Mr. Chairman, the Minister has told us that he received a recommendation from the MDC to sell Dawn Plastics that he acceded to. Has he received a similar recommendation in the case of Morden Fine Foods?

Now he may not want to tell me and that is his privilege not to reveal that information if he does not want to and I will then ask him the same question perhaps from the opposite direction and say that, has he, as the Minister, made any decision to keep putting money into Morden Fine Foods to keep it under public ownership?

MR. BANMAN: Mr. Chairman, I think it is no secret that the previous administration was looking for buyers for some of these things too, whether it be Morden Fine Foods or Flyer. I mean, we have gone through the exercise here when we were on the other side asking questions if the Minister in charge then had met with different concerns from Germany or from Sweden or wherever. But it's no secret that if a buyer had been found for that particular enterprise, the government, I would imagine, if it was acceptable to them, would have sold that enterprise because it was losing substantial sums of money at that time.

Let me say that from the business point of view, at present, and there have been substantial studies done on Morden Fine Foods — I think one of the studies recommends a million dollar increase in funding for going into the frozen food business. There have been all kinds of viability studies done and at present, the way it sits right now, it is going to lose money. It lost money last year and it is projected to lose money this year. Mr. Chairman, if we can find a buyer we'll sell it.

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

MR. WALDING: Well, perhaps the last few words that the Minister said half answered the question, and what I am trying to get from him is, has this Minister — who has said that he doesn't believe in government being in business — has this Minister decided that he will keep Morden Fine Foods owned by the public, or has he made the decision to sell it? It's as simple as that, Mr. Chairman.

MR. BANMAN: Mr. Chairman, I've said time and time again that if somebody's going to come and make an offer which is acceptable to the MDC and the government — a proposal we could look at, where we could recoup some of our losses and not have ongoing losses, we'll look at it.

MR. WALDING: Mr. Chairman, I was just looking over a list here of some of the companies that are owned by the MDC and the next one that takes my eye is Tantalum Mining that I understand the government has an interest in. Has the Minister received a recommendation from the Manitoba Development Corporation that Manitoba's interest in Tantalum Mining be sold?

MR. BANMAN: No, Mr. Chairman.

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

MR. WALDING: I thank the Minister, Mr. Chairman, for giving me a very straightforward unequivocal reply, and it is much appreciated, and it is obviously going to save us some time this afternoon. Can I then ask the Minister —(Interjection)— Mr. Chairman, I couldn't hear what the Minister without Portfolio was shouting from his seat. If he'd care to stand up and take part in this debate . . .

MR. JORGENSON: Mr. Chairman, what I said to the honourable member, the line of questioning that the honourable member's engaged in gives us the best reason I've seen yet for us to sell the whole works so that we don't waste up and take up time of the House asking questions about business enterprises that can be handled by private industry without any questions in this Chamber.

MR. WALDING: Mr. Chairman . . . —(Interjection)—

MR. JORGENSON: It's not a point of order. It was not intended to be a point of order.

MR. WALDING: Well, that was a most interesting interjection from the Minister without Portfolio, and now at least we know where one member of the front bench stands, Mr. Chairman. We know now that the Minister without Portfolio — Number, whatever it is, for Morris, is prepared and indeed would like to sell Morden Fine Foods, and would like to sell our interest in Tantalum Mining, and presumably the rest of them down here. Perhaps fortunately, he's not the Minister reporting for MDC, and I would like then to continue to ask of this Minister of Industry and Commerce, can he tell us why he has decided not to sell Tantalum Mining?

MR. BANMAN: Mr. Chairman, on the advice of MDC, and because of some negotiations as the member knows, some of the shares — 50 percent of the shares were held by Chemalloy. The court is right now in the process of accepting bids and tenders for those shares — Manitoba's portion is roughly about 25 percent, and we have first refusal on that, so we are going to see what happens with regard to those shares, and I'm sure when MDC knows what the future is of those shares, along with the future of Tantalum they will be reporting back to me.

MR. WALDING: I believe it's the final question, Mr. Chairman. I would like then to ask the Minister if he could outline to the House the guidelines that are used, either by himself or by Cabinet, in making that policy decision whether or not to sell certain MDC owned assets.

MR. BANMAN: Well, Mr. Chairman, I think I've mentioned, for a number of years when I was on the opposite side, I don't think any government, whatever political stripe, can run an enterprise properly. And to bear that out, all the companies that we're involved with in the MDC without exception, without exception, are in a deficit position, and we feel that it's our responsibility to see that as many of these companies can be put into the hands of private enterprise to cut the losses, the continued losses, that we face in the Province of Manitoba.

Now I realize that it's a totally different philosophical approach to the thing than what the members opposite would do, but we said it during the election, we're doing it right now. Fortunately we've been able to receive some pretty good offers for some of the companies. Some of the areas haven't been that good and as a result — in the Dawn Plastics thing we kept the building, because we didn't think it was the right time, or the MDC didn't think it was the right time to sell it. So that was their recommendation to me. I accepted their recommendation — they felt they shouldn't sell the building so we've kept the building.

