

**LEGISLATIVE ASSEMBLY OF MANITOBA**  
**Tuesday, 10 February, 1981**

Time — 8:00 p.m.

**CONCURRENT COMMITTEES OF SUPPLY**

**SUPPLY — ECONOMIC DEVELOPMENT  
AND TOURISM**

**MR. CHAIRMAN, Morris McGregor (Virden):** I call the committee to order. We are on Page 44, 2.(e)(1) pass. The Member for Brandon East.

**MR. LEONARD EVANS (Brandon East):** Mr. Chairman, I believe the Minister said that he would have this evening an explanation of the financial items that we were discussing this afternoon regarding the Canadian Food Products Development Centre, and I also referred to the Industrial Technology Centre. I wonder if the Minister has an explanation now.

**MR. CHAIRMAN:** The Honourable Minister.

**HON. J. FRANK JOHNSTON (Sturgeon Creek):** The note re Exhibit B, Manitoba Research Council, the balance of expended funds at the beginning of the year, \$323,263.86. Operation in fiscal year 1978-79, was funded by Canada and Manitoba through separate agreements. These agreements provided funds to be contributed to the Manitoba Research Council in advance by grant from both governments. The unexpended figure is primarily the amount of this operating advance then still available, plus minor amounts of interest. The refund of 1979 grants of \$312,500.00.

During the fiscal year of 1979-80, funding for the MRC projects was subsumed under the Enterprise Manitoba Agreement. Federal funds under the old agreement came directly from Canada, whereas all federal funds under Enterprise Manitoba flow through the province. It was therefore necessary to refund advance under the old agreement to permit the proper flow of funds and claims under the new agreement. This transaction is explained by the auditors note two on page 28 of the annual report.

Enterprise Manitoba, a five year program spanning the period of April 1, 1978 to March 31st, 1983, includes a program of \$4,500,000 to establish staff and operate Canadian Food Products Development Centre at Portage la Prairie. The federal-provincial cost-shared program, \$62.5 versus \$37.5 for the province is being delivered by the Manitoba Research Council in the formal agreement with the Province of Manitoba.

The 1979-80 annual report of the Department of Economic Development and Tourism contains the annual report of the Provincial Auditor certifying the propriety of the financial statements of Manitoba Research Council for the year end March 31st, 1980, and comparative figures for the previous fiscal year.

Exhibit B, on page 26 of the annual report reflects an entry of \$312,500 as its receipt, during 1978-79 as matching funds granted from the Province of Manitoba and the Government of Canada. These funds were originally granted to the Manitoba Research Council by earlier agreement prior to

Enterprise Manitoba, by separate agreements between MRC and Canada Industry Trade and Commerce, and MRC and the province. The life of the earlier agreement overlapped the commencement date of the Enterprise Manitoba and the general intent was the same only in magnitude of difference. It was agreed to apply the earlier funding received as part of the five year cost-sharing arrangement of Enterprise Manitoba. The accounting entry is reflected in the statement, Exhibit B.

The other question asked, the operating level. While there was some delay in staffing in 1979, the operations in 1980 largely consumed the grants involved. The grants were \$761,991, disbursements were \$739,549, but it is anticipated that the funds requested in 1981-82 of \$793,000 will be fully consumed.

I would leave a copy of that with the member if he

**MR. EVANS:** I will study the statement also, but I gather the short answer is that there is no problem in not being utilized, the allocated funding for this centre and that what seems to be carry-over, refund, is due to technical reasons, accounting reasons, not a matter of substance of not fulfilling the program as had been planned Okay.

I wonder if I could go from the Food Products Centre to the Industrial Technology Centre, and ask, because there has been some discussion about the Food Products Centre at Portage, but exactly what is the thrust now of the Industrial Technology Centre. At one time it was health products, and I know the Minister has made statements regarding other areas of technological thrust, technological advancements. I believe electronics was also included and perhaps one or two others, but I am wondering if the Minister can now tell us essentially what is the main thrust of the Industrial Technology Centre.

**MR. JOHNSTON:** The overall main thrust of the Industrial Technology Centres is to assist industry in the Province of Manitoba on technology. In other words if somebody has developed a product and they have to put two pieces of steel together in a specific way and they don't have the knowledge to do it, the Technology Centre can either help them with the knowledge to be able to do it — I'm using that example because I know this one personally — and after that they can test it and help the person come up with a product or a part that is necessary to make a product.

There are five labs out there. The different labs are the electronic, the microbiology, metals testing, the overhead welding machine room with overhead cranes in it, chemistry. All of those labs are available out there and the staffing of that Technology Centre was completed with 13; there's nine professionals and four support people. It officially opened June 12th. As of July 1980, NRC Technical Information Service staff were seconded to the centre under the ITC direction. Provision of technical information to 500 companies and individuals, 75 interventions and intensive technical assistance to 40 clients; effective technical information sources were established

combining hard copy microfilm and computerized data basis. Implementation fee for service guidelines to achieve partial cost recovery. Goal \$140,000 achieved in excess of \$200,000 as a signed contract. Provide metric information to 120 clients.

Operated the Canadian Health Industry Development Centre as the integral part of the Industrial Technology Centre. Assistance with the establishment of the industrial appliances of Micro Electronics Centre by providing a grant of \$300,000.00. Established quality control and assurance programs for the purpose of increasing technical competence to Manitoba industry. Presented 6 technical seminars. Orange County Electronics is one of the . . . there's a lot of work done with Tasty Seeds Limited on production. Faber Weatherguard, Manitoba Research Council has arranged special testing for the external louvered blind system. As a result they received a \$200,000 contract.

Winnipeg RH Institute, the approval of the established blood plasma fractionation facility in Winnipeg was announced. Superior Scale. They did a lot of work with CAE Aircraft on the honeycomb panel for the Canada Air aircraft, that 215 waterbomber that CAE now has the contract to make the flaps and tail assembly for. They delivered the first of 15 sets 16 days ahead of time, last Friday, and Mr. Campbell of the Canada Air says that there will another order for 15 sets, which would take that through to probably the end of 83, beginning of 84, and there are still orders coming in for the 215 waterbomber.

The only thing I could say to the honourable members is that if you haven't had the opportunity to go out and see that industrial technology Centre you should because it's well worth seeing. I would invite anybody, anytime to make a trip out there because we are very, very proud of it.

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

**MR. EVANS:** I would like to ask the Minister whether it's the intention that some day this centre would be self-sustaining. In other words, would it follow the course that some provinces have taken, such as B.C. and I believe New Brunswick, where technology groups, research councils and the like, whatever they may be called, charge for their services, at least in part, and eventually become, if not totally, at least partially self-sustaining through receipt of monies for services rendered.

**MR. JOHNSON:** Well we don't ever expect that it will become totally self-sustaining, but it is starting in that direction already. The Food Products Development Centre has had an income of \$70,000 in 1980-81 and the Industrial Technology Centre has had an income of \$150,000.00. So there are charges being made to help sustain the operation, but certainly not up to any amounts of significance as yet and we intend to have it grow that way.

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

**MR. EVANS:** Well, I believe the Minister mentioned CAE as a recipient of the services of the Industrial Technology Centre. Would CAE pay for help rendered by the staff here?

**MR. JOHNSON:** I am informed I believe that CAE did, we'll give you a figure of what they paid. But CAE we worked with them very closely, because CAE was just about out of the aircraft business. Through out department with the development officers and CAE we were able, working with Canada Air to get the opportunity for them to quote on the particular flaps and tail for the 215 waterbomber. And CAE are moving right back into the aircraft industry.

**MR. EVANS:** Mr. Chairman, perhaps the Minister means moving back into the aircraft industry in Manitoba because I don't believe CAE ever left the aircraft industry. What bothered us was that in the past, you may recall, Mr. Chairman, that the Government of Manitoba, and this goes through 2 previous administrations, worked very closely with CAE to try to get them as much work as we could through the Federal Department of Defence, in particular, and through other government departments, and of course it involved Air Canada Overhaul and all of that story. But it seemed to me that, for whatever reason, CAE and I'm not trying to point the figure or lay the blame on any group or any company, but it seems to me that CAE withdrew, in effect, or reduced its aircraft repair service here and whatever it might have manufactured, but it maintained it in Edmonton and other places. I felt very let down by that particular company because it seemed to me that they were prepared to carry on elsewhere in Canada but only if they were to get some assistance from Air Canada I believe, would they carry on in Manitoba.

At any rate, I think it could certainly not be considered a small fledgling company and while one would like to see them and others do business here, it seems to me that it is a size of a company that shouldn't have to depend on a relatively new and small industrial technology centre for assistance. Now I'm not decrying the assistance provided, but at the same time it makes me wonder why CAE would be a candidate for some assistance from this Industrial Technology Centre.

**MR. JOHNSON:** Well as I said we will check it. I'm informed that they did pay something. I'm not too sure how they did, but there's 32 new jobs in Manitoba because of this contract and there's the work they did. That's the honeycomb that's on the inside of the wing of the 215 waterbomber and the testing was done on the glue to make sure the bond was such that the inspectors would pass it so they could get into the production of the particular flap structure that they were making.

**MR. EVANS:** Again, that's fine. We like to have more jobs but I often wonder why a company like CAE doesn't have the capacity to do it itself. They are, as I understand, a very large company with plants in eastern Canada and, I believe, in Alberta. They are certainly not a small company needing a bit of help from the department. We normally think the help given by the department is to small or medium-size companies, they don't have the research staff, for example. These are the kind of companies you like to help, not the big corporations who, you would think, would be well equipped and well financed to do their own thing.

**MR. JOHNSON:** Mr. Chairman, I said I should have the answer shortly. The intention of the Centre

is to have an income of \$350,000 in 1981-82; that's the projected figure. I might add if those pieces had not have been able to be tested in Manitoba, they would have had to go east and would have held up the production.

**MR. EVANS:** Of the companies that were helped by the Industrial Technology Centre since its inception, because it hasn't been there that long, what percentage would you classify as small, say 50 or fewer employees, and what percentage are in the large category? I suggest 50 or more employees as a cut-off; if you want to have some other definition, fine, tell us what the definition is.

**MR. JOHNSTON:** I can only tell you they provided technical information to 500 companies and individuals, is the information that I have. I don't have a complete breakdown of the companies. I'm sure it's available, the companies and the size of the companies, but there were a lot of small companies involved.

**MR. EVANS:** I guess there are different categories of services. It is one thing to provide information but of course it is another thing to actively work with the company and test materials or do whatever to provide assistance. Of the major type of assistance, do you not have an idea as to — I'm not talking about simply passing out information, but working rather closely, giving some major help, as you did with C.A.E., as it turns out — what percentage is given to small companies and what percentage is given to large companies? If the Minister doesn't have that, he can perhaps get it later.

**MR. JOHNSTON:** We will have to get that information.

**MR. EVANS:** I want to use just one other example, I guess. Indus Electronics Limited is a company we talked of a few days ago. There is a statement in the paper by the vice-president of the company, Mr. Peter Johnson, who complained about a number of factors that has led to the demise of his company. It was declared insolvent earlier in December, and on December 30, 1980, the story in the paper was: "Electronics firm forced to shut down." This was an electronics company which had prospects of tapping a very wide market, a lucrative world-wide market in medical equipment. At any rate, it had a staff of 30 people; it was only a 16-year old company. The company had a number of problems, but among other things it said, the vice-president, Mr. Johnson, blamed a low level of technology when products were initiated and underestimation of the size of the job as reasons for the firm's failure; Says, "Developing new products is a very expensive proposition. Winnipeg and Manitoba have a great deal to learn about starting technology companies." And he added that Indus might have benefited from more government assistance.

Indus, which manufactured sophisticated electronic control and monitoring systems, opened a new \$1 million plant in the west end of the city as late as last March. It is a family-owned business, a Manitoba-grown business, and it had hopes of going up to 75 employees and hopefully were going to sell millions of dollars worth of electrical equipment. Among other

things, they had an x-ray calibration monitoring device, which someone here in Winnipeg invented and developed, and it is used in a number of hospitals to measure x-ray dosages.

The total financial support Indus received from the Provincial Government was \$18,000, according to the vice-president, Mr. Johnson. He said the government was co-operative in helping the firm and recently tried to provide assistance in setting up a demonstration product of its monitoring device, but the effort came too late.

Mr. Johnson said a provincial grant from the Manitoba Research Council was offered to Indus under certain conditions which the company couldn't meet.

There may be more to this than meets the eye. There may be a lot more to the story. This is one side of the story, obviously, although there is a quote from the Assistant Deputy Minister of the department. Mr. Blicq is quoted in the article too. So there are two sides to the story although I think, according to Mr. Blicq's statement, he said that he wasn't aware of other electronics firms facing similar financial problems and so on.

The point I am making is here is a grown-in-Manitoba company; it evolved in Winnipeg, a local enterprise, a small enterprise, had great hopes of expanding; as late as last March they had opened a new \$1 million plant. According to the story, at least, there was presumably a wide market for the type of equipment they were developing and yet we don't seem to be in a position to help this kind of a company. I just don't know — maybe it wasn't in the field of technology, although the vice-president says that that was one of the problems, the low level of technology. Well, if we've got this Industrial Technology Centre, and we're putting more money than ever before and we are helping all kinds of companies, including C.A.E., why couldn't we have been more meaningful in assistance to this small Manitoba-grown company that had a great future in front of it? We fell flat on our nose. When it came to the crunch, we weren't able to help.

Maybe it goes beyond technology; maybe there are other problems. But according to the company, at least, he says, "developing new products is a very expensive proposition", and he says, "We would have benefited from more government assistance." He does point to this problem of technology.

**MR. JOHNSTON:** Mr. Chairman, I said the other day in the Estimates, Indus Industries received from the Manitoba Research Council a lot of consulting and a lot of work with them. They also worked with Dr. Kisner, who the Manitoba Research Council supports, and at the end, we had offered what was about a \$50,000 package through the Manitoba Research Council, which was not in the form of money, but to take over the salaries and take over the research people working within their industry, but that still wasn't enough to help that company. As a matter of fact, our people recommended to the board of the company that the management should be changed, and they did change that, and even that was too late. The company had a bread and butter line that was obviously paid very little attention to and most of the time was being spent on researching and products that didn't have any sale because they hadn't been proven as yet. All of the work that we

did with them didn't seem to help that company. The offer we made at the end was not enough to help them from a financial point of view so our offer was not accepted by the board because it wasn't adequate enough in order to be able to help them through the time they had.

There are many many things about Indus Electronics that are exceptionally good but the thing that was not good was that they were not selling enough of the products that were salable on the market versus to get the income. Let's put it this way, the income was not enough from the products that were salable to support the research they were doing.

**MR. EVANS:** So the Minister is suggesting, Mr. Chairman, that it simply was underfinanced through a period that was required to do more development of the product. In other words, it needed more financial capacity to sustain it while it developed its technology?

**MR. JOHNSTON:** We did not offer financial capacity; we offered to take over the salaries of the people who were doing the research, but it was not accepted.

**MR. EVANS:** I understand that; I heard the Minister the first time. I am trying to summarize his assessment of the problem. Is it correct what the Minister is saying is that ultimately the company didn't have the financial capacity to sustain itself through the period required to develop and perfect the technology and to bring the product to a state where it could be more readily sold commercially?

**MR. JOHNSTON:** I don't want to get too much more into the inner workings of Indus Electronics. I think the liquidation itself was proof of the financial problem the company was in.

I might say, CAE is being charged. We haven't got the amounts, and 500 companies and individuals were helped. Eighty percent of those are 50 employees or less.

**MR. EVANS:** Another question, and I believe it is covered by this section, is assistance to K-Cycle. Last year the Minister announced a large grant to the K-Cycle people; this was a technological development type of grant. Are there further funds for K-Cycle again this year?

**MR. JOHNSTON:** No. It wasn't under Enterprise Manitoba, it was a direct provincial grant through the department, approved by the Cabinet, to help them continue their research. Their product is not yet in the position for a large market. It was in the form of a new building had to be built with test stands in it. It is now built. We hold the mortgage and the chattel on the building and the chattel on the equipment. The building can be used, and is there to be used, by any other people wanting to test engines in the province.

**MR. EVANS:** What was the amount of pay out finally to K-Cycle? I gather then, from the Minister's statement about holding a couple of mortgage documents, that in effect you have taken some consideration for what I thought was a pure grant

without strings attached, but obviously it is a grant with some strings attached.

**MR. JOHNSTON:** Yes, we do have the paper and the building had to be built separate from the other buildings. It was \$300,000.00. I believe it is shown in there.

**MR. EVANS:** If something should happen that the project doesn't proceed and become commercially viable, etc., then the province has these two documents and presumably would get some of the \$300,000 back.

**MR. JOHNSTON:** That is correct. We protect the province's position and we also know that a test stand for engines is a desirable thing to have in Manitoba so the province is protected.

**MR. EVANS:** Is there any indication when the K-Cycle project may get to the stage of commercial production? I know the government is not directly involved but nevertheless you must get reports. Do we have any idea when this day may come?

**MR. JOHNSTON:** It was important, Mr. Chairman, to get the test facility in place so that the engine could be tested. That was done. I am told by Mr. Kristiansen that they are expecting to have a pretty good income this year from the work that they have been doing, but I am not in a position to be able to say to you when they would be able to market the product in any large volume. They are still working very well. All I know is that there is a car driving around with a K-Cycle engine in it and several other pieces of equipment with a K-Cycle engine in it and they seem to be proceeding very well.

**MR. EVANS:** Has the company given the government any indication as to the possibility of producing the engines in Manitoba, if it should come about that it is commercially viable and the bugs are . . . I understand it is a very interesting engine; it's innovative; it's a step forward and we are glad to see it. But what indication do you have from Mr. Kristiansen and his associates as to the possibility of manufacturing this engine in the Province of Manitoba, or will it be that we develop the K-Cycle, or it is developed by the principals, and then the production has to be farmed out to Oshawa or who knows, Detroit, or wherever, because this is the area where automobiles are produced in this country and this is where the manufacturers are.

**MR. JOHNSTON:** Our main thrust was to keep the technology here in Manitoba. That was the reason for the grant. I would hope that if the engine develops to a point where there are orders for it it would be manufactured here.

**MR. EVANS:** I share the Minister's hope as well but I think it is a very remote possibility that that will ever come about. It is just not feasible to manufacture engines here. Well, it can be done from an engineering point of view, but from an economic point of view, unfortunately, I don't see it happening. We've seen examples where new companies have attempted to start up. Bricklin is the best recent example and that was a disaster but it was a very

good car. And I know this is a very good energy efficient engine. It's wonderful, what little I've known of it I've seen some demonstrations of it, it's very good. It's coming along, but I say the chances of it being produced in Manitoba are extremely remote and I just don't see, while I welcome the support of technology and keeping technology in the province, let's recognize that this grant will not, and this support by the department, will not ensure the production of motor vehicle engine, K-Cycle engine in the Province of Manitoba. If it does come on stream, it will be on stream I submit in Oshawa, Windsor, Detroit, someplace, but not Manitoba.

**MR. JOHNSTON:** The member is making a prediction. I am not prepared to say whether it's right or wrong, but the main objective was to keep the technology here in Manitoba and make it possible for the company to contract for the technical services.

**MR. EVANS:** Have they approached the department for further funding or further grants since the \$300,000 was agreed to?

**MR. JOHNSTON:** No.

**MR. CHAIRMAN:** 2.(e) The Member for Brandon East.

**MR. EVANS:** The company has not approached the department and I would gather then that the department is not expecting the need to assist this company further, at least in a financial way.

**MR. JOHNSON:** Mr. Kristiansen has been requesting an appointment with me. I hope to be able to see him during this week or the beginning of next, I don't know what the situation is with him at the present time.

**MR. EVANS:** I guess we'll hear about it in due course. Those are all the questions I have.

**MR. CHAIRMAN:** 2.(e)(1) pass; 2.(e)(2) pass; 2.(e)(3) pass; 2.(f)(1) — the Member for Elmwood.

**MR. RUSSELL DOERN:** Mr. Chairman, I wanted to mainly deal with the Destination Manitoba Agreement between the Federal and Provincial Governments. Well perhaps I'll make most of my remarks at that point and then maybe I'll make them at the end of (f).

**MR. CHAIRMAN:** 2.(f)(1) pass; 2.(f)(2) pass; 2.(f)(3) pass; 2.(f)(4) — the Member from Elmwood.

**MR. DOERN:** Mr. Chairman, I'd like to direct most of my questions and comments at Destination Manitoba which is a massive, I believe \$20 million agreement between the Federal and Provincial Governments to be spent over a period of 5 years and I guess we're approaching about the mid-point of that particular agreement. I note with some interest that it was signed by the Minister of Cultural Affairs and the Minister of Industry, Trade and Commerce, Jack Horner. I was just curious whether the Member for Lakeside was still friendly toward big Jack who is now retired in Alberta in his own brand or whatever his book was called.

Mr. Chairman, I think one of the questions I'd like to ask following the annual report, is how we're doing in terms of the in-province market, because apparently in 1978, when this program was signed and introduced, one of the things that was attempted to be countered was what was described in your own annual report as a massive travel deficit. Now I assume with the value dollar and the 20 percent advantage that Americans have that it's much easier to attract tourists into Manitoba, and maybe it's even easier to retain Manitobans, in terms of staying at home as opposed to spending their money in foreign markets. I know that prices are sky high in other parts of the world, for example, I was told by a friend of mine that in London hotel rooms run up to \$200 a day and I know that in the New York market, where two years ago an average hotel room in New York apparently was about \$38.00, that it's now averaging \$75.00, and for \$75 in New York you can't get a very good hotel room. So I just wanted to ask if we could have a brief update on the success or otherwise of the tourist dollar in Manitoba. I assume that we're way up in 1980 over 1978. I wonder if the Minister could give us any statistics in that regard.

**MR. CHAIRMAN:** The Honourable Minister.

**MR. JOHNSTON:** In 1971, the travel deficit was \$4.9 million, in '72 it was \$4.3 million, in '73 it was \$18 million, in 1974 it was \$4 million, in '75 it was \$16 million, in '76 it was \$38 million, in '77 it was \$61 million, in 1978 it was \$57 million and we don't have the figures for . . . well 1979 was \$49 million. We don't have the final figures for 1980 as yet. The total in-province expenditures by people travelling, in 1980 the total expenditures in the Province of Manitoba by tourists was \$425,700,000.00. The in-province Manitoba spending was \$273,500, 64.3 of the overall total of expenditures on tourism in the Province of Manitoba was by Manitobans travelling in Manitoba.

**MR. DOERN:** Mr. Chairman, can the Minister explain then how these figures are arrived at? That's simply the amount of money that tourists spend in Manitoba and then you subtract the amount of money that Manitobans spend outside the province, is that how you arrive at those figures?

