

ELECTORAL DIVISION	NAME	ADDRESS
ARTHUR	J. D. Watt	Reston, Manitoba
ASSINIBOIA	Steve Patrick	189 Harris Blvd., Winnipeg 12
BIRTLE-RUSSELL	Hon. Robert G. Smellie, Q. C.	Legislative Bldg., Winnipeg 1
BRANDON	R. O. Lissaman	832 Eleventh St., Brandon, Man.
BROKENHEAD	E. R. Schreyer	2 - 1177 Henderson Hwy., Winnipeg 16
BURROWS	Mark G. Smerchanski	102 Handsart Blvd., Winnipeg 29
CARILLON	Leonard A. Barkman	Steinbach, Man.
CHURCHILL	Gordon W. Beard	Thompson, Man.
CYPRESS	Hon. Thelma Forbes	Rathwell, Man.
DAUPHIN	Hon. Stewart E. McLean, Q. C.	Legislative Bldg., Winnipeg 1
DUFFERIN	William Homer Hamilton	Sperling, Man.
ELMWOOD	S. Peters	225 Kimberly St., Winnipeg 15
EMERSON	John P. Tanchak	Ridgeville, Man.
ETHELBERT-PLAINS	M. N. Hryhorczuk, Q. C.	Ethelbert, Man.
FISHER	Emil Moeller	Teulon, Man.
FLIN FLON	Hon. Charles H. Witney	Legislative Bldg., Winnipeg 1
FORT GARRY	Hon. Sterling R. Lyon, Q. C.	Legislative Bldg., Winnipeg 1
FORT ROUGE	Hon. Gurney Evans	Legislative Bldg., Winnipeg 1
GIMLI	Hon. George Johnson	Legislative Bldg., Winnipeg 1
GLADSTONE	Nelson Shoemaker	Neepawa, Man.
HAMIOTA	B. P. Strickland	Hamiota, Man.
INKSTER	Morris A. Gray	406 - 365 Hargrave St., Winnipeg 2
KILDONAN	James T. Mills	142 Larchdale Crescent, Winnipeg 15
LAC DU BONNET	Oscar F. Bjornson	Lac du Bonnet, Man.
LAKESIDE	D. L. Campbell	326 Kelvin Blvd., Winnipeg 29
LA VERENDRYE	Albert Vielfaure	La Broquerie, Man.
LOGAN	Lemuel Harris	1109 Alexander Ave., Winnipeg 3
MINNEDOSA	Hon. Walter Weir	Legislative Bldg., Winnipeg 1
MORRIS	Harry P. Shewman	Morris, Man.
OSBORNE	Hon. Obie Baizley	Legislative Bldg., Winnipeg 1
PEMBINA	Mrs. Carolyne Morrison	Manitou, Man.
PORTAGE LA PRAIRIE	Gordon E. Johnston	7 Massey Drive, Portage la Prairie
RADISSON	Russell Paulley	435 Yale Ave. W., Transcona 25, Man.
RHINELAND	J. M. Froese	Winkler, Man.
RIVER HEIGHTS	Hon. Maitland B. Steinkopf, Q. C.	Legislative Bldg., Winnipeg 1
ROBLIN	Keith Alexander	Roblin, Man.
ROCK LAKE	Hon. Abram W. Harrison	Legislative Bldg., Winnipeg 1
ROCKWOOD-IBERVILLE	Hon. George Hutton	Legislative Bldg., Winnipeg 1
RUPERTSLAND	J. E. Jeannotte	Meadow Portage, Man.
ST. BONIFACE	Laurent Desjardins	138 Dollard Blvd., St. Boniface 6, Man.
ST. GEORGE	Elman Guttormson	Lundar, Man.
ST. JAMES	D. M. Stanes	381 Guildford St., St. James, Winnipeg 12
ST. JOHN'S	Saul Cherniack, Q. C.	333 St. John's Ave., Winnipeg 4
ST. MATTHEWS	W. G. Martin	924 Palmerston Ave., Winnipeg 10
ST. VITAL	Fred Groves	3 Kingston Row, St. Vital, Winnipeg 8
STE. ROSE	Gildas Molgat	Room 250, Legislative Bldg., Winnipeg 1
SELKIRK	T. P. Hillhouse, Q. C.	Dominion Bank Bldg., Selkirk, Man.
SEVEN OAKS	Arthur E. Wright	168 Burrin Ave., Winnipeg 17
SOURIS-LANSDOWNE	M. E. McKellar	Nesbitt, Man.
SPRINGFIELD	Fred T. Klym	Beausejour, Man.
SWAN RIVER	James H. Bilton	Swan River, Man.
THE PAS	Hon. J. B. Carroll	Legislative Bldg., Winnipeg 1
TURTLE MOUNTAIN	P. J. McDonald	Killarney, Man.
VIRDEN	Donald Morris McGregor	Kenton, Man.
WELLINGTON	Richard Seaborn	594 Arlington St., Winnipeg 10
WINNIPEG CENTRE	James Cowan, Q. C.	412 Paris Bldg., Winnipeg 2
WOLSELEY	Hon. Duff Roblin	Legislative Bldg., Winnipeg 1

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Monday, April 6, 1964

MR. ROBLIN: Madam Speaker, I beg to move, seconded by the Honourable Minister of Industry and Commerce, that Madam Speaker do now leave the Chair and the House resolve itself into a Committee to consider of the Supply to be granted to Her Majesty.

Madam Speaker presented the motion and after a voice vote declared the motion carried, and the House resolved itself into Committee of Supply with the Honourable Member for St. Matthews in the Chair.

MR. CHAIRMAN: Department XIV, Item 1, Administration.

HON. GURNEY EVANS (Minister of Industry and Commerce)(Fort Rouge): Mr. Chairman, I think it will be useful if I make a statement on the estimates because the affairs of the department are now at a stage where some plans having evolved and some progress having been made I think I can lay information before the Committee that will help in the discussions at a later date. Basically, I want to put things in perspective a bit and I want to say about four quite simple things. I may say them at some length and I may say them with some elaboration, but basically I think they're four fairly simple things that I want to say, the first being that Manitoba has been doing fairly well. I think Manitoba has been keeping up with the Canadian parade, and that would be the first thing I would like to say; and the second is that this isn't going to be good enough for the months and the years that lie ahead of us; and the third thing is that that being so, we have made a plan which is big enough and long range enough to take care of the difficulties that we foresee; and finally that sufficient progress is being made, I think, to justify our faith that the plans we have laid will in fact be able to accomplish what we hope for it, as it were faith justified by progress to this point. For the present it can be said that economic development is proceeding in Manitoba in a satisfactory manner, both in absolute terms and in relation to the country as a whole, and there are some basic facts that I would like to lay before the Committee to show my reasoning in this regard.

In the past 12 months industry has invested in Manitoba, or made commitments to invest, of almost \$50 million, which represents an increase of almost \$6 million over the previous year, and indications are that capital expenditures will increase further to about \$57 million in 1964. Value of manufacturing production reached an estimated \$885 million, an increase of \$28.8 million over the previous year. If present trends continue, the annual value of our manufacturing production will reach a billion dollars before the end of next year. A gratifying characteristic is the fact that existing industry, that is existing manufacturing firms, have shown very considerable expansion. In the past year some 56 firms have made extensive expansion to their facilities within the province, and I might pause just here to say that I think this is perhaps one of the most satisfactory features that we could hope for, that is that a rising confidence and a rising technical ability and a rising ambition in the province have brought about a very considerable expansion of the existing plant and the existing facilities that we have here now. This does not mean that we are lacking in new industries. The very opposite is true. Last year a total of 48 new manufacturing businesses or operations announced plans to start operations in the province, with a capital investment of \$18-1/2 million, 34 in the Greater Winnipeg area, and I think this is very satisfactory, 14 in rural Manitoba. Total new employment in these industries will approximate 546 work people. This compares with 36 new industries last year with a capital investment of \$5 million and employment of 206. This is a substantial increase in the year.

Tourist expenditures in Manitoba recorded another all-time record and totalled \$42.4 million, and some 1,445,000 people visited the province last year. It is estimated that approximately 44,700 Manitobans worked in factories last year and drew salaries and wages totalling \$174 million. This is a new estimate, the latest estimate available. Approximately 229,300 Manitobans were employed in service industries in the province last year, an increase of some 5,800 over the previous year.

The continued impact of technology enlarges the need for new jobs. Discussions we have had in this House before indicated the fact that the advanced mechanization of industry and the advance of technology and automation creates a need for additional jobs automatically, and technological change has yielded increased productivity but fewer jobs than would otherwise

(Mr. Evans, Cont'd.) . . . have been the case. Due to the continued impact of technology the number of new jobs which must be created poses our most important challenge and some of our industries cannot employ as many people as before. This is one of the facts of life and some detail has been given on it on other occasions, notably in dealing with the railroad industry, the meat packing industry, and some others.

But in this regard Manitoba is better off than the nation as a whole and is in a considerably better position than the industrial provinces of Ontario, Quebec, and the Maritimes. We have been able to create sufficient new jobs to date to absorb those displaced by automation and technological change and still provide for virtual full employment in the province. Some other provinces have not been so fortunate, and there is evidence that manufacturing employment has declined and the rates of unemployment are higher in those other provinces that I have just mentioned. We are of course a part of the national economy and are unlikely to be able to run completely counter to the national trend.

The strength shown by manufacturing last year is particularly encouraging because it is to manufacturing that we must look for the future growth of our economy. There is every indication of continued expansion in the year ahead provided our industries continue to improve their efficiency and provided more of our firms successfully enter the export market. I would like to emphasize that the success I think of our development of secondary industry in Manitoba, as it depends on any single factor, depends on the development of export markets, export markets being understood in the broader sense of including markets in eastern and western Canada which we have not so far reached, as well as markets in countries abroad. This can be done and it's our intention to assist our manufacturing industries where we can. The most hopeful feature is that those involved have come to recognize the problem and to realize that changes must be made. However, willingness to change is not in itself enough. It's clear that drastic changes will have to be made and that steps already taken by the government, by public authorities and by industry to introduce new technology must be accelerated even further.

There's ample reason for optimism, however, a brighter future will not emerge by itself. To ensure it requires the sound understanding of our situation, and imaginative effective efforts aimed at industrial development and geared to the realities of the situation will be required on all sides. Manitoba has many advantages. Manitoba has a good many assets, but these must in fact be exploited if we are to benefit from them. Growth will not come from adherence to established forms but rather through the invention of new orders to meet new conditions and to seize new opportunities. This doesn't present us with any real difficulties because, in my opinion at least, pioneering has never gone out of style in Manitoba or in any fields.

Well the situation at the moment then is not out of step with the rest of Canada, but we do have a problem. I would like to remind the committee that I drew this to the attention of the House some three sessions ago, some 2 1/2 years ago when the first calculations of my department indicated that by 1970, not 1975, there would on the continuation of present trends in the province be a shortage of jobs in the province to the extent of 40,000 to take care of the work force that is expected at that time. It was on the basis of this calculation and others that the COMEF organization was put together and given its task to do. It will be recalled that their findings not only confirmed the main conclusion that we had established ourselves but even increased it, and that by the year 1975, 5 years later, there would be a need not for 40,000 jobs but for 75,000 jobs by 1975.

Well they stated the job ahead of us quite baldly and in quite a challenging way. It can be called a problem of the dimensions of 75 by 75 -- 75,000 jobs by 1975. It is something to give anyone qualms because that's a very considerable task ahead of not the government, and not industry alone, and not agriculture alone and not any of the sectors alone, but certainly all combined in a community effort.

Well COMEF went further than merely stating the size of the job -- 75 by 75. They also spelled out a good many of the difficulties that we face in the province in tackling this job. COMEF demanded a new perspective on our work. They stated, and it is obviously true and must be true to every member of the committee that the job is a long-term job and is by no means a short-run task, and the perspective and the plans that we make must be equally long-term and I think far-reaching. I think it may not be too much to say that the task is to revolutionize the economy of Manitoba in that period in a way almost comparable to the revolution that

(Mr. Evans cont'd) took place when the economy of Manitoba turned from the fur trade to becoming agriculture. Now we are turning from a province that has been very largely and perhaps to a declining degree, but very largely agricultural, and must now in the terms of COMEF turn to secondary industry as the means for sparking the new jobs that will be required.

We have adopted the advice given to us by COMEF to the effect that this must be accomplished by a partnership, a partnership in which the government has some role to play but in which it is not the leading actor. It is a partnership of labor and management and agriculture, with some others assisting as their roles dictate, such as the academic fields and the teaching fields and the universities and the experimental people, but with the government playing an important, but in our view a subsidiary role. We are a free enterprise economy. I personally believe that the greatest strides will be made within that framework, and that assigns to the government an important but to some extent a subsidiary role in the partnership for progress. We have an important part to play and I think COMEF would say, an indispensable part, but not necessarily the leading one.

Well the government has proceeded vigorously to pick up the responsibilities assigned to it under COMEF and is very conscious of this fact that the successful implementation of the plan is going to require in Manitoba in almost every field of endeavour a new spirit of confidence, a new spirit of endeavour and of venturesomeness, if there is such a word, in every field of economic endeavour in the province. The government frankly acknowledges the difficulties which lie ahead. We are equally confident that these difficulties can be overcome. But we say difficulties or no, there should be no spirit of defeatism and no sabotaging of the efforts of the province through misrepresentation.

I believe that it is essential for those of us concerned to believe what COMEF said, and if I were to say that there was a single finding that COMEF made that was more important than another -- I used that same description in connection with exports -- but let me say another finding which ranks beside it is the finding it can be done. On the advice of certainly the most knowledgeable people from industry, labor and agriculture, and others gathered together, and advised by some 38 of the best professional consulting firms on this continent and elsewhere, there is the considered report and the well-reasoned report that COMEF put before us saying it can be done -- it can be done if -- and then it went to work and set out the requirements. Well this task of 75 by 75 has before it the object of fully employing a work force which by 1975 is expected to consist of the following: 75,000 in primary industries; 66,000 in manufacturing, 223,000 in the service industries, and 61,000 in the transportation industry.

Well, clearly with the task before us we can't afford to be sanguine about the economic future of Manitoba. I rather like the Chinese word for crisis, if we are in fact facing a sort of crisis. They run things by symbols as you know in their language, and the word crisis to them is a danger opportunity. Well I think we have a danger opportunity in front of us now in Manitoba. I think we are facing a sort of crisis, but it is not the kind of crisis which should give us any cause for despondency, but simply to call forth the kind of efforts that I think we can make in Manitoba.

The effect of technological change and increases in the labour force will make job creation a continuing problem. Professional and highly skilled jobs will be seeking people, and those with less education and with less training, the lower and unskilled people, will be finding it more and more difficult to get jobs. This problem of course has come under the care of my colleague the Minister of Labour and the Minister of Agriculture, and together an attack is being made on that front. The province's future economic growth depends on effective concerted action in the private and public sectors, based on sound information about the condition of the province and the national economies and the growth opportunities that do exist.

The growth and development of Manitoba is the concern, as I have said, of government, labor, employers, primary producers and in fact services generally. History, I believe, shows us that the future of a society or a political entity of any kind, is determined in large measure by what the people of that society think about its future. A civilization, a nation, a province can grow and prosper if it has optimistic ideas. If it exhibits negative trends and uncertain ideals and hesitant faith and few plans, it is in danger.

I'm sure it was interesting to all members to see in the newspaper recently a significant announcement in that the General Motors of Canada will invest some \$120 million during the next

(Mr. Evans cont'd)two years in plants and expanding their existing ones. As honourable members know, General Motors owns 100 acres of land in Winnipeg adjacent to Inkster Park. I might just inform the committee that I endeavoured to contact Mr. Walker personally at once, only to find that he was away for three weeks. But I have asked his office to arrange an appointment for me as soon as he returns, and I hope to be able to lay before him some concrete reasons why in the interest of General Motors they should consider the investment in Winnipeg and Manitoba of some fair proportion of the \$40 million they expect to invest in Canada.

We believe that our program in interesting new industry to come here is showing tangible results in the form of new plants, new products being made in Manitoba, new components being made to replace manufacturing concerns, selling them for the first time in foreign markets.

Well the COMEF program as set out in their report, contemplating as it does, I think, a revolution in the economy of the province, is a 12 year project and results will take time. In general, the COMEF recommendations fall into three broad categories, the first in which government has sole responsibility; another in which the government shares responsibility with some other entity outside itself; and the third in which private enterprise or labor or agriculture, or a combination of them, but excluding the government, has the responsibility.

The government has I think made very considerable steps towards implementing the responsibilities which were indicated for it in the COMEF Report. There is a total of some 155 separate distinct programs to be found within COMEF. This does not include all the individual and separate recommendations of COMEF, but I think 155 substantial programs can be isolated -- can be identified. Of those, the government is assigned some responsibility, either sole responsibility or some substantial responsibility in the case of 137, and of the 137 the government has taken action in 102 cases or 75 percent. I think, Mr. Chairman, the members of the committee might be interested in some further detail of the nature of these programs, the classes into which they fall, and the action that the government has taken.

It's divided into seven classes in this table I have before me. Government policy changes -- 56 of them, and of course government has responsibility for all of those, and action has been started in 43. Action has actually been initiated, some steps have actually been taken in 30 of those, and substantial planning made in 13, so that of 56 some action or substantial planning is advanced in 43 out of 56.