But without exception, Mr. Chairman, there is not a single company that is not in a deficit position.

MR. WALDING: Just one final small comment, Mr. Chairman. We had been a little puzzled as to the Minister's policy on MDC owned companies and the government's policy on it. We wondered whether it had something to do with whether or not they were profitable or whether they had losses, or whether the government was trying only to sell off the profitable ones, but now it's come through very clear to us that the Minister is, in fact, opposed to the government being in any business, and would simply want to get rid of all of these assets now owned by the MDC with, in the case of Morden Fine Foods, apparently no regard for the people of Morden or the farmers of that area at all.

MR. CHAIRMAN: Item (1) — The Honourable Member for Elmwood.

MR. DOERN: Mr. Chairman, I wanted to ask some questions of the Minister in regard to Morden and, you know, he seems to be a person who believes in selling public corporations and public companies — that seems to be his basic position. Because private industry can do it better he claims he's going to sell operations that are publicly owned. I say to him that the important question here when one is selling public corporations or public enterprises is the price that one obtains, assuming that one should sell or is willing to sell something like Morden Fine Foods or the Lord Selkirk, etc. The question really is at what price do you sell? To sell at any price, to sell at a low price, to sell at a considerable loss is something that should be very carefully considered. So I want to direct some questions to him about the Morden Fine Foods, and I've waited since December to try to get some of this information. I asked the Minister at that particular time to provide me with some information and I would begin by asking him if he can give us a general report at this time about the financial picture of Morden Fine Foods since October 24th. I'm interested in what has been happening over the past six months in terms of the profit and loss picture at Morden Fine Foods. Can he report on that?

MR. BANMAN: Mr. Chairman, with all due respect to the member opposite, I think he will appreciate that the Chairman of the Board of the Manitoba Development Corporation will be appearing before the Economic Development Committee. At that time, and it was the procedure of the former Minister also, at that time the statements of the particular companies will be filed. The Chairman can then be asked any questions that are to be asked of him. The former Minister knows that the Member for Inkster, who was in charge of it, worked it that way, and I have made it clear to the House that I would wish that the members opposite would handle it in the same way, because he's asking for technical information. I have not got the staff here. The Board of Directors for Morden Fine Foods, as well as the Board of Directors for the Manitoba Development Corporation, are the ones

Friday, April 7, 1978

which handled the day to day operation, and handled the finances of that company, and I am not up to telling you exactly what the debt position is, what the sales position and all that are — I just haven't got that information and I would ask that the member wait till the Economic Development Committee is called to deal with those specific questions that he has.

MR. DOERN: Well, Mr. Chairman, I assume that we can deduce in general from what the Minister said to my colleague for St. Vital and so on, that Morden is losing money and continuing to lose money. That is the impression. The Minister confirms that. But I would like to ask him this: He is the Minister of Industry and Commerce. The Corporation is owned by the people of this province, and I think one of the questions is, "What is the Minister doing to improve the situation, either to turn around what is obviously a deficit position in regard to Morden, to turn it around or to sell more products from Morden Fine Foods — or to make its operation more efficient so that if it is necessary to sell Morden, that he can do it at a high price rather than a low price.

Now I'll tell you what we did, Mr. Chairman. At one point it was determined that Morden was losing money and that an aid to the Morden operation would be the purchasing by large institutions — (Interjection)— a directive, that's right, to buy Manitoba goods produced by Manitobans, grown by Manitobans, and, in this case, it would be eaten by Manitobans in some of the larger institutions. Now that to me was a policy that made good economic sense — it's one that is followed every day by large corporations. I suppose it might be considered to be a version of vertical integration where a larger company buys its components or its goods and services from other parts of its operation. I would assume that if somebody, let's say like Hudson's Bay, was in this particular business — if they had food farms and so on, that they would use their own products rather than going and buying from their competitor, the T. Eaton Company. So this was a practice that we developed to improve the financial picture of Morden Fine Foods.

I would begin by asking the Minister whether he has undertaken in his term as Minister — he's a new Minister, he's a businessman, he knows how to sell cars, I assume he would know how to sell beans and boats — and I would ask him what policies he has adopted to make the operation at Morden more efficient, to increase their market, or to improve their financial picture. Can he tell us what he has done since October?

MR. BANMAN: Mr. Chairman, if the member is aware, that is exactly the function of the board of directors of Morden Fine Foods as well as the responsibility that the MDC have and the staff out at Morden Fine Foods. The member will appreciate that as Minister responsible for the Manitoba Development Corporation, I can't go out there and hold the hands of every one of these companies. Anything that the Department of Industry and Commerce can do with regard to promoting sales, whether it be export or within the purview of the department, is being done but the job of promotion, the job of running that particular corporation is charged to the board of directors and the board of directors, I would imagine, are out there trying to make this particular industry as viable and as productive as possible. I'm sure the manager out there is trying to do the same thing.