**MR. JOHNSTON:** I know there's a very thorough procedure to get to the tourism figures. They boil down to be, in the final analysis, estimates but we do it like many other provinces do it to try and get the estimates with the hotels, travel people, all kinds of different ways. I can probably get you a rundown of exactly how the research is done on that but those are the figures.

**MR. DOERN:** Mr. Chairman, I just want to follow basically the annual report dealing with some of the more significant conventions and so on. Did the province have an input into the Commonwealth Air Crew Reunion. It struck me that was one of the most successful and interesting reunions or events ever held in this province; it's gone on for several years. Apparently it's supposed to stop every year, presumably people are getting older and dying off in the process, that has gone on for a number of years. Each year it's supposed to be the last. I would like to

know whether there are plans of holding that in the next year or two, and also what kind of financial support is being offered as an incentive to these people who come from all over the Commonwealth and all over the world to attend this convention.

**MR. JOHNSTON:** The department worked very closely with the organizers of that convention. We had consultants available for them on how to work with a convention that size. We did mailing for them. We had a booths available. In the booths the people were there to give information on Manitoba and travelling in Manitoba. We were very extensively involved but not in the form of any grant.

**MR. DOERN:** I think I recall the answer to this, I'm not certain, but did the Liberal Party of Canada apply for or receive a grant, a hospitality grant?

**MR. JOHNSTON:** I'm told not through our department, I don't know.

**MR. DOERN:** Was any assistance offered to the Liberal party?

**MR. JOHNSTON:** The same assistance would be offered to the Liberal Party Convention as offered to any convention, but I don't think they used any.

**MR. DOERN:** So you don't know if there is any substance to the rumour that they were afraid that the Premier might come there and address the convention.

Another question, Mr. Chairman, is that the Minister claims in his report on page 15, that Travel Manitoba hosted and assisted 12 prominent North American and two overseas travel writers in gathering specific story information and then it seems to suggest that program will result in a half million dollars worth of editorial exposure. Surely that is an exaggeration or a misprint.

**MR. JOHNSTON:** If we had to pay for the space it would have cost us that much where those articles were produced.

**MR. DOERN:** But surely for 14 writers you didn't expect each writer to produce the equivalent of \$35,000 worth of editorial exposure.

**MR. JOHNSTON:** To get the same exposure you would have to pay that much. That's the estimates from the Department.

**MR. DOERN:** Then I assume that each of these writers was going to produce, 20, 30 or 40 full pages with photographs and all sorts of laudatory comments about the wonders of Manitoba. Surely you don't expect that type of coverage.

**MR. CHAIRMAN:** 2.(f)(4) the Member for Elmwood.

**MR. DOERN:** Can the Minister indicate how much it cost to host those 14 writers in the province, how many thousands of dollars we spent on that?

**MR. JOHNSTON:** We can get that figure for you.

**MR. DOERN:** Mr. Chairman, one of the more interesting items here is, I think, whether or not this

department works closely with the Department of Cultural Affairs. Do the departments work together in an attempt to, say, promote the cultural side of Manitoba life and, in particular, what attempts have you made to promote summer festivals of music, dance, theatre, etc., so that we will not only have this type of a program, let's say in the summer, because we have them in the winter, but have you attempted to work together to introduce new summer programs that could then be advertised, that could then attract people to Manitoba?

**MR. JOHNSTON:** We work very closely with the Department of Cultural Affairs. We worked with the Department of Cultural Affairs to send a group down that will get the Wally Byam Convention in Brandon in 1982. We also have worked with the festivals, the Department of Cultural Affairs works with the festivals. I am not sure of all their financial assistance but our financial assistance comes about by supporting the advertising of those particular festivals. We have available for them under the Destination Program, No. 4, which is called Attractions and Events, advertising grants to help advertise the particular festivals.

In 1980-81 the Interlake Festival, Winnipeg Folk Festival, Miami Mule Days; Gardenton Ukrainian Festival, Manitoba Threshermen's Reunion, Thompson Nickel Days, Churchill Chamber of Commerce, Manitoba Great Western Harness Circuit, Canadian National Ukrainian Festival, Icelandic Festival, Folklorama, Morden Corn and Apple Festival, Pumpkin Creek Fair, Canadian Turtle Derby, Steinbach Pioneer Days, Canadian Firefighters Rodeo, Kinsmen Winter Carnival, Festival du Voyageur, Manitoba Marathon. These requests come to us and they're examined by the board, the group set up to analyse them on the basis that the advertising is that they would draw more people and also that the advertising money wouldn't be wasted. We wouldn't put much more advertising money into a festival that didn't have the capacity to hold more people. That usually isn't the case, most of them can handle many more tourists.

**MR. CHAIRMAN:** The Member for Elmwood.

**MR. DOERN:** The planning under Destination Manitoba has been allocated at \$1 million and that strikes me as excessive. I mean, why do we need a million dollars worth of studies? This might be good in a sense of encouraging consultants and advertising agencies to make money, but it strikes me as an incredible amount of money to be spent in that manner and possibly just frittered away. How can the Minister justify that amount and what is he spending all that money on?

**MR. JOHNSTON:** It isn't quite completed yet but there's a major independent tourism study to provide the guidance to the capital development of programs under the agreement. We've had the preliminary first phase report on it — we are expecting the final very shortly — funded to the Lake Manitoba-Lake Winnipegosis Regulation Waterways Development Board to prepare tourism recreation development concepts; provide funds for the provincial participation in the Canadian Travel Survey and preparation for computer program, an analysis of

survey results. We also funded the review of the horseracing industry in Manitoba in this study, in this particular item. We're projecting to spend \$417,000 on the studies in 1980-81, and in 1981-82, \$275,000, and the reason for the decrease is because the major study is nearly finished.

**MR. DOERN:** Mr. Chairman, I wonder whether the Minister could indicate who has been receiving these hundreds of thousands of dollars. Can he indicate what firms and what amounts and what business these firms are in? I'd be very curious as to who is doing them.

**MR. JOHNSTON:** The major study is headed up by a consortium headed by Wardrop and Associates in Winnipeg. The Lake Manitoba-Lake Winnipegosis Recreational Study is being done by, I believe, Hilderman, Witty and Feir and that is being done by the Lake Manitoba-Lake Winnipegosis Recreation Waterways Development Board. The horseracing was Pennell Forester.

**MR. DOERN:** Mr. Chairman, the Ontario Government has spent millions and millions and millions of dollars on Minaki Lodge and is planning to do so again. I don't know how many millions they've already put in — I think the last figure I heard, the latest figure was 8 million. They are obviously going to try to keep that lodge viable. Obviously it's going to be run at a tremendous deficit and obviously the capital will never be repaid. It will undoubtedly draw business from Manitobans. It's close to the border; it's an attractive resort and there are a number of places in Manitoba that I think possibly should be built up, first of all, as a direct counter perhaps to Minaki but also there are other places which appear to be languishing. I wonder if the Minister could comment on some of these.

The ones I'm interested in in particular are Falcon Lake, Grand Beach and Clear Lake among others — (Interjection)— and the boat. I think that's another interesting one, the Lord Selkirk, to be exact. Falcon Lake, let's take as an example, I believe a few weeks ago the Falcon Motel burned down or at least part of it burned down. I was just wondering if the Minister can give us a capsule as to what is happening in that area because the government has a pretty substantial input. Are there some planned improvements in regard to the Falcon Lake area or West Hawk Lake and in particular this newly destroyed motel; first of all, in themselves and, secondly, perhaps as a balance to Minaki Lodge which might pick up the slack if we let it go?

**MR. JOHNSTON:** I understand there was a group of people purchased the El'nor Hotel in Falcon Lake. It had been closed for awhile. They've purchased it. I'm not aware of the extent of the damage of the fire but it is their intention to operate that hotel hopefully year round.

**MR. DOERN:** Mr. Chairman, it wasn't the El'nor that burned.

**MR. JOHNSTON:** Well, the El'nor was just bought. As I said, I'm not aware of the extent of the damage of the hotel. The El'nor Hotel as I said was bought by a group of people who intend to fix it up, do some renovations and operate it year round.

**MR. DOERN:** Mr. Chairman, my question was whether there was any input by the province, or any planned input in any of those facilities to improve them.

**MR. JOHNSTON:** We don't own the facilities. We supply a beautiful area, a golf course, lakes, fishing, everything to attract the tourist. It comes under the Provincial Parks and we would possibly look towards the study. If it recommends that there should be a destination point established there, we would take a look at it and we would take a look at putting in the infrastructure, etc. to making it a better tourist attraction, but only on the basis of working with the Parks and Resources Department.

**MR. DOERN:** Mr. Chairman, is the Minister saying that none of this \$20 million will go to capital improvements or joint ventures with private operators?

**MR. JOHNSTON:** No, I'm not saying that. The program is set up in this way: the studies and planning on a five-year basis is the 1 million; the Winnipeg Destination area is 3.5 million; the rural destination area is 6 million; the attraction and events is 1.5 million; the tourism industry organization is 1 million; the rural and tourism industry incentives is 7 million and unfortunately until we get the study completed as to the destination points and where the money should be spent in the rural tourism industry incentives and the rural and destination areas, we have not moved on that program to this date until we get the final feasibility studies.

The rural tourism industry incentives is one that would allow us to work with an operator to help him upgrade, but it mainly would be working with campgrounds, etc.

**MR. DOERN:** Doesn't the Provincial Government own the shopping complex at Falcon Lake?

**MR. JOHNSTON:** Yes we do, but it's not owned by the Department of Tourism.

**MR. DOERN:** A small question, the Legislative Building which probably receives more visitors than just about any other spot in Manitoba has a tourist office for most of the year, at least I think about eight months of the year, it's closed at noon hour. I ask the Minister why that policy? It strikes me as ridiculous if people are pouring into the province, they come to the main tourist outlet in the City of Winnipeg, and they get here between 12:00 and 1:00 and the one person who operates it takes her lunch, which is fine, but presumably we could hire somebody to spell that person off so that you don't have the office closed at an important hour.

**MR. JOHNSTON:** As of two weeks ago we started staffing it all day and the staff for Travel Information Services does have an appropriation in it for the next year for an increase in the information. It'll be two term positions; one position is to provide assistance in staffing Provincial Tourist Information Office, student employees return to school in September. So the two positions really will be about four or five people working on part-time in the Information

Offices, and the Information Office in the building will be open more than it is.

**MR. DOERN:** The Minister is telling me that the policy of "closed at lunchtime" is now officially terminated.

**MR. JOHNSTON:** I'm informed it has been terminated as of two weeks ago.

**MR. DOERN:** And is the —(Interjection)— no, I fought for it last year. Mr. Chairman, is that office open on the weekends?

**MR. JOHNSTON:** Not at the present time.

**MR. DOERN:** Are there any plans to open it on the weekends, presumably tourists also come in on weekends. I suppose some only come on weekends.

**MR. JOHNSTON:** The largest number of tourists that come here on the weekend start usually around the middle of March, beginning of April and we hope to have some staff available then.

**MR. DOERN:** Mr. Chairman, I wanted to ask a couple of questions on promotional films. The province made six television vignettes of 30-second and 60-second duration entitled Manitoba Magic and I ask the Minister whether these were considered a success and whether he was pleased with the quality of them?

**MR. JOHNSTON:** I'm pleased with the quality of them and the success can only be in the increase in tourists in the Manitoba and Manitobans travelling in Manitoba.

**MR. DOERN:** Mr. Chairman, then I have to ask the Minister how he can reconcile this expenditure. They produced a series of six ads, some 30 seconds, some 60 seconds for free-time broadcasting at a cost of \$2,000 for the production. Presumably this was done in-house, or it was done in some manner so that when you take the average cost of these commercials, they were what — \$350.00 a piece, and the Minister says he was satisfied with them and he got \$6,000 worth of free air time. Now on the other hand he just spent \$35,000 to produce five minutes of advertising, \$7,000 on an average cost compared to 350 for an average cost — 20 times the amount and I simply say to the Minister I just cannot understand how he can produce what he considers to be successful ads in one instance at \$350.00 and then he throws 20 times that amount on another series. How can he possibly justify that discrepancy?

**MR. JOHNSTON:** Well I'm informed that the film or the slides that were used came from our library. They only have a music background; they don't have any voice over; there's really no comparison in the two types of production.

**MR. DOERN:** But in one case the Minister spends \$2,000 on production; he gets \$6,000 free time. In the other case he spends \$35,000 on production and then spends \$27,000 to air those same films. It just strikes me that the ratios are all out of whack and for 20 times the amount of money he's getting four times the exposure.

**MR. JOHNSTON:** The exposure with the tourism film that you see, the ad agencies and the media decided they wanted to use those as fill-ins, so we supplied them as fill-ins for them.

**MR. DOERN:** Mr. Chairman, again I just want to clarify this point. Who produced those advertisements?

**MR. JOHNSTON:** Which advertisements?

**MR. DOERN:** The six vignettes that were produced. Were those done in the department or is that done by an ad agency?

**MR. JOHNSTON:** They were produced by departmental staff with the assistance, I am told, of a person by the name of Wayne Finucan.

**MR. DOERN:** Well then I ask the Minister whether it wasn't possible that that second series at \$37,000 could not also have been produced in-house?

**MR. JOHNSTON:** We don't have the film in the library for one thing, and how could they be produced in-House when they went out and took interviews with people?

**MR. DOERN:** Mr. Chairman, that's a simple matter. You can either bring the people in for interviews or send your Civil Service crew out.

**MR. JOHNSTON:** Mr. Chairman, if I had brought people in for interviews I would have been criticized more.

**MR. DOERN:** Mr. Telpner, who now works for McKim worked for the provincial government not too long ago. I assume that if he is capable of producing and directing now, he might have been able to produce and direct a few months ago when he worked for the provincial government.

**MR. JOHNSTON:** He was not in the Tourism Department to begin with.

**MR. DOERN:** Mr. Chairman, I had one more section I wanted to deal with because I am exhausting the short attention span of my friend, the Minister of Mines is it — no, I can't remember; the former Minister of Government Services, as I knew him best, as I too was a former Minister.

Mr. Chairman, I wanted to ask about a film that was produced by the department called . . . I don't know, is it Atikameg? I see there's mega at the end of that. It's the Indian name for clear water, and produced by Travel Manitoba in conjunction with the Shakespeare Tackle Company of the United Kingdom, scheduled for release in the fall of 1980. I would like to know why did the Minister go outside of the province. This sounds to me like the Shakespeare Tackle Company of Great Britain came here and made a suggestion to the provincial government, and the provincial government bought it. I would like to know whether that was the case.

**MR. JOHNSTON:** The film cost us in the area of \$10,000 and that was used for the UK market and the people that produced it, used it over there. If we had produced the film completely for ourselves it



would have cost in the neighbourhood of \$60,000.00. By them producing it, we have the rights to it in Canada. They have the rights to it over in the United Kingdom where there is a big market for fishing, et cetera. I guess we did that the same as the previous government used Mr. Cherniack from Toronto to produce some of their films.

**MR. DOERN:** Of course.

**MR. JOHNSTON:** I don't know.

**MR. DOERN:** Mr. Chairman, in terms of this film again, why wasn't this —(Interjection)— There is no connection between the Johnston family and the Cherniack family?

Mr. Chairman, this particular production, \$10,000 expenditure, why wasn't this given to a Manitoba firm? We have people in Manitoba who make commercials, who make films, who are, I'm sure, desperate for business, and I am sure could easily have produced such a film, who know the province. I have a feeling that some salesman came here from this British company and talked your department into the film, but I ask you whether they were the only people who bid on this, or were simply given the contract, or did you consider having it made in Manitoba?

**MR. JOHNSTON:** The British firm approached us on the basis of wanting a film to show in the United Kingdom. They produced it. It cost in the neighbourhood of \$60,000 to produce it. The Province of Manitoba only paid \$10,000 to have the North American rights to that film. Anybody that I know that has seen that film says it's an excellent film and I believe it's an excellent film as well. The United Kingdom market is one of the biggest markets that there is at the present time, in fact the whole European market is a very big market for us. We have not been active in it up until now. It was a way of starting to become active in the European market, and as we also have some budget in this year's appropriation to expand our work to try and have European tourists come to the Province of Manitoba. We have been missing them. They have been going to other areas that have been doing far more advertising and far more promotion in the UK than we have.

**MR. DOERN:** Would the Minister care to hazard a guess as to what percentage of the fishermen who come to Manitoba are from Great Britain? I assume that most of them, that probably 95 or 98 percent of the fishermen who come from outside the country come from the United States. I don't know whether, if you go into the fishing holes of Manitoba, whether you are bumping into a bunch of Englishmen.

**MR. JOHNSTON:** I only have the figures that in 1980, we estimate that there was approximately \$10,600,000 spent, which was 2.5 of the Tourism spending from overseas. We are hoping to have an increase to \$11,700 next year, an increase of 10 percent. I believe there was a slight increase in our overseas tourism in 1980 over 1979, and I'm informed by the people that do the statistical work, at the present time the total visitors — it's right here in the report — it's about 46,000 from overseas and most of them are from the United Kingdom.

**MR. DOERN:** Mr. Chairman, how do we know that the Shakespeare Tackle Company, whoever they are, didn't decide that they would make a film about fishing, contacted the Provincial Government, picked up \$10,000, had a lot of fun in Manitoba, shot some footage and went back? How do we know that didn't happen?

**MR. JOHNSTON:** All I know is that we agreed to pay \$10,000 for the North American rights to that film.

**MR. DOERN:** What does that do for us?

**MR. JOHNSTON:** And we have a film that is worth \$60,000, that we show.

**MR. DOERN:** Okay, do you have one print? How many prints do you have of that film?

**MR. JOHNSTON:** We have the film. We have to put money in the budget to produce more copies of it. They didn't supply us with 100 sets of the film. We have one set of it.

**MR. DOERN:** For \$10,000 you bought a copy of the film.

**MR. JOHNSTON:** A copy of the film and the North American rights to the film.

**MR. DOERN:** So what good are the North American rights. You are not going to show it in the theatres. What good are the rights to that film?

**MR. JOHNSTON:** We are the ones that were able to show it, where we direct it to be shown.

**MR. DOERN:** Is there a segment in there featuring the natural advantages and the terrific fishing in Manitoba? Is there a segment in the film about Manitoba and the word Manitoba appears a number of times, and the sights of Manitoba appear a number of times?

**MR. JOHNSTON:** Yes.

**MR. DOERN:** Have you seen the film?

**MR. JOHNSTON:** Yes.

**MR. DOERN:** Can you indicate how many minutes long it is and how much time is devoted to Manitoba?

**MR. JOHNSTON:** It's a twenty-four-and-a-half minute film. I was told twenty-four-and-a-half. I would have said twenty-five if I had guessed.

**MR. DOERN:** How much time is devoted to Manitoba?

**MR. JOHNSTON:** It's all Manitoba.

**MR. DOERN:** Oh, it's all Manitoba.

**MR. JOHNSTON:** It's all Manitoba.

**MR. DOERN:** There is no other areas in there?

**MR. JOHNSTON:** I'm informed also it's all Manitoba and its quality has been accepted by the National Film Board.

**MR. DOERN:** But at this moment in time the Minister has one print of that film.

**MR. JOHNSTON:** That is correct.

**MR. DOERN:** Unless he has a program to use it, what good is it?

**MR. JOHNSTON:** We have a program to use the film. As I said, we have money appropriated to have other copies of it made. It can be used by the National Film Board, it can be used, well, anywhere that you can show a film and it's on the Province of Manitoba, period.

**MR. DOERN:** But unless you promote that film and use it, it's just sitting there in a can somewhere, isn't it?

**MR. JOHNSTON:** We intend to promote it and use it.

**MR. DOERN:** The other question I ask again, is it this company, do you have any evidence that they have used that film in England?

**MR. JOHNSTON:** Yes, it has been shown in England.

**MR. DOERN:** Do you know how many times or under what circumstances?

**MR. JOHNSTON:** No, I don't know where it has been shown. I imagine we could get that information.

**MR. DOERN:** Mr. Chairman, I must tell the Minister that I'm somewhat sceptical of this production.

**MR. JOHNSTON:** I'm also informed that it's being shown in Germany as well by the company that produced it.

**MR. DOERN:** Mr. Chairman, I have to tell you that I'm somewhat sceptical of this investment because, you know, it's like if you want to take a set of lyrics that you wrote you could send it to New York and for a few hundred dollars or a few thousand dollars they will produce music and background. They will send you a record and now all you have to do is promote the record. You're now part of the music industry but basically it's a racket. I just hope that the Shakespeare Tackle Company is a reputable firm which didn't just come in and sell you \$10,000 worth of a film which they shot and gave to you and told you it was worth \$60,000, and that was the end of it. I hope that the Minister wasn't taken in by this company and that he got his money's worth because I'm not sure, it doesn't seem too likely that he got a \$60,000 film for \$10,000.00. It seems like he may have paid \$10,000 for a film which may have been worth considerably less.

**MR. JOHNSTON:** Mr. Chairman, the member is confused. It's the company that paid \$60,000 to make the film. It has the specification that it meets the National Film Board. It is up probably right now being recommended for an award. The company used it to advertise fishing, etc., in the Province of Manitoba, in the U.K., and it's being used in Germany as well. We say where it's used in the

North American continent; we own the North American continent rights.

**MR. CHAIRMAN:** The Member for Burrows. I believe the Member for Burrows had the . . .

**MR. BEN HANUSCHAK:** Mr. Chairman, could the Minister indicate what are the guidelines that he follows in determining what foreign-produced films publicizing Manitoba he will subsidize? In other words, can any visiting fireman come into the Minister's office and obtain assistance from him?

**MR. JOHNSTON:** No.

**MR. HANUSCHAK:** Could the Minister then indicate what are the guidelines?

**MR. JOHNSTON:** The guidelines on this particular film was a 24-and-a-half minute film on the Province of Manitoba and it was produced by that company, used in the United Kingdom, as I said, and we have the rights to where it is shown in North America. Those are the arrangements that we did with it. If we had gone out and produced that film ourselves, it would have cost us \$60,000.00. The estimated cost by anybody who have seen it is at least \$60,000.00. We have the rights in Manitoba to a film that costs \$60,000 featuring the Province of Manitoba that we paid \$10,000 for and we have the rights for the whole of North America.

**MR. HANUSCHAK:** So in other words, a representative from any country could come to the Minister and offer to produce a 24-and-a-half minute film which —(Interjection)— if the Minister views it, it might seem like 25 minutes but a 24-and-a-half minute film which, if the Minister were to produce it, it would cost \$60,000 but it doesn't matter what it would cost the producer to produce it, he would receive \$10,000.00. So if there would be a steady parade of applicants from every country listed in any atlas of the world, the Minister will give him \$10,000.00. Is that what the Minister is saying?

