

LEGISLATIVE ASSEMBLY OF MANITOBA
Monday, 23 June, 1980

Time — 8:00 p.m.

**SUPPLY — ECONOMIC DEVELOPMENT
AND TOURISM**

MR. CHAIRMAN, Abe Kovnats (Radisson): This committee will come to order. I would direct the honourable members' attention to Page 36 of the Main Estimates, Department of Economic Development and Tourism, Resolution 48, Clause 2, Operations, Item (h) Business Development, (1) Salaries—pass — the Honourable Member for Brandon East.

MR. LEONARD S. EVANS: Thank you, Mr. Chairman. I wonder if the Minister could bring us up to date on the industrial or economic benefits from the industrial offsets for Manitoba from the purchase of the McDonnell Douglas fire aircraft. I think it's now been some many weeks since the contract was awarded to that company and I'm sure that many Manitoba companies have been active in obtaining it. I understand the Minister from a previous announcement to say that there was a task force headed by Murray Armstrong. I wonder if he could give us a report of that task force or a report on the progress made to date in obtaining industrial work for this province.

MR. CHAIRMAN: The Honourable Minister.

HON. J. FRANK JOHNSTON (Sturgeon Creek): Since the contract has been let to McDonnell Douglas, there has been a 35-million contract from General Electric for engine components to Bristol. That is the only one that is firm at the present time. The people of Manitoba aerospace industry are quoting to other contracts. Standard Aero are quoting on a contract with General Electric and, naturally, Bristol are quoting on the very important aspect of it which is the life-cycle support of the aircraft. There is a team that have visited McDonnell Douglas; they've visited General Electric and they've visited sub-contractors to both of those companies representing the Manitoba industries. It would seem that there is other business in the way of the work that is laid out in the program. There are the purchases of DC-9 work and the armament control and the advance activity program which is — I'm not sure what the advance activity program is. Then, of course, there is the offset work of the engine components for DC-9 as well. When the announcement came, it announced that 48 percent of the contract would be going to Quebec and 40 percent to Ontario and 12 percent to the rest of Canada, which is about 350 million to 400 million for the balance of Canada. We feel that we will receive our share, being 10 percent of the industry, but we were a little disappointed that some of them had been allotted to the other provinces beforehand. We felt there was a couple of them that we could do, but we have been informed by McDonnell Douglas that only about a billion-and-a-half of the 3 billion

contract, as it's referred to, is placed for sure, and there is still a possibility of other areas or other people obtaining that business. So our people have been in Ottawa twice. I had planned to be there this week, but I will now be the week after next in Ottawa, speaking with the Minister on a contract that could be very important to us by one of the industries that is quoting.

The decision will be the federal government's as to the final assembly and test of the engine in Canada. That will cost approximately 15 million more and it would appear that the federal government will spend that money to have the final assembly and test of the engine done in Canada. It's the 404 engine of GE's and if that is the case, one of our industries in Manitoba is quoting on that business, which would lead also to the life cycle support of the engine as well. It will be tough competition, but we feel our Manitoba company can do it as well as anybody.

MR. EVANS: A related industry would be Air Canada maintenance, and as members know, Mr. Chairman, over the many years, there has been a fight between this province and I guess the federal government, Air Canada, over the location of the head office of that company, and unfortunately, over the years we have lost some work to Dorval, to Montreal, because of that decision. I am wondering, however, whether the Minister has any information to update us on what Air Canada is doing here now. There was a news report some couple of months ago saying that the Boeing 727s were now to be serviced, to some point at least, in the city of Winnipeg in the new hangar that was built on the field at the International Airport, and I am wondering if there is any report now as to how many jobs there are with Air Canada at that facility. Maybe the Minister doesn't have that, but I know the department used to keep fairly close tabs on Air Canada employment because of the fight we've had with Air Canada and also because we were very concerned about losing that kind of work. They tend to be very well paying jobs and they are the kind of jobs we like to have in this province.

MR. CHAIRMAN: (1)—pass . . .

MR. EVANS: I just wondered whether the Minister is going to reply. It's just a very simple question, if he doesn't have the information, fine.

MR. JOHNSTON: I thought there might be some more questions on the aerospace industry, Mr. Chairman.

MR. EVANS: That's the only question I have, unless my colleague has some. No hurry. That's fine.

MR. CHAIRMAN: The Honourable Member for Transcona.

MR. WILSON PARASIUK: Mr. Chairperson, I'd like to get some clarification from the Minister regarding the spinoffs to Manitoba from the federal Liberal

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government's awarding of the contract to McDonnell Douglas in that I spoke on this issue a wee bit when a resolution came before the Legislature and my concern at that time was that the Quebec MPs in the federal Liberal caucus had used a fair amount of muscle in shifting the terms of the contract. Since that time, some people in Ottawa have sent me some documentation. This is a general dynamics proposal; it wasn't made public, it was a general dynamics proposal to the Liberal caucus the night before the decision was made, and it indicated a shift of benefits to Quebec. Since that time the Ontario MPs have gotten up and said, well, you know, that shift didn't take place at the expense of Ontario. They made those comments in the House.

I would like the Minister, when he goes down to Ottawa, to ask for the final submissions to Cabinet and/or the Liberal caucus, from both companies. I would like him to compare those two final submissions with the original submissions received by the federal government and/or the Liberal caucus to determine whether there were changes, because indeed there were changes. I would like him to have his staff do an analysis of those changes to determine whether in fact the change in benefits more favourable to Quebec took place at the expense of Ontario or the other provinces and to what extent that shift, which was not based on any technical analysis, which resulted from political pressure being imposed upon the federal government by a section of it for purely political reasons — and I think wrong reasons — how that has hurt Manitoba.