MR. DOERN: Well, Mr. Chairman, I think we're sort of locked into a circular debate here and that is, I guess, the independence and the policy of, in this particular instance, the board of directors of MDC in relation to Morden or the Morden operation and also the general policy of the government. I think it's quite clear and should be quite clear to people who are involved in MDC what the government wants to do. I assume that they take their cue from the Minister and from the First Minister and the Cabinet. They read the papers; they presumably on occasion discuss these particular matters, and the First Minister, for example, during the election campaign made some very loud noises about the operation of Morden. And I assume that what he said overrode what was discussed and the direction of Morden as seen by the people who are involved in its day-to-day operation and its long-run future.

The Minister, for example, undoubtedly took a cue from the Premier because he said, for instance, that this was a terrible thing, a terrible thing that our government had given a directive to the larger institutions to buy canned goods from Morden Fine Foods. He thought that this was one of the most horrendous things that he had ever heard of in his life. Yes, it was absolutely a horror story. He said what the government was doing was taking away freedom from people about the very foods that they could buy. What he tried to suggest was, in effect, that all Manitobans had to buy Morden Fine Foods and that they had no further choices for Libbys or Heinz, or all these other products that are on the market. So the First Minister gave that directive, and that was followed through. This was an election campaign directive that was obviously transmitted down to the people who run the Department of Industry and Commerce and the other the departments, so they killed that. That didn't come from the bottom up — that came from the top down.

And then the First Minister said that, he is quoted as saying, well we would like to see Morden Fine Foods, succeed, but I think you will agree that it should succeed on its own in a free, competitive market. You can't create a hothouse market for it, and he later told reporters that a Conservative government would try to sell Morden Fine Foods or find private entrepreneurs to run it. So I assume that that is the fate of Morden Fine Foods. It is going to be sold, or it is going to be closed. It is not going to operate at a loss, and can the Minister confirm that, that those are the two alternatives; either a buyer will be found shortly, or the doors of the plant will close?

MR. CHAIRMAN: The Honourable Minister.

MR. BANMAN: Mr. Chairman, there are three possibilities, and the third one is that the government continues to subsidize it, so that will have to be a decision that's made by Cabinet, because it will have to come under Part II of the Act. If there is not a subsidization forthcoming because the company will be losing money this next year as far as the projections are concerned, that would mean that the company would then have to go into receivership.

MR. DESJARDINS: But when you say a government might, you don't mean you — you don't mean your government.

MR. DOERN: The third alternative, Mr. Chairman, is the least preferred. Obviously from the attitude of the Minister and the attitude of the First Minister and so on, there is no way that they intend to put more money into that plant. That that is the third alternative on a scale: number one is sell it, and number two is close it, and number three — last and least — would be to subsidize it or in my words, perhaps, keep it going.

So, Mr. Chairman, I then again would say to the honourable member, am I to, in fact, believe what I am hearing, namely, that in spite of the fact that this particular plant is in the midst of bedrock Tory country and in the midst of Pembina, which is, I suppose a bastion of Conservatism in Manitoba, in spite of that, this has no effect on the decision that the Minister is going to make. The fact that, I suppose, the area went or backed the present administration and so on, this will in no way influence the decision making. If the plant continues to lose money' that in a short period of time we can expect it to be either sold or closed.

MR. BANMAN: Mr. Chairman, the member can assume what he likes. Let me put it this way, that back in November when we took office we were faced with a problem of Dawn Plastics. If there wouldn't have been a \$225,000 guarantee issued by the Provincial Government, which in effect was a loan to that company, that company would have gone under. At the time we looked at the options open to us — one option was not to give the money, let them go into receivership, and the Member knows very well if it is a wholly-owned subsidiary of the people of Manitoba we are then liable for accounts receivable. We don't pay off five cents on the dollar. We pay off 100 percent on the dollar. So that you can let something go into receivership but you have got nothing to be gained by doing it. We have got to pay off.

So we at that time looked at it and the best information that I received was that if we put the money in we would prolong the operation of it and it might be able to be sold then. As a result we have been able to sell it and we hope that the people that have bought it will continue operation. But in that particular instance I think if the gentleman that buys it can make the thing go, we will have an industry here which if we hadn't injected another \$200,000 at that time to bail it out and pay off the accounts payable, that company would have gone under and all the jobs would have gone. So you have got to weigh the business decisions and look at the prospects. If for instance we feel that by keeping Mordens doors open it is going to be of greater benefit to the taxpayers of Manitoba in the final analysis of saleability and other things taken into consideration, that is what we will have to decide at that time.

MR. DOERN: Well, Mr. Chairman, to the Minister. Can I now assume based on what the Minister has said that Morden Fine Foods is up for sale?

MR. BANMAN: Mr. Chairman, if we can find a buyer for Morden Fine Foods, yes, it is up for sale. The same as Flyer was up for sale when the gentlemen opposite were there.

MR. DOERN: Mr. Chairman, I would then ask the Minister since it has been established that, you know, most, if not all, government enterprises are for sale whether they make a profit or not, he indicates that in this particular instance it is for sale. Can he indicate to us what is being done about selling the plant? For example, is there a series of ads appearing in the United States and Canada? Are negotiations being undertaken to sell Morden to some of the large food corporations? What steps are being undertaken, what selling practices are now in effect to dispose of this particular operation?