**MR. JOHNSTON:** No, I didn't say that.

**MR. HANUSCHAK:** I understood the Minister to say that they had to produce the 24-and-a-half-minute film.

**MR. JOHNSTON:** I didn't say they had to, I said they came in and made a presentation to us on what they intended to do and these are the arrangements we made. We have a film that we can show anywhere in North America advertising the Province of Manitoba and showing, featuring, only the Province of Manitoba. If we were to go out and produce that film ourselves and any costs that we have had on film production, is in the neighbourhood of \$40,000 and up. If we were to have a film that was anywhere close to what some of the other provinces have featuring their provinces, we would be paying that kind of money. This was an opportunity for the Province of Manitoba to have a film for \$10,000 that is worth \$60,000 that can be shown in the North American continent only by the Province of Manitoba.

**MR. HANUSCHAK:** Let me ask the Minister this; if there were 20 applicants from 20 different . . .

**MR. JOHNSTON:** On a point of order, Mr. Chairman.

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

**MR. JOHNSTON:** If we're going to have questions on "if", I don't know how I'm able to answer them.

**MR. HANUSCHAK:** Mr. Chairman, I'm asking the Minister about the policy of the government and this is not questions before Orders of the Day and I would like to impress upon the Minister there was a difference. You know, I think he's confusing the rule governing questions before Orders of the Day and questions on policy and I'm asking the Minister again; if he had 20 applicants at his doorstep from 20 different countries offering to produce films about promoting the Province of Manitoba, would he give each one of them \$10,000.00?

**MR. JOHNSTON:** Not necessarily.

**MR. HANUSCHAK:** Well, so then what are the guidelines? What are the criteria?

**MR. JOHNSTON:** The guidelines were, Mr. Chairman, that we were made a proposition by this company. We didn't actually pay out the \$10,000 in cash. It was paid at a total up to \$10,000 for accommodations. We paid for part of the film on the particular arrangement we had with them. It is not necessarily "me", that anybody who walks in the door would have the same arrangement. We would take a look at it and consider it.

**MR. HANUSCHAK:** Consider it on what basis? Suppose you were propositioned by 20 different countries?

**MR. JOHNSTON:** On the basis of the advantages it may be to the Province of Manitoba.

**MR. HANUSCHAK:** Mr. Chairman, over the years it was the custom within the report, not of this department because previously the responsibility for Tourism was that of another Minister, but within the first few paragraphs there used to be a comparative breakdown of the tourist trade in Manitoba for the fiscal year that the report dealt with and which I do not see within this report. In other words, it was expressed I think both in terms of tourist days spent in Manitoba and I think tourist dollars, if I remember correctly, tourist days, that's both from the United States and I think from other continents. Can the Minister provide us with those figures and how they compare for the fiscal year — this is for the fiscal year ending March, 1980 with the previous one?

**MR. JOHNSTON:** In 1979, the visitors to Manitoba, other Canadians, were 1,851,520; in 1980, other Canadians were 1,990,485; Americans in 1979 was 870,047; in 1980 it was 955,043, an increase of 9.8. Foreign visitors in '79 was 45,297; in 1980, 46,000, an increase of 1.6. The total for 1979 was 2,767,300; the total in 1980 was 2,991,922, an increase of 8.1.

The visitors' spending and including residents of Manitoba spending in travel in Manitoba, the Manitobans spent \$246.600 million in 1979; \$273,479 million in 1980, an increase of 10 percent.

Other Canadians spent \$61,772 million in '79; in 1980 they spent \$73,683 million, a total increase of 19.2 percent.

Americans in 1979 was 55,757,000; in 1980, 67,914,000, an increase of 21 percent.

Foreign tourist in '79 were 9,592,000; in 1980 they were 10,607,000, an increase of 10.6 percent. The sub-total of non-residents was 127,121,079 and in 1980 it was 152,174,000; an increase of 19.7.

The grand total, the expenditures and the income in 1979 from all sources was \$373,721,000; in 1980 the estimate is \$425,653,000; an increase of 13.9 percent.

**MR. HANUSCHAK:** So it would seem then, Mr. Chairman that whatever public moneys the Minister is expending on a promotion of tourism is just barely keeping up with the inflationary rate and nothing more. Because for a dollar, it may have been spent in 1979 according to the inflation rate, just to keep pace with it, one would have to spend at least \$1.10 in the subsequent year. So really we haven't made that much headway in the promotion and the development and expansion of our tourist trade.

My other question is now . . .

**MR. JOHNSTON:** That's wrong.

**MR. HANUSCHAK:** Well, the Minister did say that the net increase was in the order of 13 percent which is just a shade more than the inflationary increase for the same period of time.

**MR. JOHNSTON:** Mr. Chairman, the number of people are up, not only the dollars, but the number of people coming to the province is up and that's the main thing.

**MR. HANUSCHAK:** But spending fewer dollars, then, obviously, because the net increase is only 13 percent, so they're not spending any more money. In fact they're spending less because if there are more people coming and the total expenditure is only in keeping with inflation, so therefore they must be spending less on a per capita basis and the Minister can do his own arithmetic and come to the same conclusion.

A few weeks ago, when Cabinet went through its musical chairs' exercise, I sort of lost track of who is responsible for the operation of Gull Harbour Lodge, if it's still owned by the people of Manitoba. It may have been sold. If it is, is it this Minister?

**MR. JOHNSTON:** No, it's the Minister of Finance. It comes under Venture Tours, I believe. There's a board set up by the Minister of Finance of which the Assistant Deputy is part of. I can't list all the members of the board who are responsible for the operation of that Lodge. We feature that Lodge very much in our advertising as we do the whole of Hecla Island.

**MR. HANUSCHAK:** Fine, when we get to the Estimates of the Minister of Finance we can pursue that matter further. My other question is, Mr. Chairman, in looking at Page 17 of the Minister's Report, Tourism Development, Planning. A major planning study was commissioned December of 1979 with the objective of preparing an industry

development strategy and plan, and I'm reading that and being mindful of what the Minister said some time between March 31 and April 2 at that famous Policy Conference in 1977. I refreshed the Honourable Minister's memory on that yesterday. You will recall the PC 1977 Annual Meeting March 31, April 1 and 2 policy papers, and at that time the —(Interjection)— oh yes, because the Minister he says they were for discussion purposes only but his boss very clearly says that's the direction in which they intend to move, polish them up here and there and smooth some of the rough edges but basically that's the general direction in which government intends to move.

The Minister, and he was party to this statement, said this: "A Progressive Conservative administration will continue the development of Manitoba's provincial park system, concentrating on intensification of use rather than expansion of acreage." As I understand that, Mr. Chairman, that it is the government's intention to move in a direction of developing facilities that would allow more people to use each square foot of each acre of parkland — a greater number people to use it than are presently using it.

So given that, is this study the study of preparing an industry development strategy and plan, is part of it . . . does that include the greater utilization of parkland for tourism purposes? Does it include projects such as the Jarmoc Project or others similar to it for greater tourist utilization of parkland? Is that what the Minister has in mind in the study that he commissioned in December of 1979? I would think it would be in line with what the Minister had committed himself to in 1977 when he said that he would want to concentrate on intensification of use of parkland.

**MR. JOHNSTON:** Mr. Chairman, the study that has been in progress since 1979 is one that will recommend destination points and the areas of the Province of Manitoba that should be, according to the study, looked at for development of tourism and recreation in the Province of Manitoba. When the study comes in we will work with the Parks and Resources Department as to what development would take place if it's in a provincial park.

**MR. HANUSCHAK:** Yes, will those be the areas then, Mr. Chairman, within which the Minister will show off his socialist colours in keeping with what he said in the Throne Speech of this year as opposed to, and you will recall, Mr. Chairman, that the Minister said there's been no change in government policy over the past three years despite the fact that 1978 the government said, we must remove all forms of government intervention and intrusion from the private sector and the economic operations of the province? In 1979 he said we are removing government intrusion. In 1980 he said government intrusion has been largely removed. Then this year, and the Minister, he must have been party to the writing of this series of paragraphs when he said that they do not believe the government can afford to stand back as though what happens in the economy were not his concern and accordingly they must play an active role and support the activities of the private sector and then they proceed to give examples where they take on an equity interest, etc.

What the Minister had just said about the development of the tourism industry, is that another example of an area wherein the Minister intends to move in and take on an equity interest in the development of the tourism industry?

**MR. JOHNSTON:** No.

**MR. HANUSCHAK:** The Minister does not intend to assume an equity interest in the tourism industry. Well then, could the Minister then elaborate a bit just what he does mean? I'm not quite sure that I understand or that the committee really understands what his involvement will be because now if the Minister says no, then it doesn't square with what he said in the Throne Speech.

**MR. JOHNSTON:** Mr. Chairman, I don't regard the report of a study which recommends destination areas in the Province of Manitoba as becoming involved in the tourist industry as far as ownership is concerned. Any development of a destination area would be in the way of roads, hydro, water, and all of the things that government does do and should do in the way of infrastructure to help produce an area that people can enjoy or people may invest in. The use of the parks would be strictly on the basis of working with the Parks Department.

**MR. HANUSCHAK:** Mr. Chairman, but the Minister was one of those, was party to having said that the government cannot afford to stand back as though what happens in the economy were not its concern. Now the Minister said that his involvement will only be to the extent of providing hydro services, roads, etc., but if there's nothing at the end of the road then what's the Minister going to do? Is he then going to stand back because he said he won't stand back? The Minister said in the Throne Speech that he won't stand back. So then what is the Minister going to do? If there's nothing to build a road to, nothing to build a hydro line to, because the private sector with whom the Minister meets quite regularly at the Manitoba Club and the Carleton Club and which likely will close shortly because everybody knows that most of the members of both of the clubs, many of them have left the province and those who are remaining are going bankrupt so they won't be having lunch there any longer. So what if the private sector does not develop the tourist facilities in those areas? What is the Minister going to do then? If it does not develop the tourist facilities within which the studies should indicate that there should be tourist facilities developed, what will the Minister do?

**MR. JOHNSTON:** Mr. Chairman, I hate to repeat myself but the study will recommend destination areas and also will recommend areas that should be developed to assist the tourism industry and the recreation of the people of the Province of Manitoba. I would say that if facilities or infrastructure is laid down under the Infrastructure Program which is in the Section 6, Rural Destination Areas, Section 3 of the Destination Manitoba Agreement, that's the funds that would be used to look towards developing a destination area for more tourism. We can't wrestle the private industry into doing it but I assure you that if it's done, that is an incentive for people to invest in the Province of Manitoba.

**MR. HANUSCHAK:** Mr. Chairman, we do have a stretch of road in the Whiteshell that leads nowhere at the present time, does it, Mr. Minister? The famous Jarmoc road and it was built and I would suspect paid for because I don't think that Mr. Jarmoc just spent his own funds on it and it leads to nowhere and if the Minister had been around there he'll find it's grown over by weeds and bushes and so forth. It's unlikely that it'll ever be used.

So in the Throne Speech the Minister said that he can't afford to stand back as though what happens in the economy were not his concern. So I must repeat my question to the Minister. The study will identify areas for development and what if the private sector should let him down as it has by the Minister's own admission in the Throne Speech? It had let him down. The Minister well remembers back when he was in Opposition, oh yes, we have to have trust and confidence in the private sector, it'll do it's thing and in '78, '79 repeated the same thing and then in 1980, suddenly the Minister and his colleagues realize that, well, the private sector just won't take on some of the risks, won't take on some of the projects which might be socially beneficial and useful but they're not profitable to the private sector and hence they don't.

So again I must repeat my question to the Minister. If your study should indicate that certain areas should be developed and if there should be a reluctance on the part of the private sector to move in there, is the Minister then going to demonstrate his socialist colours which he had shown off, that flim-flam demonstration of socialist colours, to put it in the words of Henry Fielding, the way he liked to describe Robert Walpole, that flim-flam Prime Minister of England at one time. Is the Minister going to move into those areas where the private sector will not move in, where the study may indicate that there should be tourism development? Or what's going to happen? Is the Minister simply going to say, well, we've built the roads, we put in a hydro line, we've provided water facilities, sewage and so forth, and the private sector doesn't want to take up the offer and complete the development and do its thing, too bad folks — is that what the Minister is going to say?

**MR. JOHNSTON:** Mr. Chairman, the study will give us destination points. The destination points will be examined by the government. The destination points will also be looked at from the point of view as to the viability and what we feel the tourist traffic would be in the area that we move into. All indications are that Manitoba being what it is with probably more lakes and sand and recreation areas that we have, that would be a definite incentive for people to invest in the tourist industry in the province. As far as the member saying to me, what are we doing to do to assist the private industry to move in, I have said our assistants would be looking at the development of the destination areas that are recommended, working very closely with the Parks and Resource Department of the province.

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

**MR. SAUL CHERNIACK:** Mr. Chairman, there are a few questions that arose in my mind during this evening's discussion. I would like to touch on them.

Firstly, I didn't know that Venture Manitoba which apparently is Gull Harbour comes under the jurisdiction of the Minister of Finance. Has it been that way all along with this government or has Tourism played a role in connection with Gull Harbour?

**MR. JOHNSTON:** It has always been under the Department of Finance and the Tourism Department plays a role by featuring Gull Harbour in its advertising etc., as a tourist attraction.

**MR. CHERNIACK:** Mr. Chairman, I can't help but ask the Minister to reflect that always is not always not entirely the Conservative regime. I wonder if he would care to modify that term "always".

**MR. JOHNSTON:** I believe since October of 1977 it has been under the Department of Finance.

**MR. CHERNIACK:** Is that as part of the Manitoba Development Corporation or as part of the industrial operations of government or is that Venture Manitoba as such comes under Department of Finance and is it still Department of Finance with a new Minister?

**MR. JOHNSTON:** It is still and it does come under the Department of Finance and there's a board appointed by the Minister of Finance to recommend the operation of Gull Harbour Lodge.

**MR. CHERNIACK:** Is it being operated then as a program of government or is it a private enterprise operated by the Minister of Finance?

**MR. JOHNSTON:** It's a program of government. I don't believe there's any private industry involved in the operation of Gull Harbour.

**MR. CHERNIACK:** I really meant, is it making a profit? Is it expected to make a profit? Is it being subsidized in some way other than by the Minister's department?

**MR. JOHNSTON:** I am informed that it's not recovering debt servicing but it's recovering debt operating costs and I'm informed of that by my Assistant Deputy Minister who sits on the board. I don't sit on the board. He sits on the board that is appointed by the Minister of Finance. I am not completely conversant with the figures on Gull Harbour Lodge.

**MR. CHERNIACK:** Mr. Chairman, then it's helpful that we have a member of the board present. The Minister says that it is in some way supported by his department; to what extent, and how much money is involved?

**MR. JOHNSTON:** The support from our department is, as I mentioned, that we feature it in our advertising. We also will recommend, if people who have come to the Tourism Department and asked us about a resort area stay-in, we would recommend Gull Harbour Lodge as one of the places that's available, with its golf course and all the facilities that are on the island, et cetera. But we do not operate it. We treat it the same as we would treat any other tourist facility in the province.

**MR. CHERNIACK:** That answers that question, Mr. Chairman. I would like to move on to the statistics given by the Minister. I did make note of them but I gather it indicates that there has been an increase in the number of tourists entering Manitoba and a reduction in the dollars spent. Is that a correct statement?

**MR. JOHNSTON:** There was an increase in both people and dollars.

**MR. CHERNIACK:** But there was apparently a reduction in the per capita expenditure then. Is that correct?

**MR. JOHNSTON:** The total increase in the expenditures was an increase over 1979 of 13.9 percent of dollars spent in the province. The increase in numbers of people was 8.1 percent.

**MR. CHERNIACK:** Mr. Chairman, the point then is that with the inflation factor it would be assumed that there are less hard dollars or less dollars before inflation spent per capita. Is that a correct conclusion from the figures given?

**MR. JOHNSTON:** We have an increase of 13.9 percent in dollars. If the inflation factor was running about 10, we would have an increase of 4 percent in dollars.

**MR. CHERNIACK:** That's helpful. That means an increase of 4 percent in dollars when you discount for inflation as compared with an increase of 8.9 percent in the numbers of people. Then I think that it is a correct conclusion which the Minister led me to, when he was dealing with one of the other questions that was being answered, that the people are spending, per capita, fewer dollars than they were in the previous year, and on that basis can the Minister explain what has transpired to make that happen?

**MR. JOHNSTON:** I wouldn't think that they were spending an increase per capita. These are visitors to Manitoba and your sub-total non-resident is up 19.7 percent. If you are referring to the number of people that came to Manitoba, the Americans were up by 9.8, the foreign was up by 1.6, and your foreign people spent ten plus, or 10.6 percent more in 1980 over 1979, and the American tourists spent 21.8 percent more in 1980 over 1979.

**MR. CHERNIACK:** Mr. Chairman, I think I am following the figures and since overall we are told that the increase in dollars, after discounting for inflation is 4 percent, and the increase in tourists is 8.9 percent overall, and taking into account the figures the Minister has about the great increase in spending by American tourists, it would suggest that there is a substantial reduction in the dollars spent by Canadian tourists. Is that correct?

**MR. JOHNSTON:** No, just let me clear up the figures to the member. Other Canadians travelling in Manitoba was up 7.5 in numbers, in people. Americans were up 9.8. Foreign was up 1.6. The other Canadians spent 19.2 percent more dollars than they did in 1979. The Americans spent 21.8 more dollars that they did in 1979, and the foreign

spent 10.6 percent more dollars than they did in 1979. Your sub-total of non-resident travellers, which was up 8.1 percent, that's other Canadians, Americans and foreign up 8.1 percent, spent a total of 19.7 more dollars in the province.

**MR. CHERNIACK:** Mr. Chairman, could the Minister clarify where his figure of 13.9 percent came from?

**MR. JOHNSTON:** That includes Manitobans' spending which was \$246,600 in 1979, and \$273,479 in 1980 for an increase of 10.9 percent. It was the spending by Manitobans that was an increase of 10 percent. The out-of-province tourists were well above that.

**MR. CHERNIACK:** That's what I was trying to get at and I appreciate the . . . I hope the Minister appreciates the problem I had in getting to this bottom line which we have now. The indication then is that Manitobans spent tourist dollars in Manitoba, less than, and certainly not greater than, the inflation factor. In other words, whatever advertising that took place in this last year that influenced Manitobans to spend money in Manitoba, did nothing unless all it did was to prevent a decline. I think that's a fair conclusion one has to come to from the figures given. There was a larger increase in dollars spent and in numbers of people from outside of Manitoba than Manitoba itself, which indicates to me the fact that Manitobans indeed are not spending as much money proportionately in Manitoba at least, than are others who come to Manitoba. I don't know whether we can really relate that to the fact that Manitobans have a reduced income compared with other tourists. I don't know whether it also means that the governments impact on its advertising programs relating to Manitobans is having any effect.

If the Minister wants to disagree with what I said I would invite him to do so at this stage. If he doesn't, I'll go on.

**MR. JOHNSTON:** I don't disagree. I do agree that Manitobans are spending more in Manitoba. It may be just the inflationary rate but we are holding our own with Manitobans spending in Manitoba and the number of Manitobans that travel outside the province in 1980 were less than travelled outside the province in 1979. That's an indication that they are enjoying their own province more than they have been, and our advertising has been encouraging them to spend their tourist dollars in the province or enjoying holidays within the province.

**MR. CHERNIACK:** Mr. Chairman, it seems to me that is not the correct conclusion. The fact seems to be that Manitobans are spending less money in tourism than they have been, other than for the inflation factor that indeed I suspect that Manitobans have less money available for their vacation dollars than they had in the previous year and that the figures given by the Minister indicate that. They are not spending more in Manitoba than they were in the previous year except for the inflation factor, and they are spending less outside of Manitoba than they did in that year. I am now quoting the Minister, which brings us to the conclusion that they are not spending as much money overall, taking the inflation factor into account, than they were in the previous

year, which to me indicates that they can't afford to do so to the extent they did before. I think that's a fair assumption and is supported by the mere fact that the government of Manitoba is spending taxpayers' dollars to talk to Manitobans about things that Manitobans know, and I believe know, every bit as well as the people who manufacture the advertisements for which the government is paying.

The tackle film, just to touch on that, I think the Minister said that the \$10,000 that was paid by Manitoba was not paid in cash. Did I hear him correctly and if so, how was it paid?

**MR. JOHNSTON:** I am informed that we paid up to \$10,000 for the film, hotel expenses, et cetera, for the people who were here producing the film. That was our contribution and for that, as I said, we received the rights for the film in North America and we now have a film that we didn't have before, for \$10,000 that's worth \$60,000.00.

**MR. CHERNIACK:** Mr. Chairman, I listened to this conversation. I don't intend to get into it, but when you say it's worth \$60,000, you should say it cost \$60,000.00. As to what it's worth to Manitoba has yet to be developed.

The Minister said, and I don't think I am hearing him well, because now I think I heard him say that Manitoba paid \$10,000 and paid hotel bills or is it that the hotel bills are in the \$10,000.00?

**MR. JOHNSTON:** The hotel bills are in the \$10,000.00.

**MR. CHERNIACK:** Well I think then, what the Minister is telling us, and I would hope that he means that the \$10,000 was money that was spent, whether it was paid to the tackle company or paid to hotels was spent in Manitoba. I think that's what he is trying to tell us.

**MR. JOHNSTON:** Yes, it was.

**MR. CHERNIACK:** I'm glad that we got that out because it's good to know. There was some crack made that the microphones we are using were made in Austria, not in Manitoba. At least if that film money was spent partly in Manitoba, that too is good.

What are the plans for the use of that film?

**MR. JOHNSTON:** The plans for the use of that film are to be distributed with the Canadian Travel and Tourist Association across Canada, the National Film Board, and it is also planned to make arrangements to show the film in as many places in the United States as we can.

**MR. CHERNIACK:** Does that mean bought time, or opportunities for free use like some convention or other that could be using it?

**MR. JOHNSTON:** Yes, a convention could use that film. They would have to get our permission to do so but they could use that film and I think it would be a very good use for it.

**MR. CHERNIACK:** Mr. Chairman, I have no doubt that it would be a good use for it and I don't know that they really need to get permission, do they?

Surely the province would want it to be shown everywhere. I can't conceive of any place where the province would not want it to be shown. I am not that excited about the ownership of the film. I am much more interested in positive attempts, positive attempts that are being made to exhibit the film and I don't know now whether I would want it shown more outside of Manitoba than inside of Manitoba, but at least is there a program for the use of it or is it just being made available to others who may want to distribute it, such as the Film Board or the Canadian Tourist Association or whatever?