There was a letter to the editor a couple of days ago which I found rather amusing, from one of the ringleaders of that group, Dennis Dawson, and that the person said, well, we weren't using political muscle, we were giving political advice to the federal government, and all I was doing was protecting my province's interests, and that somehow it was important during the referendum to try to blackmail Quebecers. It think that's a very low opinion that that particular parliamentary secretary has of Quebec voters if he assumes that they can be bought. I don't think they can. I think maybe that's one of the things that they were frustrated about in the federal system. What he doesn't understand about Manitoba voters is that Manitoba voters don't want to be bought; they can't be bought. They are far more intelligent than that. They can see through games, like promising an aircraft hangar and not producing for about three or four years; like promising an urban transportation, a southwest corridor, and doing nothing about it; promising aid to Flyer Industries, not doing anything about it, promising aid to Saunders and not doing anything about it while at the same time putting something like 642 million into the Aerospace Industry in eastern Canada, and I'm quite certain your staff has done the analysis to confirm those figures.

What we want is fairness out of the federal system. What we want is justice, and western Canada hasn't been getting it and Manitoba hasn't been getting it. That's why there are very few Liberals elected to Ottawa. You don't change that around. You don't change that around by little sops. We're not expecting to sop; all we want is fair treatment, equal treatment. We have in Manitoba, a very sound

aerospace industry. If you listen and if you've looked at the trial that took place between CAE Industries and the federal government, you'll note what took place then, when certain Ministers came along promising certain things. Richardson promised certain things, which Goyer said, oh, I really can't keep those promises, I didn't make those promises. I don't think CAE was looking for that type of under-the-table type of patronage, they were looking for fair government, just government, and that's what we want, that's what we deserve. I think it's going to be important to go down to Ottawa and ask them for the facts and for the figures, ask them for the technical data because so far they won't release it. I've received one copy of the losing submission, that was in competition, as both consortiums at the last minute, were trying to jockey around, to try and win over a particular group, not of the government but of the caucus. I think that when that happens, there is a disservice done to federalism, and it undermines federalism; you do build in conditions for a backlash, and we're not looking for a backlash, all we're looking for is fair treatment.

I would hope that the Minister would look into this matter. It's very very serious, because we do, in fact, have a base here, which has from time to time, because of political reasons, lost out to eastern Canada. Air Canada is a case in point, where many functions were shifted over to Montreal. That is a historical fact. We had the problem with CAE Industries, that is a historical fact, and to the extent that political muscle, rather than justice rules, that we have a very sick system of government in Canada, and I think it's important for the Minister to do some of this analysis. I'd like to know what he has done over the course of the last three or four weeks in this respect, to protect Manitoba's interests, because when the leader of his task force was talking he was saying, well, we have a possibility of 600 million, that was the figure quoted in the newspapers. Now the Minister is telling us possibly 400 million to the rest of the provinces. Maybe Manitoba has a particular share of that. But I think we have been far too lackadaisical on this matter, I think we should have taken the matter up immediately, with the First Minister in Ottawa. If he can't control his own caucus, if he can't control the warring factions, if it then becomes a matter, not of a technical decision, but rather one of backroom manoeuvring, without even the civil servants involved, but just straight backroom political manoeuvring, then obviously the pressures against federalism will magnify.

The First Minister in Ottawa can talk all he wants about particular symbolic or semi-symbolic actions with respect to the Constitution; some of them are real actions, but that will not do anything to remove doubts about the efficacy of the federal system for western Canada and for Manitoba. Frankly we often don't have to change the Constitution to deal with these inequities, we have to change the policies. We have to change the government, we have to change the attitude in Ottawa, that somehow the west can be taken for granted, and this is a particular concrete instance where it shouldn't be taken for granted and where the Minister should be in the forefront protecting Manitoba's interest, because frankly, I have not heard Manitoba's sole

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representative in the federal cabinet protecting Manitoba's interests in this respect. He hasn't at all. He hasn't stood up for Manitoba, and I find it rather ironic in that he's the Minister of Employment and he hasn't stood for Manitoba in this respect. I haven't heard the Minister stand up for Manitoba in this respect, and I think it's very important for Manitoba to make a very strong position on this. I think we have a very good opportunity to expand our industrial base in an area of fairly high technology where there would be fairly significant spinoffs to other industry, and I would hope that the Minister wouldn't just sit around waiting for someone else to do the job of protecting Manitoba's interests in Ottawa, because right now that's not happening.

It's not happening in a number of areas. It's not happening with respect to transportation; it's not happening with respect to manpower development; it's not happening with respect to agriculture; it's not happening with respect to this drought; it's not happening with respect to interest rates; it's not happening with respect to a number of areas. We don't have anything happening where Manitoba's interests are taken into account, apart from the fact that for political reasons, the Liberal Party might have a convention here in a week-and-a-half, and everyone's going to go out and say, thank you Liberal Party, because they're perhaps spending a bit of money here for convention purposes. We don't want that type of buying, that type of sop. What we want is some very, very solid consideration. We do not want biases against us. We do not want unnatural biases against us, and that's what's happened in this particular case. I haven't heard the Minister, I haven't heard this government say anything about that, and I think it's incumbent for the Minister to state the government's position on this.