MR. BANMAN: Mr. Chairman, I would ask the Member to ask those questions of the Chairman of the Board, who is dealing with those matters on a daily basis and is in charge of staff out there, and he would provide him with that information.

But let me point out just one more thing before the Member gets up to ask another question. All of these companies, he is saying they are profitable companies. All of these companies had an accumulative deficit as of at the last statement, last fiscal year, all of these companies were in a deficit position, without exception. There were no big money makers.

MR. DOERN: Well, can the Minister indicate that given that he intends to sell this operation, would he not agree with me then that the best, and he is a businessman and I think he would concur with me in general, that he should try to obtain the maximum price and that he should sell at the best possible time. I don't know if that is now or I don't know if that is six months from now or nine months from

now, but that he should attempt to obtain the best possible price for the operation and to that end he should be adopting policies to ensure that we obtain the best possible price, by adopting certain measures, certain selling techniques, try to develop certain markets before putting the operation on the block. Would he concur with that?

MR. BANMAN: Yes, Mr. Chairman.

MR. DOERN: I would then ask the Minister whether he would comment on whether he wouldn't feel that there are some plants, that there are some operations, that might be better operated, even at a loss, if in so doing it can be demonstrated that they are generating jobs and generating other benefits to people in the community that might not only be measured in dollars and cents?

MR. BANMAN: Mr. Chairman, when we are dealing with the different companies and particularly the Morden one right now, you are looking at substantive losses, that is a very very difficulty thing to justify. And as a result what I have said, and I will say it again, that these are considerations that will be taken into account when dealing with it. The Member mentions two options. I mentioned the third one, and we will be looking at that as time progresses.

MR. DOERN: A final point, Mr. Chairman. If the Minister and the Conservative Government is unable to find a buyer, let's say in a reasonable period of time, let's say in 1978, then I can assume that Morden will be closed. I would then ask the Minister what he will do in that event? For example, there are some 30 to 40 full-time positions in the cannery; there are some 60 seasonal jobs provided during the canning season; an annual payroll of \$250,000; I suppose dozens, if not hundreds, of farmers on contract to sell their product in the area. What does he offer the people of Morden and the farmers in the Morden area in terms of some substitute or some consolation to the loss of an important industry?

MR. BANMAN: Well, Mr. Chairman, the Member has asked a hypothetical question. I have said it before and I will say it again, I am an optimist. I think that the staff out there and the management that is relatively new, are out there doing their best trying to minimize the losses, and I would ask the Member to use his good influence in his caucus and wherever he can for people to buy Once Upon A Time products, and if there are a lot of products sold and the management can tighten up the ship, maybe there won't be a need to close the particular plant if they can turn it around.

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

MR. DESJARDINS: Did I hear the Minister right? He asked the members on this side of the House to make sure that if we had any influence anywhere we should have the people buy from Morden Fine Foods. Is he saying that after all it wasn't such a bad idea to try to get the different hospitals and personal care homes to buy from Morden Foods? Is that what my honourable friend is saying now?

MR. BANMAN: Mr. Chairman, I would say influence, I wouldn't say that you have to force your friends or your relatives or whoever to eat that particular product, but I think it is a good product. I know I use it very often, my wife enjoys using the product, and I think it is a good product. If all Manitobans would more or less adopt that procedure and buy it when it is on the shelf versus some other products, I think that would help the company's position.

MR. DESJARDINS: Then my honourable friend is saying that I, as a former Minister of Health, who tried that with the hospitals and personal care homes, that I was on the right track. My honourable friend is saying that I was then.

MR. BANMAN: Well, Mr. Chairman, I think all circumstances being equal, if we are talking about — and now we are getting into the former Minister's area of buying practices — all things being equal I think they should get a fair shot, yes.

MR. DESJARDINS: I can assure my friend that if I get any cooperation from him I won't be as long as some of the other people that have questioned him this afternoon. But I think the people of Manitoba are entitled to know exactly what the policy of this government is, and I would like my honourable friend to correct me if I am wrong. If I catch his eye I will sit down and give him a chance to correct me.

I think that this government has stated that the government has no business in running corporations, anything that could be done by private enterprise. I think this is why it might have been construed by some as misleading. I don't say that the Minister was doing that purposely. This is why there were so many questions to try to pin him down. I think that my honourable friend was rather cute — this is what I meant this morning — to drag the corporations and so on. Let's not be naive. Let's put the cards on the table. It was a new government. There's nothing to be ashamed of. There was a new government, who stated all through the campaign, that they were going to get out of enterprises. Well, it stands to reason that when that when they come in, they would have a talk with the corporations, there's a Minister responsible, and if they didn't get the messages yet that this is what's going to happen.