**MR. JOHNSTON:** We know it is going to be available to the Film Board for use. We know it's going to be used by the Canadian Travel Association, CGOT. We know also that we will be using it extensively in Manitoba. The suggestion of the member of conventions, I can't think of a better place to use it than a convention of a lot of people such as the air force convention that was mentioned, to advertise the Province of Manitoba while they're here and possibly take a further trip in Manitoba. The program is being developed as to how we will use it in the United States.

**MR. CHERNIACK:** Mr. Chairman, I'm glad the Minister agrees with me that there are good uses that could be put to the film, but as far as I understand from him, the plans have not yet been developed and therefore I would like to know how much money is in this budget for this film.

**MR. JOHNSTON:** We will get that figure for you. It comes under the promotion area.

**MR. CHERNIACK:** While we are getting that figure, I would like to know, the Minister has several times referred to a Cherniack film. Just what is the nature of that film he is talking about? A distaff side of the Cabinet says it was a porno film, so may I ask her if she saw the film? Did she enjoy the film?

**MR. JOHNSTON:** The film was called Jack's Thing.

**MR. CHERNIACK:** Jack's Thing. And what is it about? It sounds like a porno. What is it about, Mr. Chairman?

**MR. JOHNSTON:** I haven't completely seen the film — I must say that I have not seen the whole film. I believe there were excerpts of that film shown on television but I haven't seen the whole film. The film cost in the neighbourhood of \$16,000, the information that I have. I haven't seen it.

**MR. CHERNIACK:** When was it made, Mr. Chairman?

**MR. JOHNSTON:** I can get the date. Does anybody have the date? In 1973 — it's a twenty-one minute production. It cost \$15,750 or \$750 a minute, in 1975. The standard costs were \$1,000 to \$1,500 per minute. The use of our department staff account for the apparent savings. The series of television commercials were taken from the film. I am not just sure how many; when they were used or when they weren't used. It was produced — the operation access where the television shots that came from the

film was a joint campaign of this department and the Department of Supply and Services Canada. The objective was to increase participation by Manitoba companies in bidding on federal and provincial projects. And as I said in the opening remarks, Mr. Chairman, I don't have any criticism of any government in Manitoba or any other province or anywhere for working to try and advance the Province of Manitoba.

**MR. CHERNIACK:** Mr. Chairman, how many films were made by the department prior to this Minister's assumption of responsibilities?

**MR. JOHNSTON:** I'm not sure. I remember another one called Yum Days or Yum Promotion that had some television shots, and again, I don't have any criticism of it.

**MR. CHERNIACK:** I can't help but come to the question that occurred to me the first time I heard the Minister mention the film. Is that the way he wishes to identify that film for descriptive purpose? Is there reason for that? Is that the title of it or why is he using that name?

**MR. JOHNSTON:** That was the title, I'm informed, Mr. Chairman.

**MR. CHERNIACK:** The title of the film is the Cherniack film?

**MR. JOHNSTON:** No, it was Jack's Thing.

**MR. CHERNIACK:** Why does he refer to it as the Cherniack film? I am just intrigued by that.

**MR. JOHNSTON:** I didn't refer to it as the Cherniack film.

**MR. CHERNIACK:** You, did, Mr. . . .

**MR. JOHNSTON:** No, I said it was produced by a person in Toronto by the name of Cherniack.

**MR. CHERNIACK:** Why was that, Mr. Minister?

**MR. JOHNSTON:** I don't know why.

**MR. CHERNIACK:** Why did you refer to it in that way? Is there any reason for that?

**MR. JOHNSTON:** Because I would say, Mr. Chairman, that the films that we have produced since I have been with the department were produced by Manitobans and I think that if we can produce them by Manitobans, fine, except in the case of the film that we have been discussing, we had a proposition made to us by somebody who would produce the film for us. We would have the rights for Canada, for North America.

**MR. CHERNIACK:** The reason the Minister refers to the film as the Cherniack film, or produced by Cherniack . . .

**MR. JOHNSTON:** Mr. Chairman, I have never referred to the film as the Cherniack film.

**MR. CHERNIACK:** The reason the Minister refers to the film as being produced by Cherniack is that it's a foreign film. Is that correct?

**MR. JOHNSTON:** No, it's not a foreign film. It was produced in Manitoba.

**MR. CHERNIACK:** It's not produced in Manitoba, so it's foreign to Manitoba, is that correct?

**MR. JOHNSTON:** No, it was produced in Manitoba, I understand.

**MR. CHERNIACK:** It was? Well then what's your problem, what's the Minister's problem?

**MR. JOHNSTON:** I don't have a problem. Mr. Chairman, on a point of order, I don't have a problem, it's the member that has a problem. I haven't been critical at all of the film.

**MR. CHAIRMAN:** I can tell you, the Chairman is having trouble. If it is the Chairman's right to introduce each speaker, if someone behind us, because it's going to be just a lot of words and it will take a mindreader downstairs to find out, or a voice detective to know who was speaking. Many times the members are starting to speak with their head turned away from the Chairman and I don't have a dream . . . to recognize the person. And maybe also to my Honourable Minister that I don't get signal either and I am going by guess and by God and I'm not guessing so well sometimes. I think a little co-operation or time enough, if it's the Chairman's position to recognize each individual. If we want a little auctioneer ring, fine, I'll go home and you can carry on. I think that would be great but for the purpose that I am here, I believe, to recognize each speaker individually. The Member for St. Johns.

**MR. CHERNIACK:** Mr. Chairman, I must say I have real sympathy with you, but that's part of the job you undertook and we'll try to help you.

I just want to comment to the Minister that I am intrigued by the way he found it advisable in his way to refer to that film, and I certainly marvel at the way he describes that film and not others as to who produced them.

Setting that aside, he spoke about the vignettes that the Member for Elmwood referred to, and he said that they were made because the TV station asked for it. Is that correct?

**MR. JOHNSTON:** The TV station informed us that they have, and always do inform us and ask us if we have anything that they can use when they have a free ad — swamped — or what do they call them? PSA's is their title. They informed us that if we had something that they would put them on in those PSA time slots where they didn't have advertising when we supplied them and they have put them on for nothing.

**MR. CHERNIACK:** I would have to comment that's the most negative form of selling that I can imagine this Minister could be involved in. I should think that he should be knocking at the doors of all of these media outlets and saying please, we have great stuff that you could be using. Instead of that, the picture I get from him, literally, is that a picture was asked for and he produced it, which seems to me to be contrary to the excited atmosphere that I think was created when the decision was made to pay some



\$60,000-odd for what I think was a propaganda film talking about loving Manitoba. I have to comment that it's quite a different attitude that seems to be displayed by this Minister.

In view of the fact, Mr. Chairman, that the Minister apparently did not promote the use of these vignettes, but rather complied with a request, may I ask whether there is any way in which the Minister is measuring the value to the province of the use of these vignettes?

**MR. JOHNSTON:** Let's just start at the beginning. The first occasion when the media approached us saying that they would have these time slots, we produced them. We are now actively working with them to use them as much as possible. As a matter of fact, we would consider producing more, and we have been promoting with the media to use them more since the first occasion when we used them. The value to the province — I can only say is that our tourism figures are up. The vignettes have been shown as far as BC and into Ontario.

**MR. CHERNIACK:** Mr. Chairman, I know it's very difficult to measure the value of advertising, but I ask the Minister if he has any way in which to measure the value of the vignettes. His answer was, the measure is that there is more money being spent in tourism. Does that mean that the vignettes are the cause for that?

**MR. JOHNSTON:** Not entirely, we have other promotional work that we do in the Tourism Department to promote tourism in the province. The vignette advertising on tourism is not the only one by any stretch of the imagination.

**MR. CHERNIACK:** Mr. Chairman, how does a Minister then discriminate in his mind between better or poorer forms of advertising for which he pays if he has only one overall standard and that is whether the tourist dollars are up or down?

**MR. JOHNSTON:** We analyze very closely the reasons why tourists come to the province. We know that the biggest tourist attraction from outside the province are the states just to the south of us. We know that they come for — the main reason is shopping. We know that they come for the fishing. We know what they come to Manitoba for by the surveys that we do. We then design our advertising around that. The vignettes are part of it. The promotions that we have down at sportsman shows where we have our booths. We have had occasion to have promotion days in shopping centres in the malls to the south of us. They are all part of the tourism advertising program, the same as we have tourism advertising in magazines, etcetera, across the country. It's all part of a large promotion which is designed on the basis of the research that we do as to where the tourists come from.

**MR. CHERNIACK:** Mr. Chairman, the Minister's statement confirms to me what I thought and that is that the best way you decide how to spend dollars is to find out why people would come here and then cater to that desire, but it also confirms to me that there is no way that this Minister has of measuring one form of advertising against another. He doesn't

do polls or studies on what type of advertising brought people here, but it's really a guesswork, I should think, at least I am left with that impression from what he said. May I ask him if we in the Opposition we're able to persuade his Treasury Board to give him double of a budget, another million dollars, what kind of increased tourism dollars would we have as a result?

**MR. JOHNSTON:** I can't answer that. I could only answer that this way, that in 1970, we had 300,000 people travelling within the Province of Manitoba. In 1973 it got up to 350,000. The number of dollars spent in 1970 was in the area of \$600,000 and went on up in 1974 to approximately a little under \$800,000.00. So in 1974 when the figure was high, the tourists were high. From 1974 down to 1978 the expenditure on dollars stopped during that time and the amount of money went down during that time and in 1974 when the money stopped the number of people went down. When we started to do a promotion campaign, spending more money on promotion, which moved up as the graph shows, the number of tourists moved up accordingly. The graph definitely follows the expenditures versus the number of people, and I think you'll find that that same graph is available in most provinces. In most areas of North America that we know of promotion has to be done in order to have a tourist industry within your province.

**MR. CHERNIACK:** I have to comment that this is the most simplistic analysis I think I've ever heard and is probably an ad man's dream, if he can sell his customer on that basis I think he's really got a sucker by that tackle that Mr. Shakespeare is producing. Because, Mr. Chairman, if you don't take into account unemployment; if you don't take into account exchange of all things, exchange rates between US and Canadian dollars and European currency and Canadian; if you don't take into account the cost of travel say for Americans to other continents as being a factor in measuring the tourist dollars that come into Manitoba, and if you relate it only to the number of dollars spent, which is what the Minister — well he didn't try he told us he did relate it. Well then, Mr. Chairman, I think that the government is being absolutely foolish and this Minister is doing a pretty poor job not to double his Budget and therefore double the amount of dollars that come flowing into the province by way of tourism.

I'm just shocked that he would try to sell, I think he's selling a bill of goods which I don't think we're buying — I don't know who else would buy that, that kind of graph relationship. But truly if he believes it then I don't see how he can not get a much bigger budget for his needs, because he can show easily that tourism, which is one of the best industrial incentive dollars that can come into a province, a generator in great numbers, would be a tremendous investment. Talk about investing in immediate returns, he relates it year by year, he doesn't even spread it out over a year or two or three when the impact of advertising would take effect. I just have to say that if he is right in this simplistic approach, then why isn't he asking for much more money?

**MR. JOHNSTON:** Mr. Chairman, the member can call the approach whatever he likes, the graph is not

fudged figures, the graph is actual figures, they don't come from any ad agency, they come from our department, which comes from Statistics Canada and the federal travel group.

The budget for the department is up by \$600,000 over last year which is approximately 10 percent. We felt that our program that we're presenting this year is what we could handle this year. We didn't get everything we asked for, but it is up.

**MR. CHERNIACK:** I just want the Minister to know I'm not challenging the figures which he produced. I'm challenging the simplistic approach to the interpretation of the figures, which I think is a, I can't say kindergarten approach but it's pretty, pretty primary —(Interjection)— Mickey Mouse approach — that's a good term. It seems to me I've heard that phrase used by others. A 10 percent increase is a very small amount, incidentally I don't quite see it as 10 percent. In any event, that's minor, I may not be seeing the correct figures, it looks to be less than that. In any event, he says that he asked for more and couldn't get it and he's the man who's trying to sell Manitoba to others when he can't sell his own department's endeavours to his own colleagues, and on the basis of that yardstick it is I think an indication that he hasn't been paying enough attention to the industry, which is one of the really good industries that the province could have to take care of all the secondary income families who really need to be involved in earning money in the service industry.

**MR. CHAIRMAN:** 2.(f)(4)(a) pass; 2.(f)(4)(b) pass.  
Be it resolved that there be granted to Her Majesty a sum not exceeding \$18,980,400 for Economic Development and Tourism pass.

**MR. EVANS:** What figures are you reading?

**MR. CHAIRMAN:** Resolution 49, \$18,980,400.00.

**MR. EVANS:** Oh up here I see, Resolution 49.

**MR. CHAIRMAN:** Pass.

**MR. HANUSCHAK:** Honourable members, if the Minister would want we could deal with the main item, which is his salary, tomorrow.

**MR. JOHNSTON:** Well I'm quite willing to deal with it tonight, Mr. Chairman, if the members want to carry on.

**MR. CHAIRMAN:** If it's the wish of the Committee then we return to the Minister's Salary.  
The Member for St. Johns.

**MR. CHERNIACK:** I wonder if I could ask you, Mr. Chairman, or rather ask the Committee through you how long it is expected that this last item will take. Mr. Galbraith said he's willing to stay on. I'm wondering how long he's willing to stay on then. That might be helpful in knowing how we're going to deal. Mr. Galbraith said it's up to me, I suppose he means it's up to us. I wonder, Mr. Chairman, if we indicate that there are quite a few items we would want to review under Salary, whether that would mean to him that there's not much point continuing at this hour. In other words, I believe there would be a fair

amount of time that we would want to spend on the Salary. Under those circumstances would it not be sensible to adjourn now? I raise the question.

**MR. CHAIRMAN:** The Chairman's at the mercy of the Committee and the Minister I guess.

**MR. JOHNSTON:** If there's going to be a lot of long, detailed discussion on the Salary it's no consequence to me whether it's tonight or tomorrow morning. I thought it would be good to finish up the Estimates. If the honourable members don't want to it's entirely up to them.

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

**MR. EVANS:** The Member for Elmwood was under the understanding that when we finished this side then we would adjourn and then he was going to be prepared to talk on the Minister's Salary tomorrow. We were rather expeditious on this last item. We could be going on for another hour on the last item but we didn't.

**MR. JOHNSTON:** Mr. Chairman, as I said it doesn't matter to me. I only looked at the clock, it's only 10:30; if we were going to go a long time we can adjourn, if we were going to be able to finish it up in a reasonable time we could carry on. If the members are indicating that they want to take a long time, we can adjourn.

**MR. CHERNIACK:** I move Committee rise, Mr. Chairman.

**MR. CHAIRMAN:** Committee rise.

## SUPPLY — AGRICULTURE

**MR. CHAIRMAN, Albert Driedger (Emerson):** I call the committee to order. For consideration of the committee, Resolution No. 10, Item (f)(3) Agricultural Societies pass; (g)(1) Communications Branch pass.

The Member for St. George.

**MR. BILLIE URUSKI:** Thank you, Mr. Chairman. In the Communications Branch there have been some changes made in terms of the department's media presentations. I understand that even, if I am not mistaken, the department won some awards for its media presentations within the last year in the participation of staff. I wonder if the Minister can indicate what has happened within the department in terms of its presentations and media programs.

**MR. CHAIRMAN:** The Honourable Minister.

**HON. JAMES E. DOWNEY (Arthur):** Maybe the member could be more specific in what he is referring to, Mr. Chairman.

**MR. URUSKI:** Mr. Chairman, if the Minister is not aware of any progress within the department, then I really have no further comments. It was under the understanding that the department itself, I understand, was quite involved in expanding its whole media presence within government in terms of the Department of Agriculture and had some

recognition from some of the media industry. That's what I am led to believe. I'm not certain, Mr. Chairman, I thought the Minister would be more aware of what is happening and tell us — (interjection)

**MR. DOWNEY:** I don't know of any specific awards that the member is talking about. If there is more visibility from the Communications Branch, I guess it would be because of the efforts that are put in from that particular branch of the department. They are responsible for providing information to the farm community both through the media of electronic media, some of the work that I can refer of course or Weeds '81 Program which we have discussed in some of the other debates. As well the Rapeseed '80 Course was provided last year and delivered by the Communications Branch and a lot of hard work has gone into it with the staff in that department. Again, I am satisfied that they are carrying out their duties in a responsible manner and if the Member for St. George wants to give a special recognition to them, I'm sure they would be quite prepared to accept it.

**MR. URUSKI:** Thank you, Mr. Chairman. In the Estimates in terms of the increases, this area has gone up fairly substantially in terms of the increase. Could the Minister indicate what changes there are within the media spending and what is the thrust of the program for the coming year?

**MR. DOWNEY:** Basically, Mr. Chairman, it's a matter of an increase to look after some of the multi media short courses that are being provided throughout the department or delivered by that division of the department; an update, an increase in the publications that are provided within the department for crop recommendations and that type of updating of publications; and an increase in the amount of money that's available for TV and radio information to be provided for the farm community. Those are the basic areas that there is some increase.

**MR. URUSKI:** Could the Minister be more specific as to what we are talking about? For example, could he give us the costs of the Rapeseed '80 study that was implemented? I know there was a fee of some \$10 per participant. What was the cost of the program in terms of preparing it, mailing it out and the entire cost, Mr. Chairman? I'd like the Minister to give me a breakdown of what percentage of the Budget or what amount of the Budget goes for radio, television, what kind of productions. What is the area in terms of production? He probably has some idea of the programming that will go on. I'd like some indication from him.

**MR. DOWNEY:** On the Rapeseed '80 Course that was provided last year, Mr. Chairman, there was a cost to the department of some \$77,800 but there was a revenue recovery of some 24.6. So the actual cost to the department was the difference in that amount. The Weeds '80-'81 Program that's being proposed, there is a program that's costing \$48,000 and an estimated recovery of some \$45,000, so it's coming into a position where it would pretty well carry itself. As far as the other work that is being done, there is some work being done with Country

Comment and there is money going into Radio of some \$4,000 in that area, as well as Consumer Update in the same expenses. Ongoing news and press work that is being done, there is some \$19,000 being spent there. Farm Scene and Television Time, some \$30,000 and then there is some film production on special events, some \$5,000.00. So that is basically the main breakdown, Mr. Chairman, within the Communications Branch.

**MR. URUSKI:** Thank you, Mr. Chairman. How many staff would be involved in the Communications Branch?

**MR. DOWNEY:** Sixteen, Mr. Chairman, just over 16 staff man years. No, there are two vacant positions in that complement, Mr. Chairman.

**MR. CHAIRMAN:** (g)(1) pass; (g)(2) pass; (g) pass; (h)(1) pass; (h)(2) pass; (h) pass.  
The Member for St. George on (h)(2).

**MR. URUSKI:** Mr. Chairman, could the Minister give us the breakdown of the Canada-Manitoba NORTHLANDS Agreement in terms of what do those funds — although they are all recoverable from Northern Affairs — could the Minister indicate what they are for?

**MR. DOWNEY:** Yes, Mr. Chairman, basically the two main programs in the Northern Agriculture, one of them is Northern Horticulture or Northern Gardening which is a fairly important program in the northern parts of the province plus a northern 4-H and Youth Program which I think is also an important program to provide for the people in Northern Manitoba as it's demonstrated its success throughout a lot of the agricultural communities that the same kind of work and results I'm sure can be obtained or achieved working in the northern communities as well.

**MR. CHAIRMAN:** (h)(2) pass.  
The Member for St. George.

**MR. URUSKI:** Mr. Chairman, could the Minister give us an indication of the extent of involvement in Northern Manitoba in the 4-H movement? Is it primarily in the agriculturally related areas in and around The Pas and the like or what areas are involved in the 4-H program?

**MR. DOWNEY:** Basically the 4-H in Northern Manitoba, there are principally four communities, Thompson, Gillam, The Pas and Flin Flon. There are also four more remote communities that have the program offered, Grand Rapids, Leaf Rapids, Pukatawagan, and Shamattawa, Mr. Chairman, are the communities. The numbers of members in both urban and remote communities in 1978-79 were 300 and there's been an increase in the 1979-80 to 310 so there is some indication that they in fact are taking advantage of it and the small increase.

**MR. CHAIRMAN:** (h)(2) pass.  
The Member for St. George.

**MR. URUSKI:** Yes, Mr. Chairman. In terms of personnel involved in both those programs could the Minister indicate the numbers; is that three or four staff man years or what's involved in there?

**MR. DOWNEY:** Mr. Chairman, the staff complement remains the same, it's just over five staff man years in both programs, to cover both programs. Yes, just over five staff man years for the two programs.

**MR. CHAIRMAN:** (h)(2) pass; (h)(3) pass; (h) pass. Resolution 10. Resolved that there be granted to Her Majesty a sum not exceeding \$8,762,000 for Agriculture. Agriculture Production Division, \$8,762,000 pass.

The Member for St. George.

**MR. URUSKI:** Yes, Mr. Chairman. You will recall earlier this afternoon in the discussion dealing with the Hay Program, your colleague, the Member for Radisson indicated that he would not want debate carried on in that particular section and he wanted me to raise the point dealing with the canary seed for hay at the end of the resolution, Mr. Chairman, and that's the reason that I am raising this matter at this time. I wanted to find out from the Minister at the time the extent that the Minister would be prepared to review the program. He kept hinting back that if there was a hardship then he would be prepared to hardship caused by the program. I want to ask the Minister whether there were any other types of grasses of an annual nature that were excluded from the program in terms of being — (Interjection)— cannabis, the Minister of Finance is hinting at. Mr. Chairman, any other feeds that would have been excluded by the department from the program. Can the Minister indicate whether there has been any other exclusions besides this one?

**MR. DOWNEY:** The first part of the question, Mr. Chairman, to what extent am I prepared to review the particular case that he refers to. I'm not prepared to commit tonight that we're going to make a change in what is . . . with that specific individual at this particular time. However I'm prepared to have staff assure me that there isn't any hardship, No. 1, and No. 2, if it falls within the same kind of a feed category as other crops that were allowed, then consideration will be given to it but I'm not going to say tonight that I will change my decision on it but I will give it a full and honest review.

**MR. CHAIRMAN:** Resolution 10 pass.

The Member for St. George, on what item, please?