MR. JOHNSTON: As I mentioned, Mr. Chairman, I intend to be in Ottawa the week after next. I was planning to be there this week, but circumstances are obvious why I am not. The appointments are quite hard to get, but we have managed to make some appointments. I intend to meet with the Minister for Manitoba; I have already written him on the subject. I intend to meet with Mr. Gray regarding the industrial regional development regarding the aerospace industry and this contract, especially. And certainly especially the one that could possibly have the final assembly and test of the engine in Manitoba. But I did say, and I repeat, that it's going to be tough competition to get that particular one, but we think it should come to western Canada because of the amount that has been allotted to Ontario and Quebec at the present time.

I agree with the member that we should certainly get our share, because we have a good aerospace industry in Manitoba. In fact, I met with some of them this morning briefly, and they have been very, very pleased with the work that the government has been doing, but there is a lot more to do. I'm not saying that there isn't more to do. But the member speaks of a proposal that was done the night before the contract was let, I might say I noted his speech when he was speaking on a resolution earlier in the session where he mentioned that. I haven't been able to get a second proposal, but we have been

informed by McDonnell Douglas that there is still a lot of business available, and we have been involved with McDonnell Douglas in St. Louis, and they are setting up an office in Ottawa specifically for the F-18 program, and naturally, General Electric, who were the manufacturers of the engine, are very important as well. There are offsets that General Electric are looking at that we have let it be known that Manitoba would be a good place for them. The final decisions are not made, and I intend to be in Ottawa to make presentation on behalf of Manitoba.

Regarding Air Canada, they are doing more overhaul and maintenance in Winnipeg, the new hangar on the west side of the airport now, and it is estimated that they'll have 350 more employees than they had at this time last year. I don't know whether they've got to that complement or not.

MR. PARASIUK: Thank you, Mr. Chairperson. I still didn't receive a clear answer from the Minister as to whether in fact his staff did any analysis of the submissions that were put forward a few months ago by General Dynamic and McDonnell Douglas, to determine what potential existed for Manitoba in the Manitoba aerospace industries under each proposal. That's one. Secondly, has he tried, over the last, what is it six, seven weeks, since that decision was made, to get the final submissions to Cabinet or to the caucus by these two consortiums. I think that would be very important in terms of providing some technical leverage to the Minister when he goes to do battle with Ottawa on this, because I'm quite certain that the facts would show that there has been a shift. And it's not good enough just to talk to the companies and have them say, well yeah, you've got some more business because things aren't quite finished yet, because if we take that approach, we'll be nicked and dined to death over the next two or three years. That's what has happened to western Canada and that's what has happened to the aerospace industry over the last ten years.

A few little promises for CAE, a few little promises for Saunders and 642 million into Canadair and deHavilland. Quite a difference in priorities; quite a difference in approach. So I think it's important for the Minister to utilize his staff. We're at a stage here, we're approving estimates for staff, we have something in the order of 560,000 under this item. I know there are other staff, surely those staff have something to do. Surely this would be a very valid thing to do, because the spinoff is not 560,000, the spin off conceivably is 300 million, 400 million. If you take a look at the multiplier effect of that, the spinoff over a period of time in Manitoba could be a billion dollars. So I think it's important for the Minister to be aggressive. When he met with the members of the aerospace industry in Manitoba, were they pleased with the turn of events? He said they were pleased with what the government is doing. Are they pleased with the fact that somehow, on some type of basis, of some formula that no one's been able to explain to me and no one will try and explain, Quebec somehow gets 48 percent and Ontario gets 40 percent. On what basis do they get 48 percent and on what basis does Ontario get 40 percent? And then on what basis does the rest of Canada get 12 percent and where does Manitoba fit into all this? Is that the way it's done? Do we sort of award

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contracts, federal contracts on the basis of some type of proportional representation, or do we do it on the basis of the number of Senate seats, or do we do it on the basis of the number of Liberal members from Ontario in the House of Commons or from Quebec in the House of Commons?

That's not the way these contracts should be awarded and I'm quite certain that the aerospace industry wouldn't be pleased with that. I as a Manitoba am not pleased with that. I don't think federalism is operating fairly when that happens and I'm asking the Minister if he has done any analysis, why hasn't he done any analysis, why can't he come up with anything more specific than some vague general statements about, yes, we're trying to get a bit more. Because let me tell you, that in Ontario and Quebec, their MPs are saying we've got 40 acres and we've got 40 percent; they're talking about specific plans, they're talking about specific actions. We in Manitoba can't do any of that. Also is the Aerospace Industry pleased with this turn of events, or do they have to now have a lawsuit two or three years down the line so we can find out what really took place over the last two or three months with respect to this issue?

MR. DEPUTY CHAIRMAN: The Member for Radisson.

MR. KOVNATS: Thank you, Mr. Chairman. I would just like to add to what the Honourable Member for Transcona has made remarks on. I've taken a little bit of personal offence to some of the remarks that we're doing nothing. I believe that we are doing something. I believe that our department has put on a great effort to try and bring some of the business into Manitoba. But we're looking at it, I think, in the wrong light. We're looking at it in the political light, where there's been reference made to political patronage. If you're a Liberal government, you get business from the federal Liberals. I really don't care who gets the credit for bringing this business into Manitoba. I would be very happy to pat Lloyd Axworthy on the back and say, a good job well done, Lloyd, if we are able to get some of this into Manitoba, but I think that we are probably negotiating in the wrong vein.