So I don't think that we should play words, well, yes, they recommended, they didn't want to put any more money, I think there was more than that. I want to be corrected if I'm wrong. I think there was an instruction, wait your chance, you can do it and I'm not going to try to play games or be partisan here at all. I don't want that argument at all at this time. That argument has been made and probably will be made on another occasion, another time. But then I would suspect, I would believe that if this is the situation, then the Minister and the Cabinet and the government responsible would say, okay, keep your eyes open, the first chance you have, sell. That's the first thing. If I want to sell my stock, that's what I do. Now, that doesn't mean that you have to sell at cost. I will not try to trap my honourable friend, I will understand that at times he might even have to, the government might even have to put some money in to bring it up, to bring it into a viable operation and then sell.

But am I right in saying that it is the feeling of this government that governments should not be involved in any of these enterprises as in the past, or can in the future be operated by the private sector. Am I right in saying that?

MR. CHAIRMAN: The Honourable Minister.

MR. BANMAN: Mr. Chairman, I would just reiterate some of the words that I said before, and that is, I don't believe any government, whatever political stripe, can run an enterprise properly, and given those sort of parameters, the member . . .

MR. DESJARDINS: Don't beat around the bush . . . what I've said.

MR. BANMAN: Mr. Chairman, he's right. That's the attitude of the government, and I think we made our position abundantly clear. Let me say that one of the big reasons for that is that very often political decisions outweigh business decisions, and that's a problem that we all have. But the other thing the member has to realize is that in many of these instances, Part II of the Act is being invoked. In other words, that the MDC board is saying, we're not going to give him any more money, it's in your lap, Mr. Minister. Are you going to advance the moneys?

MR. DESJARDINS: I understand that, but I don't want to start this kind of a run-around, because I don't want to belabour this thing too long. I think I said that it wasn't a question of trapping anybody or even talking about the ideology, but I don't want — now the Minister seemed to be backtracking a bit. I want to know this, and I don't want to hear again. . . the former Minister or the Member for Inkster, if he was here, could debate that. I don't know the situation as well as he does, and certainly not as well as my friend, the Minister. But the statement that I made, and I don't want this to be said that I'm putting words in the Minister's mouth, is, it doesn't matter if they are making money or not, the idea is to sell. Isn't that the idea. I don't want to say, well, they're all losing money. I'm not concerned about this at this time. I'm just saying this, that the government's policy, if I understand it right, is sell, not necessarily sell the first day, and at times you might pump in more money to bring it up so you can get a better price, I give you that, I understand that, that's good administration, but your policy is to sell everything that the government had. Am I right or wrong?

MR. BANMAN: Mr. Chairman, I think it's been stated through the election and through the campaign and when we were members in the opposition, our philosophical point, as well as our policy, has been to get government out of business, given certain parameters that the member mentions, to maximize the return to the taxpayers of the province.

MR. DESJARDINS: Well then, Mr. Chairman, I would think that the people of Manitoba then today should have it quite clear that the Manitoba Telephone System is for sale, and that the insurance company is also for sale and it might not be done immediately, but eventually the Manitoba Telephone System is for sale.

MR. D CHAIRMAN: Item 1.—pass — The Honourable Member for Winnipeg Centre.

MR. BOYCE: Mr. Chairman, I agree with the Minister when he says, in the final analysis, it's the taxpayers of the province who have to pay one way or the other. But just on this particular item where they're talking about the directive that went out; I took part in the formulation of that particular directive. When you're talking about business sense, it's just absolutely ludicrous, Mr. Chairman, that the purchasing practice for years — seven years it took us to get that procedure, they're so entrenched and so entwined — in the purchasing practice of this particular province where stuff was blocked and sent to food brokers in a way that they couldn't extricate from them things which could be produced in Manitoba.

It's absolutely ludicrous to go into a correctional camp and find fancy grade produce from another province sitting on the shelves. And the essence of this particular directive that they keep bandying about was that these things should be spun out of things which go to tender, so that they could be competed for. Because I don't care who they are, if you put peas on a plate, a one-ounce or two-ounce scoop of peas, I defy anybody to tell you whether it's a standard, a fancy, a choice, if it's Libby's or anyone else, and that's what we're talking about. And when we talk about Morden Fine Foods, you know those people down there canned for lots of people. Go down and look at the labels — I think one particular day I was down there — they had 32 labels canning for different people. It's just absolutely

ludicrous what these people try and convince the people of Manitoba that we're trying to shove something down people's throats. Perhaps, one out of ten believe it. You believe it, sure you do. I believe that the Minister of Education regrettably believes in what he says and what he stands for.

But, nevertheless, fancy peas or fancy beans or anything else, when they're packaged in a block and you're buying peaches and ketchup and a lot of things that aren't manufactured in the province, they have to go through the food brokers, and this is what they're going back to.

But here once again, Mr. Chairman, I repeat, I don't give a tinker's darn who owns the means of production. But Canadian Cannerns, there was a branch of Canadian Cannerns and they closed it. So what are we talking about once again? Are we talking about an isolated canning capacity in the province? We are not. We're talking about an economic industrial thrust in that particular part of the province and it includes the farmers, primarily. It's a service agency to the farmers down there who were helped to grow different crops, crops that they could get immediate cash for. And albeit the experience has proved somewhat regrettable. . .