Government aids to industry -- there are 23 in all -- actually the government's responsibility is for 23 and action started in 13; capital investment -- 14, government responsibility 12, action in 10; secondary manufacturing -- 17, government responsibility in 13, action in 12; research -- 16, government responsibility in 14, action in 10; financial -- 13, government responsibility in 10, action in 7; and others not specified -- 16, government responsibility in 12, action in 7. And the totals again then, 155 programs in all, 137 of which call for government responsibilities, and action has been taken in the case of 102 or 75 percent.

It is perfectly clear that the government responsibilities are divided among the department, but as far as my own department is concerned, I have responsibility in the case of 27 of these programs, 27 of the 102. I shall not at this time give the detail of what those programs are or what we have done, but I have extensive detail and will be glad to answer questions or give a further description of my own responsibilities in that case. I am sure that members of the committee, Mr. Chairman, would not expect me to answer for the programs that are in the hands of other departments, but reference has already been made by others of my colleagues during their estimates, and we heard this afternoon, for example, of The Forest Act which is one of the things which has been called for, and so it goes with the other departments. Well I remind you that this is a twelve-year job. I suggest to you that that statement of progress in 11 months, because that is the date at which my information was compiled, has been substantial, and that we can, I think, look forward to a continued development of that work.

Well since last year the Department of Industry and Commerce has undergone a pretty thorough reorganization as the honourable members will notice in their estimate books. It has undertaken a vastly increased load of work. New agencies such as the Manitoba Export Corporation, the Manitoba Design Institute, and the Manitoba Research Council have greatly added to the work of the staff. These agencies are now operating and already showing practical results. I think with the mention of the load upon the staff, I'd like to pause at this point to see if I can in a very short compass pay anything like adequate tribute to the men and women who are doing

(Mr. Evans cont'd) intelligent and devoted work in the interests of the people of Manitoba in the Department of Industry and Commerce.

This is a company of people with whom I am proud to be associated, and I am sure that perhaps I know best of anyone the tremendous load of work that they had undertaken first of all with the compilation and the publication of the COMEF Report, and later with the plan for implementing that report. The people of this staff to a very considerable degree, I think perhaps even more than others, inhabit two worlds. They must inhabit the government world with its own requirements and its own specifications, and they must also be very familiar and comfortable in the world of business, and I find them most acceptable in the world of business, and certainly in my association with them I find them a wonderful group of people. It would be wrong to name names, except that I'm going to break that rule and say that the creation of this staff and the accomplishment of the work is very largely the responsibility of my Deputy Minister, and I think it can be truly said that he is probably the leading industrial developer, certainly in Canada, and one of the leading industrial developers on the North American Continent at least. I do thank my staff for their warm support and for the wonderful work they're doing in the public interest.

At this time it is my intention to confine my remarks to the highlights of the department's program for 1964-65. In the coming year it's intended to maintain the programs that we've been carrying out and in some instances to increase them. We propose to maintain our tourist and industrial advertising program and we will continue our policy of providing maximum assistance to existing industries and to aid their expansion and development, a policy, I might add, which has been very fruitful.

Economic research will continue to be the cornerstone of our industrial development program and we intend to continue to make available to business every service which properly falls within the scope of government responsibility. This responsibility is very wide in Manitoba at this stage because as has been pointed out there is an absence in Manitoba, and in almost any part of Canada except to some extent in Toronto and Montreal and the industrial complexes down there, of the many of the private consulting agencies and professional talent which are so needed out here, is making it necessary for a time for the government to fill in that need and to supply that lack.

We intend to continue to bring to the attention of businessmen in this country and elsewhere the opportunities that exist in Manitoba for profitable enterprise. These are activities with which you are already familiar. I do not intend to speak about them but of course will be delighted to answer any questions that honourable members may have as to the proponents of the department in these what one might call routine or bread and butter operations -- very important operations, and very extensive operations -- but I'm not going to describe them in greater detail at this time.

Well in addition to the regular activities of the department we have some special programs for the coming fiscal year and I would like to say a word about them now. We will increase our efforts to assist Manitoba firms to produce and sell more parts and components in Canada. As a part of this program, a Manufacturing Opportunities Show will be held on April 8th and 9th, that's of this present week, and I would urge all of the members of the committee to take advantage of going down to see that show. I think you'll be quite surprised at the capacity of Manitoba industry and at the extent of goods that can be manufactured in this province.

The response to this show has been surprising and gratifying. We had thought at first to take 3,000 square feet of space in the Norquay Building and have our sample show there -- a good space, 100 by 30 -- but we very quickly got pushed out of that and at the moment we have from eight to ten thousand square feet at the Royal Alexandra Hotel. There are 50 exhibits there comprising parts in the thousands which the leading manufacturers of the country believe that Manitoba is capable of producing economically, because these leading manufacturers have come here at their own expense and brought their own personnel and displaying their own parts here with the one object, from their point of view, of obtaining bids which they think will be competitive, and perhaps more competitive than they have now, or service that is better or some advantage to themselves. Such leading manufacturers as General Motors and Ford of Canada and Westinghouse, Trans-Canada Air Lines, The Atomic Energy of Canada and many

(Mr. Evans cont'd) other very large companies are displaying their things, and also quite a variety of smaller companies displaying their requirements.

Based on the results of recent markets investigations in the Western United States -- and I shall make copies available -- I will table them in the House and make a copy available of these reports for each of the caucus headquarters, and if any honourable member would like to have copies of these reports, if they'll let me know afterwards I'll be glad to supply them. We have made market investigations in the Mid-western United States and the Department and the Manitoba Export Corporation in 1964 will sponsor ten or twelve specialty sales missions of specific industries to the United States, each mission to consist of three or four manufacturers each. Keeping these missions small will permit the individual manufacturer to deal directly with the customer. He'd report designs, specifications, price and delivery. In fact, he will be urged to arm himself with that practical information. He will, in fact, be taking a sales trip. In this way we also believe our manufacturers will gain a better understanding of the problems and potential of export sales. This is a program designed to help industry to help itself. It provides the mechanism by which new markets can be found; new products can be developed; and new industries can be built.

The Manitoba Development Fund has proven itself to be an excellent vehicle in the promotion of industrial development. The expansion of the capital investment program required for desirable in fund targets will call for additional financing from all sources and for improved services from the financial communities. It is intended that the fund expand its services and actively seek out developing situations. It is intended that the fund accept a more important role in promoting the province's industry generally. The fund will give special attention to key industries and particularly those locating in rural Manitoba.

One of the conclusions of COMEF was that many financial institutions which operate in other parts of the country and in other countries, and which do not operate within the province, are unaware of the needs and opportunities for investment in Manitoba. It was urged that a program be developed to keep financial and businessmen in Eastern Canada, the United States and abroad, fully and constantly aware of the markets and investment possibilities in Manitoba. We will publicize investment opportunities on a regular basis. We have just had prepared a portfolio of investment opportunities and I shall also table copies of these and have them available for the groups in the House. I think the honourable members will see from the detailed work that has gone into this portfolio of opportunities the kind and class of work, and the amount of work that is being done by the department and by the staff to which I have just referred.

The same portfolio and future portfolios of investment opportunities will be given wide and regular distribution in Canada, the United States and abroad. I am hopeful in this way that we can dispel some of the myths that exist in the minds of some financial institutions and replace it with an image of a province with sound investment opportunities. I think you have only to travel in business circles outside of the province, and certainly outside of the country, to realize the extent to which our assets and our capabilities here are not known among those who might wish to take advantage of them if they were better publicized.

There is a need for standard industrial districts in our rural towns if they are to be successful in their industrial development efforts. Our experience has also shown that it would be helpful if engineering studies were completed in advance and itemized estimates of all costs involved in developing industrial sites are known. In common with almost any other building project, the costs in the end are sometimes startlingly larger than some of the early estimates, and we hope that by engineering planning in advance we will be able to spare some of the ventures these unpleasant surprises which occur in this connection. We are therefore prepared to assist the establishment of standard industrial parts by paying up to 25 percent of the cost of jointly authorized engineering studies provided the department's share for any one municipality does not exceed \$2,000.00.

To encourage the establishment of regional development associations in rural Manitoba, the department will make available establishment grants based on \$500.00 per municipality and also operating grants on a 50-50 basis for funds raised -- matching funds on a 50-50 basis -- matching the funds raised by regional associations from municipal and other local sources up to a maximum of 50¢ per capita for the total population of all participating municipalities.

(Mr. Evans cont'd) There are many sound reasons in favour of the regional concepts. Many of the problems facing rural communities are regional in nature, and by pooling resources for development, several towns acting together can accomplish what would be out of their reach acting separately. Each association will be able to appoint a full time development co-ordinator. One such association has applied for incorporation under the title of Pembina Triangle Development Association.

As part of our program for economic progress we plan to undertake a special in-plant training program in the needle trades. This industry is unable to maintain its output at the present time due to the lack of skilled workers. The new program will train approximately 600 workers in the necessary skills -- 600 workers a year. Training will be undertaken in the plant of the manufacturer requesting an in-plant training program. This is a shared program. The province will employ and pay the instructors. The Federal Government will share half this cost. The province will also pay a weekly allowance of \$33.00 to each trainee for a 44 hour week. Each training period will be for eight weeks. The manufacturer will supply the training space, the training equipment, the training materials. The manufacturer will also pay to the Manitoba government one-half of the allowance paid to each trainee. The Federal Government will pay to the province 25 percent of the allowance. The program will be carried out jointly by the Departments of Education, Labour, and Industry and Commerce.

At the management level we intend initiating this year an industrial engineering and control program for the soft goods industry. This program will have the following objective: to create an awareness of the techniques and values of methods evaluation and improvements. I suppose these are time and motion studies and things of a technical character that I'm not familiar with -- work measurements, incentive wage payments and other technical skills within the industry -- to stimulate an interest in direct costing and control techniques in the province's soft goods manufacturing by establishing direct product costing and direct cost control reports for management. This is a series of information publications or bulletins which will be exchanged among the firms engaged in the industry for mutual improvement of their techniques in these fields.

A MEMBER: Will it be available to members of the House?

MR. EVANS: I'm not aware whether it will or not. It would seem to me that this would probably be an exchange between the firms engaged in the field, but I assure you there is nothing secret about them and it might well be that we could get samples and examine them and see the quality of the work. So I'll certainly take that suggestion under consideration and, if it is feasible to do so, I will see that they are made available for the committee next year.

This will also make a start towards uniform costing throughout the industry to lead to more intelligent specialization in various segments of the industry. This will have the effect, we believe, of creating in the industry a nucleus of prime work study and work measurement demand. It will develop a work force which will have benefited financially from and which accepts the concept of objective methods, work measurements, and incentive or piece work payment programs. This is a long term program also and will take several years to complete. For the coming year it is proposed to concentrate this program on the Fur Industry, and we have been promised the support and co-operation of the Furriers Guild and the Fur Workers Union.

Under the joint auspices of the Manitoba Design Institute and the department, a Canadian souvenir contest is planned, and I wonder if the honourable members have received through the mail some advertising quite recently from a new trust company -- I hesitate to mention that in front of my honourable friend but when he sees it, he will see that an incentive is being offered to people to open new accounts by offering them a very attractive new series of -- I suppose they're toy dolls -- or they're made up anyway and they represent the wild life series of this part of the country. It shows buffalo, and bear, and all sorts of animals of such high quality that they have been chosen for distribution by this company as an incentive, and I think it's a fine thing for them to find in the province here, production of this quality. -- (interjection) -- Well, if my honourable friend doesn't open an account there, he can't get one. It's intended that prizes in the order of \$2500, \$2000, and \$1000 be offered for products submitted which are marketable and can be profitable to manufacture in Manitoba.

In the coming year four Design Seminars will be held in Winnipeg. Top experts in the design field in soft goods, processed foods, packaging, and metal fabricating will be brought in.

(Mr. Evans cont'd) It is felt that such seminars will help make Manitoba industry more design conscious and encourage Manitoba manufacturers to produce products with ingenuity and originality. In the next year the main function of the Manitoba Research Council will be to co-ordinate existing research facilities in the province and determine which industries require and will support technical investigation.

Two fields will receive priority. The first is Kaoline clay. Kaoline clay, which is used extensively in the paper and ceramic industries in Canada, is presently imported almost entirely from the USA. Near Arborg in Manitoba is one of the largest Kaolin deposits in Canada. Recent samples from this deposit have exhibited outstanding white qualities which is most important in its use as a paper filler. However, the deposit consists of a mixture of Kaolin clay and Silica sand and to date no satisfactory method has been found to separate the Kaolin from the clay. A program is being put under way which it is believed will have a very reasonable chance of success.

The second is in connection with northern timber. Preliminary results from tests showed that the ground wood pulp produced from northern Manitoba pulpwood is of high quality due to excellent brightness and good strength. The brightness factor of 65.2, that is without chemical treatment, as obtained from the test is still above the equivalent factor of 62.0 which is the highest presently available to the paper industry. It is expected that a ground wood pulp exhibiting the characteristics as established by the tests will demand a premium price and therefore assist substantially in the development of the northern Manitoba Pulp and Paper Project.

Now I come to the subject which I think is of such great importance, and that is exports. There is much that can be done to assist the manufacturing sector of the economy, and one field looks particularly promising and this is the field of exports, and we intend to increase our activities in this field. To many Canadian manufacturing concerns, the world around them is in terms of a threat to their markets rather than a potential market for their own goods. This essentially negative approach, this inferiority complex has acted as a brake to initiative and to increased production.

COMEF stated very bluntly that the extent to which Manitoba will increase its job opportunities in the future depends in a large part on the extent to which our industries increase their share of world trade in manufactured products. The development of export markets is one of the most challenging tasks of our time. If we are going to find more jobs for young Manitobans and keep them in Manitoba, we just have to sell more in the export markets. I believe that our potential in the export field is enormous, and I don't use that word lightly. We have a better chance than any other western province to win Eastern Canadian markets, Midwest USA markets, and most European markets provided we take action which will encourage business to expand their exports efforts. For every extra million dollars of manufactured or processed food products that we can export, on the average, an additional fifty people will be directly employed. In addition, other jobs will be generated elsewhere in the economy.

It takes time to find sales opportunities, to make contacts with buyers and to close orders in the highly competitive markets of the world. We are already having some worthwhile successes in organizing the sales of Manitoba products overseas, and at the present time Manitoba firms are quoting or submitting samples for negotiating with agents on fifty different Manitoba products in fifteen different countries. I have a list here which, while not complete, does show the variety of products and does show the variety of countries in which these negotiations are taking place.

MR. PAULLEY: More moccasins?

MR. EVANS: I don't remember whether the moccasins are here. The moccasins were an excellent example of a man showing a little initiative on his own. He made up some samples, he took them over on a personal trip to London, and in what was a prolonged effort went around and showed them to a few people and my honourable friend knows the success that he had. His problem very quickly became that of producing enough stuff to fill the orders, and it shows what can be done by individual initiative in this case -- I hate to remind my honourable friend -- by private enterprise.

MR. PAULLEY: They looked well when they were doing the limbo.

MR. EVANS: My list then is as follows, and with your permission, Mr. Chairman, I am going to read this list to show the variety of goods and of countries in which negotiations are taking place. Frozen beef and pork and edible offal -- I understand from reviewing this that

(Mr. Evans cont'd) offal is, while it sounds awful, really consists of things like livers, tongue, and heart and other things which always sound much better than offal, but that's the way it's referred to -- the frozen beef and pork and edible offal in France, Sweden and Britain; chicken residue for cat food in Britain; kiln dried onions in Japan and England; fresh water fish in the United States, Italy, France, Belgium and Holland; wild rice was exhibited at London's Delicatessan Show. I'm not indicating there that any contract is being negotiated at the present time, simply that the product was exhibited. A new variety of rapeseed in nearly every European country including behind the Iron Curtain in Poland and in Moscow in Russia; dried beans in England and Norway; kosher meat products, including kosher foods for babies is being successfully sold in London, and a close look is being taken at the markets on the continent -- (interjection) -- Well, it should be quite natural. There are some excellent prospects in Israel.

I think it's very interesting to know that here again quality is the factor that enabled it to be sold, not only the quality of the meats and the meat products, but I am told that the certificate, the kosher certificate if I'm using the right term, that is given here in Manitoba is greatly respected among the people who deal in and eat the kosher food products, and this is another case in this rather different way that quality has paid off and has gotten us the markets in competition with other people.

Canned vegetables are being sold just south of the border and also in England, men's and women's sportswear and children's wear in London, New York, Chicago and Minneapolis; a determined effort to cash in on the fur garment market in the affluent societies of Europe -- and I'll have something more to say about that later on because we firmly believe there is a very large market for our traditional fur garments which can be captured by some changes which I'll indicate later on. Honey is being successfully sold in volume throughout Britain, and the same thing applies to Manitoba casual footwear which may be the item that you referred to. A wide variety of wood and metal products, everything from sliding windows to aluminum canoe paddles are being sold in the United States. I think that aluminum canoe paddle is quite a bright idea, apparently it's got enough of a hollow centre to keep it afloat. And so it goes.