I have a little bit of business background, and I had occasion to talk to somebody from Canadian General Electric, and it was thrown in my face that there was a possibility that we might not be getting any business from Canadian General Electric in our aerospace industry here in Manitoba, inasmuch as they don't forget too easily. A few years back we were negotiating, and I believe it was for generators, for Manitoba Hydro, and we chose possibly the right generator but we had a choice of choosing Canadian General Electric. I guess I'm a bit of a horse trader; I would hope that the Honourable Minister would be able to negotiate with Canadian General Electric with the possibility that Hydro might be buying generators from them in our expanded operations for Manitoba Hydro, and if the Honourable Minister has that in his back pocket, when he's there in the east talking to them, it might not be the proper way to do business, but I think you've got to fight fire with fire, and I make a recommendation to the Minister that he use every ploy that is possible to bring at least 10

percent of that business to Manitoba. We need it, and I think it would be a great opportunity for the aerospace industry in Manitoba to get some of that work. Thank you.

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

MR. A. R. ADAM: Thank you. I just have a few comments I wanted to make to bring to the Minister's attention. I know in his own way, in his own particular philosophy, that he's trying to develop and create jobs in this province. I want to point out to him some things that have come to my attention just recently, and that is, that during estimates — it does not really have to do with establishing business in the province but it is to protect those businesses that are already there, Mr. Chairman, that I bring this matter up.

I know, during the estimates, we attempted to find out from different departments just how much farming-out was done as far as land surveying in the province was concerned. There are many private land surveyors in this province who operate businesses throughout the province, and we were assured, Mr. Chairman, that very little farming-out of surveying was being done, that the government used their own surveyors for the survey jobs that they needed done. But, Mr. Chairman, over the weekend I found out that there is a considerable amount of farming-out being done, and it's not being done in Manitoba but rather it's being done out of the province.

When the Minister, before supper, indicates it's a government rule to create jobs in Manitoba, and I agree that we have to try and develop the economy so as to create work in this province and keep our people here, rather than forcing them to find work elsewhere in other provinces, I find it peculiar that the government would be tendering out the government's surveying to firms in Edmonton and Saskatchewan and so on. While it may not fall exactly into the development of businesses in the province, there are many surveying companies who are here established and they're not being given a chance to bid on some of this work, Mr. Chairman. It appears that the policy of the government is to ask one or two or perhaps three surveying companies to bid. They do not give every surveyor in the province to bid on any farming out of work that they do. Now we have received assurances during estimates that none of this was being done, that we did most of the surveying with government surveyors. This is not the case, Mr. Chairman. Over the weekend I was informed that in the Parkland region, for instance, in Dauphin at the present time, there's a firm known as Northwest Surveys who are surveying in Dauphin. It's an Edmonton firm, Mr. Chairman. We have surveyors here who have the same type of equipment and who could do the work here and employ people in Manitoba, but no, Mr. Chairman, the jobs are given out to companies in Alberta. I don't know under what conditions it's being given out and farmed out to Edmonton. It seems to me that in view of the sharp decline in Manitoba, insofar as our economy is concerned, that we would perhaps be more flexible and think of Manitoba first.

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Mr. Chairman, there's another outfit from Saskatoon who are at the present time surveying a drainage ditch up around Minnitonas; this is being done by Webb Surveys from Saskatoon. The surveyor himself, who can't figure out why he's here, says it's unbelievable that they'd come and get leave from Saskatoon to come and do a surveying job in Manitoba; we have all kinds of surveyors here. But there are some policies that are being developed in the department, Mr. Chairman, that makes it so difficult, they come up with projects that are so big and complicated as to exclude most of the Manitoba surveyors. They just haven't got an opportunity to bid on these jobs; these jobs are being given out to other jurisdictions which already are quite buoyant. Alberta and Saskatchewan have very buoyant economies, Mr. Chairman, and it seems that there is a conflict here, the Minister is doing his utmost to create employment and industry in the province and then you have another department that's undermining it actually, and making extensive expenditures by bringing in people from other jurisdictions. I find this very very difficult to understand, Mr. Chairman. I'm not a surveyor, I don't have all the information that I perhaps should have, but as I understand it, the practice of the Director of Surveys is to ask two or three surveyors to tender on the job. The jobs that they develop, the requirements that they require is in the main far too complicated for our local surveyors. I wonder why they do that because individually these surveyors are just as qualified as any surveyors in Canada. Now, I want to point this out to the Minister, it's only the one area that I would like him to look at because there seems to be some conflict there insofar as the Minister trying to develop jobs in Manitoba and the Department itself, the government itself, different departments are finding jobs for people in other provinces to come here and do the work. I find that totally unacceptable.

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

MR. JOHNSTON: I say to the honourable member, I'll be pleased to speak to the Minister of Natural Resources. I think if he looks on Page 82 in his estimates he will find an item, Surveys and Mapping, which comes under the Natural Resources and if there is business that could be done in the province, I will certainly bring it to his attention and ask why it is being done this way. But I'm almost sure that it would be done on a tender basis, Mr. Chairman, but I'll be happy to check with the Minister. I can only say to the Member for Transcona — he keeps referring to this final presentation to Cabinet — I have a document here that was sent out. It says, "Declassified by order of Minister of Industry, Trade and Commerce. April 10, 1980. New fighter aircraft industrial benefits. Analysis and evaluation." We have analyzed this particular document very closely.

The industry in Manitoba have some concerns that there have been things allotted or the wording that is used in this booklet is contracted or identified is the wording that they used mostly through it. Some of them that have been contracted or identified for other areas they will be working on them, they will be quoting on, but there is some of it that went to other

areas that is contracted that they will not be able to quote on at the present time, or it doesn't look as if they will, but they would have liked.