Manitobans who have been around for awhile will know that the Manitoba Sugar Beet Company was started by the public. They built the plant with public funds. They subsidized the farmers to learn how to grow sugar beets' until such time as it became viable and they sold it. And at that particular time I thought it was a good idea that they should take that money that they had invested in sugar beets, build businesses up to a viable level, and if they sell it to somebody else fine and dandy.

But here once again, Mr. Chairman, what has been the experience with this particular company? They sold it into the cartel that operates our sugar business in Canada. And we buy sugar in Manitoba as if it was shipped hundreds of miles out and shipped back again.

A MEMBER: A thousand miles.

MR. BOYCE: Well, thousands of miles. You know it finally took them 12 years, I understand, to get after these people down east to prove that there was a collusion in setting the price of sugar. But nevertheless, when we're talking about just strictly the buck in the bank, as put by the Member for Wolseley and the Member for Minnedosa, it's a bigger item than that. It's more complex than that. And to over-simplify it, that it's a matter of governments not being able to operate business, hogwash.

The Minister of Industry and Commerce is a businessman. I wonder what his time frame is. I understand he was in the car business. He has ups and downs in his business cycle, I am sure. But when he's talking about a deficit . . . With Morden Fine Foods, I repeat, it bears repeating, the reason the Canadian Cannerns closed that particular plant was that the Federal Government gave Canadian Cannerns an offer that they couldn't refuse, to try and solve the unemployment problem in the Province of Quebec, I think they practically built them a plant for nothing.

Once again I repeat, I don't fault the directors of Canadian Cannerns for taking the deal. And I wish to God that the governments were out of business in this sense, because what they're doing is they . . . You talk about politics in business, in government business, there's more politics in private business . . .

A MEMBER: Pork barrelling.

MR. BOYCE: . . . Pork barrelling. It's just absolutely ludicrous. No regard at all by the federal people, what they were doing to the farmers in Morden by their jiggery-pokery in trying to solve some of their problems in Quebec, which they weren't able to solve by this or any other manipulations. If they'd leave all these rugged individualists alone to invest their money, to make it or go broke by themselves, but that isn't the case. It comes down to the point where business won't do anything unless some money is forthcoming, above or under the table.

The situation, for example, in this area where rapeseed — I understand, that they're going to dump some more money into it here locally. This is what I always find humorous. This is not welfare. You know, it's a subsidy, that's a nicer word. It's a subsidy.

That the freight rate structure in this country are out of whack, is absolutely true, have been for years. But the reason that these freight rates are still out of whack is because every time there's an election up, the politicians run through the country and they say, "You elect me and I'm going to give you. You elect me and I'm going to give you. You elect me and I'm going to give you," and they get sucked in every time.

They keep sending the same bunch back to Ottawa for generations who haven't solved these problems as far as the disadvantage of the west, as far as freight rates are concerned.

But back to the point, Mr. Chairman. For the Minister to say that governments can't operate business, well he talks about doctrinaire, he has really underscored it and underlined it as far as this government is concerned. And I don't blame the Meer for St. Boniface asking the question. What are the terms for the takeover of Bell Telephone? I mean, oh no, it's Bell Telephone that's going to take over Manitoba Telephone System.

I imagine if they come out with an offer, Bell would be glad to pick them up.

It's very interesting in Flyer Coach. The only really competition to General Motors in Canada is Flyer Coach. And if Flyer Coach goes belly-up General Motors would just love it, because there's nowhere else for them to go to buy buses.

When they talk about people co-operating with Morden Fine Foods, we saw the type of co-

operation that you'd expect from the gentlemen opposite in the last session when they tried everything in the book, phoning down to San Francisco to check out complaints and everything else on the performance of Flyer Coach, they did everything in the book to kill Flyer Coach. So we can understand the co-operation of this particular government relative to anything which the government may try to operate.

The Member for Inkster said, you know, they don't want anything that'll prove successful because it's an embarrassment to them. And it is. Anything that that is making a dollar you get rid of it, too. So it isn't just because Morden Fine Foods had a deficit that you're anxious to sell it. But for gosh sakes, Mr. Chairman, in this day and age there has to be a balance between the private and public sector. And for somebody to say that either one has all the answers to the problems, is ludicrous.

So for the Minister to stand up here on a Friday afternoon and tell us that governments can't operate business, it boggles the mind as the former First Minister used to say.

MR. CHAIRMAN: The Honourable Member for Brandon East.

MR. EVANS: Thank you, Mr. Chairman. I wonder if the Honourable Minister can enlighten the members of the House on the current situation of ManFor. That is the forestry complex at The Pas otherwise usually referred to by many as CFI. Now perhaps it's not in his direct portfolio or the portfolio of MDC, but I believe there is some reference in MDC Annual Report with regard to some financial arrangements and some relationship between MDC and ManFor.