**MR. URUSKI:** Mr. Chairman, we're still on that same item that I left back.

**MR. CHAIRMAN:** Which item was that?

**MR. URUSKI:** No. 10, Mr. Chairman, dealing with the hay situation.

**MR. CHAIRMAN:** Which item would that be, the Member for St. George, please?

**MR. URUSKI:** Mr. Chairman, the item that was dealt with was dealt with under (d) Soils and Crops. The item was left over for the Minister to provide certain information and it was not done so. We had passed the item the previous night and we started debate on it today even though the item had been passed. Your colleague, Mr. Chairman, indicated that rather than proceed with the discussion that we should really

leave it till the end of the entire section. That is the reason why I have done so, Mr. Chairman, and that's why I'm asking further questions of the Minister of Agriculture.

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

**MR. HENRY J. EINARSON:** Mr. Chairman, on a point of order. Would that item that the Member for St. George is talking about not come under Drought Relief Program? Is that what he's talking about, is a canary seed to qualify for the Greenfeed Program? I heard him mention the Greenfeed Program.

**MR. CHAIRMAN:** No, the Member for Rock Lake doesn't have a point of order.

The Member for St. George.

**MR. URUSKI:** Thank you, Mr. Chairman. We probably can finish it off . . . I asked the Minister whether the Minister will be prepared to notify myself, and further to the letter that we have received from his Assistant Deputy with respect to the decision rendered at this point in time. Can I get that undertaking from the Minister?

**MR. DOWNEY:** Mr. Chairman, first of all, there was a commitment to the honourable member that we would have an opportunity to debate it at the closing of this resolution and he is correct. I have provided him with the numbers that I have. Any further information that is available comparing the crops that were made available for the Greenfeed Program or that qualified, I'm prepared to provide that information to him. It's just a matter of a technical report on the value of feed crops and if there is anything further, I would like him to identify those types of information that he requires.

**MR. URUSKI:** Thank you, Mr. Chairman. Could I ask the Minister then, Mr. Chairman, whether or not there have been other grasses commonly utilized in production, annual grass seeds in Manitoba, that were excluded from qualifying for the Greenfeed Program?

**MR. DOWNEY:** Yes, Mr. Chairman, all the perennials, the alfalfas, they were excluded from the program. It was an annual seeded crops that basically qualified; flax, sunflowers, did not qualify for the Greenfeed Program.

**MR. CHAIRMAN:** Resolution 10.

**MR. DOWNEY:** Oh, I'm sorry, Mr. Chairman.

**MR. CHAIRMAN:** The Honourable Minister.

**MR. DOWNEY:** I should clarify myself. Sunflowers were included for silage purposes but not for hay.

**MR. URUSKI:** Thank you, Mr. Chairman. Then basically all the annual crops that would normally be grown, with the exception of this seed, would have been generally qualifying with the exception of flax where we know the flax seed is not edible in terms of cattle feed but all other coarse grains and grass seeds, the perennial grass seeds, we know that none of them were included in the program, that was

natural, so this one would be the exception rather than the rule then.

**MR. CHAIRMAN:** Resolution 10 pass; Resolution 11, Item 5, Regional Agricultural Extension, 5(a)(1) pass.

The Member for St. George.

**MR. URUSKI:** Thank you, Mr. Chairman. With respect to the Agricultural Department, there is some 30 percent increase in salaries through the program. I think he indicated he indicated that he was hiring a number of extra Ag Reps or what is the extent of the change, Mr. Chairman?

**MR. DOWNEY:** Mr. Chairman, the basic reason for the increase is an introduction or the inclusion in the Estimates are for an additional number of Assistant Ag Reps to be placed throughout rural Manitoba. However the number of staff positions remain the same for the coming year, Mr. Chairman.

**MR. CHAIRMAN:** (a)(1) pass.  
The Member for St. George.

**MR. URUSKI:** Mr. Chairman, the increase is some approximately a quarter-of-a-million dollars, approximately a 25 percent increase in terms of salaries. Is that to take into account the annual increments that may be expected, Mr. Chairman, and no change in staff?

**MR. DOWNEY:** That's correct, Mr. Chairman, generally a salary increase is a general increment increases that they get on an annual basis.

**MR. URUSKI:** Yes, Mr. Chairman. Are there any new offices being established within the Province of Manitoba with respect to Agricultural Representatives being located? Are there any changes in local offices and the like?

**MR. DOWNEY:** Yes, Mr. Chairman, there have been some Assistant Ag Reps placed throughout Manitoba as well as the additional increase in one Ag Rep office, the Ag Rep office is in Dugald where they haven't had an Agriculture Representative on a permanent basis. They now have one in Dugald, Assistant Ag Rep offices in Swan River, Portage, Minnedosa, Ethelbert, and Deloraine, Manitoba, the areas that will be now getting Assistant Ag Rep positions in those towns.

**MR. URUSKI:** Mr. Chairman, those would have been already established offices where assistants are now being put in. Are there any other transfers of staff or new offices being opened up other than Dugald? I think he mentioned Dugald as being a new office.

**MR. DOWNEY:** The two new offices with assistant ag reps, Mr. Chairman, are Deloraine and Ethelbert.

**MR. URUSKI:** As I understand it, those would be new offices with assistant ag reps there and they would be working with adjoining ag reps. I thank the Minister, Mr. Chairman, for that information.

**MR. CHAIRMAN:** The Member for Roblin.

**MR. J. WALLY MCKENZIE:** Mr. Chairman, I'd like to congratulate the Honourable Minister of Agriculture

for having placed an assistant ag rep in Ethelbert, a position that is long overdue. Those people have been waiting for many many years for that position and I'm pleased to know that it's a bee specialist that's going in there, so the people of Ethelbert and the surrounding areas of Grandview and Gilbert Plains are indeed most pleased for a service that's been waiting for many many years.

**MR. CHAIRMAN:** (a)(1) pass; (a)(2) pass; (a) pass; 5.(b)(1) pass.

The Member for St. George. I'm sorry; The Member for Fort Rouge.

**MRS. JUNE WESTBURY:** Thank you, I'm not surprised that you didn't expect to see me standing. Mr. Chair, through you to the Minister, I understand from my advisors that recently two regional agronomists assigned to the job of assessing implications of subdivision applications on agricultural interests have resigned and have not been replaced. Does the Budget make provision for the Minister to make a contribution to land use planning by municipalities in their planning districts by hiring competent individuals to fill these positions and will the Minister in fact be having these positions filled as soon as possible?

**MR. DOWNEY:** Mr. Chairman, it will be our intent to proceed to fill the positions that are vacated by the agronomists. I'm aware of one retirement, a recent retirement, but there will be a filling of those positions as quickly as the bulleting process takes place and hiring can take place. There will be input into the changes in land use that may occur and they will be supportive of helping RMs or municipalities make those decisions that are important to them.

**MR. CHAIRMAN:** 5.(b)(1) pass.  
The Member for St. George.

**MR. URUSKI:** Thank you, Mr. Chairman. With respect to the regional production specialists, Mr. Chairman, is there any change in staffing in that area?

**MR. DOWNEY:** No, Mr. Chairman.

**MR. CHAIRMAN:** 5.(b).  
The Member for St. George.

**MR. URUSKI:** Mr. Chairman, can the Minister give us the breakout of staff on a regional basis that he has? What type of specialists are there and where are they situated?

**MR. DOWNEY:** Yes, Mr. Chairman. Regional production specialists in the northwest region, we have 11; in the southwest region, there are 12; the central region, 14.26 staff man years; in the eastern region, 10; and in the interlake region, just about 10-and-a-half, 10.42 staff man years.

**MR. URUSKI:** Thank you, Mr. Chairman. The staff that are within that, would that include the agronomists that my colleague, the Member for Fort Rouge, has been speaking about or are they in the district office administration end of the specialists?

**MR. DOWNEY:** They, Mr. Chairman, are in the regional specialists category.

**MR. CHAIRMAN:** (b).

The Member for St. George.

**MR. URUSKI:** Thank you, Mr. Chairman. The Minister indicated that there is one retirement in that field that the member raised. Are there any more changes in staff in terms of their input? Who in the department would be making the inputs into land use planning on behalf of the Department of Agriculture on a regional basis in the interim?

**MR. DOWNEY:** Mr. Chairman, if it was a matter of workload or that specific area had to be covered, there could be an individual from one of the other regions cover off for that individual in the time period that it takes to fill that position.

**MR. URUSKI:** Mr. Chairman, as I understand the process, and the Minister can correct me whether that process has changed, is that the Department of Agriculture's involvement within subdivisions in rural Manitoba is on an actual inspection basis where the Department of Agriculture has the prime consideration in terms of making the physical examinations of properties that are being applied for subdivision? Is the Minister indicating that the same individual from another region can now step in and handle that situation? But he didn't answer the Member for Fort Rouge completely as to whether there is more than the one retirement from the department. Are there more persons leaving or retiring from that position that the Member for Fort Rouge raised?

### INTRODUCTION OF GUESTS

**MR. CHAIRMAN:** Order please. I should like to direct the attention of the honourable members to the gallery on my left where we have the 10th Girl Guide Company. We have 25 students under the direction of Myrna Frost. I'd like to ask members to welcome the group here today.

The Honourable Minister.

### SUPPLY — AGRICULTURE cont'd.

**MR. DOWNEY:** Mr. Chairman, the question the member asked, is the second agronomist position for land use? That position became vacant with the transfer of an agronomist into another job and at this particular point it's in the process of being filled. In fact, the completion of that filling should take place very shortly, so it was due to the transfer of an agronomist to another job. The position became open and we're in the process of filling it.

I should also inform the members that there are agronomists in a region sometimes are more than just a specialist in one field, that to cover off a regional director or those types of professional people can perform another role as well as the one they are traditionally in, in the short-term period it takes to fill that position.

**MR. URUSKI:** I thank the Minister for the information and his explanation that both the positions, one that's vacant and one that's about to be vacant, will be filled very shortly. Mr. Chairman, in terms of the regional specialties and advice to be given to farmers in terms of livestock production, has

there been any move made by the department to concentrate their efforts into one area more so than another in terms of livestock production or is the service and the advice being fairly well balanced? The point that I'm making, while knowing the situation within the hog industry over the past year and the trying times that producers are facing, has there been any added emphasis to assist those producers or shift away from encouragement into hog production into other areas, Mr. Chairman.

**MR. DOWNEY:** There aren't any changes, Mr. Chairman, in the direction or in the work that's being done within the livestock specialists or any of the specialists, Mr. Chairman.

**MR. CHAIRMAN:** (b)(1) pass; (b)(2) pass; (b) pass; (c)(1) pass; (c)(2) pass.

The Member for St. George.

**MR. URUSKI:** Thank you, Mr. Chairman. In reviewing the statistics on numbers of young people I see that even though the department is maintaining and increasing on an annual basis the expenditures into 4H programs the numbers of young people enrolling in the department is steadily declining. Has there been any reverse or change in the number of enrolments in the last year to . . . when we look at the years from '77 to '79 there's been a gradual decline annually. Could the Minister indicate what the situation is for 1980 as compared to the previous years?

**MR. DOWNEY:** Mr. Chairman, I may report on the membership in the 4H in the movement. It has stabilized somewhat over the last three years. There was a fairly dramatic reduction from the period of 1961 to the period of 1977 when we saw a reduction from some 8,762 members in '61 to 1977, 6,849, to 1978 we saw 6,722 and last year a number of some 6,373. There has been a reduction but not inconsistent with what is happening with the school enrolment throughout Manitoba.

**MR. CHAIRMAN:** (c)(1).

The Member for St. George.

**MR. URUSKI:** Mr. Chairman, the Minister indicates not inconsistent with the school enrolment. Could he indicate what the drop or the number is for 1980 has been in terms of enrolment in the 4H movement in all the . . . ?

**MR. DOWNEY:** Mr. Chairman, I haven't got the 1980 figures available at this particular time on the chart that I have here but as soon as the numbers are available I can provide them with those figures but they aren't available to us at this time.

**MR. URUSKI:** Yes, Mr. Chairman. It seems that there is an interest in rural Manitoba in terms of the number of volunteers wanting to become involved in the leadership program of 4H and there has been from what the statistics show here somewhat of an increase in the number of people being involved, although the numbers of students are less than the number of people wanting to become involved in community activities and 4H being one of them, there has been an increase there. Is there any

emolument that is provided for people who become involved in the movement at all or is it primarily those of a specialist nature that there may be some financial remuneration to people who become involved?

**MR. DOWNEY:** Mr. Chairman, the member is asking if there's any reward for the volunteer work that is being done. I think the greatest reward that people who get involved in that kind of movement is to see the development of the young people through the program and there isn't any direct financial — (Interjection)— probably in some cases through judging and that type of work that is done there would be some direct pay. But to participate as a volunteer leader or . . . no, there isn't any pay for that.

**MR. URUSKI:** Yes, I thank the Minister. I just wasn't at all certain there. There would be the odd, I presume, volunteer or part-time person that might be involved with the regional staff that may be hired on a part-time basis but certainly the majority of people that have been involved in one way or another with the 4H movement are giving of their own free will and time and certainly it's been most rewarding. Speaking for myself I've been involved in some small ways with the speaking groups and other community groups that have been involved in 4H and certainly it is rewarding in itself in terms of watching our young people develop in the countryside. So, Mr. Chairman, although I would hope that the involvement of the department will continue in this area, I wonder whether, Mr. Chairman, there are any changes contemplated in terms of changing staff in certain regions to provide a rotation of staff throughout the regions of different exposures and different experiences from region to region.

**MR. DOWNEY:** Mr. Chairman, I should just clarify in the area of 4H. Where there are 4H aides in the different regions, the aides receive compensation for the work they do, which is somewhat different than the actual leaders or volunteer leaders that participate throughout the community.

Basically as far as the changing of staff there is a certain turnover and as I've indicated in the last section, an agronomist changed his job from land use agronomist to another position. They are quite free, in fact encouraged as far as I'm concerned to look at new challenges or new objectives within their capacity. As far as any direct program is concerned to make that change, no there isn't one, but they're encouraged by me to look at as I say, new challenges within the different departments if they feel that they would like to take it on.

**MR. CHAIRMAN:** (c)(2) pass; (c) pass; (d)(1) pass; (d)(2) pass; (d) pass.  
The Member for Winnipeg Centre.

**MR. J. R. (Bud) BOYCE:** On the Home Economists, I wonder if the Minister could tell us how many staff man years are in this particular expenditure?

**MR. DOWNEY:** Mr. Chairman, the complement in Home Economists are 17 and one-third staff man years, Mr. Chairman.

**MR. BOYCE:** 17 and 3 for 20 staff man years.

**MR. DOWNEY:** 17 and one-third staff man years, Mr. Chairman; 17.35 SMYS.

**MR. BOYCE:** And these are deployed through the five different regions. Is that correct?

**MR. DOWNEY:** Yes, Mr. Chairman.

**MR. BOYCE:** Well, not to take up the time of the committee on this particular item, I wonder if the Minister could send me a paper how these people are deployed in their responsibilities.

**MR. DOWNEY:** I can provide that for the member, Mr. Chairman.

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

**MR. URUSKI:** Mr. Chairman, in terms of the District Office Administration, this I presume would be the regional directors and their staff within the regional office that is not of a technical nature. These would be primarily office staff plus the regional director and if they are I'd like to know, Mr. Chairman, whether all the regional offices are in full complement and what the staff is in all of them.

**MR. DOWNEY:** Mr. Chairman, this staff complement are the regional directors, their support staff, secretaries, administrative secretaries. The complement in the northwest region, 13; southwest region, 16.8; central region, 16; eastern region, 9.26; and Interlake region, 12. There are two vacancies at the present time, one of them in Dauphin, a secretarial position and another one in Arbog.

**MR. CHAIRMAN:** (e)(1) pass; (e)(2) pass; (e) pass.

Resolution 11, resolved that there be granted to Her Majesty a sum not exceeding \$6,120,400 for Agriculture pass.

Resolution 12, Item 6. Agricultural Marketing and Development Division, 6(a)(1) pass.

The Member for St. George.

**MR. URUSKI:** Mr. Chairman, I would ask that the Minister highlight his department's, this branch's, activities throughout the last year and what he sees for the Marketing and Development Branch for the coming year.

**MR. DOWNEY:** Mr. Chairman, I think that it's important to note that the efforts of the Marketing Branch have been continually carried out or continue to be carried out to try and promote the agricultural production of Manitoba. Some of the policy direction that the government would like to see the agricultural community go, of course, have been stated in our opening remarks with the types of crops to be grown in Manitoba of a specialized nature, a diversified type of cropping pattern which would add to the value added concept that we would like to see more agricultural products processed within Manitoba. A good example has been the vegetable crops through the potato processing. Another one of course, an example, is the development of crops that can be processed in the oil seed crushing plants in Manitoba as well as a wide variety of projects through the

marketing of live livestock in the breeding stock industry; encouragement of marketing of livestock, particularly into the Mexican market, and other areas that may be desirous of buying Manitoba livestock.

I may also indicate that there has been a good working relationship with the producers and people producing buckwheat in Manitoba. There is a tremendous market potential in Japan. They find the crop that is produced here in Manitoba very acceptable, particularly the mancan variety, which is a large seed variety, and has been developed here in Manitoba and very desirous of the Japanese consuming public. One of the unfortunate situations last year was the cropping conditions which caused some difficulty with buckwheat, particular area that may have had frost, an early frost, which buckwheat is very susceptible to and created some difficulties.

In the area of production in the marketing of such crops as lentils, a crop which I think has a tremendous future in the province, the value of these crops are of major significance to anyone who is in the soil type or in a region of the province that can produce these kinds of high value crops, particularly in the Portage-type soils.

Another area that is of fairly major significance is the development of the poultry markets, particularly into Japan, or the efforts that have been put forward by the broiler producers, broiler and turkey producers in the province. I understand that there have been some successful sales and would like to see that kind of work carried out.

I have, however, some major concerns that I think I should address at this particular time. We find ourselves in the Department of Agriculture or I find myself, particularly in Agriculture, in a difficult position at certain times when in fact the majority of the major crops, and some of the major poultry meats or poultry products are in fact influenced largely by Federal Government policy with in fact very little opportunity for provincial input. I think, in the best interest of the farm community, that there has to be some basic changes made either by direct Federal Government policy or by agreements that have been entered into by government from Provincial to Federal Government agreements that in a province like Manitoba, where we have relatively a good opportunity to increase our production and encourage the further processing of that production, creating employment in Manitoba, we in fact as I said by agreement are forced to live within limitations that are not in the total interests in the best interests of all the agriculture community. Because when you limit the numbers of, for example, broilers that can be produced or eggs that can be produced in Manitoba that in fact has a direct impact on the amounts of feed grains or products that are also produced by farmers that can be consumed right here in Manitoba which have a direct relationship on the processing and the whole employment segment of the industry that agriculture depends on.

So, as I say, there are certain areas, for example, and I don't mind referring to them by agreement, national-provincial agreement, we are restricted from taking advantage of the comparative advantage that we have in Manitoba. I don't think for one minute that we should leave the producers who are protected by supply-management systems, we

shouldn't for one minute think that they are endangered but the concept or the concept that is used, the tighter the supply you have available the higher the price you receive. That works to a point when it gets to the individual producer who is cut back to such an extent that he's unable to take advantage of keeping either his broiler barn full or his production of eggs or whatever he is producing up to the maximum. When he has to start cutting back you're cutting into his efficiencies. I think after a certain number of years the cumulative effect of this kind of a system has to be reviewed and I would have to say that we run into difficulties, and they've been pointed out many times over, when we as a province that depends heavily on export are restricted to a very small percentage of our domestic market. It leaves us an international market which we have to expand into, we have to give the producers the assuredness that they in fact can count on those markets. So what do we have to do, Mr. Chairman? Well, I think there are two areas that have to be addressed — one mainly, and that's in some of our major grains where in fact the province, Manitoba, Saskatchewan and Alberta over the past few years have had very little influence on national policy that influences what happens at the farm gate level.

I'll try and demonstrate it in two or three ways. And it is a major concern of mine, that when we have the barley producers of Manitoba for example, who are controlled basically by the Federal Government. And I'll demonstrate how they are controlling them. This past summer, for example, the producers of feed grain in Manitoba and Western Canada were by Federal Government policy directed to sell their barley into the domestic market to supply the feeder industry in Eastern Canada, that barley which was at the barley competitive price which they could buy barley, the corn competitive price in which they could bring corn in from the United States. Our barley producers were forced to sell into that market.

At the same time, Mr. Chairman, the barley producers in Eastern Canada were given a permit to sell the barley that they produced into the international market which was in fact higher than what we could sell our barley into. That, Mr. Chairman, is an inequity that I don't think we should continue to see be implemented on the producers of grain in Western Canada, or any part of Canada, and it is directed by the Federal Government and I would say it's a demonstrated way in which the Federal Government are directing cheap food policy on the farmers of Western Canada. That, Mr. Chairman, can be evidenced by the action that was taken.

No. 2, I think that there is enough evidence that when we some several months ago requested the Federal Government to give consideration to allowing our producers, the producers of grain in Western Canada, of our bread wheats, to allow them to receive on the domestic market the same prices which they could receive on the international market. Now if the Federal Government want to subsidize the Canadian consumers then in fact they should pay the difference between what the international market was and what in fact the producers were being paid. But at one time I know when we requested them to review the domestic wheat price system, the international price for wheats, for No. 1 wheat was



something like \$7.33 a bushel and the farmers were in fact forced to take \$7.00 a bushel. Again, Mr. Chairman, Federal Government policy directed at keeping the producers of grain from receiving what was in fact their full return.

At the same time, Mr. Chairman, by Federal Government direction and discussion over the past few weeks and months a policy which used farmers money out of their own organization to buy some \$90 million in hopper cars which is either a Federal Government responsibility or a railroad responsibility. There is a proposal being put forward now by the Federal Government to spend \$100 million to provide surge capacity at the Port of Prince Rupert, again a Federal Government responsibility taking farmers money without the full consent of the farmers to provide something that is Federal Government responsibility.

I again think, Mr. Chairman, there are several other areas that we could talk about, and another one, let's talk briefly about Churchill. Why at the beginning of every shipping season is the Port of Churchill sitting with very few bushels of grain to be shipped out when the boats start to arrive? More than once, Mr. Chairman, have we seen the Port of Churchill sitting with very few stocks available to put on those boats when they come in, and why? Again, Mr. Chairman, we would have to say it is Federal Government policy because it is their responsibility to direct the organization that's responsible. And as I say in the grain industry it's demonstrated that the Federal Government policy is expecting the farmers to carry on under these kind of circumstances.

I would say, Mr. Chairman, I would go so far as to say that the Federal Government of this country are using a farmers organization, a truly farmers organization to, not to better the interests of the Western Canadian farmer but truly use the farmers money where Federal Government should be spending their money in looking after the infrastructure and the equipment that's needed to move the product. I don't think, Mr. Chairman, that we should sit idly by and suggest that something shouldn't be done about it. I think we have to get totally involved.