Then there is the business that they are not equipped to do, but your aerospace industry in Manitoba has taken a look at it and said, "We wouldn't be competitive on it; we're not equipped to do it; we don't want to quote on that particular business." But again, Mr. Speaker, Manitoba has been aggressive in this respect. As a matter of fact, in Ottawa they regard Manitoba as very aggressive, very highly regarded by the representation that is down there and, as I told the member, I will be in Ottawa myself to discuss this with the Minister of Industry and Commerce, Mr. Gray.

MR. CHAIRMAN: (1)—pass; (2)—pass; (h)—pass; (i) Small Enterprise Development, (1) Salaries—pass — the Honourable Member for Fort Rouge.

MRS. JUNE WESTBURY: Thank you, Mr. Chairperson. I want to talk about the so-called development of small enterprise. I would be very interested to hear how much small enterprise has been developed in this province under this Minister, because all that we hear about is the enterprise that is being sent south of the border, and I want to read a scenario. There was a young inventor who put in an application for funding from this department, Economic Development Department, and claimed that the application sat on someone's desk for a year. After I got my information, somebody in the press did a follow-up on it and interviewed a civil servant who said, yes, decisions are usually made within a month's time, but delays had occurred in this case because the inventor had produced a prototype of his own, making him ineligible for assistance, also stating that this rule was made because the department wants to provide technical help from the initial stages, in order to guard against design defects. Now, surely, what an extraordinary attitude, Mr. Chairperson, because this inventor has enough gumption to get up and produce his own prototype, he suddenly becomes ineligible for assistance, for a grant under the Research and Development Program of this government, after it had sat around for so long.

Eventually, this particular inventor, having been told that assistance was not to be forthcoming to him — this was an automatic bale stooker which he invented and on which he held the patent — he went south to the United States. He went to the North Dakota Chamber of Commerce and eventually this was accepted. Incidentally, when he went to the North Dakota Chamber of Commerce, he was told that five Manitobans had approached them within three days because they couldn't get assistance here, and all five were having their ideas and inventions developed in North Dakota. Subsequently, this was developed in Montana and any jobs that will result from the production of this machine will be United States jobs. They are looking for a manufacturer in Montana and I understand that has now been — well, it is still continuing, but the likelihood is going to be that this particular invention will be entirely manufactured and developed and marketed from the state of Montana. When it was a

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Manitoba inventor, it was offered first to the Manitoba department, and this is the result.

The newspaper reporter, in researching this, went to this Montana group to find out how they were able to do such a successful job of marketing Manitoba inventions when the Manitoba government was unable or unwilling to make the attempt. The business support specialist for the centre in Montana said that they began with seed money of about 500,000 three years ago, in order to seek industrial development for Montana, the Dakotas, Wyoming and Nebraska, their objective being to develop inventions in order to create new manufacturing jobs in the five-state area.

Mr. Chairperson, we had the fiasco about six weeks ago of having our Minister stand up and describe, boastfully, 10 inventions which were developed and marketed in Manitoba, he said, only to have work done by a newspaper reporter, which surely could have been done by his own PR people, proving that the statements he made were not correct and, in fact, the Minister had to correct his statements in the House, and that's a matter of record in Hansard.

What I want to say here is that surely — at the time, I said to him, "Couldn't you find 10 that were invented and developed and marketed in the province of Manitoba?" He said, "I could find thousands that were developed in the province of Manitoba, and we said, why didn't you? And I say again, why didn't you?"

Because I could have taken him to this person and I'm sure that his department is aware of the case I'm talking about, because this particular inventor has not gone away and kept quiet about it. He's in a state of indignation that his own province, a government which is sworn to support small business, he feels let him down in this particular case. He feels betrayed by the way he's been treated by his own provincial government in his own province, and he has negative regretful feelings about the fact that he had to go to another country in order to have his invention developed as something that is useful, would be useful in this country. And if in fact it's because he had already begun to prepare a prototype, I can't think of any reason which is less complimentary to the government than that.

I wanted to ask the Minister a question on another invention called the big safety lamp for school busses. I suppose he'll tell me it belongs in another area. This seems to be what he's best at. Everything I bring up he says, ask me again under item so and so. Why the heck can't he answer it when the question is asked instead of having everything asked two or three times? It just seems so utterly pointless. If he doesn't know the answers it would be better to say I don't know, wait until my staff is here, and they can help me provide you with the answers. But just to say ask me again under another number is an extraordinary way for a Minister to act, especially when he seems to be in such an all-fired hurry to get his estimates through, as I hear he is. He doesn't really convey much to me personally.

I wonder if this big safety lamp is actually going to be developed in this province; if his department is aware of it? I am told that the inventor of the big safety lamp, which is now being developed in

Canada and the United States, is considering going out of province, maybe out of the country, to get this developed as well. Is this another inventor that we are going to send out of our province because we can't get off our chairs and get moving in supporting these small inventors, Mr. Chairperson?

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

MR. JOHNSTON: Mr. Chairman, I explained to the Honourable Member for Burrows very thoroughly about my speech on the 30th. I don't intend to go over it again. It can be read in Hansard, Mr. Chairman. It's very clear. I did it last week, and as a matter of fact the three items that were spoken of — if there had been the word "has" or "was" used or something of that nature, would have been entirely different, but I don't intend to really get excited about it. It's been explained. The products are developed in the province of Manitoba for merchandizing and it's as simple as that.

I haven't heard of the big safety lamp, Mr. Chairman. If it hasn't been brought to the department's attention, I don't know what we can do about it. But what we can do about it is, if that's the name of the company, we will get in contact with them and find out just exactly what it's all about.