But could the Minister just tell us precisely what is the relationship now and is MDC doing anything at all in assisting ManFor, in whatever capacity, even financial advice, etc.?

MR. BANMAN: No, Mr. Chairman, it is my understanding that MDC, because of the certain civil litigation that is involved with the different principals and different companies that were involved with CFI, or ManFor now, the Manitoba Development Corporation is the one that is involved in some of the legal action. The money is just passed through the Development Corporation and the exact technical data, I am sure the gentleman will be able to get from the Chairman of the Board. The ManFor reports to the Minister of Mines and I have had no working knowledge with that particular company.

MR. EVANS: Well, that's fine and we can pursue that subsequently under the appropriate Estimates. I guess it would be the Estimates of the Minister of Renewable Resources. — (Interjection)— Mines, I see.

At any rate, the CFI episode and ManFor — and I know it is not in the portfolio now as I understand it — but nevertheless this was a child of the Manitoba Development Fund, something that the former General Manager was very much involved in, Rex Grose. As a matter of fact, something that actually led eventually to his resignation and interestingly enough, as I mentioned the other day, at the time of Rex Grose's resignation my resignation was demanded by members of the opposition of the day because we had lost the Gordie Howe of the industrial development world for Manitoba. And this was a great sin because we allowed that great industrial developer to go.

Well, that great industrial developer, the former one-time general manager of MDC, was one of the chief architects of Manitoba's involvement in CFI. And the CFI episode causes these little companies and their failures to pale into insignificance. I would suggest that a number of these smaller companies that are being talked of today, and many of the companies that are being sold or in the process of being sold — Dormond Industries, Dawn Plastics and so on, and even Morden Fine Foods — these pale into insignificance when you compare it with the CFI episode and all the difficulties that we have had there. I think it will be shown that when we discuss ManFor that it has had great difficulties, in fact, from the day it was built, I believe it was undersize. In other words, it wasn't of adequate size to be able to compete as a viable entity in the pulp and paper market.

At any rate, Mr. Chairman, it will be very interesting in the days ahead to look and see what is happening to CFI or to ManFor because that has been a very sad situation indeed.

But the point that I would like to make, and it is a point of policy, and that is that the MDF, the predecessor to the MDC, was established by the government administration of Duff Roblin, by the Conservative government of the day, in order to help get some industry for Manitoba. The purpose of it was very commendable. The objective was to help create jobs in the secondary sector because even in those days there was a lagging development in manufacturing. Manitoba was simply not performing in terms of a manufacturing base; in fact its manufacturing base was being eroded, and the government of the day set up the MDF as some type of agency, as an agency that would perhaps counteract the lack of pure private capital investment.

Well, the MDF financed a number of companies and a number of them succeeded. Many of them had great difficulty; many of them failed. But back in the 1960s, we didn't know much about it. We didn't get any public discussion of it. We had very little information about it because the MDF operation was clouded in a veil of secrecy, in fact, you couldn't even ask a question of the Minister of the day. That was a "no no." It was illegal for him that Minister to provide information to the Members of the House and to the public as to what the MDF was doing.

But the MDF was indeed playing the role of lender of last resort. And you know, when you play the role of lender of last resort you are playing the role of an insurance company that only takes the bad risks. You are playing the role of a company, such as an insurance company, that, let's say, is engaged in life insurance and has to take all the heart cases, all the cancer patients, all the people who have various serious diseases and insure them because no other life insurance company will

take them.

The MDF in many ways was put in that position as a lender of last resort. It couldn't help but be engaged in enterprises of a high-risk nature where there was a greater amount of risk involved in the enterprise ever becoming viable and being productive and useful to the economy in the long run.

And you know, Mr. Chairman, many of the companies that we talk about today and have been discussed in the last couple of years, in fact the bulk of them, the vast bulk of them, are those companies that the previous government, the New Democratic Party government of Manitoba, had inherited and tried its best to handle and to bring along over the years, all with the good intention of trying to maintain jobs in the province and trying to bolster up the manufacturing sector.

So, we inherited a lot of difficulties and we were able to resolve some and some we weren't able to resolve. You know, the Lord Selkirk was one that we inherited. I suppose you could say Morden Fine Foods we didn't inherit, but in another way we did, because here was a company that was encouraged to come to Manitoba by the now Minister without Portfolio, I believe, the Member for River Heights, who was then Minister of Industry and Commerce, encouraged Canadian Cannery Limited to come to Morden and set up this plant. It seemed like a very good idea. The Department of Industry and Commerce were very active in promoting this. Unfortunately the private company decided to pull out, it didn't stay very long, and eventually the MDC took it over and operated it. For what purpose? Well for the purpose of providing jobs in the Pembina Triangle, for the purpose of giving some markets for cash crops to the farmers in that area. And I think generally speaking it has been of benefit to that part of the province, and I think that if you took a survey of the people there or if you asked the Member for Pembina, I would think he would want to make the point of the government somehow or other maintaining Morden Fine Foods even if it required some form of subsidy.