Markets are being actively sought for a great variety of Manitoba products all over the world. But this is only the beginning. Every week we are discovering new opportunities. At the present time, firms new to the export business are quoting on probably upward of ten million dollars worth of business at this moment. How much of this will be sold, well I don't know. Even if it's only a fraction of that ten million dollars that is under negotiation now, it will be a worthwhile start, and past experience has shown that we can do it. Not only has COMEF said so, but past experience has confirmed that we can do it. Good results were obtained as the result of the Manitoba Trade Mission, the National Canadian Sample Show and the Fly and Buy Show.

What I do know is that there is no area that is more important for us to tackle with market research studies, with visits to the markets, with exhibits and with trade shows and with all the sales promotion and salesmanship that we can concentrate on helping our industries in this important task, we can increase Manitoba's export. We have interested a substantial number of new firms in entering the export field, and I'm sure honourable members will appreciate that it's rather a frightening thing for a firm that has dealt in the domestic market only to consider the many problems of shipping, sometimes translating into a foreign language, dealing in foreign currencies, employing foreign salesmen and foreign advertising, and in the end getting paid. But we have interested the following 61 new firms -- classes of new firms, in entering the export business during the past year. In food, 19 new firms; in clothing, which includes furs, 20; in forestry, 10; and in miscellaneous goods, 12 firms; or a total of 61.

We are undertaking a special program to encourage the design and production of fur garments for export to Europe, and I think this is a very interesting special situation and special opportunity that we have discovered. In 1962, that's two years ago, Canada sold \$564,000 worth of fur garments in New York; but by 1963 Canada had sold \$3,551,000 of fur garments in Europe. This seven-fold increase is due almost entirely to the efforts of the Montreal fur industry. None were sold by Manitoba firms. One or two furriers in Montreal have carefully chosen their designs to suit the European markets, have achieved production efficiency and low costs and have used bold and imaginative sales promotion in Europe. We have tried to sell Manitoba fur garments in London but with little or no success. What Europe wants is high style,

(Mr. Evans cont'd) latest fashion using up to date production techniques. We must cater to the top end of the trade and that means typically Canadian skins. We have the raw materials right here, mink, Alaska seal, beaver, muskrat, all made into lightweight coats sold on workmanship and design and style. We are convinced that our fur industry can produce such coats just as well here as in Montreal. Five of our fur garment manufacturers supported by the Winnipeg Fur Workers Union are anxious to learn how to produce for the European markets. With their co-operation we are bringing a manufacturing furrier from London to Winnipeg. He knows what designs are needed for Europe, what type of manufacturing technique should be used and how to sell such coats in England, Scandinavia and on the Continent. We hope this will give us a start in Britain and Europe.

Before concluding I would like to say a word about the tourist business. The department has operated three tourist offices for a number of years; one in the Legislative Building on a twelve month basis and two at the US ports of entry into Manitoba at Emerson and the International Peace Garden. The two border offices are operated from May 15 to September 15th and over 38,000 visitors were received at the Legislative Building offices and over 15,500 at Emerson and 10,900 at the Peace Garden. Due to the fact that much of Manitoba's market area is in the twelve United States to our southeast the Manitoba Ontario border has developed into a major port of entry. In addition the completion of the Trans-Canada is developing an Eastern Canadian market. Therefore it is intended to establish this year an information office at the Manitoba-Ontario border to take care of this incoming business.

In 1963 over 16 million viewers saw our Manitoba travel films. It is intended this year to produce a new film. Such a film will emphasize the cosmopolitan features of the province and the easily accessible resort areas. When produced the film will be distributed through government offices in Chicago, New York, San Francisco -- that is the Federal Government offices, not the Manitoba Government offices of course -- and the departments, our own departmental Winnipeg film library and the audiences including the T.V. audiences number in the millions.

Well I am sorry Mr. Chairman, to have occupied the committee so long with an opening statement but it did seem to me that I would like to lay this point of view before the committee so that we can have a thorough and fruitful debate on the policies and the prospects ahead of us; to awaken if I can, and to enlist if I can, the enthusiasm and the support and the backing of every Manitoban of whatever occupation or of whatever political stripe. Now there will be criticisms of the policy itself, and that must be, and the policy and the execution of it will benefit from those criticisms and I'm not saying a word on that subject, but I do hope that we can all look forward optimistically to getting our job done. So if I were to summarize in a word I would repeat what I said at the beginning that Manitoba has been doing fairly well; it has been keeping up with the Canadian parade but this is not going to be good enough in the months and years ahead, so we have made a plan that is big enough to accomplish what will amount to a revolution of an economy in twelve years; that good progress is being made in my view, progress good enough to justify our faith in its eventual success.

. continued on next page.

MR. CHAIRMAN: The Honourable Member for Burrows.

MR. SMERCHANSKI: Mr. Chairman, I'd like to certainly add a certain amount of criticism to the remarks of the Honourable Minister of Industry and Commerce because I feel there are certain sections in his presentation that deserve a great deal of close scrutiny and possibly, a very thorough review and change of policy.

This government's policy at times gives us the impression that any item you mention this government can do it or it can produce it, on a sort of over the counter or basement bargain. I feel that the people of Manitoba cannot afford all such luxuries. The government policy should create a favourable and satisfactory climate in which business and/or industry can succeed. Give industry and business reasonable grounds for confidence and they will prove to be a liberal spender and a most enthusiastic developer. It's not so much a question of what the government plans to do as it is what does business and industry plan to do, and yet at times the Honourable Ministers on the other side do admit that there are problems in government -- and I agree to this type of thinking -- but I cannot agree to the over-all policy that seems to paint a very wonderful picture. I think we should dispense with the adjectives and the adverbs and I think we should dispense as to saying what will be done and possibly take on the attitude that what are we doing and what has been done. In order to get a high level of consumer and business confidence the "cano" spirit of businessman and industry must have economic faith in the potential strength of our province and I don't think we need to worry too much about their ability to accomplish this. Let us remember that all the Canadian provinces are striving to get industry and business to locate in their particular provinces, so that dollar that's going to come as investment into Manitoba is likely to go to Saskatchewan or Ontario, and as we know, Ontario, Saskatchewan and North Dakota are very able competitors to our efforts in seeking to attract and locate new industries in Manitoba.

I feel that business and government relationship should be understood in an atmosphere where industry is looked upon as a life blood of society; and if you begin to analyze this, this is exactly the performance of business and industry and I think that the community should also be aware of the fact that it is industry and business that creates work for labour.

Now reviewing the COMEF report and after one year in existence, and making due allowance for all the usual qualifications for any forecast, the efforts and policy of this government is falling short of its objective of providing the some 75,000 new jobs; and yet the over-all general economic prospect for Canada are good, which means -- and here I disagree with the previous speaker -- which means that the Province of Manitoba is not in keeping with the over-all growth of Canada. In my opinion I would say that it is very questionable whether we in Manitoba are able to create an economic growth that will make Manitoba prosperous and sufficiently great to create the number of new jobs required. True, we have to take into consideration the necessity for industry to automate in order to continue to keep and maintain its competitive needs, and it is for this reason that our government has to be operated more efficiently and delay or stretch out some of the capital projects that are being undertaken in this province, and do this rather than continue to spend at the present high rate, and by this virtue they should practice a more efficient type of government expenditure. You do this and in our jet age of industrial development today you are going to find that keeping the taxes down, you are going to enable industry to come into this province, and whether it's in the export or the home consumers market they will be able to compete more efficiently -- but leave it to business and leave it to industry to accomplish this.

The Manitoba Development Fund, as I mentioned last year, is not sufficiently active and is not sufficiently imaginative in promoting new industries to locate in Manitoba. It is more like a bank operation. The terms and conditions of its loaning policy are completely too stringent. In addition, there is still a failure of over-all planning by this government to properly co-ordinate the various departments of government, so that these various departments of government can operate as a unit. There should be a definite outline of conditions required to be taken in order to bring an industry to Manitoba, so that an agency or a home should be established rightfully under the Department of Industry and Commerce which would be in a position to co-ordinate and provide any prospective industry with all the necessary regulations in reference to the building code, water, sewage, pollution problems, tax rate, structures, value of land, cost of electricity, source of gas or as an alternative, create an industrial park and speak of this to the prospective

(Mr. Smerchanski, cont'd)...industry on a definite basis.

Now let us review and compare this type of planning with our present conditions. If industry wants to locate in a certain area of Greater Winnipeg, one has to be most careful, because as soon as it is known that a new business or company have plans to locate in a certain area, certain very busy people will option most of the land in the area and overnight, the value of the land will increase from \$400 or \$500 an acre to as high as \$2,000 per acre. Certain people who should be more responsible and who are in a position to receive some advance information, these are the ones that take full advantage of this unfortunate situation; and instead of striving to help and assist the company to procure a landsite under the most favourable conditions, the company becomes a victim of circumstances by being faced in having to pay inflated high land prices. We have lost to Manitoba many such industries by this unfair practice, because it's not the value of the land, it's a matter of principle and ethics. If this is what is happening in purchasing land to locate a new plant, then you begin to question yourself what happens with the other services? There are members of certain local municipalities in this province who take advantage of their position to make a profit at the expense of a prospective industry that might locate in their general area, and we will lose possibly more industries from Manitoba if we do not correct and rectify this type of a practice.

I do hope that this government will not impose a sales tax because this is going to have a very strong impact as far as industry and business is concerned in Manitoba. And I would like to outline to you, Mr. Chairman, very briefly, why. A provincial sales tax, in view of the fact that the other adjoining provinces haven't got it, will have a very unfavourable impact on those smaller business establishments that are located near the Saskatchewan boundary, for one, and I think that some of the members in this House who are sitting on the opposite side might be well advised to explore this method of increased taxation with some of the smaller businessmen in their area. There are a large number of distributing and similar firms now located in the Province of Manitoba, who will leave and/or move out of the province because the sales tax in Manitoba will remove their advantage to locate in Manitoba and as a consequence we will lose those industries, which of course will mean the loss of jobs to Manitoba. We in Manitoba, and especially the business and industrial man of Manitoba, must help together with the government -- and this is where I agree with the Honourable Minister -- that it is an absolute necessity to create the necessary increase in the economic growth of Manitoba, otherwise we will not be able to create the necessary new jobs that are required.

I might also mention that this is very much a national problem and we in Manitoba should not make the comfortable excuse that this is a problem only for those of us who have the privilege of living in Manitoba. This is the responsibility of business and industry with a good, favourable condition for investment in Manitoba. We need full and real partnership with the government, business, industry, labour -- but not the kind of real partnerships that are made in legal offices in the form of written agreements, but partnerships made out of life itself from the daily process of living and working together, rather than develop a single big concept on the part of government, or for that matter, of labour or business. It's teamwork. I am not representing business, as is apt to be described by some of the more so-called members of this House who favour socialism, but our Liberal Party is always interested in developing new industries; the creation of new jobs with the aid and co-operation of government and labour. It is not a one-way street. All of us must co-operate and we must stop being critical for the sake of criticism and create an atmosphere of co-operation to further the economic growth of Manitoba and thereby create more new jobs.

It seems, Mr. Chairman, that at times business and industry is looked upon as being the catch-all. Labour points its finger at big business, or business for that matter, and says they're being unfair. The people in the community want ever-increasing donations for some of their local projects. You have government agencies and inspectors coming around and everything dovetails into this one establishment, either business or industry, and this should not be so. There isn't a single businessman or industry in Manitoba that you cannot approach and sit down with him and discuss or negotiate or arrive at any satisfactory conclusion to no matter how difficult a problem it might be. And this is the atmosphere in which we should continue in Manitoba to create and encourage the expansion of industry and business.

Today, whether we like it or not, governments are involved in our economic affairs and

(Mr. Smerchanski, cont'd)... the wisdom or foolishness of government action is a major deterrent in reference to a success or failure of a business enterprise. Where to exert the economic power of government and how to control it are among the most important questions that the people of Manitoba have to answer today. The deliberate, conscientious, intelligent and thoughtful employment of the economic power of government is of the utmost importance to the well being of industry, business and the people of Manitoba. As mentioned before, the use that industry makes of government as an economic force and their degree of participation in its direction and control, industry can no longer refuse not to take part in the formulation of government policy. If it fails to do so in the furtherance and protection of its own interests, it will only have itself to blame for the result. In the system that now exists industry cannot evade its responsibility by simply placing it on the shoulders of the elected members of this House, or for that matter on the shoulders of the elected members of any government.

In seeking policy that will produce a more rapid rate of economic growth industry is always open to the charge that it is seeking its own selfish interests; and with this type of thinking I assure you that you are not going to draw a great number of new industries into Manitoba. But industry is always seeking to expand the sale of its products and as a result stands to make more profit -- and there's nothing sinful, and it is not a shame to make a profit in business. Industry is also very conscious of what is required to be accomplished. Behind industry are the people of this province, those who are employed and those who want a better and more comfortable way of life and also for those who are unemployed today; they too, have a stake in this province. And further, there are the younger people who are coming into the labour market in ever-increasing numbers and who have little assurance, who have very little assurance that a place will be found for them in our economic plans.

I would like to interject in this remark, Mr. Chairman, a brief mention on unemployment, because it has a very definite direct bearing on industry, new jobs and business enterprise. A machine or a piece of equipment left idle will deteriorate and by its inactivity does reduce the productivity of that particular community; but a man left idle is deprived of his claim on society's output and becomes a burden on the community rather than an asset to the community. Unemployment as we all know is one of the most destructive, humiliating and terrifying experiences that any worker can possibly experience, and in our present-day society this simply should not be so. This can be solved by proper planning -- and when I say proper planning, more than just the average type of winter works projects -- and I think that this is a basic part of our over-all planning with government, with business, with industry, to create the new jobs that are required in order to further the economic growth of our province.

True enough, we quote unemployment figures in terms of percentages and satisfy ourselves that they are supposedly low in Manitoba. But let us for a matter of comparison consider -- and here's an excellent comparison -- let us consider this five percent of unemployment in Manitoba as being the upper five percent of the so-called rich, because it will include most of us in this Chamber who would then be unemployed. This would mean that every man and woman in Manitoba who today earn more than \$7,500 a year would be out of work. Can you imagine that? Only the upper five percent of the people of Manitoba earn more than \$7,500 per year. Naturally this is not likely to take place, but this does show the volume and scope of the unemployment problem in Canada, and, of course, as a consequence in Manitoba. The only cure for the unemployment problem is a faster rate of economic growth so as to provide more jobs than this government -- and I say than this government -- has been able to achieve or create in the foreseeable future. For several years we have tried a number of traditional measures to stimulate growth. As mentioned above: winter works projects, some type of expansion of public works, which could possibly include the floodway, the diversion dam at Portage -- admitted these have done something but at that it has been a limited success. The improvement is much too slow; the number of unemployed is still much too high. We need to create much more comprehensive and daring measures to solve and reduce the present volume of unemployment and to provide jobs especially for the waves of younger people that will be coming into the labour market. We must undertake a more realistic and definite plan, and to a great extent and at some risk, and should cease to rely on half measures with the hope that things will take care of themselves.

(Mr. Smerchanski, cont'd)...

Once we have interjected ourselves into disturbing the natural growth of business by government interference then we should have planning all the way; no half measures should be permitted to take place. Industry is a creator of new jobs and at times this government wants to assume this responsibility -- and this function it cannot perform. It is like a fish out of water. We do want proper co-ordination, proper execution of our objective. Take the men off welfare and your tax requirements become less. Give this same individual an opportunity to get a job and he will contribute in the form of taxes. It is equally as important to pay attention to removing people off our welfare registers and putting them to work wherever possible. This is a proper approach to efficient government instead of always increasing taxes as this government has been doing. The large and ever increasing budget is no indication of good aggressive government we hear so much about. This is one way that we can lower our over-all government expenditure by becoming more efficient. Reduce taxes and certainly you are going to create a much more favourable background for the growth of industry. The risks of tax reduction are obvious. It means an immediate drop in government revenue. But let me point out that government deficits at times are largely a matter of bookkeeping, because it's not like industry that has to provide capital for its own expansion and for the creation of its own operation.

In reference to the Honourable Minister's remarks in reference to the COMEF report, it is very interesting to note that the COMEF report was actually a creation and to a large extent the success of the help and assistance that our business community has given this report in Manitoba, and therefore it is on the same basis and on the same principle that we should continue to expand and create favourable conditions for additional industries in Manitoba by seeking the help, guidance and co-operation of the businessmen of this province. I would like to see the matter of partnership practised a little more realistically. I appreciate the fact that things can be done, but why not change that to an approach of, "it must be done." Not only can it be done but it must be done -- so that you have something to go at, accomplish, and perform and say it's a fact that has been established and a job well done.

I again would like to point the attention of the Honourable Minister that engineering studies whether they be in rural Manitoba and whether the studies of cost program investigation and work study and work simplification study, are not going to achieve the attraction of new industries into this province. Leave this to the business community. Leave this to the accountant. Leave this to industry. All that the government should be doing is encouraging them into more positive approaches in solving some of the problems that have not been solved and which are hindering the attraction of industry into Manitoba.