I also have some concern, Mr. Chairman, when the Minister who is responsible for the farmers marketing organization, and it is a farmers marketing organization at least it's intended to be, but is not any longer, it is a tool of the Federal Government — (interjection)— well it's accountable to the Minister of State who is appointed by the Prime Minister, not elected by the people of Western Canada but appointed by a Prime Minister with some, what I would call some intent in mind that is not in the best interests of the majority of farmers in Western Canada. I think the question an individual should look at is how in fact does the individual who is responsible for the Canadian Wheat Board report to parliament? Well, Mr. Chairman, he reports to parliament through the Minister of Transport. Under a democratic system we have the most important tool, a very valuable tool and the Canadian Wheat Board that was initially set up to better the interests of the farm community and in no way, shape or form can I see in today's democratic system that's supposed to be available to us do we have it accountable to anyone in the farm community. And

that's an unfortunate situation, Mr. Chairman, because some of the things that I've said here tonight are examples of how farmers money can be used to in fact better or to relieve the Federal Government of what is their financial responsibilities. Mr. Chairman, I think I should also indicate that we by no way in this government want to see that marketing agency taken away from the farm community by direct intent. But it has been removed from benefiting the farmers by political intent and I guess what really . . . there's two things that I would like to add to this debate. One is when the Federal Minister who is not responsible to the farmers but only responsible to the Prime Minister through appointment, that when he stands up and tells the farmers of Western Canada and the public in Eastern or Western Canada, when he stands up and says that he is the most unpopular Minister of the Crown in Ottawa because he's giving all of this money to the farmers of Western Canada. Mr. Chairman, that is the farmers money. The unfortunate thing is they have no control over how they get it, it's that individual who is not responsible to parliament, who's not responsible to the farmers of this country and I think the Federal Government had better change their attitude or there's going to be a lot more alienated farmers in Western Canada than they have to deal with today.

Another one that really takes the cake and I think that it's one that really has to be addressed. We, as provincial Ministers of Agriculture, some year and a half ago requested of the Federal Government when it came to grain marketing policies in this country that all the provincial Ministers of Agriculture, in consultation with the Federal Minister of Agriculture, have input on grain marketing policies or, before there was change, at least a fair and open consultation with the Minister so that we had a clear understanding of what was happening. But what is happening today, Mr. Chairman? We have a new proposal being brought forward by the Federal Government without consultation to do what, Mr. Chairman, to do what?

Well, Mr. Chairman, I feel very badly that they haven't had the courtesy to come and discuss with us directly as provincial Ministers of Agriculture the impact of the proposal. I think, Mr. Chairman, that the proposal that I'm hearing about is something that we have to have from the Federal Government, is the documentation that they're proposing, any information that they can provide to us and sit down and discuss directly with us, as provincial Ministers of Agriculture, what implications of their proposed changes are. Because if they carry out the program that's being proposed, as they have shown us they are by using farmers money for the purposes other than for the interests of farmers, then I think that the farmers of Western Canada particularly should have very serious concerns as I have. We will, Mr. Chairman, hopefully be debating this a lot more fully in the ensuing months because I think it has such an important impact that we have to make sure our farmers are fully aware.

I'm a very positive individual, Mr. Chairman, and I believe that there are some positive things that can be done. Several days ago I tabled a report that was done by Dr. Gilson on an export market institute-type concept to deal with other types of agriculture

commodities and products. He indicates in that report that there are a lot of things in place that could be used by people who are desirous of exporting. Interestingly enough the recommendations are to set up a body that would be a two-way system to encourage sales but also to work with the exporting and importing companies that could help the small individual people who are desirous of marketing their product, expose them and their products to that particular market.

I think, Mr. Chairman, the report has a lot of merit to it and you'll notice in our Throne Speech and you'll notice in the opening of my Estimates that we are proposing to proceed on the basis of a form of export development institute. I think that it is a tool that we can provide for farmers and I want to stress that because, as I've indicated in my previous remarks, what has to be set up is a tool that farmers themselves control; there's a good example in our producer marketing systems. I think that we have a positive approach to international trade, as well as, Mr. Chairman, there has to be some major input and review of our position as Manitoba producers in the total Canadian perspective because, if we are continually restricted to limiting our production to not being able to take advantage of our comparative advantage with our ability to produce and our advantages we have in Manitoba, then we are going to continually put our Manitoba producers in a position where they will not be able to take full advantage of the opportunities that are available to them in what I would call the most productive part of Canada.

So I have some fairly serious concerns, Mr. Chairman, when it comes to the marketing of agriculture products. I think that we have to protect those producers of products that have supply management mechanisms in place to continue on and make them as a better working tool for them. I do not think we should allow them to restrict the opportunities that are available, however, by agreement and I know that I was a part of a government, in fact a signator of the one agreement, and at this point I think it would be helpful if we sat down and had a meaningful review.

I have some concerns about the egg producers in Manitoba, when in fact we can produce eggs in Manitoba probably for less money than they can anywhere else in Canada and we are being used as a base formula price; transportation inequities or whatever they want to call it are added on to provide the producers of eggs in other provinces a greater income. And, Mr. Chairman, what that tells us is that we aren't allowed to produce. We aren't allowed to produce to the greatest possible efficiency or the greatest amount of production that can give us, as a province that we're capable of really bursting at the seams and doing things in agriculture production, processing and transporting that product to the consumers of, not only the domestic market but all over the world. I think that with the energy crisis that we're seeing, Mr. Chairman, —(Interjection)— well the member opposite mentions hogs. There's another interesting example of what is happening and how the Federal Government want to take complete control of that industry as well as the rest of the supply management industries they now have.

Why can't we get the Federal Government to introduce a meaningful stabilization program?

Members opposite agree with me that on nationally produced commodities we should have a national stabilization program. But, Mr. Chairman, the Federal Government are reluctant to move on a program that is meaningful. So what are the options left to the producers? No. 1, they can lose money until they're in such a situation where in fact they can't carry on in business; the other alternative is a supply management program where they force producers to grab for the last straw that's left and they'll only allow those people who are now in business, now in the production of hogs, to produce a certain amount of product — that's the answer the Federal Government have for those producers. In fact what has happened, what were major importing provinces, Ontario and Quebec historically, have now increased their production through provincial incentives and other mechanisms, have increased their production to where they're now exporting. We as a province who have seen our production go down from 1973 to some 800,000 hogs in 1977, we were reducing so that if, in fact, we had a national program put in place the formula that was used we would use our five-year previous production as what we could produce. By agreement we would be requested not to produce any more than that average production.

That, Mr. Chairman, would then put the hog industry into a total supply management structure, controlled by who? Again Federal Government policy. To direct what? A low cost food policy for this country. Mr. Chairman, this is what is happening in the agricultural industry and we can do all the things that we want to keep subsidizing and encouraging our producers to keep in the business but our hands are pretty much tied as provincial Ministers of Agriculture. We really are tied because either by agreement or by direct Federal Government policy and intent we have had the authority taken away from us. That has to change, Mr. Chairman, and I believe that there can be a shared responsibility in a meaningful way when in fact, in fact, for example, the Canadian Wheat Board, the Federal Government had the ability to put two commissioners on his operating the Wheat Board and the Province of Manitoba, the Province of Saskatchewan and the Province of Alberta, each be given the opportunity to appoint one farmer commissioner to that organization.

I think those are small basic changes that would give back to the provinces and the producers of agricultural commodities in this country a true and meaningful input into what happens to their industry. You can as I say keep subsidizing the bottom end or helping the young farmers but you have to take the lid off the top of them because there are very few agricultural commodities that you can produce in Manitoba, that either you have to have a special right to get into them, one which you don't have pay for, thank God, in Manitoba but you at least have to find somebody who wants to sell a turkey farm or sell a dairy farm. You can't start up a whole bunch of new dairy farms or turkey farms or broiler farms or egg farms because you don't have the permit to produce. That permit is basically controlled by who? The Federal Government And who controls the Federal Government? What representation do we have in Ottawa? What representation do we have in Ottawa? The closest representation we have in Ottawa is the

Federal Government supported by the New Democratic Party and I don't think that has been demonstrated in the best interests of agriculture.

So I think, Mr. Chairman, there is a parallel can be drawn between what is happening in the energy industry, in the petroleum industry, as is in fact the intent in the agricultural industry. In fact it wouldn't surprise me, Mr. Chairman, if the next move taken by the Federal Government would be in AgroCan to go along with their PetroCan, so that we could continue on to have a cheap food policy as well as their cheap energy policy. Thank you.

**MRS. WESTBURY:** It certainly is a disincentive to asking questions. I hope we don't get another half hour lecture on the Federal Government, maybe we get some answers on what the Provincial Government is prepared to do. Mr. Chair, on this question, Page 6, the last paragraph of the Minister's opening statement, he referred to the development of an agricultural products market institute which is welcomed by Liberal advisers. We'd like to know where the budget for its implementation is in the Estimates and to what extent will producers and producers' boards and agencies be involved in the establishment and operation of this institute.

**MR. DOWNEY:** Mr. Chairman, the idea of a market development institute has been in the making for some time and it's not altogether new. I think if we looked at the Canadian Wheat Board we could be very proud indeed of one of the tools that they have available to them or have made available to them and that's in the market development institute or the institute-type concept, and the ideas have basically come from that.

Some of the concerns that I have had, particularly when it comes to developing markets, whether it be in Mexico or South American countries or in Europe or wherever, that we have a facility to bring them to our country and show them that we have the research and the backup at the university, that we are able to go into long-term production programs, that we have that backup. We haven't got, unfortunately, our transportation system in order to handle the market demands that are there but I think some positive steps have been taken.

I, Mr. Chairman, in answering the member, we have a small amount of money because at this particular stage of the program it's more of assessing the report that Dr. Gilson has put together. We have a small amount of money in the Market Development Branch to possibly hire an executive director at this particular time and it's a matter of assembling the producers or having producers' names put forward and really drawing the guidelines or the objectives from the Gilson Report that are acceptable to the government and accept other ideas that individuals may have with this concept.

So basically the money is available, just under \$50,000 is available in the Marketing Branch, but as I say I don't look for a major organization or structure to be put together immediately. I think we have to sit down with the marketing boards and those people that are presently involved in marketing in a major way to see how they fit in. I'm not trying to superimpose an organization or some kind of a structure on top of them. I don't think it would be to the benefit of any of the producers or the marketing

structures now, that in fact I think that we have to be supportive of the marketing systems that are in place. We have to be supportive of the Canadian Wheat Board in their efforts that they are doing. We want to pull together the objective type of programs or the constructive-type mechanisms that are in place, identify them for producers and I think that would be a major start; that there are a lot of structure now in place.

There is a need for a vehicle to have producer ideas brought forward, those people that are either feeling restrained by the system that's now in place and feel that they could play a greater role or in fact I think one of the ideas was the idea of assembling of information in a market development library type concept. These are some of the basic things that can be done. I don't think that there is an exact concrete pattern that could be put in place that's going to just move directly forward and say this will be all your answers to the marketing of agricultural commodities but it is a step in the direction of supporting — and I say this in a very meaningful way — those producers who have in fact modernized their production facilities. They are very capable, intelligent individuals and the world is becoming smaller with the transport equipment that is available and the type of containerization of product that can take place. I think that we have to be very open and aggressive in taking our place in the areas of producing food for what I would consider a hungry world. I think that there is a lot of politics and it's been strictly politics that has kept the producers of this food from getting to the people who are hungry. It's not an inability, it's not an inability of us being able to do it, it's a lack of desire for the total system to get their act together and provide that kind of food that is capable of being produced and the markets that are there for the consumption of it.

**MRS. WESTBURY:** Mr. Chair, at the top of the next page in the Minister's statement, he said that a marketing effort should incorporate more input and control by producers and provincial jurisdictions if we are to continue to enjoy economic growth and expansion. Would he explain this, how can it be more controlled by both producers and provincial jurisdictions? How can he explain that, because it seems to be a contradiction there?

**MR. DOWNEY:** Well, Mr. Chairman, the member might not be aware of the kind of mechanisms that are in place or the kind of structure that's in place in Manitoba right now with the natural products with the Natural Products Marketing Council which is the overseer body of the market structures that are in place. That's basically the guiding body or the structure which is appointed by government to look after matters that deal specifically with regulated products in Manitoba, regulated agricultural commodities in Manitoba. The producer boards come under the jurisdiction of that Natural Products Marketing Council. So it is a shared responsibility of producers with their organizations working with the Provincial Government appointed body in those areas that are controlled by Provincial Governments. This is in opposition to, and it's very plain to point out, in opposition to what happens in wheat, oats and barley where, in fact, there is no Provincial Government input, there is no producer input other

than an advisory body which is elected, which is supposed to represent the interests of the farm community, but I would have to seriously question if they are truly representing the wishes of the Manitoba producers. Again it's Federal Government control, Federal Government control of a Farmers' Marketing Organization. That is the difference, Mr. Chairman, and I think that there is middle ground that can be worked on and I will be working diligently in the next few months to see that be accomplished.

**MRS. WESTBURY:** Then I take it that the Minister is saying that he's planning to take the control away from the Federal Government.

**MR. DOWNEY:** I didn't say that, Mr. Chairman, I think that there could be more of a shared responsibility of Federal and Provincial Government and producer input and I use the example that all the provincials, at least the majority of the Provincial Governments some year and one-half ago, by direct communication from an annual Ministers of Agriculture Meeting, requested of the Federal Government that consideration be given to at least an opportunity to discuss any policy changes that may affect the agriculture community within that province. But that, Mr. Chairman, has not happened, unfortunately, and I think that they would be well advised at this point, particularly with some of the new proposals that they're coming forward with, that they sit down directly and discuss with us what their proposed changes are, because they will have a major impact what happens to the agriculture community and the total citizens of Manitoba.

**MRS. WESTBURY:** Has the Minister, in fact, proposed to the Federal Government that they should abdicate some of their present control and give it to the Provincial Government which he says has no control at the present time, has no input at the present time on wheat, oats and barley?

**MR. DOWNEY:** The member must not have been listening because that is what I said.

**MRS. WESTBURY:** I'm listening, but you say so many words.

**MR. DOWNEY:** Okay, I will slow up. I said, Mr. Chairman, that a year and one-half ago all the Provincial Ministers of Agriculture throughout Canada, maybe with the exception of one and I will have to check that, that they requested of the Federal Government to have input into the policies of the marketing of grains, feed grains in particular, before any changes were made. That request has been made more than once, I must add, Mr. Chairman. We have not been heard, Mr. Chairman, and I would think that they would be well advised to pay attention, to pay attention to what is being asked, particularly in light of one of the announcements that I heard came out of Alberta, I think it was two or three days ago. I believe there was a statement came, and I haven't got the specific statement that was made, that the Provincial Minister of Agriculture in Alberta said that if they proceeded to introduce this new market assurance program, MAP it's called — I call it more argue politics —

but if they were to proceed on that basis that the Provincial Government of Alberta would withdraw or remove the authority for handling the grain from Alberta from the Canadian Wheat Board. That is a very strong or a very big move. Now I haven't got the specific announcements, but that is a report that I have heard from Alberta.

Now I think that, as I say, they would be well advised to sit down and consult with the Provincial Governments who have jurisdiction when it comes to all those products, except wheat which was taken over by Federal government unilateral in 1935. Oats and barley which were, by legislation, given to the Canadian Wheat Board in 1949 in Saskatchewan and in 1950 in both Saskatchewan and Alberta. They were by legislative authority given those grains in those particular years and there has been indications from one province that they are not happy with what is happening and it's unfortunate that we have to move in that direction. We at this point just want an opportunity to sit down and discuss with them what their proposals are so we can make an intelligent assessment, but I am afraid Mr. Chairman, in what I am seeing, particularly with the new proposal, is No. 1, a proposal by again the Federal Government to do what? To purchase all the grain that's on the farms at the end of the crop year. With who's money? With farmers own money who provide the money to operate the Wheat Board. That to me is something that I have to sit down and think. It certainly has an appeal when you say a market assurance program and the first thing that hits you is this: well I'm going to be able to sell all my grain at the end of the crop year and if I don't sell it I'm going to be paid storage on it. Well now that has an appeal to the farm community, it had an appeal to me. But I have to ask the question. Whose money are they going to use to give me to buy my grain? It's my own money. And whose money are they going to use to pay the storage charges? It's my own money.

And what is happening? Instead, Mr. Chairman, of subscribing to the principle of: No. 1, selling the product at a high and equitable return, and an equitable return so farmers can make money for what they're doing; sell the grain at a reasonable price so you can make money; put the transportation system in place that will move that product to the market and move the grain off the farms and they will produce the grains that are needed to supply the markets. It's called initiative incentive and profit. But if you develop a system of storage where you get a backlog of grain, what will encourage production will discourage production. So you end up with supply management in the grain industry. Supply management in the grain industry. You build up the reserves, you're selling from a surplus supply creating lower prices and you end up with nothing more than depressed grain prices.

Those are the concerns that I have, Mr. Chairman. You're doing it with your own farmers money. And I can't understand why, for example, the two members of the Wheat Board Advisory Committee out peddling this to the farmers for who? For the Federal Government, for the Senator, for Hazen Argue, to have what? Complete state control of the farm industry? I can't for the life of me understand why the leader of a farm organization in Manitoba would take on that kind of a role. And really that is what is happening.

Anyway, Mr. Chairman, I feel very strongly about this, strongly enough, Mr. Chairman, that I am prepared to now answer the members question if she would restate it please.

**MRS. WESTBURY:** I can only believe that the English teacher out there in Arthur gave marks in school for the number of words used rather than . . . Mr. Chair, we've heard about input. They've asked the Federal Government to let the Provincial Government have input; they've asked the Federal Government to consult. I got those two words out of that, I think the word is obfuscation, what I was just snowed under with. They've asked the Feds to consult with them, but we didn't hear. I mean control is not a simile for input and consult. What I'm asking is do they have in mind taking away — and this is what my advisors want to know — taking away control from the Federal Government. Did I hear the Minister suggest that he approves of the threats from the Alberta Minister of Agriculture to remove Alberta grain from the Wheat Board. He is agreeing with that? Will he do the same thing? Is that what he was doing tonight? Was he uttering a concealed threat? How does asking for input and consultation come out in his opening remarks as more input and control by both producers and Provincial Governments?

**MR. DOWNEY:** Mr. Chairman, I will try and keep my remarks brief. At this point I don't know exactly what the Minister in Alberta indicated specifically, but I do know there were some comments made. I have suggested in my comments another approach where in fact, the Provincial Governments have the opportunity to appoint a Commissioner; each province have the opportunity to appoint a producer as a Commissioner; and the Federal Government have 2 Commissioners on the Canadian Wheat Board. I think that is what I call sharing of responsibility and I think that you would have more responsive mechanism for agriculture producers.

May I, Mr. Chairman, just while I'm on my feet, I'd like to briefly to what happens in Australia, where they have a wheat board system which works very well. But in Australia, as the Honourable Member might be aware, I am not sure where she learned her history or her English, we'll talk briefly about Australia where they have a wheat board system that works very well. Let us just put on the record some of the things that happened with a producer-run organization; not a political-run organization. In Australia there are 5 states. There is an Australian Wheat Board where there is shared responsibility. The Federal Government in Australia appoint 4 producers or individuals as their representatives but each state or each province has the ability to elect as Commissioners, not advisors but as direct Commissioners, elect 2 from each state to sit on the state wheat board or on the Federal Wheat Board; totally a shared responsibility. Now that is a 14 member board, Commissioners that operate in the best interests of the producers, not in the best interests of that Federal Government. It is truly a producer organization. That is the kind of thing that I think would work well for Canada. I am not saying to go to that total extent but at least consideration should be given so there are other jurisdictions.

Something else that's important to note. That we sell into the same markets as the farmers in

Australia. When they haul their grain to an elevator they don't have to store it on their farms, they can deliver it directly. They will take the grain as long as it has less than 3 percent dockage, their wheat. But when we sell our wheat we have to have less than half of 1 percent dockage in it or we can't sell into the same markets. For what reason I don't know, but they do not have a storage program, they have a sales program, something that we've been advocating for years. Sell the product, move it out of the country, provide the markets with the grain that are there to be provided. I think, Mr. Chairman, that there are certainly some positive steps that can be taken in this country and, as I said earlier, I will be certainly urging changes in those areas.

**MR. CHAIRMAN:** (a)(1) The Member for Lac du Bonnet.

**MR. SAMUEL USKIW:** Mr. Chairman, I am somewhat amused at the Minister of Agriculture who for some reason this evening thinks that he has to overly convince some people about his particular position in the area of marketing of agricultural products. Mr. Chairman, I don't know what he is covering up other than that he has not really made much inroad or has contributed much to improving the marketing of agricultural products in three years in this province. Perhaps that is the issue that he is trying to skirt over, the fact that nothing has happened from the point of view of his ministry towards improving the marketing of agricultural products on behalf of producers that he is responsible to, so therefore he has got to find a straw man somewhere and put on a show. And, Mr. Chairman, he has found that straw man, again, nothing new, in the Federal Minister in charge of the Canadian Wheat Board, Mr. Chairman.

One of the things that he did not allude to in his comments is the fact that the Federal Minister in charge of the Canadian Wheat Board is indeed a western Canadian person, albeit appointed by the Government of Canada, but is a person originating from Saskatchewan, long history, very deep roots in the prairie region, very deep roots in the grain industry, totally knowledgeable as to the likes, dislikes, and the intricacies of marketing and transportation of grain in western Canada. One of the most knowledgeable persons, in fact, that could have been picked by the Government of Canada, Mr. Chairman.

So if you're looking for candidate material, I don't believe that one can pick holes in the qualifications of the man that was chosen to act as Minister in charge of the Canadian Wheat Board. He is a western Canadian, is committed to prairie agriculture per se, and in particular the grain industry. He knows it backwards and forwards and inside and outside, Mr. Chairman.

He's been a very successful person throughout his career, a man of, I believe, somewhere in the order of 70 years at this stage, but has had a very distinguished history fighting for the well-being and the betterment of prairie agriculture, for many, many years, Mr. Chairman.

I want to say to this Minister that during the late '70s when this particular person was heading a senate committee on the red meats industry in Canada, that I was most pleased, Mr. Chairman, to

appear before that committee. Because we were given what I would consider to be a VIP red carpet treatment by that committee, and in particular by the Chairman of that committee, who is now the Minister that this Minister does not like, and who gave us more than ample opportunity to present Manitoba's point of view on the issue that was before that committee.

Mr. Chairman, it was one of the best efforts that I have ever seen of a parliamentary committee allowing for input from other interest groups in the country, interest groups that might influence the final decision that that committee would make in its recommendations to parliament.