But the fact is it really doesn't, it needn't really require a form of subsidy if we could provide some markets, greater markets for it, and as my colleague, the Member from Winnipeg Centre, pointed out there is a great demand for food in our various institutions, the various hospitals, the various penal institutions, and so on. The product is a very good product as the Minister himself said, and it could have very well been that we could provide food, canned foods of whatever kind, peas, beans, corn, etc., to our publicly financed institutions at no additional cost to the taxpayer, because Morden Fine Foods, if anyone has priced it in the supermarket you will find that Morden Fine Foods are very competitive. The prices of the products of Morden Fine Foods have tended to be over the years considerably less than the prices of the so-called national name brands.

So therefore in making a decision as a government to purchase some of the Morden Fine Foods products I would say it was not a decision that was imposing a burden on the Manitoba taxpayers. As a matter of fact if you look at it very carefully we may end up reducing the cost to taxpayers, reducing the costs to government, because as I said the prices that were offered by Morden Fine Foods were very competitive, indeed in many cases they were substantially below the prices of their competing products, in the retail outlets at least.

So this brings us to the question of a policy position. We inherited, the NDP government inherited, an MDF which was lender of last resort. We carried on with the MDC as lender of last resort and we found that we were taking many risks and we found that as a result we had a number of losses on our hands. So the question now arises in my mind, just where do we go from here? The intent of the previous government was good, the intent of the government that set it up in the first place was good, and that is to create jobs in the manufacturing centre.

What does this government intend to do to take its place if there is a decision made to abolish it? And this really brings me to a general question that I have for the Minister. I don't know whether he can answer it or not. You know, just what is going to happen or what is happening to the Manitoba Development Corporation? Is it now actively receiving applications? Does it receive any applications, and if so, what have been the number of applications, let's say in the last quarter, the last few months? Are there any applications in process of being approved? And if so, what kind of applications are these? What interest is being shown by the business community? Because the largest application that was approved was approved for McCain Foods, which we have been discussing for the last day or so, off and on. —(Interjection)— Well, I haven't had a chance to talk to the Member from Ste. Rose, but I would assure him as I would advise the Minister opposite, that from my information, at least, the MDC loan to McCains is fully secured. In other words, if for some reason the McCain Food Plant at Portage, and heaven forbid, but if for some reason the McCain Food Plant should fail, should have difficulties and go under, the MDC loan is fully secured because McCains apparently have sufficient assets, assets of a sufficient nature that fully secures the loan made by the MDC. So that much I would like to put on the record. If the Honourable Minister didn't know, I am telling him now and I would also explain that to my colleague, the Member for Ste. Rose.

So what I would like to know is, is there interest being generated by the private sector now? Are they coming to the MDC asking for loans? These are straight commercial loans that I am talking about. I know the Minister has an aversion to public equities and I am not talking about that. I am talking about applications on a strictly commercial basis, applications being made by private enterprise for moneys to go into business or to expand their business or what have you? So that is a specific question, I wonder if the Minister could answer for us.

MR. BANMAN: Mr. Chairman, some of the answers or questions were similar to the ones asked this morning.

It is my understanding that two loan applications have been turned over to FBDB in the last while, since we took over. The member should also realize that in 1976 there were a total of four new loans to

Friday, April 7, 1978

outside people for something in the neighbourhood of one-half a million dollars, and in 1977 I am advised that there were also four loans to the tune of about \$800,000.00. These are rough figures and we will have to go into them in more detail, or if the member wants some more breakdown he will have to ask in Committee.

The other question with regard to the loan applications, Mr. Chairman, I haven't got those — well, I had the two that were turned over. The disbursement of the loan to McCain's, Mr. Chairman, will, I imagine, happen within the next year or so when the plant is completed and, as the member points out, we were somewhat criticized by the Member for Ste. Rose about our involvement in it. The deal was negotiated by the members opposite and from my looking at it, it looks to be a fair deal. I haven't gone into it in great detail but, as I said, when the Member for Ste. Rose got up and started questioning the deal, he aroused my curiosity and I am going to check into it further. But from my preliminary understanding and talking with the directors of the board and the Chairman of the board of the MDC, everything is fine and we don't foresee any problems with it.

MR. CHAIRMAN: Item 1.— the Honourable Member for Brandon East. Order. The Honourable House Leader.

MR. JORGENSEN: Mr. Chairman, pursuant to an agreement that had been reached earlier and before we run out of members completely, I wonder if it may be an appropriate time to have the Committee rise.

MR. CHAIRMAN: Committee rise. Call in the Speaker.

The Chairman reported upon the Committees' deliberations to Mr. Speaker and requested leave to sit again.

IN SESSION

MR. SPEAKER: The Honourable Member for Radisson.

MR. ABE KOVNATS: Mr. Speaker, I beg to move, seconded by the Honourable Member for Rhineland that the report of the Committee be accepted.

MOTION presented and carried.

MR. DEPUTY SPEAKER: The hour being 4:30, I consider the House now adjourned and it stands adjourned until 2:30 Monday afternoon.