Certain government departments are slow and absolutely lack an over-all genuine and enthusiastic support to assist new industry. This does not apply to the Department of Industry and Commerce, but this certainly does apply to a large number of departments in this government today. There is an over-all attitude that industry is not necessarily wanted in certain areas. The location of new business and new industry has to be encouraged by the government and I would like to see a little more authority given to the Department of Industry and Commerce in reference to continue to assist industry after it has located in certain areas. We have examples today of where an industry has located in this province and the Department of Industry has spent a great deal of time and effort to encourage this industry to come into the province, and then what happens? -- either the local municipality or the local authorities will come up with some small aggravating condition to the established industry that destroys completely the pleasant relation that should exist between industry and a community. Now it's equally as important to have the proper follow-up, and the only way you are going to have the proper follow-up is to give the proper authority to those agents of the Department of Industry and Commerce that know what they're doing; and don't give it to the agents in the Department of Agriculture; and don't give it to the agents of the Department of Labour, who do not appear to have a vested interest in the development of industry in Manitoba. I sometimes think we have too many inspectors. Industry is willing to co-operate. Industry is willing to live with the community, but don't aggravate their condition by sending unnecessary agents and inspectors and inspector after inspector to find out what they are doing every hour of the day. They are interested in running their business. They are not interested in paying attention to a lot of unnecessary reports and agents coming in to check on their operation.

(Mr. Smerchanski, cont'd)...

Manitoba businessmen and industry has the greatest degree of responsibility in providing work of the people of Manitoba. Give them an opportunity, give them this atmosphere and proper climate within which to operate. Let the government assist where possible, but let men with vision, determination and faith in Manitoba, and faith in their own judgment and investment of their own funds, develop new industries with the same pioneering spirit that originally developed the western country and certainly developed our Province of Manitoba. I think Mr. Chairman, if we were to adopt some of the suggestive criticism I think that we can attract a great deal of more industry into the province. And I speak with a great deal of concrete suggestion, because I have gone through some of these experiences myself firsthand. I would like to simply make my summation on this basis: it is all right for business, it is all right for industry to come into this province and put up the initial money and start a project or enterprise, but then you have four or five other directions of expenditure. You have your labour commitment; you have your tax commitment; you have to develop your markets -- and I don't care how good a government agency you have in developing markets, this is not enough. A businessman will not build a plant on a promise of a market. He will want to go out by himself, find this market and be assured that his investment is not in jeopardy, and the businessman and industry in this province, or for that matter, in any part of Canada, has to take the initial risk. If he makes a loan from the bank it has to be guaranteed. If he makes a loan from the Manitoba Development Fund he has to give them his personal guarantee and everything except possibly the buttons on his shirt -- (Interjection) -- They are not worth very much....

I think Mr. Chairman, that on the one hand, we have the present government with its policy talking of the Manitoba Development Fund and I again say in closing that this is run like a bank and possibly more so than a bank and I think we are running scared for the fear of making an error. I know when you make an error it is not a very good thing to make, because the opposition or the community or the people surrounding will start to criticize you; but if you are creating new jobs, you are creating new wealth, you can overcome a good percentage of this type of criticism, because it sometimes takes somewhat of a tough hide to overcome this type of criticism. I feel Mr. Chairman, that in closing, I do hope that this government will not undertake to set up more departments in their over-all Department of Industry and Commerce and I do hope that they will continue to be as active as they are, with the primary objective being to create a favourable background, but let business and let industry do those things which are best for business. They will develop the province; they will bring industry into the province and they are the ones that will create the new jobs and they will solve their own problems. Thank you, Mr. Chairman.

MR. PAULLEY: I thought originally that I would confine my remarks to those of the Minister who introduced his estimates. However, I feel that I should say a word or two in response to the subject matter raised by the Honourable Member for Burrows. I do not know Mr. Chairman whether or not he is expounding the philosophy of the Liberal Party of Manitoba. I do suggest, Mr. Chairman, that if he is then he has aided materially in the further downgrading of the Liberal Party of the Province of Manitoba. Because it seemed to me as I listened to the remarks of the Honourable Member for Burrows that he offered much criticism without any solutions to the problem that we have confronting industry and expansion in the Province of Manitoba.

While my honourable friend was speaking of industry locating in the Province of Manitoba he mentioned the difficulties that industry has with certain municipalities, or with municipalities in locating, and he suggested that the local areas, or local municipalities, should not interfere with the industries in the area but to give them a relatively free hand. I want to suggest, Mr. Chairman, that if industry were to be given a free hand in locating in the Province of Manitoba that many locations would find themselves in the self-same position as the suburb of Elmwood has found itself in over a number of years in respect of the location of a foundry. I would suggest, Mr. Chairman, that this also was a situation that Winnipeg itself found itself in with the location of the North Star Oil on the boundaries of St. Boniface and it was only after years of endeavour, and the co-operation I grant you, Mr. Chairman, of the company itself, that some of the difficulties as the result of the smell that was created in the refining of oil was dissipated. I would suggest, Mr. Chairman, that this was also one of the difficulties that the

(Mr. Pauley, cont'd)... City of Transcona found itself in a few years ago in the creation of a sulphur plant on the borders of that municipality just across the boundary line in the Municipality of Springfield, because the original plans of that particular industry were of such a nature, Mr. Chairman, that there was the likelihood of much of the vegetation in the Town of Transcona being subjected to adverse effects of sulphuric fumes. It was only because of the interference -- which my honourable friend objects to -- of departments of government, that this particular industry had to revise its construction plans so that the chimney was raised a considerable degree in order to dissipate the possible adverse effect of the fumes so that they were more or less rendered harmless to the area. So I suggest, Mr. Chairman, that it is necessary -- indeed a proper function of government, and departments of government to take a close look at what industry is doing, and the manner in which they are locating.

So I say, Mr. Chairman, that as against the suggestion of my honourable friend to leave it to business and industry to go their merry way it's something like the TV script of "Leave it to Beaver" and I suggest that we can't leave it to beaver and that we cannot leave it to industry as well. Government has its function and that is why we set up Departments of Health, Departments of Environmental Sanitation, Departments of Planning and the likes of this, to look after the welfare, not only of industry itself, but the welfare of the citizens of the community. So I say, Mr. Chairman, contrary to what my honourable friend has said that there must be governmental interference in industry.

And as I listened to my honourable friend I wondered sometimes whether he hadn't got his speeches mixed up. At times he said there should be no government interference in planning and at other stages in his speech he said that it's most essential that we have governmental planning. I wonder what my honourable friend actually means. My honourable friend says that we must foster a greater rate of economic growth as a solution to unemployment and I suggest in this he might be correct, providing he carries along his reasoning to a more logical conclusion. I suggest, Mr. Chairman, that insofar as the solution for unemployment it's not merely a question of increasing economic growth at all, because we can use many figures and many statistics to indicate economic growth without indicating the creation of more jobs for the unemployed. We can say that our bank clearings have increased 10 percent. We can say that the number of cheques that have been processed in Winnipeg -- a financial centre in Western Canada -- the increase in that reflects our economic growth -- but it shouldn't, Mr. Chairman. This does not create any more jobs. So when we talk about economic growth may I respectfully suggest to my engineering friend that he gives us more specifics as to what he means by economic growth. He says that unemployment reduces productivity and the unemployed becomes a burden on the community. "Which burden," he says, "can only be solved by economic planning" -- after having said a sentence or two previously that we shouldn't have any interference by government insofar as economic planning is concerned. I don't know, Mr. Chairman, whether it's possible to have your cake and eat it -- I don't think so. So I would like to hear an explanation or further expance from my honourable friend as to exactly what line of reasoning that the Liberal Party, if indeed he is the spokesman, will take in aiding in the solution to the grave problem of unemployment that we have here in Manitoba, and indeed in the whole of the Dominion of Canada. He does admit, gives some indication that maybe a few more winter works programs might help us out. Then again I'm sure my friend would dismiss this because this is governmental interference, I would suggest, with free enterprise. I wonder exactly what his explanation would be in this regard.

He says we have to create more industries in the Province of Manitoba in order to create more profit for industry. May I suggest, Mr. Chairman, that the creation of greater profits for industry are a by-product of industry. Although I don't know whether this would be acceptable, or this thesis would be acceptable to my friends across the way, but I do suggest that we should give serious consideration to the fact that the profit motive in the year 1964 would be secondary to the creation of those things that are desirable, indeed necessary, for the fuller life of those who create and of the people of the community as a whole.

My friend mentioned that he objected to what he said was socialism, enunciated by certain so-called members of this House. Now who these "so-called" members are I don't know, Mr. Chairman. I suggest that I might be one of these so-called members of the House because I certainly do attempt to expound the philosophies of socialism -- democratic socialism, that is --

(Mr. Paulley, cont'd)...in this House. I make no apologies for it; absolutely none. As a matter of fact I take rather great pride in having the opportunity -- indeed to me, the obligation of standing up in this House and saying that I am a democratic socialist; that I am concerned with the progress of the human race; I am concerned with the betterment of the human race and all of my fellow humans. That I do place, I do place gains for the populace ahead of gains for the individual free enterprise.

Then my honourable friend as spokesman for the Liberal Party talks about tax incentive to industry. Now I would suggest, Mr. Chairman, that if he spoke of tax incentive for the creation of work for the unemployed I might find some agreement with him, but he talks of it as an incentive for the creation of more profit. He says to the government across the way, and maybe I can agree with him on this, at least to some degree, now don't you boys over there put into effect a sales tax because it will drive industry out of Manitoba. Then he, I think rather erroneously, mentioned the fact that that will lower our competitive situation as between the provinces to the east and the west of us which obviously of course, as we all well know, have no sales tax at all.

But I wonder if my honourable friend has spoken to a chap by the name of Walter Gordon who I understand is the Minister of Finance in the liberal administration at Ottawa, when he is talking about the imposition of a sales tax. I wonder if my honourable friend the Member for Burrows, would not take the time out from his busy life to get in touch with the Minister of Finance and say to him, now look Walter, why did you put an additional four percent tax in respect of the construction industry as of the 1st of April of this year, because Walter, are you not by this putting an additional burden on the construction industry in the Dominion of Canada? So if my honourable friend is going to start talking about sales tax, I respectfully suggest to him Mr. Chairman, that he should start at home, that he should start with his colleagues down at Ottawa and bring about a reduction of the price of housing, which is already too high, and ask Mr. Gordon, the Minister of Finance to change his budget and take off the now eight percent additional sales tax on the construction industry in the Dominion of Canada which will adversely affect not only the Province of Manitoba but the whole of the Dominion and those who are anxious to purchase homes across Canada.

It's not my purpose Mr. Chairman really however, to stand here and be too critical of the Liberal Party, Jehoshaphat anybody, I think with any common sense, anybody who can do any reasonable amount of reasoning, can see by what they are doing insofar as the field of industry, they are going to get their heads in a noose in any case, anyway.

But I do want to say to the Minister of Industry and Commerce of the Province of Manitoba, I certainly am not satisfied with the job that is being done here in the Province of Manitoba. I had an opportunity during the recent recess of this House to travel down to Toronto and in my journey I thought that I should do a little bit of reading. I couldn't purchase a Mickey Spilane or some of the better paperback novels so I thought that I would take a look at a brown edition called the Annual Report of the Department of Industry and Commerce, Province of Manitoba, for the year ending March 31st 1963. This to me Mr. Chairman was a thriller, just equally as much as Mickey Spilane or Ian Fleming or many of the others. At least, it contained just as much guff. Because if one will take a hold of this epistle and read it, and attempt -- and I say attempt advisedly -- to analyze it, they will see many thrilling sentences of how we are going forward in the Province of Manitoba. We will find in here Mr. Chairman, phrases dealing with what we hope to do in the future. We will find in this epistle more references to the report on Manitoba's economic future than you could shake a stick at. You know Mr. Chairman, I think it was a Godsend to the Department of Industry and Commerce that Mr. McMillan and his committee brought down such a huge volume when they brought in the report on Manitoba's economic future. It gave an opportunity to the Department of Industry and Commerce of saying so much and yet saying so little, because they could refer back to what Mr. McMillan and his committee had to say in the 1000 page volume.

Just as an illustration on page 26, dealing with the question of fertilizer -- and as I listened to the Honourable Minister this page came to my mind -- "the great demand" it says on page 26, "the great demand for fertilizer products on Manitoba farms and the lack of fertilizer production facilities in Manitoba pointed to an area of opportunity. The sections research staff performed extensive work to establish the volumes and the types of different fertilizer materials

(Mr. Pauley, cont'd)... used in the prairie provinces." Mr. Chairman, I remember my honourable friend the present Minister of Industry and Commerce when he was sitting where the Honourable Member for La Verendrye is now sitting, about ten years ago, making a very comprehensive speech -- I believe it was him, or at least one of his party -- on the necessity for the creation of a fertilizer plant here in the Province of Manitoba. It might have even been the Honourable the First Minister that made this speech, I recall. And what has happened in the process? This socialist outfit that's operating the Province of Saskatchewan has scuttled free enterprisers here in the Province of Manitoba with the development, aided and abetted by free enterprise, of the potash resources in Saskatchewan. And, if memory serves me right, a survey that was made a number of years ago indicates that the potash reserves in the Province of Manitoba are almost, if not actually, as great as those in the Province of Saskatchewan. So my honourable friend's report on Industry and Commerce says, well now we have got to take a look at this situation. And this is the tenor of all of the guff that we find in the report of the department of my honourable friend.

Now Mr. Chairman, I want to make it clear that I am not particularly criticizing the staff of the Department of Industry and Commerce. Possibly given the correct leadership they would be able to come up with some pertinent factors in the development of industry in the Province of Manitoba. I think if they were guided down the proper paths -- as indeed it's up to Government and Ministers to guide -- I think that if they were guided down proper areas, then we in Manitoba may be able to get greater use out of their talent than we are getting at the present time.

The Honourable the Minister of Industry and Commerce on the introduction of his estimates here tonight mentioned to us the need for the development of export trade in the Province of Manitoba. I agree with him, but every province in Canada is going along the same garden path. He mentions of the need for the design institute, Heavens to Betsy, Mr. Chairman, it seems to me that in the field of industry and commerce every single province of this great Dominion of ours is going down along the same garden path; but instead of going down the path Mr. Chairman together, they are going different ways, with the net result that each province is vying against each other, and in doing this the whole impetus, the whole direction insofar as Canada as a whole is concerned is being scuttled and we are not developing to the degree that we should as a nation.

So I say Mr. Chairman, while appreciating -- (Interjection) -- including Saskatchewan, yes, with this one exception though. Insofar as Saskatchewan is concerned, that socialist country as I referred to, has had a greater development industrialwise, than any other province in the Dominion of Canada; it has a lesser amount of unemployment at the present time than any other province in the Dominion of Canada. Indeed Mr. Chairman, indeed Mr. Chairman -- (Interjection) -- no they are not pulling out -- indeed Mr. Chairman, if the development and the advance of the Province of Saskatchewan continues under its present government they will be able to absorb all of the unemployed we have here in the Province of Manitoba.

No, let's not sell them short in Saskatchewan. I'm sure -- Lord forbid -- that if the policies as advocated by the Liberal spokesman in the field of industry were perchance adopted by the election of a Liberal administration after April 22nd in the Province of Saskatchewan, not only would there be an exodus of the government in Saskatchewan, it would be a complete exodus of every man, woman and child in that great province.

So Mr. Chairman, I say to my honourable friend the Minister of Industry and Commerce, we do appreciate the efforts that he is making in his department but I do suggest to him that those efforts are generally in vain, because notwithstanding the statistics that he is able to produce to us of expanse in employment in certain sectors, as one reads his report, it mentions the fact that we have had created 1,200 additional jobs in the year under review, which I admit was a year ago, the Minister himself admits that accompanying this there was a considerable reduction in the number of job opportunities and jobs in the Province of Manitoba.

However, Mr. Chairman, I just want to close on this note. I'm interested in many aspects of industry. I take pride in the fact that it was my first suggestion -- I first made the suggestion here in this Assembly back in 1954 that we should have an industrial development fund. It's now a going concern. A former colleague of mine, Donovan Swales, suggested that we should have an Agent General in Great Britain to aid in furthering European contacts with

(Mr. Paulley, cont'd)... the government of the old lands and the expanse of Canadian trade, or Manitoba trade. I notice that notwithstanding the lip-service my honourable friend now gives to the desirability and need of exports that we no longer have a particular representative in London looking after the interests of Manitoba. This has been changed. He is now back here. Export trade at one time was a grave concern to the Honourable the Minister of Industry and Commerce. Apparently it doesn't mean too much today because we haven't got these spokesmen for Manitoba, as such, in London like we used to have.

My honourable friend the Minister of Industry and Commerce at one time also said that it should be a natural follow-up, once we had a representative in London that a natural follow-up would be another agent in the Midwest of the United States possibly down in New York. We don't hear very much from my honourable friend about this any longer. I don't know whether or not he's forgotten all about it.

So, Mr. Chairman, I say to my friend that I don't believe all of the guff that is handed out to us by the Department of Industry and Commerce. I do believe that he has capable personnel, and given reasonable direction that maybe the economic advancement of Manitoba will be enhanced. I'm sure my honourable friend the Minister of Industry and Commerce will agree with me that we've had enough economic surveys over the past number of years to last us for centuries insofar as Manitoba is concerned. All that is needed is the will and determination to get along with developing the great Province of Manitoba.

MR. CHAIRMAN: Item 1 -- Administration --

MR. FROESE: Before we leave Item No. 1, I'd like to make a few comments. I couldn't be here earlier in the evening when the Minister made his presentation on his department and I don't know how much coverage he gave to Agriculture, as such, as an industry, because I still feel that here we have an industry that should receive its proper share of attention. We have discussed this I suppose somewhat in discussing the agricultural estimates, but I feel some of it is worth probably repeating and also hearing the Minister's comments on that. I mentioned a number of things at that time to which I did not receive answers, and I might be able to get them now.