It's, Mr. Knaggs, obviously that the member is speaking of, who had the article on the front page of the paper. He manufactures or has a prototype and I don't know that he even has the prototype ready for square hay bale stookers, which is a very declining market. They are going to the big round bales at the present time and I can say to the honourable member that the rosy program she describes in other areas for Mr. Knaggs has not completely come to remission because we happen to have done some checking on it. I could also say that the two technology centres available to anybody for assistance — the Manitoba government are not inventors, but we assist people in every way we possibly can. If she has any other specific names that she wants to bring forward, we would be very pleased to look into them, Mr. Chairman.

MRS. WESTBURY: Well, this is a — I think that the Minister has just called Mr. Knaggs a liar in rather euphemistic terms, and I wonder if he could get down to facts and tell me what in my relating of events was not true. What was not true in what I just related?

MR. JOHNSTON: Mr. Chairman, the honourable member does this all the time. She gets up and makes accusations. I didn't call anybody a liar. If you want me to put it another way — our information at the present time is that everything that has been mentioned as happened in the United States hasn't really come to that completion at the present time.

MR. CHAIRMAN: (1)—pass; (2)— pass; (i)—pass. (j) Market Development, (1) Salaries — the Honourable Member for Brandon East.

MR. EVANS: The other day we were talking about the Mexico office in terms of tourist promotion and the Minister said at that time that the budget of that

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department, of that office, is paid for under Manitrade and I believe that is the item on which we are talking about now. I wonder if the Minister could now tell the House what is the budget for the Mexican office, and if he could give us a breakdown? What are the salaries of the employees and what are the other expenditures of that office, so we have some idea as to the cost of that particular operation?

MR. JOHNSTON: The annual operating cost for the office in Mexico is estimated at 20,000.00. In addition, there is 36,000 required for payment of salaries and benefits. The office rent is 500 a month, Mr. Chairman. It's in a very good location in Mexico city, and the office operating costs, as I mentioned, are estimated at 20,000, which is 56,000 in total. The actual salaries, I believe that the girl who is in the office all the time is paid in the neighbourhood of 9,000 a year, and the representative that we have — he is not an employee of — he's employed by Manitoba but he is a representative of Manitoba. He works out of that office and he works all over Mexico, especially in the northern part of Mexico at the present time, on behalf of promoting Manitoba products, working with Manitoba manufacturers at the present time.

MR. EVANS: The Minister mentioned something about 500 per month rent. I am not sure — was that included in the 20,000, or is that in addition?

MR. JOHNSTON: Yes.

MR. EVANS: It is. Just one another point, it may sound a little facetious, but at the same time I think it's relevant. Does the Minister have in that office promotional material for the department in terms of trade opportunities, not tourism now, in Spanish? In other words, do you have material that the personnel there can give out in the Spanish language, which is the language of Mexico, or is it strictly done by oral communication? I imagine there is a lot of oral communication. But if you do have someone in the office all the time, I imagine there might be a request from time to time for material. And so my question is, how do you accommodate that request for material? Is it in the Spanish language?

MR. JOHNSTON: We don't have, as I mentioned, tourism material or economic development, or agricultural, or any provincial material printed in Spanish in the office at the present time. At the present time we haven't found really that there is any need to have it printed in Spanish. Lourdes Fernandez is a girl in the office who is naturally completely bilingual, and regarding tourism it is called a tourism office. She has been in Manitoba; she has toured Winnipeg and parts of Manitoba; she is able to outline to Mexicans who would be interested in the province of Manitoba what Manitoba has to offer. As a matter of fact, there are nine families arranging to come to Manitoba because of the contact through that office, who will be touring Manitoba, staying on farms, etc.

This is one small move that is starting. We think that we don't have the ski resorts and the things that other people have that attract the larger portion of

the Mexican tourists, but we do have some things that we can promote in Mexico, and we don't expect it to be the greatest tourism office in the world. I don't really ever think that we will have as many Mexican tourists coming to Manitoba as we have going to Mexico, but she is a person who can discuss Manitoba from a tourism point of view.

The office is used by all departments, if necessary, but the Department of Agriculture would use it the most. The Department of Agriculture has a man who goes down there regularly. As a matter of fact, we have had people not too long ago, I believe, looking at swine hogs and breeding stock. There was a man who was not with our delegation but who made contact with us, he told us he was going; it was turkey pullets that he was working with in Mexico, so the Agricultural Department is very very busy.

Our trip to Mexico was three very very full days of meetings, from meeting with the Minister of Industry and Commerce — they call them Secretario of Commerce there, De La Vega Domingeg; we met with the Conosupa people; we met with the Banks; we met with the Minister in charge of Trade; we met with the Secretario of Public and Industrial Development Sub-Secretary, and that is a department that you must talk to if you are planning to do business in Mexico. Now I know the member on the other side was in Mexico, but what we did was find out what you have to do to do business in Mexico, Mr. Chairman. They have their rules the same as we have ours, and they have very very definite rules, and we went down and had discussions with all of them, and we got tremendous reception. As a matter of fact, the people from Co-Op Implements have had further contacts since that trip.

The President of Mexico, Mr. Chairman, has decided with the money that he will have from oil that agriculture will be his first priority. Just one small example, when we met with the Conosupa people, who are the Mexican import-export agency for food, who buy from the farmers, they were very interested in how we handled grain. As you know, we can take wet grain off the ground, dry it, clean it, store it, and handle it, and have a good grade three or four years further down the line. They have a tremendous problem in that respect. As a matter of fact, we have extended an invitation to them to come up and see how we do these things.