And so, Mr. Chairman, I don't accept lightly the sleazy attack of my honourable friend on the Minister in charge of the Canadian Wheat Board, although I recognize, Mr. Chairman, that the Canadian Wheat Board has had difficulties from time to time, but I believe that that particular organization on balance has done an excellent job for and on behalf of Canadian Grain producers, in particular for prairie grain producers, whose job it is to market their grain.

Mr. Chairman, I think also the Minister should be updated on why it is that it is the Canadian government that is in fact responsible for the marketing of prairie grain through the Canadian Wheat Board, and that is because the Canadian Government in its wisdom many years ago, and I believe it was the correct thing to do, and it was concurred in by the provinces of the prairies, under the declaratory powers that they hold, named the wheat industry as an industry for the general well-being of all Canadians and therefore assumed jurisdiction in the interest of all of Canada.

Now the Minister is arguing that the grains industry is not something that ought to be for the general well-being of all of Canada. Well I'm not sure that I would want to concur with that, Mr. Chairman, I know that there are some problems, but I don't think I would want to go that far. I think that it's been handled fairly well, in particular in the last decade, much better than other jurisdictions have handled their grain marketing systems, especially in the United States, Mr. Chairman.

I think that the Canadian grain producer, the prairie grain producer has done well, by the fact that they have had such an able overseer as the Canadian Wheat Board. To the extent that there is political intervention from time to time for other reasons, perhaps detracts from what one would take as a parochial position as to how the Canadian Wheat Board should operate, but on balance they have done what I consider to be an excellent job, Mr. Chairman.

Now, the Minister wants to take his gloves off at Ottawa, and that's fair game, I suppose, but let's recognize the fact, Mr. Chairman, that it was the sniping away at the Canadian Wheat Board that brought about a great deal of political intervention into how prairie grain was going to be marketed in Canada in the last decade, and it really took on strength during the term of office of Otto Lang, who was then the Minister in charge of the Canadian Wheat Board and Transportation for Canada, another person from Saskatchewan, but whose heart was not in the marketing of grain through the

Canadian Wheat Board system, in fact whose heart is anti-Wheat Board, Mr. Chairman, but was stuck with something that he had to work with. That basically was his approach to it. And who compromised the role of the Canadian Wheat Board, and who gave political direction to it to a point, Mr. Chairman, where at one time I recall there was almost going to be a resignation of the board of directors, and then of course there was some negotiations and discussions and things cooled off and that political intervention was set aside.

So yes, I agree with the Minister, from time to time we run into that. But I want to tell him that his colleagues were in government, Mr. Chairman, at the national level, and played the same mischievous role. So let him not point his finger at the Liberal government for having played a role which he considers to be somewhat less than beneficial, or fully beneficial, let's qualify it, to prairie agriculture. Let's recognize that a Conservative Minister of Agriculture, under John Diefenbaker, under Joe Clark, served their term, and were doing the very same things and the same policies were carried on, carried forward, not a change, Mr. Chairman. Part of that has to do with the politics of Canada, which this Minister doesn't want to recognize, and I think we have to recognize it for what it is, Mr. Chairman, and that is that the pressure, the bulk of the pressure in the '60s and into the '70s, anti-Wheat Board pressure was coming from the province of Quebec and partially from the province of Ontario, but primarily from the province of Quebec, and indeed even the Maritimes, because they saw, in times of shortage of supply of feed grains, and high pricing of feed grains, that the Wheat Board was the demon in the system and if they could only unload the Canadian Wheat Board, eastern feeders would have grain at cheaper rates, more adequacy of supply and on and on and on. That was the political argument at that time, Mr. Chairman, and the politicians, both Conservative and Liberal, tried to cater to that group, that pressure group in eastern Canada in order to get elected to office, Mr. Chairman, and that's really the need for objection, not the fact that there is a Liberal government, the fact that the political reality of Canada is such that these Ministers from time to time, whether they were Tory Ministers or Liberal Ministers, were succumbing to those pressure groups and compromising the role of the Canadian Wheat Board from time to time.

Even though notwithstanding that I consider the role of the Canadian Wheat Board to have been an excellent role and they have done their job fairly well, Mr. Chairman, I'm not going to say perfectly because I don't expect them to be perfect. But certainly under the directions that they had, under their terms of reference, under their legislation and given the fact that there was some political interference, they did a magnificent job and continued to do so, in fact, better and better.

So I don't believe that we ought to get into a position of attacking the Wheat Board. If we want to do something we should talk about improving its role, Mr. Chairman. I also don't think we're going to win any arguments by suggesting that it somehow can be provincialized because that is something that will not occur either. So you have to make a system work that involves the three prairie provinces and

how they relate to the rest of Canada in terms of the grain industry.

But yes, the Minister is right, he said that eastern farmers were able to sell their grain to the world market while they were guaranteed a supply of Wheat Board grain to their livestock needs. That is true. That is also true of western feed producers. Yes, we have had, because of the political intervention of the Minister of the Crown in Ottawa, and it was Otto Lang, it was not the current Minister, Mr. Chairman, we had introduced into the system of marketing of feed grains in Canada, the absurdity of the Wheat Board being told and instructed by Parliament, or by the Minister, that the Wheat Board must always have supplies of grain readily available to eastern feeders when the off board or open market was not in sufficient supply, and that they must sell that grain at corn competitive prices in eastern Canada.

We had a situation in western Canada where producers were allowed to ship to the board, or to ship outside of the jurisdiction of the board, producers who shipped through the board because they felt that the board could market their product for them in a better way, at a better rate of return, that their interests were better protected by collective marketing. Their position was jeopardized Mr. Chairman because they found out, even though they chose to market their grain through the Canadian Wheat Board, the Wheat Board in turn forced their grain to be sold to the off-board market at a discount price by an order of the Minister in the Crown in the government of Canada. — (Interjection)— Yes. The Minister is mumbling political interference, absolutely it was political interference, Mr. Chairman. But political interference that was carried out by Liberal governments and Conservative governments alike. No distinction, no difference, Mr. Chairman.

So this Minister has no licence to stand here and condemn a national government for something that the government of his political stripe carried on as well. And while we may want to object to it, Mr. Chairman, the pot shouldn't call the kettle black, and that's what this Minister is attempting to do. This Minister has attempted on many occasions, through his verbiage here in the House and elsewhere, to undermine the stature and the status of the Canadian Wheat Board, Mr. Chairman. Well, we on this side do not accept that philosophy, if anything should be done, their position ought to be strengthened and we should be building a better organization for the farmers of this country and the farmers of the prairie region in particular and taking cheap shots at the Government of Canada with respect to the Canadian Wheat Board isn't going to do, Mr. Chairman, and it isn't going to cover the fact that this Minister, instead of playing a positive role, the question of marketing of grain in Canada has played a negative role for three years now.

And he tries to cover it over, to skim over it by attacking the Minister of the Canadian Wheat Board who happens to be a fairly new Minister but long in experience with respect to the issue of Canadian grain production, the issue of Canadian grain marketing, and the issue of grain transportation.

I'd like to suggest to the Minister of Agriculture also that he has at least been brave enough to

question the wisdom of some of the tangents and changing statutory rates which have protected grain producers in this country for a long, long time, much more so than has this Minister, Mr. Chairman.

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

**MR. URUSKI:** Thank you, Mr. Chairman, in listening to the Minister of Agriculture this evening in his dissertation about marketing and the thrusts of his government into the marketing area led one to believe, at the end he indicated that he was a supporter and proud of the Canadian Wheat Board. But when you look at his entire speech every comment that he made in terms of marketing was anti-orderly marketing. Every comment that he made with respect to producer orderly marketing, he was opposed to that, completely diametrically opposed to orderly marketing in this country, Mr. Chairman.

Mr. Chairman, the Minister can't stand on both sides of the fence. The Member for Lac du Bonnet was very clear, it's as if the Minister is on his second envelope, Mr. Chairman. First of all, the first envelope he blamed the former administration of the ills and wills of agriculture. Mr. Chairman, he has just opened his second envelope, he is now blaming the Federal Government and he is using the Federal Government as the straw man to beat them about the head on every issue that he can have. Every national marketing agency is controlled by the Federal Government and anything that is wrong in the national marketing is the fault of the Federal Government. Mr. Chairman, it was this government that proposed, that was in agreement to having national marketing structures change on the basis of population rather than on historical marketing relationship. It is this government that has allowed provinces like Alberta to blackmail, and Ontario, both provinces are equally at fault in terms of national marketing. The population should be used as a guideline for the percentage of marketing or raising or producing a particular agricultural product in this country. He has been particularly in favour of that. And why, Mr. Chairman, because when he signed the National Broiler Agreement he said that this was going to be the great panacea. It was his agreement, the great panacea for broiler producers in the Province of Manitoba, to expand and they could produce almost any kind, any limit of commodities, unlimited production, because that was his great role for agriculture, Mr. Chairman.

Mr. Chairman, where are we in the hog industry in this province? Mr. Chairman, we are producing a lot of hogs, in fact so many hogs that a couple of thousand a week are having to be shipped out of this province they can't even be slaughtered here in Manitoba. Where is this Minister sitting? Mr. Chairman, where is the agreement between western provinces to have some joint or even a national agreement, Mr. Chairman, to export hogs that are not consumed. In this country, rather than pitting province against province, he should working towards a national agreement, Mr. Chairman. But what has he done? His credibility is gone, Mr. Chairman. We made that point previously. He cannot go about and say that national stabilization should be a national issue which we agree with him on, and then in a second breath say we want more provincial

control of the entire marketing scheme. Which is he prepared to go for, Mr. Chairman? Is he prepared to go into national marketing schemes and stabilization plans, or is he not, or does he want provincial control, yet let Ottawa pick up the price tag and have total provincial control? That's really what he wants, and that's the straw man that he has put up, Mr. Chairman, that's really what he has talked about in terms of marketing strategy. That's where, Mr. Chairman, for the last three years we have really had very little results by his department because of the mixed-up philosophy of the provincial Tories not knowing where they are to go in terms of national marketing strategy; that's why we've had not only a mix up, but, Mr. Chairman, a policy of go nowhere. We really haven't had anything. We have talked about — what did the Minister talk about? He talked about a rapeseed crushing plant. Mr. Chairman, that's been discussed around this province for many years in terms of where the location should be and the final agreement between two prairie producer pools to finally establish the processing plant in western Manitoba.

Mr. Chairman, we talked about buckwheat to Japan; we talked about livestock to Mexico; we talked about poultry to Japan; we talked about hog sales — no, he didn't talk hog sales to Japan. All those kinds of things are old hat, Mr. Chairman. There is nothing new. What is new, Mr. Chairman, in terms of structures? What we have, Mr. Chairman, is this Minister who has, over the last number of years, deliberately ruined one of the best stabilization plans in this country, now going cap in hand to Ottawa saying we want a stabilization plan in the hog industry. Now that we've ruined the cattle industry, Mr. Chairman, in terms of income stabilization, we now want a stabilization plan to be picked up by Ottawa in the hog industry.

Mr. Chairman, how does he expect the Federal Government to have any time for the likes of this Minister, Mr. Chairman, when his credibility is totally gone. They don't even to listen to him let alone hear his verbiage, here, because, Mr. Chairman, he presents no basis, Mr. Chairman, in view of his previous actions. His previous actions really reveal him to his counterparts in Ottawa, and that's why, Mr. Chairman, they have no time. If they give him some time he certainly has blown it in the last three years because he has accomplished nothing, and we find now Manitoba in the issue of hog stabilization, the odd man out, every other province having been in and Manitoba the odd man out.

Mr. Chairman, this Minister talked about farmers having to sell their grain to eastern producers at a different price, and the eastern producers being able to receive permits and sell their grain at a higher price than the Canadian Wheat Board and that there was an inequity. Mr. Chairman, there have been a lot of inequities in the system of marketing grain. The system that you gentlemen on the other side wanted to support and continually support is the open market of feed grains, Mr. Chairman. We haven't heard this Minister last session or this session.

Mr. Chairman, we brought out the study of the losses that western producers sustained as a result of having their grain marketed on the open market system for the last three years, this year being the only time in the history of feed grains since 1975 that

the open market feed grains have been slightly higher than the returns that producers received under the Canadian Wheat Board. But, Mr. Chairman, who picked up the tab of \$140 million of two years, in excess of two years, of marketing where producers, even producers who said we want to market our grain through the Wheat Board, when the open market system was short of feed grains the Wheat Board was compelled by federal legislation to make up the shortfall. Mr. Chairman, where was this Minister? Nowhere. He did not want to even raise a finger of criticism against the hand that feeds the Conservative Party in terms of open marketing.

But it makes no difference, frankly, whether it's a Conservative or a Liberal in the stands. At least the former Liberal Minister of the Wheat Board, the gentleman by the name of Otto Lang, those two would have gone well hand-in-hand in terms of marketing and this Minister has the audacity now to try and blame every problem in agriculture on Ottawa. Mr. Chairman, if he is really talking about a cheap food policy what are we going to do with the situation in hogs and cattle in this country; in terms of trying to provide our two major livestock producing segments with some returns at least adequate enough to sustain themselves in production.

Mr. Chairman, the honourable members might, while the hog industry is in a deep slump in this problem, the cattle industry is just holding its head above water and there probably are some very weak areas in the cattle industry now that are in fairly deep trouble. What are we seeing in terms of strategy for those two segments, Mr. Chairman? The Minister blamed supply management as a great evil in Canada today in terms of production of food. Mr. Chairman, at least one can safely say that the producers who have decided to organize themselves nationally are able to sustain themselves in the marketplace, unlike the two commodities that are in the market place where we don't know where they are going to be tomorrow, Mr. Chairman, in terms of incomes. For that one commodity that now the producers can produce all they want, of what good is it, Mr. Chairman, of what good is it?

The one point that I agree with the Minister to a degree is that we do have a hungry world and there is something wrong in this country in terms of how we organize ourselves in terms of being able to channel the productivity of this land to other areas. But, Mr. Chairman, it is not a provincial matter, there should be a provincial insistence that the whole order of agriculture in this country changes, but not in a way that the Minister is talking about. Mr. Chairman, there should be a greater national presence in terms of agricultural production and agricultural activity in this country, far greater than what this Minister is prepared to accept. I believe that, Mr. Chairman, first of all, before you can achieve the feeding of the hungry world you do need a new international economic order. We know some of the dismal affects of food aid programs in the past, Mr. Chairman. (Interjection)—

Mr. Chairman, the Member for Morris, he can get up and make his remarks as well if he so desires.

Mr. Chairman, the fact of the matter is we have producers in this country who are going bankrupt and this Minister is talking about getting rid of any



orderly marketing schemes that producers may have organized themselves on.

**MR. DOWNEY:** Why would you read that into the record that I didn't say it?

**MR. URUSKI:** Mr. Chairman, the Minister says why would I read it into the record. Mr. Chairman, he has spoken, maybe he didn't understand what he even said when he spoke. He indicated that the opportunities for producers are not there at all and there would be a much better system if those producer's hands were not tied and that they could have greater opportunities if the present system wasn't there and the control of the Federal Government, that he blames the control of the Federal Government on. Mr. Chairman, this Minister, if he believes that is the wrong-headed approach of the Federal Government, why does he not say that Manitoba today is opting out of those federal-provincial agreements that were signed previously? Why did he go ahead and sign, Mr. Chairman, a federal-provincial agreement dealing with the marketing of broiler chickens in this province, Mr. Chairman, when the bulk of the industry was owned and controlled by a few large corporations? Why did he sign that agreement if now he is talking against all the other orderly marketing schemes in this country?

For the time being, Mr. Chairman, I believe the only way to go is for producers in this country to organize themselves and if it means supply management that is the way to go, Mr. Chairman. But the fact of the matter is we have low prices in the two commodities, especially in the drastically reduced prices in the commodities that we don't even produce an adequate enough amount that we consume. In beef we consume more beef than we produce, Mr. Chairman, and yet in this country we have seen disastrous prices of the likes we've never seen. I believe we are still a net importer of beef in this country unless the statistics have changed very recently. We still eat more than we produce. What's been the problem with the low prices in cattle? Why have we had low prices in cattle, Mr. Chairman? We had a bit of that debate last session and no one has been able to explain why there is such great speculation in the marketplace.

Mr. Chairman, this Minister, while he wants to applaud now and sort of take back and sort of try to plod over some of the negative comments over the last number of years that he made against orderly marketing, producers will not forget those comments. Mr. Chairman, the actions over the last year or two and three, in terms of marketing strategies, have been a dismal failure on behalf of this government. There's been no strategy. There's been no cohesive policy on behalf of the Provincial Government to make sure that the most is made out of national provincial agreements in terms of orderly marketing. Now we have some hair-brained scheme of the Minister that a way of improving national agreements is for the province now to appoint provincial people to national marketing agencies. —(Interjection)— Yes, Mr. Chairman, a hairbrained scheme. All the producer boards, the Minister doesn't realize, all the producer boards of this country have representatives on the national marketing agency, if there isn't a liaison, if the Minister is unhappy with the representatives of the producer boards at the

provincial level, why is he not requesting that they be changed? Is he not prepared to allow the representation to continue or does he want some additional representation there. Does he feel that producers who are there now are not doing an adequate job, because certainly, Mr. Chairman, that's really what he is implying. He is really saying that the producers from each province who are on the national marketing agencies, really that isn't enough clout for this Minister.

So Mr. Chairman, there is the other area that I didn't touch upon in the whole grain industry, talking about producers should get the best price possible. Mr. Chairman, it was the Tories here in Manitoba, who, last session said that they were 100 percent behind Joe Clark when he imposed the embargo. It was this Minister of Agriculture who stood up in this Legislature, in Room 254, who said, "I wholeheartedly support the embargo. Are you going to sell food to the Russians? We support Joe Clark's embargo."

Mr. Chairman, I haven't seen one memorandum, one telegram, even after his colleague, the MP from Lisgar got up in the House and wanted to take some of the heat off the federal Tories and say, are the federal Liberals now going to pick up the losses that western producers sustained, have we heard anything from this Minister? Really he can't say very much. Not a boo. He was the one in this House, when we questioned him two years ago, he supported Joe Clark's position 100 percent and his government was behind him on the embargo.

Mr. Chairman, where is Churchill? We have the embarrassment from Rock Lake now asking questions of his Minister about Churchill, when it was his Member of Parliament who recommended that the Port of Churchill be closed. Talk about an embarrassment to the Conservative Party. It was your Member of Parliament from southwestern Manitoba who recommended that the Port of Churchill be closed, that it was a Cadillac operation, it was too extravagant for the whole grain industry in this country, Mr. Chairman. And now the Member for Rock Lake has the audacity to get up every month and ask questions to try and take away some of that embarrassment that it was his own Member of Parliament that recommended that the Port of Churchill be closed.

That's the kind of nonsense politics we have had in terms of the grain industry, in terms of grain marketing from this government. I believe this Minister, if anywhere he has fallen down — fallen down, he's been totally mixed up — is in the area of marketing.

**MR. CHAIRMAN:** (a)(1) pass; (a)(2) pass; (a) pass. (b)(1) pass; (2) pass; (b) pass. (c)(1) pass; (2) pass — The Member for St. George.

**MR. URUSKI:** Mr. Chairman, could the Minister indicate in the Manitoba Natural Products Marketing Council the type of appeals that were heard by the Council in the last year.

**MR. DOWNEY:** Mr. Chairman, the appeals basically fall within the area of the supply management boards, as he would be well aware. I am particularly acquainted with one particular situation that was

brought to my attention, one of the difficulties that we have with, in fact several, the egg producers marketing board, to do with a survey; an appeal by the Oak Bluff Colony, Egg Producers Marketing Board on quota registration which was dismissed; another appeal to do with the Egg Producers Marketing Board, basically the appeals were with the Egg Producers Marketing Board; one with the Milk Producers Marketing Board, were basically the main appeals.

Some of them were informational meetings but that basically was the situation as far as the Natural Products Marketing Council were concerned.

**MR. URUSKI:** As his annual report indicates, there were nine appeals by producers until March of 1980. Have there been further appeals directed to the Manitoba Marketing Board in the year since March 1980. He mentioned some of them, could he indicate?

**MR. DOWNEY:** From December 30, 1980 to January 31, 1981, there were eight more appeals to the Marketing Council. That was a period, December 30, 1980 to January 31, 1981. There were eight more appeals.

**MR. URUSKI:** Mr. Chairman, were any of the appeals by commercial establishments to the Manitoba Marketing Board?

**MR. DOWNEY:** When he says commercial establishments . . .

**MR. URUSKI:** Non-producers.

**MR. DOWNEY:** Non-producers. On November 13th there was an appeal by the dairy manufacturers which was granted, Mr. Chairman, but I don't have the specifics of what the appeal was.

**MR. URUSKI:** Mr. Chairman, I realize that he wouldn't have the specifics, but the nature of the appeal was that against quota, or was that against some other area of marketing?

**MR. DOWNEY:** Against the two pool system for milk pricing, Mr. Chairman.

**MR. CHAIRMAN:** (1) pass; (2) — the Member for Ste. Rose.

**MR. ADAM:** Mr. Chairman, I would like to ask the Minister what is happening in the area of the processing plant at Neepawa that was closed unfortunately and to a great loss to Neepawa. I understand that the village council, or the town council and other interested groups, employees and so on, are trying to find ways and means to open this plant which has been a very unfortunate happening in the town of Neepawa where there was, directly and indirectly, approximately 60 employees that were laid off and a large loss of payroll for the town of Neepawa and the business community in Neepawa.

I can't help but feel that if we had been in office we would have been able, somehow, to find a solution to this. It's unfortunate that it closed. I think that the government should have been more active maybe in seeking ways and means of keeping this

plant open because as I mentioned before, the loss of that plant, that industry in that town, a town the size of Neepawa, you could almost compare that to the loss of Massey Harris for the whole of Canada.

Mr. Chairman, I hope that the Minister, his department, have been able to find alternatives, either go in with private industry like they do in Saskatchewan, if that's necessary to do that well fine, or at least look at alternatives for the employees to get into that industry. I think that the government has failed in that area. I'm almost certain that had we been in power we would have been able to keep that plant open somehow.

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

The Member for Ste. Rose.

**MR. ADAM:** I asked the Minister a question. I know that the department has been involved with the town in trying to find ways and means of keeping that plant open. I know that the people of Neepawa are very anxious to hear what is happening, and I hope the Minister will give us some information.

**MR. DOWNEY:** Mr. Chairman, the comments I would have at this particular time are that there are discussions taking place in the area of the processing plant at Neepawa. I have no specific details but I have been made aware that there is some interest in that plant. I guess the main concern has been certainly brought to my attention many times by the Member for Gladstone who represents that area and has had several discussions with me and will continue to have over the next few weeks about the future of that operation.