I think when the agricultural estimates were considered I mentioned the matter of canning and freezing. We have in Manitoba two industries, especially in southern Manitoba, who deal in canning and producing crops of corn, beets, and I think in some instances tomatoes, beans, and so on, and these are processed and canned. I understand also that on some occasions they've also gone into freezing, but from what I know it hasn't been too successful. I questioned the Minister of Agriculture at that time just what are the variances in costs between canning and freezing. When we have a crop that is canned, it can be stored for several years before it is finally sold to the consumer without being deteriorated. Not so with frozen foods. They have to be sold within a certain period of time otherwise you have to discard them.

I would like to know from the Minister, having made some investigations on this matter. As reported on Page 17 of the annual report that investigations dealing with various aspects of industrial projects were carried out on behalf of their sponsor, and they mentioned frozen vegetables in the report, so if the Minister could tell us something about it, I would be very interested. After all, this has been a matter of public discussion in southern Manitoba, and has also received special attention at special meetings where growers were contemplating going into the freezing of vegetables. But it seems that you have to have more cash, more finances in order to first of all process the product; secondly, you have to sell it within a given period of time and therefore you have a greater risk involved than you have in canning, so that whether it is advisable if your financial means are limited to go into such a venture, or whether it isn't better just to stay with canning.

I would also like to briefly touch on the sunflower industry. We have a plant at Altona that has been in operation now for a good many years, and has processed sunflower seeds and has also developed a market for their oil, but in recent years large amount of the crop was exported to United States for bird feed. Now all of a sudden, apparently, this market has fallen to pieces. The Americans are now producing a lot of sunflowers on their own, and certainly the one cent a pound duty that the Canadian farmers have to pay, they're not subjected to that. As a result, they have a preference, and farmers today have great difficulty in disposing of their crops. The bulk of the seed that was produced last year is still held by the

(Mr. Froese, cont'd)... farmers, and while the vegetable oil industry at Altona is buying the seed, they have been rather slow in accepting delivery and, as a result, farmers are still left with their crop and a lot of them are in need of space to do their spring seed cleaning, and would like to get the cash as well. So that here again we thought we had a very good industry going, and all of a sudden we find that it's shot to pieces. It's a bad thing to happen, especially at this time when things are getting a little tighter in more than one respect, and to see a crop almost having to disappear.

We are fortunate in some respects that the new varieties that they have come out with are better yielders, and if this is crushed for oil, a farmer will be able to make a good return on his crop, but the other use that the seed was made of before seems to have disappeared for the time being anyway. We haven't been subjected to the rust in sunflowers for the last couple of years so that the bulk of the crop and the yield has been relatively good. The seed that is presently being held by the farmers is of a very good quality, so that quality-wise we have a good product.

Sometime during the session we had a resolution on the Order Paper dealing with the sugar beet industry, and here too I think the government should take more active part in trying to get the industry expanded. After all, we are certainly not producing any large amounts in Canada so far. Actually, production is down from the regular 20 percent to roughly 15 percent, so that here is an area where we can stand a lot of expansion, and this is an area I think that the government should have tackled and given leadership. I feel that they did wrong in passing the resolution in the form that it was passed.

Here, too, I would like to bring up the matter of freight rates. I think the government, and especially this department, is dealing with the matter of freight rates and rail abandonment, and I would like to see the Department of Industry doing something about the freight rates on sugar going east. I feel that this is working to the disadvantage of the Manitoba farmer and that we should assist in getting better rates on sugar. Also, probably doing a little more in the way of getting a national sugar policy in Canada. It has been fully debated on the resolution that was on the order paper, but I feel because it comes under this department that it doesn't hurt to bring it up again and hear the Minister of Industry give his views on the matter.

I would also like to know in the matter of rail line abandonment, what is the situation? Are we making any headway on this? I know there is a line to be abandoned in my own constituency, and certainly I have an interest in this matter.

When I look at the report submitted by the department, on Page 47 I find a list of private and public investment in Manitoba, and I note from these figures that the industries or the amounts of money invested in industry for purposes that in themselves bring about increased trade in reproducing cycles is only about one-third of the total amount invested. The total amount given for 1962 is 612.8 million, yet only one-third of that is actually of a nature that will bring about increased trade and is of a reproducing nature. The other two-thirds of the 612 million is of a nature that will not bring in revenue but will be a dead asset, and therefore I think we should be concentrating especially on getting investments in those projects that are of a reproducing nature.

I would like to discuss the matter of the Manitoba Development Fund, but I think I'll leave that until later on when we discuss that specific item.

MR. CHAIRMAN: Item 1 --

MR. EVANS: Mr. Chairman, I just would like to make a very brief comment. I would like to thank the Honourable Member for Burrows and the Leader of the New Democratic Party for their comments, and I can't really say that there is any sharp disagreement in the main policies that they advocated tonight in the main remarks that they made. I will take note of the advice they have given me and the things that they have urged us to consider and will certainly take them into account.

I would like to answer the specific questions that were brought up by the Honourable Member for Rhineland, and I really do not think it would be right to re-open the debate which has been concluded on the matter of the sugarbeet industry and to make the comments that he invited me to do. The rules of the House apply in committee equally as well as when we are in a formal session and I think it would not be the right thing to engage in this debate again.

With regard to canning and freezing, there is a technical report available on the freezing

(Mr. Evans, cont'd)... industry and I think that must be the report that my honourable friend is referring to as mentioned in the Department of Industry and Commerce report, and I'll be glad to make a copy of this report available to him. I'm not sure whether it can be retained permanently or whether it must be returned. I think indeed we may be able to furnish the report and my honourable friend will be able to keep it. I hope it will be useful for him.

With regard to the sunflower industry, I'm interested to learn of the new varieties in which there is a greater yield of oil, and I think that may indeed be one of the hopeful signs in the situation my honourable friend describes. But beyond that too we should look for further export markets. Indeed if they are closing off in the United States, we should do what we can to try to discover new export markets which will take that place and certainly this important industry will command its share of the time as far as my staff and my own efforts are concerned.

With regard to the freight rates on sugar going east, I think certainly sugar is an important product and if we can enlarge our markets, say if our market area now goes down to the head of the lakes and we could enlarge it by a few miles by giving lower freight rates in competition with eastern sugar, then we must do that, and I will undertake to see what possibilities exist in that and what hope there would be of trying to get lower freight rates on that.

With regard to rail line abandonment, I'd like to tell my honourable friend that the government is working closely with the Rail Line Abandonment Association -- I think that's the correct title -- that has been set up, and while not a member of the association, has undertaken to provide, as we have always done, the maximum of assistance to the association in the providing of economic information and otherwise, and through the Manitoba Transportation Commission we are keeping in close touch. There is a close liaison between the Manitoba Government and the Transportation Commission and, in turn, the Transportation Commission and the Rail Line Abandonment Association.

The Manitoba Government policy was laid down some years ago, that where it can be shown that a line is uneconomic but must be maintained in service just for social services that it performs, then we thought it was right that the Federal Government should provide subsidy for a line of that kind, and altogether we believe that there must be the closest study, not only of the mathematics of what the railway might gain or lose by abandoning a line, but what are the social costs? What is involved in the lives of the people and what are the commitments indeed for the provincial government in the matter of highways, schools and other things for which we are responsible. And so there isn't a very great deal to report at the moment in practical discussions with regards to specific lines, except to say this, that we are working closely with the association that has so recently been established. I think those were the main subjects that my honourable friend mentioned.

MR. CHAIRMAN: Item 1 -- passed; Item 2 -- passed; Item 3 -- passed; 4 -- passed; 5 -- passed; Item 6 -- passed; Item 7 --

MR. SHOEMAKER: Mr. Chairman, I notice in the report that is before us, the continued growth -- I suppose you could call it that -- in the tourist industry. On Page 32 there's a graph there setting out the number of tourists in each year from 1950 to 1962 inclusive and the amount of money that it is reported that they spent, and it appears to me, Mr. Chairman, that the growth is not nearly as great today as it was 10 or 12 years ago. It has consistently increased by \$2 million every year. You can look on Page 32 -- 1951 is up \$2 million over the year before -- pretty well keeps pace there at about \$2 million -- no, 1 million apart -- and in the last year, still about \$2 million. Then the number of dollars -- I would like to know, Mr. Chairman, how the government arrives at the number of dollars that each tourist spends. In 1950 it is reported that 581,000 tourists spent \$22 million, which would be about \$40.00 per person, I take it; and in 1962, 12 years later, they spent less than \$40.00 -- 1,355,273 spent \$39,647,000.00.

Now it appears from this report that while the numbers of tourists has increased -- has doubled you might say, in 12 years -- they're not spending as much per person as they did 12 years ago. Everyone knows that the cost of living has gone up considerably, so we must assume then that they're spending less time in Manitoba. My guess is that many of them are just going through the province as rapidly as they can get there and going on somewhere else to spend their vacation, because if a million and a third people are only spending \$39.00 each, they are not spending much time in Manitoba. I suppose that the figure for the number of

(Mr. Shoemaker, cont'd)...tourists here would include all of those that travel from Ontario through Manitoba and proceed into Saskatchewan and, by the same token, those that are coming from Saskatchewan and going east on Trans-Canada. Is there nothing we can do to encourage them to spend more time in Manitoba, because it is quite evident that they are not spending as much time and not spending as much money as they did 12 years ago.

Now, Mr. Chairman, two years ago, February 23rd, 1962, in the Manitoba Gazette of that day and the Information Services Department of that day, both issued a statement concerning eight Manitoba localities that had been proclaimed historic sites, and a brief description was given in the Manitoba Gazette. Two of the sites were in the vicinity of Arden -- one referred to as Arden Campsite and another one -- I just can't recall here -- one was in Flea Island. Now then my honourable friend spoke of it both last year and the year before I believe, but the disappointing thing to me, Mr. Chairman, is this that one of these historic sites, this burial ground has been completely dug up. It's right on the Arden ridge. The property I suppose has been sold, the gravel has all been dug up and there's nothing left to preserve, and yet this article from the Department Information Services tells us what they're going to do if they're not preserved. Well who is responsible for preserving them once they are declared? That's what I would like to know. There seems to be some misunderstanding between the municipal men and the government in this regard. It's all fine and dandy for the government to declare certain areas as historic sites and that such should be preserved, but who is responsible for preserving them? That's what I would like to know.

The second paragraph of the propaganda sheet that I was reading from, Mr. Chairman, says, "The Honourable Gurney Evans, Minister responsible for historic sites, said the eight listed included an abandoned fort with a history dating back to the late 17th century, two Indian battlegrounds and five Indian burial or camping grounds" -- and so on. Now I wonder if these have all been preserved and all marked so that our tourists will know what they are and where they are.

Mr. Chairman, I notice in the -- have we passed the -- no, Manitoba Development Fund -- I suppose I can talk about that when I get down there. We are principally on the tourist trade now and maybe, Mr. Chairman, we could have a comment from my honourable friend on these two or three subjects that I have raised.

MR. EVANS:of expenditures by tourists are taken from a questionnaire that we sent out to people who have visited the province and who have left an address that we can write to afterwards. We asked them and a fairly large percentage replied to give us a sample of their expenditures, and on the basis of the sample taken, the staff prepares estimates which are then later corrected or reconciled with the figures produced by the Dominion Bureau of Statistics, and that is the main basis of it. I think the decline in per capita expenditure isn't really because of the shorter stay in the province. The advent of camping and trailering has undoubtedly reduced the amount spent per person in the province and there are very large numbers of our visitors now come bringing their own accommodation with them and to a very large extent are able to cook their own food and reduce their expenditures that way.

I think my honourable friend is a little unkind to the province in relating a situation that doesn't exist, when he stands up and makes a bald statement that people are going through Manitoba as rapidly as possible. I recall my honourable friend making some quite insulting remarks about our visitors from North Dakota a short time ago and I wish, if he doesn't like something about the tourist business in Manitoba, he wouldn't stand up and continuously give it a black eye. I think we need people to boost the tourist industry and give us a hand to make people feel welcome here and not publish in the press and release publicly in a general kind of way his opinion that Manitoba is such a place that any tourist would hasten past it and get out of here as quickly as possible. I think we need my honourable friend's help, not his hindrance in developing the tourist business here.

Historic sites are declared in a limited number of cases and it is a very difficult matter to police them sufficiently to ensure that the prohibition against dismantling them or disfiguring them in any kind of a way is observed. It's a difficult matter and when one realizes that this includes York Factory for example, where it's almost impossible to give police supervision and a good many remote sites, my honourable friend can see the difficulty in trying to enforce the regulations that these sites are not to be disfigured. I'm at a loss at the moment -- I'm sorry

(Mr. Evans, cont'd). . . that I have forgotten the third point that my honourable friend -- would he care to remind me of the last point that he made?

MR. SHOEMAKER: Mr. Chairman, I believe that my honourable friend is more or less twisting around some of the words that I uttered in my opening remarks. I said from the information that is available to us, it appears that the tourists are spending less time and less money in the province from the figures that are before us. He has suggested that the reason for them spending less money is likely due to the fact that they are sleeping in their own tents rather than sleeping in the hotels and motels -- could be, could be -- but what I said was that from the figures that were supplied by his own men in his own department, it certainly indicated that they were spending less time and less money. I hope that he is right, that they are spending more time here anyway and probably eventually they will spend more money.

As regards the historic sites, I don't believe that I got a reply as to who was responsible for preserving these certain local historic sites. I suggest that once they have been outlined and the boundaries of them established, then someone should be responsible for fencing them in so that the trespassers can't get at them and so that the land cannot be sold. Apparently at Arden the land was sold. It is rich in gravel -- the entire Arden ridge is rich in gravel and is pretty well for four or five miles there all been sold, and this one Indian burial ground has been completely sold and the gravel has all been removed. I was just citing this as an example of what can happen to these various areas unless some steps are taken to preserve them.

I suggested too, Mr. Chairman, it is places like this that are of interest to our tourists. I think my honourable friend will recall that just recently I wrote him -- well as a matter of fact I wrote to the Minister of Public Works not knowing exactly who I should write to in regard to a historical marker, and I got a reply from my honourable friend. And while he did suggest that the government was quite willing and prepared to give the local community all the research they wanted in this regard, they felt that the responsibility for placing a historical marker must rest with the local community and perhaps he is right. I was referring to Addie McKenzie who was one of the sod-busters of this province. Grant McEwan refers to him as one of the twelve sod-busters and I suggested that a suitable place for this historic marker would be in a new roadside park that is going up on -- well I think it's pretty well established there now on land that he formerly owned, and suggested that by reason of this fact and by reason of the fact that it was right on the highway, this would be an ideal location for such a marker.

Now I would like to ask my honourable friend if the local community would need permission from the government to put up a marker of this nature if they decided to do so. Could they put it up and erect it in the roadside park that is just presently under construction and would they assist them perhaps in developing a suitable marker for this occasion?

MR. EVANS: I will undertake to look into the cases that my honourable friend mentioned of the damage to these historic sites and take up the question of the preservation. It is an important matter. It's something that I have a good deal of sympathy with because I do feel that we may be losing something that is not only a tourist attraction, but it's something of our own cultural heritage. It's a rather divided authority at the present time between departments with respect to historic sites. If I am correct, the Provincial Secretary has responsibility in this regard and with regard to the marking of the sites and declaring them to be historic sites. Then the Historic Sites Advisory Board is an advisory body which simply advises as to the historic nature of each site and its priority in being preserved.

I think the reply that I sent to my honourable friend was about along this line, that in the order of priorities assigned to these things by the Historic Sites Advisory Board, they felt that the local settlers in the individual areas, while they were very significant indeed, came some distance down in their particular order of priorities because they didn't feel that they could undertake a program of recommending sites which would commemorate the leading pioneers in each separate district of the province. I don't think there was any lack of sympathy on the historic sites board for the case of Mr. McKenzie.

Then as far as I am aware, there is certainly no requirement on the part of the local authorities for putting up a sign of their own, or a marker on their own local site. I would think it would be perfectly proper for any local organization to commemorate anyone they liked by setting aside a site in any manner that they liked. It would simply not be possible to declare it to be an official site however under the Historic Sites Advisory Board's recommendation or whatever you want to call it. So I think while it's not completely satisfactory or doesn't completely cover the question that my honourable

(Mr. Evans, cont'd)... friend has in mind. I will undertake to re-examine this question of historic sites, their marking, and his suggestions concerning the possible fencing or other means to protect them. That's the best I can indicate just now.