There is a very large market in Mexico; they have a very friendly feeling towards Canada, and certainly to Manitobans. The Canadian Embassy in Mexico are just very pleased that we are there, because they are the overall people, and we work very closely with them. They will turn things over to our men to follow up. They think that, as Quebec has done and as Alberta is considering, having a presence in Mexico City can only be of benefit to those provinces.

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

MR. EVANS: I wonder if the Minister can advise whether there are any plans or any possibility of setting up other offices in other countries. I am thinking of parts of the United States and possibly some other European country or some other Latin-American country. I know some other provinces

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indeed have many offices — Ontario and Quebec have many many offices around the world — and I am wondering if this is the beginning of establishment of a series of offices by Manitoba.

MR. JOHNSTON: Naturally, I think we have thought of it, Mr. Chairman, but here are no plans at the present time. Mexico, with the same as the Central United States, relates very closely to the type of agriculture that we are known for in Manitoba or Saskatchewan, or in the Prairie Provinces. They need basically the same things; they need to learn basically the same type of technology, so that it is a natural flow for us to be interested in the Mexican market. We don't have any plans at the present time of Europe or the United States. Our development officers out of this department work continually with the Canadian Trade Commissioners in the different areas in the United States. But it seemed suitable and it seemed to be very very appropriate to have a presence in Mexico City, because if you are going to do business in Mexico, you'd better have somebody down there that knows where to go, where to find the answers, and how to do business, because they have some very strict rules, Mr. Chairman.

MR. EVANS: Thank you, Mr. Chairman. Is there any thought being given to having a representative in Ottawa? I think it has to be recognized that a lot of money can be spent in the province of Manitoba by the federal government, some money is spent, not enough is spent here as far as I am concerned, I would like to see more spent in aerospace, I would like to see more federal government offices here, I would like to see more DREE money being spent here, I would like to see more Government of Canada purchases made here, and indeed over the years the department has made efforts. I recall a few years ago we had a huge conference, a one-day conference, where we tried to get Manitoba businessmen made aware of the possibilities of selling to Ottawa, and we had the federal Minister of Supply and Services here at the Convention Centre. I thought it was a useful exercise, but that was only one effort, it required a lot of follow-up and so on.

It seems to me that one of the most important functions of this department is, and I will use the term lobby, in a good sense, lobby in Ottawa to get more federal dollars spent in Manitoba, and I think that a lot can be done here and you can almost argue that there is more sense of having an office in Ottawa than there is in other places, not for trade purposes necessarily, although that comes into it, but simply to have an office there that will keep tabs with people in the various departments.

Now, I know there is an argument that is put forward saying inasmuch, well, it's not that difficult to contact Ottawa, we pick up the phone, we're on the WATS line, or we can hop on a plane. There are umpteen flights a day to Ottawa, it's not that difficult and so on, and one person can't be an expert in everything. But on the other hand, I do know, Mr. Chairman, that Alberta has an office in Ottawa, and I daresay some of the other provinces do as well, for the very simple purpose of looking after the interests of that province.

At any rate, I'm not necessarily advocating it, but it's an interesting thought. I had thought about it

some time back, There is some argument, I think, to be put, that we should have some kind of an office in Ottawa to facilitate our people going down there, but also to keep their ears to the ground and eyes open and help us in any which way to obtain more federal government presence here in terms of purchases from Manitoba private enterprise, or in terms of establishing whatever facilities there may be to establish here.

I know we are involved in a political process; there are Members of Parliament involved; there are a lot of other people that can be involved. But nevertheless, there may be an argument for an Ottawa office and I would like to ask the Minister, has he thought about that? Is that a possibility in terms of his priorities?

MR. JOHNSTON: Mr. Chairman, under market development, that's where we have the director who works with Manitrade. The 591,900 appropriation of funds to operate the Manitoba Trading Office in Mexico does not come out of that appropriation. It comes out of Manitoba Trading Corporation. You will find it under the Auditor's Report in our report, and you will find that the Manitoba Trading Corporation had a balance of 121,730.58 at the end of March, 1979. The operation of the Mexican office comes out of Manitrade budget, Mr. Chairman. The Manitrade directors are Mr. McKelvey as Vice-Chairman, Mr. Armstrong, as Director, Mr. Robert McNeil, Director, Mr. Tom Millan, Director, Mr. Neil Bennett, Director, and Mr. Angott, who is a Director; Mr. Rogers was a Director; he has been replaced by Mr. Blicq since his retirement. They are all associated with the government, civil servants or on contract with the government. They are the directors of Manitrade, and that is the funding for the Mexican office, Mr. Chairman.

As far as any policy for having a Manitoba office in Ottawa, I'm afraid that would be a government policy; it wouldn't come under Economic Development, although I think it could be a desirable thing. But it's something that hasn't been planned, or I have no knowledge of plans at the present time.

MR. EVANS: This brings up an interesting point. I see Manitoba Trading Corporation reported on Page 28 of the last annual report. I don't know whether the Minister is suggesting we can't debate the Manitoba Trading Corporation, because where do we debate it? The other alternative is to have the Trading Corporation Chairman come to the Economic Development Committee, as well as the Chairman of the Manitoba Research Council, which hasn't been the practice, but which could be established, and the Chairman of the Design Institute, come to the Economic Development Committee for a discussion there.

MR. JOHNSTON: On a point of order, Mr. Chairman, I don't want the member to misunderstand me. I have no problem discussing any of these items in my report. The report is the report of the Economic Development Department; I have no problem. I just wanted to let the honourable member know, and all honourable members know, that the appropriation that I spoke about, as far as operating

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the Mexican office, comes from that figure in my report.