I know there was a concern initially that the Producers Marketing Board of Broilers had something to do with the closing of that plant, but I would say on behalf of the producers that they did not restrict the product from moving to that plant. Approximately 70 percent of the product was available to be moved into that operation and it was the desire of the producers to go to other markets that were available to them. So in no way was the producer board responsible for it, it was, I understand a management decision. I think it also should be clearly stated on the record that it was the last administration that took that particular operation to court for overproducing product to try and keep the operation open. Now the Member for Ste. Rose stands up and says that something should have been done to encourage the use of that plant, when in fact he, as a member of a government, took them to court for trying to produce enough product to keep it viable.

Now talk about talking out of both sides of your mouth, I think the Member for Ste. Rose is a prime example of an individual who is doing just that. Since we have come into office there was enough quota made available for the production barns at that particular operation to be operated to their fullest capacity under the quota restrictions, where in fact under his administration, I believe it was two of those barns that were disallowed from producing product to be used in their operation. So anything that we have done has not certainly been to discourage the processing at that plant, but in fact the very opposite. It was them that took them to court for

trying to produce product to put through their plant and be efficient. It was the last administration, the New Democratic Party that took them to court for trying to make a living, and he stands up and has the audacity to tell us that we should have done something to keep that plant in operation, when it was his philosophy and his administration that took them to court to in fact cut down production.

**MR. CHAIRMAN:** The Member for St. George on a point of order.

**MR. URUSKI:** I ask the Minister to kindly put the record straight insofar as who took who to court, Mr. Chairman. Will the Minister tell the truth?

**MR. DOWNEY:** Mr. Chairman, I put it on the record as it was, that the last administration took the operation at Neepawa to court for overproducing product. It was not our administration but in fact the New Democratic Party that had court action against that operation.

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

**MR. ADAM:** Mr. Chairman, the Minister wants to fudge the issue, because we're not talking about the quotas. We know that there's a national quota and that there's a provincial quota. Is he saying that that industry should be breaking the law? In order for them to have a sufficient quota you either had to take away quota that was allocated to many other producers in the province. That's what he is talking about. That's the only way it could have been done legally. We had a provincial quota out of the national quota that was allocated to the province, and the only way that we could give that, which I believe was probably the largest quota in Manitoba, to that particular industry. If that is the way that he wants to run his department, well he is going to have a lot to answer for, Mr. Chairman. He is trying to fudge the issue here. If they were over-producing under their licence or their quota, it was up to the marketing board to see that they lived up to their quotas. There's no two ways about that. I am talking about a different issue. I am saying, what is the Minister doing to try and find another person or another industry, private or whatever way we can do it to get that plant going. That's what I am saying.

**MR. DOWNEY:** Mr. Chairman, I can say that in our involvement in the entry of the national programs with the production of broilers, we allowed for anyone who wanted to go outside the domestic market and provide a market for their product that they were capable of doing that. The position that we took on entry of the National Broiler Agreement, that in fact, if any organization, farmer, or company wants to provide or develop a market outside of our domestic market in Canada that they are capable of doing that. So if in fact a private company or a co-operative company want to develop a market and sell product into an international market and start up the plant at Neepawa, that in fact can take place. Mr. Chairman, I would have to say I would like that kind of development to happen to benefit the town of Neepawa, to benefit the agricultural community and to help benefit the total economy of Manitoba.

**MR. CHAIRMAN:** (1) pass. The Member for Lac du Bonnet.

**MR. USKIW:** Mr. Chairman, the Minister cannot have it both ways again. He cannot continue to endorse or silently oppose the concept of marketing boards and supply management administered by his department and at the same time argue the case that Champs Foods had a right to by-pass quota limitations which were imposed by his own agency.

I agree it was not during his term of office but the powers that were then are there today and the present board, under his administration and supervision, is able to do the very same thing. That particular action was a proper action on the part of the board in terms of its legality and nothing to do with the political process. The terms of reference that are spelled out for marketing boards are spelled out in legislation and in regulations, Mr. Chairman, and if the Minister wants to take the position he is taking then he has to at least change the regulation which takes away the power that these boards have.

I guess I have to give him credit to some degree, Mr. Chairman. He has opened it up through the imposition of the marketing council, a means where there can be arguments made on these questions. At least he suggests that he has opened it up. It was always open in the sense that the Manitoba Marketing Board was the agency that heard those complaints up until that point in time and concurred in them or otherwise. Most of the time they tended to back the position of the producer boards who made those decisions and who were in power to do so. But I don't believe that this Minister is suggesting for a moment, and if he is let him say so, that Champs Foods ought to have by-passed the quota requirements that were then in place, that if there was a quota of poultry production in Manitoba of a billion units, and that if Champs had one-tenth of that quota and that was there allotment pursuant to the board's policy and agreement inter-provincially and with the government of Canada as their share of the Canadian market, if he says that is wrong then he ought to do something about that, Mr. Chairman, and he ought to tell us that that is wrong and that Champs Foods ought to have ignored the regulations that were in effect; in effect concurred in by all governments, Mr. Chairman, federal-provincial agreements — yes, all of these things under supply management arrangements were part of federal-provincial agreements entered into by Conservative governments, NDP governments. Well those are the only two during that period of time.

Let's not play a double role here, Mr. Chairman. The Minister is either endorsing the right of producers to market collectively or he is not endorsing and if he is not endorsing, get up and say so and pass the necessary regulations taking away those powers from those agencies and let's not make statements here that are nothing but nonsense, Mr. Chairman.

**MR. CHAIRMAN:** (c)(1) pass; (c)(2) pass; (c) pass; (d)(1) pass. The Member for St. George.

**MR. URUSKI:** Yes, Mr. Chairman, I'd to ask the Minister specifically, how many producers are left in the Beef Income Assurance Program?

**MR. DOWNEY:** I think, Mr. Chairman, that would have been better discussed under the livestock department.

**MR. URUSKI:** I'm sorry, could the Minister repeat his answer.

**MR. DOWNEY:** I said, Mr. Chairman, that that would have probably been better discussed under the livestock department, but I will co-operate with the members and provide him with the information. Approximately 275 producers left in the Beef Income Assurance Program, Mr. Chairman.

**MR. URUSKI:** Mr. Chairman, how many have opted out since receiving the Minister's October 30th letter? The letter was sent out by W. I. R. Johnston, Director of, I guess, the economics branch. He wrote on behalf of the department. He sent the bad news to the producers, Mr. Chairman. There was some good news and some bad news. Here is a good PR job by the Tory administration. First of all you give the carrot and then you get the sledge hammer and you beat him over the fingers so he can't reach the carrot, Mr. Chairman. First of all the good news was that, Mr. Chairman, . . . And here is the Minister who two years ago professed that he would collect every penny for the producers that he was able to, under the Beef Income Assurance Plan, he would collect as much money as he could receive in terms of the agreement. Now, here we go, Mr. Chairman. He collected so much that he was prepared, and I will read the letter that he sent to the producers.

"Last April a letter was sent to you giving you an opportunity to terminate your Beef Income Contract by paying money owing to the province for the 1977 slaughter requirement by June 30th. Since then we have received a number of requests from producers who missed the deadline because of pressure from farm work, seeding, drought problems, etcetera, or did not fully understand the offer. Also there are many of you who sell cattle in the fall and this would no doubt be a better time to make payments. For these reasons we are prepared to further consider termination of your contract," Mr. Chairman.

"A termination agreement is enclosed which indicates the amount you owe to the province if paid by November 30th. This includes interest for the period of July 1st to October 31st, at 1 percent per month and is added to the amount you owed for the 1977 slaughter requirement on June 30th. For those producers who participated in the provincial feed assistance programs, any money owing will be set off and applied as payment against the amount owing to the province under the Beef Income Program. If you wish to terminate, please sign the enclosed termination agreement. You have two options for payment," Mr. Chairman. "The cheque in the amount shown on your agreement if mailed before November 30th, 1980, enclose the cheque; apply for a one to three year loan now available from the Manitoba Agricultural Credit Corporation."

There are your options, Mr. Chairman. "An application form for special credit is enclosed for those producers who have requested time to make their payment. Producers who wish to make such an arrangement, may make application at their agricultural representative office. This credit program permits producers to borrow money from a MACC at the institutions current interest rate. Loans can be made for one year if the amount is less than \$1,000 or up to three years if amount is over \$1,000. A promissory note would be the security required. Now,

"It is important that you are aware that this offer means that you will be responsible for "only" the 1977 slaughter requirement plus interest. By terminating now you will not be required to pay the 1978 requirement for which you may have already been billed; the 1979 requirement or for those who signed contracts in 1976, the 1980 requirement," Mr. Chairman.

There is the hooker, Mr. Chairman. There is the carrot, and I will finish the letter. "If we have not heard from you by November 30th, your contract with its accruing rights and liabilities will continue to maturity. Your invoice for the 1978 slaughter requirements will be sent to you shortly. If you require further information please contact this office or discuss your situation with your agricultural representative or livestock specialist."

There, Mr. Chairman, is really the nub of the fairness of this government in dealing with its producers in Manitoba.

Mr. Chairman, they were so hung up politically about the Beef Income Assurance Plan that the only way to finally try to scrub off the remaining number of producers and get rid of it, you know, let's at least say it's over with, all the producers got out before the next election and we can say that, look, they did it.

Unfortunately, Mr. Chairman, they're just about out there but there is a few producers who are hanging on, Mr. Chairman, who are probably going to challenge the Minister in court over the legal position that he has taken, which I believe is not a legal position, is strictly a political position, I believe the producers can win. But here is the nub of the argument, Mr. Chairman, where the Minister talked about, instead of a government helping producers, the Beef Income Assurance Plan hindered them and they didn't have a way of getting out and the government really wasn't in tune to what the producers were. What is this government doing, Mr. Chairman? If you don't get out of the agreement, you aren't going to get your allotment under the Greenfeed Program. Mr. Chairman.

Mr. Chairman, that is absolute blackmail, blackmail of the worst degree. There is no doubt about it, and, Mr. Chairman, the damn thing is, contrary to the comments that the Minister has made over the last number of years that he will attempt to collect all the money that is owing to the Province of Manitoba, he is prepared to write it all off. Mr. Chairman, he is prepared to write off a year's payments to be able to at least stand up in this House and say that finally he was able to get rid of an income stabilization program in this province, to help producers, as the Minister has indicated, a government that is really helping producers. Helping producers when, Mr. Chairman? When they are down? First of all they are hit with frost early in the spring and they have no hay. Secondly, Mr. Chairman, then we have the drought which affected all the hay crop, and to finish things off in a lot of the provinces they were flooded out in the fall, Mr. Chairman, they couldn't even collect or produce hay under the Greenfeed Program. So, when is this Minister helping all those farmers, Mr. Chairman? Most of those farmers who were under the program, were also applying for green feed.

Mr. Chairman, there is the true philosophical help, the true humanitarianism of this government towards

cattle producers in this province. There is the good-hearted soul, the Minister of Agriculture, helping the beef industry in this province, under the Income Assurance Plan, Mr. Chairman. There is the good heart of the Minister of Agriculture.

Mr. Chairman, I want to know from the Minister, in terms of this program, how much money is he not collecting already that he has written off under this program, by virtue of the carrot that he has extended; how much money is he holding back from producers? Because, Mr. Chairman, I don't believe he can legally stand in this House and say that we're not paying under that program. Mr. Chairman, where in the contract does it say that we can withhold monies from you, that you can apply, that we made available to all the farming community of this province, to all farmers. It was a program to everyone. How can he now stand up in this House and say that program was open to all producers in Manitoba when, in fact, it wasn't open to all producers, Mr. Chairman, it was only open to those producers who were prepared to opt out, to go along with the Minister's wishes. Because of they didn't opt out, Mr. Chairman, they were ineligible for the program. They were ineligible for a program, Mr. Chairman. There is nothing in the contract that says that he can collect monies under another government program. That is what one could say highway robbery of the first degree. Mr. Chairman, to place producers who are in a very desperate position, in terms of the drought, and to really hold them to ransom, that is what this book . . . Mr. Chairman, the Minister of Finance may find a bit of a problem with that word, but he is, the Minister of Agriculture, is holding the producers under this program to ransom, Mr. Chairman, pure unadulterated blackmail. And this Minister had the gall, for the last couple of years, saying, he is going to collect all the money, he is going to handle this program. Mr. Chairman, what's he going to tell us now? How is he going to explain himself for this action?

**MR. CHAIRMAN:** (b)(1) pass — the Honourable Minister.

**MR. DOWNEY:** The Member for Lac du Bonnet wants to comment on that.

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

**MR. USKIW:** Mr. Chairman, perhaps the Minister would want to clarify for us the numbers that most are interested in, and that is how many dollars were involved in total? I would like the Minister to tell the House how much money was advanced by the province to the producers in total during the years in which subsidies were involved. I would like the Minister to tell us how many dollars he has received as a payment back, either voluntary or break it down, if he wants to. It's up to him, I'm not going to hold him to how he gives the answer. Either break it down or lump it together, voluntarily or under voluntary and coercive methods of the Minister. How much money was retrieved, Mr. Chairman, in total. And what is the net difference? Have we made a profit on the program or have we had a net loss on the program? And what are the figures involved?

**MR. DOWNEY:** Mr. Chairman, I find it somewhat, again, amusing to sit here and listen to the members

opposite who would appear to be so pure, lily-white as to sit here and say that we would administer a program in such a way as it would cause hardship to the farmers in Manitoba, when in fact again, the record speaks for itself, that when we took office there were some several thousand producers into what we've debated many times in this House, what was an ill-conceived program, a program to encourage people to sign up their livestock herds to government. Not unlike the land-lease programs with the state farm concept; not unlike that at all where they wanted the producers to say they would produce beef for the province after the farmers reached the cost of production of which the government, to that point, was prepared to support them and there was a matter of \$41 million of a total payout. That great-hearted government, that great sympathetic government of the farm community paid that money out, but in return what did the farmers do? The farmers had to sign their cows up for a five-year period and if perchance someday they were to make money out of those livestock, what were they to do? What were they to do, Mr. Chairman? They were to turn around and give the cream of the crop, to give the profit back to that great and glorious socialist government.

Now that, to me, is a very ill-conceived program that doesn't really have much farm support in it, it has a lot of air of state control. So we take it upon ourselves to try and treat the agriculture community fairly and equitably and that is what has happened. To date we have some approximately 275 producers left in the program of which there are still some possibly 100 in the process of making a decision, whether to stay or to leave the program. We have received some \$2.3 million in a payback that producers have paid back, and there are still some \$25,000 to come.

The members talk about a loan program through MACC and in fact, criticize it. Well, it was another opportunity to assist those people who found themselves in a difficult situation; and was provided, not totally from government directive, but requested by those producers who found themselves in the position of not being able to pay directly the cash but felt that they had an obligation but wanted to pay it back over a period of time.

But the real point that has to be pointed out here, Mr. Chairman, is the very fact, they say that we have no right to collect back funds that are owed to the province under the mechanism of taking the greenfeed money that is owed to the farmer and subtracting it. When those members opposite were members of government, what did they do? What did they do? Let's read into the record just what they did. They took the Beef Income Assurance money that was owed to producers and wrote it off against the arrears on a Stocker Program. If a farmer owed money on a Stocker Program, they didn't give him the Beef Income Assurance money, they just took that money and wrote it off their stocker loans. And they're standing here telling us that we've done the wrong thing, when in fact they were engineers of even a worse type of situation. Talk about blackmail, and talk about inconsistency, that was one example.

Another point, Mr. Chairman, they also took farm diversification loans, which they provided, to also

write off against debts that were owed by farmers. Directly took it off, diversification loans.

**MR. USKIW:** It was all livestock, Jim.

**MR. DOWNEY:** All in the grant. And they have enough nerve to sit over there and give us what for. For what? For operating a program, operating a program — remember this — the majority of producers willingly paid back their money. The majority of them felt there was a commitment to honour the government obligations, to pay back the funds that were requested and they paid that back. There were a few that said, no, we don't believe that the intent of that contract was to ever pay any money back, thank you very much. Thank you very much, we don't believe that's the intent of the program, when in fact, members here have argued that we should have at one time collected the \$40 million back. You see? And talk about inconsistency. Talk about inconsistency. It's coming from the members opposite.

We have administered the program, I would say, in the best interests of the government, in the best interests of the producers, and I would hope that any future program that was to be worked out would have a lot more input from the livestock producers, and I can assure the members opposite that before another program like that would be entered into by this government, that it wouldn't be with the intentions of taking over complete control of the livestock industry, as was intended by the last administration.

**MR. USKIW:** Mr. Chairman, the Minister, I guess, can't add, subtract, and talk at the same time. That probably is a disability that he will never get over. And perhaps maybe he has one ability, and that is he might be able to hear while he is seated. I hope that that can work. Mr. Chairman, because the Minister just told us that the producers received \$41 million in subsidies from the Province of Manitoba and that they paid back \$2.3 million, which leaves them with a net profit of \$37.7 million in the program, and he says that was a disaster to the beef producers of Manitoba.

He just told us that they made a \$37 million gain because of being in this program, and that that is the ultimate disaster that was created for them by the previous administration. Just how does this Minister try to sell that kind of junk to the people of this province, Mr. Chairman. Surely if he can't add and subtract surely he has economists in his department that will tell him that the farmers have had a net benefit of \$38 million in rounded figures because of being in this program, Mr. Chairman, over a five-year period. By his own figures, not by mine.

And that is after they were required to pay back, Mr. Chairman, and there is no provision in the agreement for a payback; not one mention, not one word is mentioned in their contract which is a legal document that says that they must and should pay any money back. But notwithstanding that this Minister's interpretation of the province's right to opt to purchase those cattle at the guaranteed price through a payback mechanism yielded him \$2.3 million which still left the producers with \$37.7 million of net gain by being in this program. And the

Minister has the audacity to tell this House that this was a \$38 million disastrous subsidy program to the farmers, to the beef producers of this province, Mr. Chairman.

Mr. Chairman, added to the \$41 million, added to the \$41 million, was about \$10 million in feed assistance, about \$10 million in feed assistance in that same period, which really added up to \$51 million of direct provincial aid to beef producers in this province, Mr. Chairman, during that period.

Now the Minister had a natural disaster in this province in 1980 which caused untold of difficulties, financial difficulties, difficulties of shortage of feed supplies, difficulties of income, to thousands of Manitoba producers, and he came up with a Mickey Mouse program, Mr. Chairman, nothing to compare with what we are talking about. But then for those producers who were in the beef income assurance plan who hadn't paid him his money back, he said you are not going to get your drought assistance money unless you conform to the requirement of opting out of the beef income assurance plan and pay back the money that is outstanding. That is the position that he takes, Mr. Chairman. He is compounding one problem on top of the other one, Mr. Chairman, leaving the producer no choice but to yield to the pressure of the department in order to qualify for a payment for drought assistance which was in fact due to every producer who suffered drought problems and who applied for such assistance pursuant to a universal program that was made available by the same Minister, Mr. Chairman.

So, Mr. Chairman, no matter how he wants to look at it, from every angle and every point of view, he cannot make the statement that the producers suffered financially as a result of being in that program. If he wants to talk about financial costs then he can only make the statement that the taxpayers of Manitoba put up \$50 million to save the beef industry, Mr. Chairman, and that is the substance of it.

**MR. CHAIRMAN:** (1) pass; (2) pass — the Member for St. George.

**MR. URUSKI:** Mr. Chairman, the Minister was asked for figures, can he confirm the figures that the Member for Lac du Bonnet gave, are those the figures in terms of the pay back. Does that include monies which were transferred over from the Greenfeed Program?

**MR. DOWNEY:** Yes, Mr. Chairman.

**MR. URUSKI:** Oh, Mr. Chairman, that's very interesting. Mr. Chairman, what portion, what amount of money of that \$2 million did he collect through the feed program?

**MR. DOWNEY:** To this point, Mr. Chairman, the ones that have been processed to date are 74 producers for the amount of \$80,520.00. That's the offset to date and there are some 11 more to be processed, 11 more producers. So there would be a total of 85 producers who would be involved in a setoff with the Greenfeed against their Beef Income Assurance funds.

**MR. URUSKI:** Yes, Mr. Chairman, I would like to ask the Minister whether or not any producers who

may have got in after the November 30th deadline were allowed to opt out under the program.

**MR. DOWNEY:** None since November 30th, Mr. Chairman, that I am aware of.

**MR. URUSKI:** Mr. Chairman, how many producers opted out during the period of receiving the letter as of October 30th, or let's say were there any that had opted out, let's say, from July of 1980 until November 30th.

**MR. DOWNEY:** Yes, there were, but I don't have the amount, Mr. Chairman.

**MR. URUSKI:** Would the Minister have any amounts, for what period of time does he have amounts of opting out producers. Has he got any figures in terms of . . .

**MR. DOWNEY:** From April 1st of 1980 until now there have been 3,358 opt-out contracts.

**MR. URUSKI:** Yes, Mr. Chairman, in terms of the opting out provisions, were all those producers, did they have a requirement to pay the 1978 requirement? All those 3,358 producers, did they have a 1978 requirement to pay which was waived?

**MR. DOWNEY:** They had to pay their 1977 billings, Mr. Chairman.

**MR. URUSKI:** Yes, I understand that, they had to pay their 1977. Did all of those 3,358 have a 1978 requirement? And I would like to know, I would presume that they did from April, and how much would have been owed for that period of time?

**MR. DOWNEY:** They would have had an obligation if they hadn't have opted out, Mr. Chairman.

**MR. CHAIRMAN:** (d)(2) pass the Member for St. George.

**MR. URUSKI:** Mr. Chairman, the department's own letter indicates that producers have received billings for the 1978 requirement. And since they received billings, there must be some accounting as to what was owed for 1978, which was subsequently forgiven if the producers decided to opt out, Mr. Chairman; that's really the nub of the question. Since you had already billed producers for 1978 you must have known how much was owed in totality for that billing.

**MR. DOWNEY:** Well, as I indicated, Mr. Chairman, there were some opted out at that period and opting out was not uncommon with the program as he is aware of their opting out provision when he was a member of the government, that there were some several, over a thousand, producers opted out to move into the Federal program. So they opted out with some \$10 million. Opting out was not an irregularity within the program. An estimated figure for that 1978 billing period would be approximately \$209,000.00.

**MR. CHAIRMAN:** (d)(2) pass; (d) pass;  
Resolution 12 - Resolve that there be granted to Her Majesty a sum not exceeding \$1,336,200 for Agriculture — pass.

Resolution 13.  
Motion Committee rise, all agreed? (Agreed)  
Committee rise.