MR. TANCHAK: I would like to say a few words on this Tourist Development Branch. I did mention before under another estimate that I did not think that the public is getting value for money spent in promoting tourist trade. I noted that every year except this year there is a drop of \$23,000 in this department; but every year in the past there has been an increase in the appropriation for this department. But if you take this same table on page 32 -- which was referred to by the Member from Gladstone -- if you take the last four years from 1959 to 1962, and compute increase in tourists entering Manitoba, you will notice that in the last four years, there was an increase of 152,000 tourists entering Manitoba, but if you take the four years previous from 1955 to 1958 and compute the increase in those four years you'll note that the increase in tourist entry into Manitoba, or travel, was 174,000. There's quite a difference. If you divide it by four years in either case, the average increase per year in the previous four years was 43,000 tourists entering Manitoba, while in the last four years there was an increase of only 38,000 tourists in Manitoba. Therefore, I would say that the increase in the amount appropriated for this is not justified, it is not bringing the results that it should now, and I did mention previously that I think it is due entirely to the wrong kind of publicity -- maybe the wrong kind of advertising -- as I suggested several weeks ago on that little map that the Minister studied, we showed only two entries into the Province of Manitoba, two good highways, and I'm sure that would discourage tourists from entering the Province of Manitoba. I would say that most of this tourist talk, and the increase in tourists that we hear so much, is just propaganda. I do not think that the government is justified in taking so much credit for a great increase in the tourist travel because this government table itself of statistics proves that the tourist travel into Manitoba has slowed considerably by about at least 5,000 persons per year. Maybe the Minister has some explanation for that. If he has, I would like to hear it.

MR. EVANS: I can give my honourable friend some more recent information about the number of tourists. The total number of tourists in Manitoba has been increasing steadily in the past few years. In 1957, 1,060,252 tourists, including 621,000 Americans who visited the province. By 1963 an estimated 1,445,000 tourists visited Manitoba, of which 847,000 were Americans. Only in Saskatchewan was there a greater percentage growth in the number of cars visiting a province. There were 17 percent more cars visiting Saskatchewan over the previous year and 12 percent more in Manitoba. This compares very favourably with nine percent in the Atlantic provinces and in Ontario. And then there is some information concerning the expenditures.

My honourable friend criticizes the type of advertising that he displayed in the House in connection with another debate, and when I had a chance to look at the advertisements, I found that he took a little thumbnail sketch which is intended merely to show the relative position of Manitoba with respect to the American highway system, and blew it up to an ad like this, and while he may not have intended to he certainly left the impression, whether intentionally or not, that that constituted a complete map which was advertising the Province of Manitoba, and in other circles that would be called misrepresentation. I doubt that my friend, being a member of this House, would deliberately do a thing like that, but it was certainly a very misleading thing to do. And to take a very small thumbnail sketch at the bottom which was merely intended to show the relative position of Manitoba in relation to North Dakota and Minnesota, the kind of thing -- it couldn't have been more than an inch wide on the original one and then he blows it up to a picture that big and hands it around the House in an endeavour to show that that is representative of the type of advertising that we use -- I don't think is worthy of the honourable member.

MR. TANCHAK: Mr. Chairman, I would like the Minister to tell me how the ordinary man on the street across the line would know that this does not represent the traffic entry into the Province of Manitoba. I took the map which was part of the publicity campaign that the Honourable Minister used to bring tourists into the Province of Manitoba -- whether it was a thumbscale map or not, this is beside the point. But the thing is if you showed two highways on it, you might as well have shown at least six highways, and that would encourage the tourists. That was what I was trying to impress on the Minister, that that kind of advertising -- maybe the Minister still thinks that it's the right kind but I definitely do not agree with that because I think when we have something to show, it wouldn't have been such a great effort to put in more maps. Just to show the relative position then we could have eliminated all the highways, shown none at all. But to show only two -- I don't think it was fair to the Province of Manitoba to show

(Mr. Tanchak, cont'd)... only two highways. Rather show none if you want to show the relative position of Manitoba to that of Minnesota and some other. But to show only two, I do not agree with that.

MR. EVANS: In any advertisements in which we purport to show the highways of Manitoba, we show them all.

MR. CHAIRMAN: Item 7

MR. MOLGAT: Mr. Chairman, I really don't think the Minister has any reason to chide the Member for Emerson because the member simply took the information directly from one of the ads that my honourable friend's department was publishing. No other place; he didn't cook it up on his own. This is what the government publishes in its advertisements across the line. If the Minister isn't happy with the map, then the suggestion to the Minister is, don't chide the Member for Emerson but change the map.

I wonder if the Minister could tell us, Mr. Chairman, what the situation is with the La Rivière Ski development. Is it correct that this is no longer in operation? That the equipment has either been sold or dismantled and transported to the United States?

MR. EVANS: I believe one of the members of that family did go down to the United States and open up a ski resort down there. It's my understanding that some of the same members of the family operated the La Rivière Ski Resort last winter and while I have no figures on it, I believe the operation this last winter was more successful, partly aided by the fact that there was good natural snow this year. But I have talked to a number of people, including members of my own family who have been down there and found the skiing very attractive and at the times they were there, it certainly was well populated. I am afraid I have no information about how many people have been there or what if any improvement in business there may have been.

MR. MOLGAT: Mr. Chairman, I think this indicates a field where the Province of Manitoba, I believe, should be taking more active steps, and that's in the matter of winter recreational development in the Province of Manitoba. The development in my own constituency near McCreary, it's Agassiz, has been one of the striking examples of what can be accomplished in Manitoba during the wintertime. We have to be realistic and accept the situation that our winters do stretch over a rather long period and if we can draw people to Manitoba during that period, we would improve our overall tourist activity and also make it much more interesting for the people who are in the tourist business because this would give them an opportunity to average their business out over the year; provide for permanent employment for people, and really do a job, I think, that is vital if we are going to improve our tourist establishments. One of the difficulties now in many of the areas is that the season is so short that they're depending strictly on either a fishing season or a summer season, that the operators cannot afford to invest sufficiently to really set up the type of standards which we would all like to have them have. They are unable to get experienced staff who will stay year in and year out, and this means that we have to put more emphasis, in my opinion, on winter sports and winter recreation in Manitoba.

The Agassiz development has been most surprising. Every Sunday there are very large crowds in there and I know that there would be definite interest in McCreary, for example, in the matter of establishing better facilities, more facilities, but they do require more assistance I think from the Government of Manitoba. Not necessarily financial assistance but assistance in developing this trade in making more of an effort outside of Manitoba -- maybe in the Northern States, or in some of our neighbouring provinces -- to bring people here. These people have to know that the province really has a program for winter sports in Manitoba. We now have a few items, for example, the Annual Fur and Trappers Festival at The Pas, the Bonspiel here in Winnipeg, but much more can be done, Mr. Chairman, and I was frankly disappointed when I heard that some of the La Rivière development, for example, had left Manitoba and gone down to the United States. I think it should be the reverse trend. Now this winter we've had, I think, a particularly fortunate situation in weather.

But be that as it may, there are new developments coming along that make it possible now with modern facilities to attract people here in the wintertime. The development of bombardiers was a first step. More recently the development of the smaller units, the ski-dots, which we were discussing some time ago with the Minister of Public Utilities. All these things make it

(Mr. Molgat, cont'd)... possible to do a lot of things in Manitoba that we couldn't do before. For example, winter fishing, it can actually be done and it's increasing. But with this equipment, with power auger, with the facilities of transportation that we now have, we can attract more people here but we have to have, I think, an organized program of advertising to tie this in so that the operators here will know that it will be worth their while to get tied in with the program, and this, I think, can only come from the government, Mr. Chairman. I think it can be done in conjunction with the tourist operators but the first initiative must come from my honourable friend's department and if there is here a field that is ripe at the moment in Manitoba and if we make a determined effort in this regard that we can outdistance our neighbouring provinces, that we're fortunate in being closer to some large centres, such as Minneapolis and Chicago -- our topography I think is an advantage to us, our numerous lakes; the fact that we do have reasonable hills along the Assiniboine Valley, on the Riding Mountain up in the Duck Mountains, in some cases in the Pembina Mountains, the Whiteshell; all this could make Manitoba not just a summer playground but a winter playground as well. And I would like to see the Minister develop an aggressive program for the Province of Manitoba to really make full use of our tourist potential, not simply have that six or eight months dead period from, say the month of October the end of the hunting season, until the following May. Let's make use and let's counter the weather and take advantage of it now that we have all these facilities of portable heaters and easy equipment for travelling.

Now this means I think that the Minister of Public Works would also have to tie in with my honourable friend and make sure that roads in all these areas are kept fully open; guarantees that the service will be provided, I would hope that the Minister would put some pressure on the Minister of Public Works to complete the roads into the Agassiz development, for example, is one of the factors, but to tie in a complete program and I'm sure that he will have the tourist industry here 100 percent behind him in this project.

MR. EVANS: Mr. Chairman, I agree with everything my honourable friend said. First of all about the importance of the winter recreation business here in Manitoba. One of the great difficulties we have is in persuading private people with money to put them into summer resorts and try to earn the charges and to make a profit on two or at the most three months' operation and the hope held out by the winter recreation in the province, I think is a very lively one and I agree with the importance emphatically.

The second thing I would like to do is to congratulate him and the people of his constituency on the success of this Agassiz development. I think my honourable friend from Neepawa's people deserve some congratulations as well, because they were the people who put the money into it, and the hard work and took the risk, and the fact that it's been successful I think is a very pleasant thing to hear and to know about. On all sides I hear the highest reports of the skiing out there. A number of my friends from here who go up week-end after week-end and they have spoken very highly indeed of a number of things. First I think is the quality of the slopes which are much higher and much longer than any other in the province that I am aware of, and indeed compare with Sunshine at Banff. I wonder if my memory is right when I say that it's 600 feet tall and is as much as 3, 200 feet long. It's a wonderful ski slope and this is indeed a very great asset. It was just nip and tuck that they got the towers up in time to operate this winter, I believe, but they did get them in and I think it's been very successful. As to promoting this sport, I'm sure that this is something that we're going to have to consider more as time goes on, that we will have to consider our responsibilities in advertising our winter recreation in the province.

My honourable friend talks about fishing through the ice. This is great potential and as he points out we have experienced people now with ice augers and other things that can be used for winter angling as well as the winter net fishing that they use and altogether these new developing recreations in the province first of all gives us a great big opportunity, and that's the thing we must concentrate on, and I'm sure it imposes a responsibility on us in our department to consider how we can best help to promote it. I'm in entire sympathy with what my honourable friend says.

MR. CHAIRMAN: Item 7 -- passed; 8

MR. MOLGAT: Mr. Chairman, I wonder if under Item 8 would be the proper time to bring up a matter which has had some discussion in the House, and I hope that you will not

(Mr. Molgat cont'd) declare me out of order when I bring it up again. I'm referring to the meat processing industry in the Province of Manitoba, because I have some specific suggestions to make to the Minister and I believe that they would come properly under this heading.

We had some discussions here, Mr. Chairman, under other items regarding the status of the number of the meat processing plants in the Province of Manitoba. My group took advantage of the recess last week to go out and personally inspect a number of these plants. It was not possible for us to inspect all of them, but we did attempt to inspect large plants and small plants, processing plants and slaughtering plants, so as to get some cross section of these particular factories. Now I can say that those we saw were certainly in our opinion well kept, clean, and producing excellent products. We tried to find some bad plants because I presume that there may be some, I don't know, but I must say that we didn't run across any of them. If there are some, then certainly they should either be closed down or forced to come up to proper standards. But all the way through, Mr. Chairman, we found the same reaction on every one of our calls and that is, that these people need some sort of provincial endorsement. The recommendation that they made to us was that there should be a Manitoba Approved label; the same way as there are Canada Approved plants that there should be Manitoba Approved plants. The Canada approval, apparently is largely for export purposes. The fact is that you cannot export out of the Province of Manitoba unless you have a Canada Approved label, but many of these plants are not at the moment seeking exports out of Manitoba. They are interested in the Manitoba market. They have been here for many years in a large number of cases and they have been selling a product that has had a good deal of consumer acceptance, but they are faced at this moment in a number of cases with reduced business because of some of the events that have transpired, and I think it is important for the province to take some steps to put these people who are doing a proper job on an approved basis, so that the public of Manitoba, so that the retailers of Manitoba, will not hesitate to use these products.

Now unless something is done fairly soon, Mr. Chairman, I am afraid that a number of the people in this industry are going to suffer drastically. Some of them may be forced to close. I think a large number of them will certainly be forced to restrict their activities. They have already and may be forced to cut staff further. Now surely it's in the interest of the province to maintain this industry. If it's a good industry and properly run, then I think that my honourable friend's department should be interested in seeing to it that they live up to the proper standards and that they are kept in business. I would recommend to him that in conjunction with the Department of Health and whatever other departments are concerned, and possibly the City of Winnipeg who have a strict inspection system, that we set up in the Province of Manitoba a Manitoba Approved program where these meat processing plants can apply, and if they meet the standards, and they live up to the health requirements, the inspections, that they be clearly set up by the government of this province as an approved processor and that their products be sold throughout the Province of Manitoba and that the people have confidence in what they are selling.

MR. EVANS: Mr. Chairman, I'm sure there is nothing out of the way in bringing up this item under an industry because the meat packing industry, of course, is an important industry in the province. For two and a half years now there has been an inter-department committee considering these matters on which the Department of Industry and Commerce has been represented and has been keeping in view the legitimate interests of this industry. The matter, however, is one of the responsibilities of the Minister of Health and I think any comments with respect to licensing, or stamping, or anything of that kind should more properly come from my colleague the Minister of Health.

HON. CHARLES H. WITNEY (Minister of Health) (Flin Flon): Mr. Chairman, the problem of the slaughter houses and the meat processing houses in Manitoba, as the Minister has just mentioned, has been the subject of review with the three departments over the past two years, and this review has taken a considerable length of time because it has been recognized, the importance of the problem, and the fact that a great number of slaughter houses and the processing plants could be affected by any action that was taken. I think that when I was introducing the estimates on the Department of Health in the statement that I made at that time, I indicated that the goal of the department was to bring the slaughter houses and the meat processing plants up to a level to where they could possibly obtain the standards of Canada Approved,

(Mr. Witney cont'd) . . . and then the inspection process could be handled from that point on by the federal authorities.

We have during these past few months been liaisioning with the slaughterhouse operators throughout the province regulations that have been considered by the Board of Health, in conjunction with this committee which the Minister mentioned. I think I also mentioned at the time that there was a slight difference with the processing plants, and I said that the same health problems are not encountered with the secondary meat processors, those establishments that process but do not slaughter, since these establishments purchase their supplies almost exclusively from Canada Approved slaughter plants and health control of processing is carried out by the local authorities. The problem faced by these operators is mainly one of economics to retain and to expand markets.

I was unfortunately absent from the House at the time that the debate took place -- I think it was on a Tuesday -- and I had returned from the Conference on Mental Health in Ottawa, just after the debate had been in process in this House for some, oh I guess approximately -- I think you said five hours -- and I myself on Thursday, the Thursday following that Tuesday, in order to assure myself that the comments I had made during the estimates that the processing plants in the City of Winnipeg, and those that are governed by the Department of Health, did meet the standards laid down by the Department of Health of Manitoba, and did meet the standards laid down by the City health authorities, where most of them are located at the present time. In order to assure this, I too, went on an unannounced inspection tour one morning and went to, I believe, all of them that were affected in the City of Winnipeg and just outside. I went and looked at the meat in the coolers and saw the Canada Approved stamp on that meat. I looked at the processing tables and I looked at all of the facets, the freezers and the pickling areas, and the smoking areas of these various establishments, and had along with me the Director of Food Control for the department and also had the City Health Inspector along at the present time. I found the plants to be in the condition that they did meet the health standards laid down by the Department of Health and the City Health Officer advised me that they also met the standards that had been laid down by the City Health authorities.

My question of a Manitoba Approved stamp has been considered by the committee that has been studying this problem over the years, and it is still under consideration, but it would be possible for these processors to arrange in their packaging that some stamps or some small label be inserted in their products which stated that they did have meat that was Canada Approved as per the regulations of the City of Winnipeg, and most of the municipalities where these plants are located, and also that they are meeting the standards laid down by the Department of Health for Manitoba and the Department of Health for the City of Winnipeg. It would be quite possible for them to do that at the present time.

I might point out that this problem of Canada Approved and the standards has been one that the processors and the slaughterhouse operators have known, because it was debated I believe quite thoroughly in this House about a year ago when the estimates of the Department of Health were under consideration at that time and many of the operators that I spoke to were moving towards plants that would provide Canada Approved standards. Many of the major chains are now calling for Canada Approved standards. I believe the trade knows this and that one of them that has not been calling for Canada Approved standards will be calling for Canada Approved standards and I think it is a matter that the processing plants will have to meet the demand of these chains, if they wish to sell to those particular operations. I found in my tour around that some of them had been affected, others maintained that they had not been affected too severely because they were selling to other outlets and to people who were not necessarily calling for Canada Approved meats from the -- not only Canada Approved meats to be processed but in the processing plant itself. I feel that if these people wish to aid the situation that they could provide a label or a stamp on their products which indicated to the public that they were utilizing Canada Approved meats as per the requirements of city and the municipalities in this general area, and that they are meeting the Department of Health standards for Manitoba and the City of Winnipeg.

MR. MOLGAT: Mr. Chairman, I'm somewhat disappointed at the reply from the Minister of Health. He says on the one hand that he visited the plants, that he's satisfied that they are living up to the health standards, cleanliness, all the sanitary regulations, that his department

(Mr. Molgat cont'd) asked for and the City of Winnipeg asked for. On the other hand he says that they will however have to come up to Canada Approved standards. Mr. Chairman, I suggest that in my honourable friend's department, this is a situation it's been spending too much time studying, and that it's time that they got into action. Because here we are in this department, we are going to propose this year the expenditure of \$1, 573, 920 for the purpose of the development of industry and commerce in the Province of Manitoba. And here Mr. Chairman, we have an industry. It's here, it's been here for quite some time. And unless this government takes some very quick steps and makes some very definite decisions in this regard, we are going to lose some of this industry. And I don't think Mr. Chairman, that the answer is to force some of these small plants to go into Canada Approved standards. The Canada Approved standards in many cases are regulations with regard to ceiling heights and special finishes and some of these matters which may be applicable to large plants, but if we are going to force every small plant to live up to those particular conditions for export reasons, then we are going to penalize a number of them and possibly destroy this small industry in the Province of Manitoba. We're going to destroy some of this that is scattered around different parts of Manitoba.

We speak of decentralization of industry, Mr. Chairman. If you're going to insist on the type of standard that Canada Approved wants, this will mean that there will be none of these small plants outside of the City of Winnipeg, because in too many cases they will not be able to live up to the standards. Now surely, Mr. Chairman, if they are living up to the sanitary standard which the Minister says right now that they are, is there anything wrong with his department and the Department of Industry and Commerce getting together, setting what the standards are going to be, which they are presently living up to in any case, having a Manitoba Approved label for this particular type of processors, making it understood to the people of Manitoba that these people are inspected, that they are living up to standard, that their products are acceptable. Having this understood by the public I'm sure that the large chains will be prepared to handle their products because after all they are there, and they want to handle the products that the public wants, but if the public has reservations, you can't blame the chains for not wanting to carry their products. And I say that there's time now, in fact the time is passed for the government to act upon this. Let's set up for these people a Manitoba Approved label, and let's make it understood that they are wanted in the industry and we'll be doing the Province of Manitoba a great service in this regard. This is the time to do it, Mr. Chairman, not wait until another year from now and study the matter further, because if we wait for this a number of these plants will disappear and certainly in many rural areas of Manitoba they'll be forced to close down.

MR. ROBLIN: Mr. Chairman, just a brief word here because I think this is an important matter, and I don't want to give the impression that we're not in sympathy with the general approach taken by my honourable friend. One of our problems is of course in dealing with the customer of these plants rather than with the plant itself, and what the Minister of Industry and Commerce proposes to do is to call in the representatives of the big chains that are giving us problems in this connection, and find out from them how we can best deal with this situation with respect to labelling and certification so that it can be quite clear that the plant concerned certainly meet our standards of approval in connection with this matter. I think that's the basis of our problem. The Minister intends to meet with these people as soon as he has an opportunity to see what can be devised to deal with this matter. We're making such good progress with his estimates tonight I wouldn't be surprised if he shouldn't be able to do it very soon.

MR. MOLGAT: Mr. Chairman, if it's only his estimates that are holding up action in this matter, I'll be happy to assist him in passing the estimates on the understanding that action will be taken in the matter.

MR. CHAIRMAN: Item 8 passed, 9 passed, 10 --

MR. SMERCHANSKI: No. 8 please. Mr. Chairman, I think that there's a very important item that has been overlooked in reference to the economic planning in our province, and I think that it also is of a large basic hindrance to the development of business enterprises, especially in the rural sections of Manitoba. I think that we have to look upon possibly three distinct factors that affect industry in rural Manitoba. One is communication, our public utilities and transportation. Now transportation is a competitive sort of industry and it will

(Mr. Smerchanski cont'd) take care of itself, but communication and the public utility of power is something that is controlled by the government, and unless it's given proper significance and unless it is properly analyzed, this is a definite hindrance to the industrialization of rural Manitoba. For instance in telephones today a direct line rate should have no bearing on being able to set up specific rural rates for communication throughout Manitoba. This approach of basing it on the standardized inter-provincial rates and -- (interjection) -- I am only discussing the matter of direct line rate as it interferes with the industrial development in rural Manitoba which I am discussing under Manitoba's Economic Consultative Board.

MR. ROBLIN: I suppose that I have no objection to that, I merely suggested to my honourable friend that we do have an item coming up under capital estimates on telephones, and it might be more appropriate to discuss it then. But I don't press the point.

MR. SMERCHANSKI: I won't be long at it. This is a very important item because the people in rural Manitoba who have industry are suffering because of this disadvantage, and this unrealistic approach to the high rate does hold back the industrial development of rural Manitoba. The other one is this, Mr. Chairman, that we have heard a lot about cheap power, we have had certain differences of opinion on cheap power, but I am still of the opinion that under this proper heading we should make this cheap power a reality. You make it a reality and I'll guarantee you that you will increase the favourable atmosphere for industries moving into Manitoba in excess of any other item that you might bring up, I would like to leave these two matters with the Honourable Minister of Industry and Commerce, and that is the matter of communication and the matter of power as far as public utilities are concerned, Thank you.

MR. EVANS: are very important matters and I'll be discussing it with my colleague the Minister of Utilities.

MR. CHAIRMAN: 8 passed, 9 passed, 10 passed, 11 --

MR. MOLGAT: Mr. Chairman, under Item 8 I notice that the total appropriation has gone up slightly and it seems to be accounted largely by the fact that the debt servicing charges while going down, the amount recoverable from the development fund has gone down by an even larger amount. I wonder if the Minister could indicate why it is that less is recoverable from the Manitoba Development Fund in the coming year than was recoverable in the past, and when it is likely that this item will be in balance.

MR. ROBLIN: I can shed some light on this point, Mr. Chairman, by saying that during the past year one of the people to whom we had lent a very substantial sum, it's been reported to me, repaid the loan in advance and consequently we had a lot of money which was formerly out on loans on which we were receiving interest and was returned to us much before we expected to see it. Well that's just fine because it means that we can thus have that money available for other loans, but we haven't placed the full amount of that within the time period covered here, so we have a reduction in income. It's satisfactory from our point of view, however, because it indicates the success of the particular institution in question in repaying its loan from us before that happened. Now I'm always after the Manitoba Development Fund myself to know when they're going to put themselves on a profitable basis, and I think that -- or at least come closer together here in connection with in come and out go. I think what's holding up that desirable consummation is the fact that the Industrial Development Fund, as one will see from reading their balance sheet, reserve a good deal of their profits for their own uses -- usually for reserves of various sorts and one thing and another, and under their statute they have the right to do this. I'm always suggesting of course that these be kept to a minimum and the money be transferred to consolidated revenue, but they're operated by their board of directors and they have the right to retain those funds that are really profits, and will one day presumably meet their need for reserves, but at the present time they make a substantial appropriation from their profit to their reserves, thus reducing the amount that we get.

MR. GUTTORMSON: Mr. Chairman, could the Minister indicate how many firms that have obtained money from the Manitoba Development Fund are unable to make their payments. I'm told there is some and could he indicate at this time how many there are.

MR. EVANS: The amount outstanding is very small indeed -- the amount past due is very small indeed. It's a fraction of one percent. Certainly the figures are available in the annual report of the Development Fund for the last period in question. I think my honourable friend can find the figure he's looking for in the last annual report of the Manitoba Development

(Mr. Evans cont'd) Fund.

MR. SHOEMAKER: Mr. Chairman, on page 4, of the annual report it suggests here that the corporation -- I'm quoting now Mr. Chairman: "the corporation has suffered no losses during its fifty-one and a half months of active operation. At March 31st, 1963, arrears were \$4,991, which represents less than one-tenth of one percent of the loans outstanding." That's the end of the quote. But like my honourable friend from St. George I was of the impression that certain enterprises that borrowed money were not doing too well financially -- and I only want to site one, and that's the one at Boissevain, the eviscerating plant there I believe it was -- and it was advertised -- I mean it wasn't any secret because I believe the Manitoba Development Fund advertised it, did they not?

MR. ROBLIN: No, my honourable friend has lost the theme on that one. We did not lend any money to that particular fund in Boissevain. It was entirely a local operation.

MR. GUTTORMSON: Mr. Chairman, I was informed of one industry which is in arrears and I was disturbed by when I heard not so much that they were in arrears but the fact that this Development Fund had loaned money to this particular industry because it is in direct competition with other industries in the immediate area and as a result of it the other industries were forced to lay off men because this industry has taken a certain amount of business away from other competing industry which had been supported by private capital and it seems to me most unfair that the government should put money into an industry to compete with private industry particularly right in the same area. I have talked to several people in the other industries in the area and they have told me they have been hit hard by the fact that this other industry has been brought into the picture. Prior to them coming into the picture they were not operating to full capacity and now they have even had to reduce to a greater extent their operations because of this competing industry. I have no objections to the Government or the Development Fund assisting new industry but I don't think they should come in in direct competition with somebody in the same business which is not even operating at 100 percent capacity. This disturbs me, when these people come to me and say we have had to lay off a number of our men and we are afraid that if it keeps up we may just go out of business. I don't think this is the purpose of the Development Fund.

MR. EVANS: industry is started by some private enterpriser or a group of enterprisers who will put their own money into it and risk their own money, and begin to compete with whatever industries there are in being at that time. The decision to go into business is not on the part of the Development Fund or the part of the Government; there is some one or some group of people who have some of their own money and are willing to risk it and go into that business. Then under certain conditions they can come and borrow money. It is not equity money in any case that I know of. It is advanced by the Manitoba Development Fund although there is nothing against that, but as far as I am aware, the Manitoba Development Fund are not in fact, owners of these businesses. They stand in relationship of a banker loaning money to those who are risking their own money; so the decision is in the fact, that of the developers of the new business to go into business and if they can convince the Manitoba Development Fund that there is an opportunity to develop a new business, to create new jobs, to create new production, then a loan is made, so I don't think we should indicate that the Manitoba Development Fund takes the initiative or makes the decision to go into business in any particular location or any particular industry. They will in many cases and under certain conditions back the private owners who have already decided to go in and risk their own money.

MR. GUTTORMSON: Mr. Chairman, I'm referring to -- I didn't suggest that the Development Fund had taken the initiative, but this group of men decided to go into this business and obtained I understand between six and seven hundred thousand dollars and as a result of it they damaged the other industries in the immediate area. I have made enough enquiries that I'm convinced the story is true. It seems to me that when you've got industry which is not operating at full capacity, maybe operating at 75 percent capacity, and another industry goes in and reduces it down to perhaps 60 and 50 percent this isn't good business, because I know of the industry and I don't want to bring their names into it, I can tell the Minister privately, but they are losing men and they have had to lay off a large number of men as a result of this. Now I don't think any useful purpose is served by this, I'm not suggesting that they took the initiative but they did loan the money and the amount that I was aware of is \$700,000 which is a lot of

(Mr. Guttormson cont'd) money. Now if they hadn't obtained this money from the Development Fund they wouldn't have gone into this business.

MR. EVANS: I think my honourable friend's suggestion is a good one, that if he wants to tell me privately it will be his initiative in telling me who it is or any information that he has. I have no right to enquire into the private business of one of the borrowers from the Development Fund but if my honourable friend wants to tell me, I'll be that much wiser and see if there's any unfair way in which this transaction has been carried out.

MR. GUTTORMSON: Well I prefer to tell him privately, because I don't want to damage the industry involved so it's for that reason I don't want to mention their name at this time.

MR. CHAIRMAN: 10 passed

MR. HRYHORCZUK: pursue that same subject just a little bit further. The Minister tells us that when private capital is ready to invest in the project that the Development Fund is prepared to give them assistance. Well I hope there is more to the way money is lent out from the Development Fund than that, because the people in charge of this Fund certainly owe it to the people of Manitoba whose money they are using to take every care and precaution before they lend out money and in this particular firm we are talking about I know nothing about it, but the Minister's answer is very weak. I think that he should see to it that these men who are in charge of this fund, spend a little of their time looking and investigating into the various projects before they make any loans of such substantial sums.

MR. CHAIRMAN: 10 passed

MR. PAULLEY: Mr. Chairman, just before we pass 10 I've a question or two I would like to -- pardon -- (interjection) -- Oh well if somebody else wishes to speak Mr. Chairman I'll gladly sit down. I would like to ask the Minister if he could supply the following information. What is the cost to the borrower from the Fund? Now I'm not speaking solely of interest rates, there are legal fees as I understand, in addition to the actual interest rate, so I would like to know from the Minister, what is the cost to the borrower, insofar as interest rate is concerned, and the cost of legal fees and so on, to a borrower. I understand and I may have the wrong information, I understand that a particular firm of legal consultants are engaged by the Manitoba Development Fund -- I'm not quite sure of the name of the firm Mr. Chairman, maybe the Minister could supply me with the name of the firm who does the legal work for the Development Fund and what they charge to the borrower and also the service charges, if any, insofar as they apply to the net costs to the borrower. I'd appreciate this information from the Minister. Mr. Chairman, while I'm on my feet, I would like to know -- page 4 of the report mentions that the borrowers from the Fund have been responsible for an increase of about 1200 jobs with an aggregate annual payroll in excess of three million six. I wonder if the Minister, if not now, in the close future, would be able to supply me with a breakdown of how these 1200 jobs were created, because I have read a lot of reports from the Department of Industry and Commerce insofar as the creation of new jobs is concerned, and when we figure them all out it certainly doesn't amount to the increase that we read in some of the propaganda that we have before us.

Also Mr. Chairman, on the same page, page 4 of the report during the year under review namely from April 1, 1962 to March 31, 1963, it mentions the amount of loans that were made by the corporation; it mentions 273 enquiries were received as to possible assistance from the Fund. Of this 273 enquiries only 58 resulted in formal applications; 36 of the 58 applications were approved; 21 offers of credit were accepted and the remaining offers were withdrawn.

I would like to hear from the Minister a further explanation of how and why it is that the Corporation started out with 273 enquiries, and when we get down in the final analysis as to approvals it appears that only 21 offers were accepted. It seems to me to be a great reduction from the original start. Why is there such a vast difference between the number of original enquiries of 273 and eventually we land down at less than 10 percent offers of credit from the Fund. I know there may be other questions. If the Minister hasn't got the answers to these, I would be perfectly prepared to receive them at some future date.

MR. CHAIRMAN: Any further questions? The Honourable Member for Seven Oaks,

MR. WRIGHT: speak on this, but I think I can do it under the Manitoba Development Fund because it has to do with money loaned by the Fund and I hope I can leave the

(Mr. Wright cont'd) estimates finished tonight with a note of optimism here.

I had occasion last weekend to visit Birch River, Manitoba, and I saw the little plywood factory there which has been re-opened and re-opened by one of my constituents, the very same gentleman I spoke of this afternoon, who is the only man in Canada who built privately a senior citizen development. What I saw in Birch River certainly gave room for optimism, because I saw this little plant turning out a quality product there with money loaned by the Manitoba Development Fund. There was a write-up last October in the Winnipeg Tribune and it described the opening of the plant, the first of its kind here it said: "The Province gets a panel plant." I read the first part here: "Birch River, Manitoba --another cog in the giant gear that is expected to turn out 75,000 new jobs for Manitobans by 1975 will be set in place here Saturday. The Provincial Government is expected to announce the official opening of Northern Manitoba's newest industry, a \$300,000 plywood plant, the first of its kind in the province. Backed by the Manitoba Development Fund, Birch River Plywood Company Limited is already in limited production under the cautious eye of the provincial government agent." I won't read the whole article, Mr. Chairman, but I can understand why "under the cautious eye of the provincial government" because I understand the company went broke because of certain developments in its management. Later on it says: "it was one of the few times that the Manitoba Development Fund which has primed the province's economy to the tune of about \$7.5 million in loans since it was established four years ago was left holding the bag." Well it was very encouraging for me to go up there and to see this little plant in full production, that is, with the staff that they can get at the present time, and then I thought if this could be done with this small plant in Birch River, I was wondering what will happen to the multi-million dollar buildings at Cranberry Portage. We have a fantastic development there and now that the federal government has pulled out, I was thinking about what a large potential for the Province of Manitoba. And the question is, to be brief Mr. Chairman, because I know it's late. Are there any negotiations going on at the present time. Will the Province of Manitoba see that these buildings are not let go to rack and ruin; will the Manitoba Development Fund come here to the aid of people who are capable and who want to develop this site, because it is a wonderful site. I'd be very interested to know, because nothing has been mentioned today especially under the estimates of Industry and Commerce and I think here we have one of the most fabulous plants that could be ever imagined up in that area and I'm hoping it would be used for the benefit of Manitoba.

MR. ROBLIN: Madam Chairman, I can just answer my honourable friend from Seven Oaks about Cranberry Portage by saying to him very briefly that negotiations are now in progress between the Federal and Provincial Government with respect to the future of that interesting plant at Cranberry Portage. I'm sorry I can't give any more information at the present time, but I do wish to assure him that we hope to make some good use of it.

MR. CHAIRMAN: The Honourable Member for Rhineland,

MR. FROESE: Mr. Chairman, I was going to comment on a number of things in the and this is quite a reduction. Then I also note in the statements of income, interest and investigation of fees, \$421,000.00. I just wonder whether we could have a breakdown of that because in the year when we allowed for -- in the estimates we allowed \$198,375, which was estimated at that time recoverable from Manitoba Development Fund. I don't see the amount in the financial statement. Just how much did we use of that and where does it show up?

Then also I feel that the amount that the fund is setting aside in accumulated allowances for losses on loans is too high. They set aside \$190,000 for that purpose and they also have another \$292,000 in reserves, and I feel that instead of doing that they should either reduce the rate of interest to the borrowers or reduce the amount that we place in our estimates as a subsidy to the Development Fund. I think this is unnecessary. It is not essential to do that, to set aside these large reserves. Certainly the way the fund has been making loans, I feel that we will never use it, because we know that one of the businesses that made a loan from the fund went into receivership and maybe there are others. Maybe the Minister could inform us how many have gone into receivership to date, and the total amount involved in those loans. I think the fund is taking too much security on their loans. They're tying up the organizations too much, too solid, and they can't move.

Certainly in the one industry that I'm referring to the shareholders lost every cent, yet

(Mr. Froese cont'd) the government is collecting its full share in connection with the one that went into receivership. Now I think there should be some sharing in a situation like that, that the government should come to the rescue and at least be willing to share on some basis with the people that made the initial investment and set up the risk capital. We had a similar experience happen recently in Saskatchewan in a similar industry, yet here we find that the Saskatchewan Government went to the rescue of the people concerned and paid them out so that the farmers didn't have to bear all the loss. --- (Interjection) -- Well in this instance they had. I feel that certain changes should be made, especially in connection with the reserves and this other matter.

MR. EVANS: Mr. Chairman, I have taken note of the remarks of the last speaker. I'd like to answer some of the questions raised by the Honourable the Leader of the NDP. The interest average according to the report is 7.05 percent for the year in question and I think the rule is set really according to the risk. It begins at a rate, I think half a percent over the rate at which the government can borrow the money itself, and then shows varying increase above that according to the risk involved in the particular loan. The fund charges a service fee of one percent and the legal fees are also paid by the intending borrower. The name of the legal firm involved is Newman and MacLean.

I'm sorry I have no breakdown of the 1,200 jobs and the kinds of industries that they're in, or -- I think my honourable friend's phrase was, 'How created', or where did the estimate come from? Was that the point?

MR. PAULLEY: I would like to know where these jobs were created.

MR. EVANS: Well I haven't the information concerning the individual companies, but the fund does compile a total, and if it is desired I can ask the fund to give me a breakdown of the number of jobs created in each industry, or by some general classification of that kind. I'd be very glad to get it and send it to my honourable friend. The 1200 figure of course is based on the estimate of the new employment as it's given by the borrowers themselves.

With respect to this point about the 273 enquiries which are then boiled down to 58 applications, which in turn brought about 36 approvals and then 21 of those were accepted, one of the main things that happens is that according to the Business Development Act the Manitoba Development Fund is required to take an intending borrower and consult the other available sources of capital before they make the loan. In many cases it works this way that an intending borrower will have been to his own bank and perhaps to the Industrial Development Bank and perhaps to other sources of capital, and then they come to the Manitoba Development Fund who begin discussions with them and then when a loan is about to be made, one of these other sources of capital is quite likely to find that they do want the loan after all and in many many cases we have negotiated with firms and they even got to the point, or rather the Manitoba Development Fund has got to the point of drawing up the papers and effected the loan, only to find that in some cases a chartered bank, and in some cases the Industrial Development Bank have either been able to take care of the loan completely or in part, and I think that indicates probably the differences between the 36 approvals and the 21 acceptances.

Now the difference between the 273 enquiries and the 58 applications -- I'm sure that there are a large number of people, say in the retail business or one of the service businesses not eligible for loans, would make an enquiry. They would be included in the 273 and only 58 then would be found to be eligible and they would make their application. Many of them would not be eligible for another reason and that would be that the money is required for re-financing. It's one of the conditions set down I think in the regulations that there must be in prospect additional jobs or increased production before a loan can be entertained by the Manitoba Development Fund, and many of the 58 would find that they would not fulfil that condition. So I think by a series of elimination you come down to the 21, but I think the one that has to be explained is the difference between the 36 and the 21, and I think it is explained by the fact that the money is usually found from some other source -- sometimes cheaper.

MR. PAULLEY: Mr. Chairman, I'm sure that there were other questions that were asked of the Minister. I would like to make one or two comments if I may on the replies that he gave to me. It seems to me that if there were 273 enquiries as to possible customers for the Development Fund, it's indicative that there were at least 273 individuals or corporations that were desirous of obtaining funds in order to make a contribution to the development of

(Mr. Paulley cont'd) industry, be it in the service industries or secondary industries in the Province of Manitoba. It might be, because of the figures that are contained in the report, it might be advisable for the Minister to make further enquiries into the applications of the 273 to see whether or not it might be advisable to broaden the scope of the Industrial Development Fund in order to provide the necessary finances for further development of industries in the Province of Manitoba. I make that suggestion to my friend.

He mentioned the fact that there is a one percent service fee from the Fund itself in respect of loans to the borrowers. He informed us that the firm of Newman and MacLean are the legal consultants or the firm that does the legal work for the Fund. He didn't tell us however, Mr. Chairman, as to what fees are charged to the borrower by the firm of Newman and MacLean. Is it a set fee, a percentage of the amount of the loan that is charged by the firm of legal consultants or are they entitled to get as much as the traffic will bear, or is there any relationship of the legal fees to the over-all loan.

Now it seems to me that this might be a very lucrative sort of business for a firm of consultants. I don't know who it was that chose the firm of Newman and McLean, whether this was on a basis of a bid tender set-up or whether they just happened to get the job like Topsy grew up or something of that nature. I think it would be very interesting, Mr. Chairman, if the Minister or the First Minister would be able to indicate to the Committee how it just so happened that this particular firm got to be the firm that does the business for the Development Fund.

While I'm thinking along this line, I would like to know from the Minister if the particular borrower wanted to say have the firm of Hryhorczuk and Company handle their legal business, whether the fund would pay to the firm of Hryhorczuk and Company the necessary fees, or the firm of McLean and Lyon or any other particular legal corporation or legal people.

Now I would like to hear from the Minister as to whether or not there are stated legal fees chargeable to the borrowers, because after all, if there are set fees set down by the fund and it's channelled just through one particular corporation, this might be one of the reasons, Mr. Chairman, why the borrowers, after reflection, decide to get their monies from the Industrial Development Fund of Canada or the Canadian Bank of Commerce or some other corporation. I wonder if the Minister could enlighten the Leader of the New Democratic Party in this respect?

MR. EVANS: Mr. Chairman, I know of no form of tendering or competition between lawyers for a position of this kind. The Manitoba Development Fund Board chose their firm of solicitors and they advised the Board. The Fund does not pay the lawyer; the intending borrower does. I assume there is -- I think the fee is not set according to the size of the loan but is set at the regular scale of legal fees, professional fees of any consultant which I think are pretty standard. I'm not aware of any scale that is imposed on anybody. If someone wished their own solicitor, I am sure if the legal papers were properly drawn to the satisfaction of the Board they would accept them.

MR. PAULLEY: I wonder, Mr. Chairman, if the Minister could ascertain this for me specifically. He says that he presumes that if some other firm of lawyers drew up the papers properly, well I would suggest that if they don't draw them up properly they shouldn't be in the business. Of course we do find that sometimes, I suppose, even lawyers can make mistakes. But anyway I wonder if my honourable friend would ascertain the specific answers to the specific questions that I asked of him. Is it possible for the borrower to use any legal firm that they desire to use? Also, I think too, that the Minister should be able to tell me whether there is any stated scale of fees. Now I gather from his remarks he's not quite sure. I notice, Mr. Chairman, he is looking away up yonder over my right shoulder. I don't know if the answer has come down. If it hasn't come down to my honourable friend, I certainly would appreciate that when those in the ivory tower have considered the questions that I pose, that they, if not the Minister, will supply me the answers to the questions that I raise here this evening.

MR. CHAIRMAN: 10 passed.....

MR. EVANS: I will undertake to do it.

MR. CAMPBELL: Mr. Chairman..... to deal with here and that is that I object to the little arrangement that my honourable friend the Leader of the New Democratic Party frequently suggests here. I hold to the view that if information is to be given here, it should be given to the whole committee, and I suggest that the answers to the questions that have been asked should be given, if they are going to be given at all, on the floor of the committee not supplied to one individual. There might be some of the rest of us who would be asking similar questions and if we are so kind to the committee as to save their time, then surely the fact that we have to listen to my honourable friend for so long, to ask one question, should reward us to the extent that we get the information as well for our forbearance.

MR. CHAIRMAN: 10 passed.....

MR. PAULLEY: Mr. Chairman, may I assure the Honourable Member for Lakeside that if I get the information personally, I will give it to him, but although I do agree that it should be made available to the committee, and I'm particularly intrigued with the remarks of the Honourable the Member for Lakeside, he seems interested now in the questions that I pose and I'm sure that he has some regrets that he never thought of the questions himself.

MR. EVANS: Mr. Chairman..... the answers at a meeting of the Supply Committee.

MR. CHAIRMAN: The Member for Rhineland is on his feet.

MR. FROESE: I still didn't get an answer to my question that I put to the Minister regarding the breakdown on income, the \$441,000, between interest and investigation fees, and also in connection with the businesses going into receivership. How many did go into receivership to date, and the amount involved?

MR. ROBLIN: Mr. Chairman, we do not have that information. All we have is the information contained in this report that my honourable friend refers to, and the report also says that there is nobody in receivership, and that their loan, their bad debts, and their past due accounts are fully stated in here, and that's all the information we have on it.

MR. CHAIRMAN: 10 passed.....

MR. MOLGAT: Mr. Chairman, I wonder if it would be possible to get the information though, if the Minister would undertake to get it from the Fund, and that is, the number of loans that either had to be re-arranged or for which foreclosures had to be taken, or that had to find some means or other, resold, and so on. Could he get that for us?

MR. EVANS: I will ask the Fund for that information and report what they tell me.

MR. CHAIRMAN: 10 passed.....

MR. SHOEMAKER: Mr. Chairman.....question. I've had several enquiries from my constituency as to what disposal, if any, will be made of the Macdonald Airport. I think it's general knowledge that they are going to dispose of it, or the Manitoba Government has entered into an agreement to purchase it. Now this is a pretty important question as to: 1. Is it the intention of the Manitoba Government to take over the entire airport and establish industry there, or is it the intention of the government to dispose of the various buildings there to local interested persons, because we have.....

MR. ROBLIN: Mr. Chairman, I can tell my honourable friend that negotiations are underway with the Federal Government respecting the future of Macdonald airport. I can't tell him anything more than that and until the negotiations are completed, of course, we will not be able to make any statements as to what we will do with it.

MR. SHOEMAKER: Could we, Mr. Chairman, have an indication as to when we might expect a decision?

MR. ROBLIN: Mr. Chairman.....decide to deal with our proposal in the matter.

MR. MOLGAT: Mr. Chairman..... and I was told that we would be given the details when we came along to the Department of Industry and Commerce as to what the plans were. I was particularly interested in knowing whether the adjoining municipalities or, for that matter, any municipality who was interested in some specific buildings there, or in some part of the land, would be able to get this from the Manitoba Government, or did the Manitoba Government intend to buy the whole thing and keep all of it for its own purposes. Now is the government prepared to give an answer?

MR. ROBLIN: No, Mr. Chairman, I am sorry I cannot give my honourable friend an answer on that yet. We first have to catch our rabbit -- or some expression like that -- we have to get ahold of it first and then we'll decide just how we should best deal with it; but we do want to take into account, if we are able to get hold of it, the widest and best use of this particular piece of property.

MR. CHAIRMAN: 10 passed.

MR. GUTTORMSON: Mr. Chairman, did I understand the Minister to say that no businesses had gone into receivership in the Manitoba Development Fund?

MR. ROBLIN: I think that I may have given that impression. I can't really say anything more to my honourable friend than the information that is available in this report, which does not give any indication about that. However, I think that my honourable friend has undertaken to ask the fund for further details in that respect and I don't want to give any misleading impression. We had better wait until we get their answer before we deal with it.

MR. GUTTORMSON: Mr. Chairman, one last question. Did the Minister or any member of his department take part in the signing of an agreement to sell meat to France?

MR. EVANS: take part in an agreement. I wonder what my honourable friend means by that. We did have some

MR. GUTTORMSON: Between a local firm and I'm told there was an agreement signed between a local firm which involved the Department of Industry and Commerce to sell a certain amount of meat to France. Could the Minister clarify this?

MR. EVANS: I think that I'm correct in saying that the agreement was not signed but there was a negotiation carried on, and there is still some hope that we can conclude a contract. That was arranged by the Manitoba Export Corporation but my department provides a good deal of the staff assistance to the Manitoba Export Corporation. The Assistant Deputy Minister has taken an active hand in helping the negotiations of the Export Corporation. I'm not able to tell my honourable friend whether a contract was signed. Certainly there was one under negotiation and I think we still have hope that it may be signed.

MR. GUTTORMSON: When the Minister replies to the other questions, could he furnish this information as well?

MR. EVANS: I'll try to give this information.

MR. CHAIRMAN: 10 passed, 11 passed. That completes the department.

MR. TANCHAK: Mr. Chairman, I have some questions to ask here. You didn't notice me -- on 10 yet. I want to ask a question just for information, because I have some information and I don't know whether it is correct or not, and that's concerning the Columbia Forest Products who established a wood processing plant at Sprague. We know that the Manitoba Development Fund loaned some money towards this industry. I'm not going to ask how much, because it only takes a dollar to find out, and we can find out the amount. We know that this plant employed several men and we also know that the plant bought forest products, especially poplar from the residents, and we are very grateful for that and the people are very happy. But they informed me that they would be much happier if this plant produced to full capacity. My information is that in the past two years the plant did not produce to full capacity due to numerous breakdowns and also financial troubles. I'm not accusing, saying that myself, but that's what my information is. We also hear now that this industry has just recently changed hands, or changed ownership. Could the Minister give a report on this? I'm interested in that.

MR. EVANS: The only information I have on the subject is the press release that was made by the officials of the company at the time. I did read that press release at the time and the only thing that I have in this book -- if I can find it -- I've been reading the wrong page. I'll be with you in a minute. The following is the press release issued by the President of Western Plywood Company of Vancouver on February 3rd, 1964. "Mr. John Bene, President of the Western Plywood Company Limited announced today that the company has agreed to purchase Columbia Forest Products Limited, a particle board manufacturing firm, with production facilities located at Sprague, Manitoba, Canada. Mr. Bene reported that the company will be purchased as a going concern, with the takeover effective March 14th. Until that date, production and sales will be continued on the present basis. The plant will be shut for several weeks starting March 15th to undertake a substantial program of capital expenditure to improve quality and to increase production. The production from the plant will be marketed from coast

(Mr. Evans, cont'd)... to coast through the 24 sales branches of an affiliated company, Weldwood Westply Limited. The particle board production facilities will complement the existing Douglas fir plywood, hardwood plywood and lumber operations of Western Plywood Company Limited and its affiliated companies."

As I indicated to the House a few weeks ago officials of my department have been informed by officers of Westwood Plywood that during the shutdown period, it is probable that most employees will be needed in connection with engineering and the installation of additional production facilities. The company has also informed us that their program of capital expenditure will result in increased production, increased employment in the plant.

MR. TANCHAK: There are those two questions that were not answered. I know that report and I have it, but these two questions; were they in trouble financially? That's what my report is the former owners and another one -- did they produce to full capacity and if not, why not?

MR. EVANS: I'm afraid I don't know the answer to either of those questions.

MR. ROBLIN: Mr. Chairman, we have finished this department so I presume the Committee would wish to rise. I so move -- (Interjection) -- No, no, I refuse to accept my friend's offer, I think we ought to rise.

MR. CHAIRMAN: Committee rise and report. Call in the Speaker. Madam Speaker, the Committee of Supply has adopted certain resolutions and directed me to report the same and asks leave to sit again. (Record not clear at this point).

MR. ROBLIN: Madam Speaker, I beg to move, seconded by the Honourable Minister of Industry and Commerce that for the remainder of the session the House have leave to make each night a separate sitting, have leave to sit from 9:30 a. m. until 12:30 p. m. each sitting day, each Wednesday night, and on Saturday, and to make each sitting a separate sitting of the House, and that the order of business shall be the same as on Thursday.

Madam Speaker presented the motion.

MR. ROBLIN: Madam Speaker, the Whips have consulted some of us about this motion and I believe it's now acceptable to the House. It is not the government's intention to invoke this motion tomorrow which is Private Members' Day but to proceed in the usual way; nor do we propose to sit Wednesday night. We would expect, however, that if all goes well, we might consider sitting Saturday morning and Saturday afternoon. If there are any variations from that program I'll consult with Leaders in the House before we make any move in that direction, but I would hope that the resolution on that basis would be acceptable at the present time.

MADAM SPEAKER: Are you ready for the question?

MR. PAULLEY: I am in agreement with what the First Minister has said. I just want the assurance that we've had in the past. This is the normal speed up resolution as we call it. I want the assurance that Private Members' resolutions will be carried through to a conclusion before the House is adjourned or prorogued after estimates and the likes of that are concerned.

MR. ROBLIN: If I may close the discussion on this resolution, Madam, I would say that that has always been our practice.

MR. PAULLEY: I just want it on the record.

Madam Speaker put the question and after a voice vote declared the motion carried.

MR. ROBLIN: Madam Speaker, I beg to move, seconded by the Honourable Minister of Industry and Commerce, that the House do now adjourn.

Madam Speaker presented the motion and after a voice vote declared the motion carried and the House adjourned until 2:30 Tuesday afternoon.