MR. EVANS: Thank you, Mr. Chairman. I see in Exhibit A on Page 29 of the report, the Manitoba Trading Corporation, up until now, has had no salaries that I can see, unless the salaries were buried under some other item, commission or whatever. But from what I can see at a quick glance, there is no salary item expenditures. Now, we're talking about something that came into existence this year, so possibly that would be shown in next year's report.

At any rate, I note that the revenue over expenditures was 12,886.30, but I also note that that situation does not reflect the cost of people working with and for the Manitoba Trading Corporation. In other words, the staff salaries are really not including in this. The Manitoba Trading Corporation is assisted by the market group, who are civil servants in the department, and therefore their salaries are not charged, as I understand it, against the Manitoba Trading Corporation. If that was the case, the Trading Corporation would be showing a loss of money.

At any rate, Mr. Chairman, I gather then that next year there will be a salary, or two salaries at least, possibly shown in the exhibit attached to the Manitoba Trading Corporation Annual Report.

I have another question regarding the Trading Corporation, and that also emanates out of the annual report. I am quoting, "During the fourth quarter of the 1978-79 fiscal year, the activities of the Manitoba Trading Corporation have come under the general responsibility of the market development group. As a result of this reorganization, the Manitoba Trading Corporation is now used solely as a functional tool of the market development group. The corporation's powers and objects remain unchanged." I am just wondering if the Minister could elaborate on that, and explain to us just how different is that from what has occurred in the past, unless that has been changed again, because this report is about a year out of date I guess. But nevertheless, it states that the Manitoba Trading Corporation is now used solely as a functional tool of the market development group and I wonder how different is that from what happened before. I really don't see what difference there could be. My understanding was that it was always a functional tool of the market development people.

MR. JOHNSTON: The change was made last year by the Manitoba Trading Corporation. I think I talked about it in my estimates last year. The Trading Corporation at one time used to buy and sell. They no longer do that. The development officers of the Marketing Division use the Trading Corporation, and financing is still available to be used, if it's necessary, to assist a company. We do work to help companies make out forms for export, etc., all of those small types of things that we do for different companies. They do it in the Manitoba Trading Corporation as assisting our development officers or our marketing officers that work in the marketing division. Our marketing officers have specific areas assigned to them; their duty is to try to identify markets for Manitoba products and put purchasers

together with Manitoba manufacturers, Mr. Chairman.

MR. EVANS: I have only one other question here. I don't think there is very much different being done here from what was done some years ago. There may have been a detail change; I'm not doubting what the Minister told me about the Trading Corporation. Essentially, though, it's sort of business as usual, I would say, as compared to what went on a few years ago, and I'm not criticizing it, I'm just making that as an observation.

What I would like to find out from the Minister, however, is something that has happened in the last short while, and that is the GATT Agreement, the General Agreement on Tariffs and Trade. There have been now some agreements between Canada and other countries and I would like to ask the Minister if he could advise the House whether that agreement, the new agreement as I understand it, has had any impact on exports of Manitoba-made products? In other words, have the agreements helped us or have they hindered us? Have we been able to gain something from this recent round of GATT negotiations, or are we losing, or is it a status quo?

MR. JOHNSTON: At the present time I would say it was the status quo except for the problems that may arise in ManFor, Mr. Chairman, and that has been taken up with the Minister in charge of ManFor. We have made representation to Ottawa. The changes in the, because of the Gatt agreements could put ManFor in a very critical position as far as exporting is concerned, but otherwise we had meetings with all of the sectors of the industry people. We had a special GATT meeting held at the Holiday Inn where we brought in representations from Ottawa to hold a seminar on GATT. I think that the benefits that we'll derive from GATT will be quite considerable for Manitoba in the long run, but Manitoba manufacturers have to take one thing into — or realize one thing, that GATT is there. There is no sense being critical about it now, it's there, and you must learn how it operates and use it to your advantage.

So the industry trade and commerce regional office in Winnipeg have set up an information area for GATT. We have information available on the GATT agreement. Mr. Murray Armstrong and his assistant, who worked on the FNFA, are very versed in the GATT. In fact, he represented us with the four prairie provinces in GATT, and there were several meetings between the representatives of the four prairie provinces to go over the GATT agreement and analyze the for and against for the western provinces.

Quite frankly, the prairie provinces would seem to in the long run benefit from it. Plus the Canadian Manufacturers Association Divisional Office in Winnipeg has information and, Mr. Chairman, the Economic Development Ministers of western Canada made some recommendations to the Premiers of western Canada that now the GATT negotiations are over, that Ottawa should keep a very close look at it because there are other ways of restricting trade. You can put in regulations that could cause trade restrictions and we will have gone through the

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operation for nothing if Ottawa does not keep a very close monitoring on the GATT agreement.

MR. CHAIRMAN: The Honourable Member for Wolseley.

MR. ROBERT G. WILSON: Thank you, Mr. Chairman. Under Market Development, I wondered if — the Member for Brandon East talked about business as usual and no change, but I sense something in the debate that I would like to explore and that is the creeping American way of life in the approach that we take to the economic centre of doing business with Ottawa. If we were to look upon government as an honest broker, and the federal government did everything as other governments do, namely through a tendering system, and their communication being such that information is co-ordinated across Canada, I wondered are we heading into a — a question maybe to the Minister — are we heading into the era of having an office in Ottawa. And if other provinces do have offices in Ottawa, do they have a step ahead of us in some particular marketing fashion or what would be the advantages of having an office in Ottawa? And to those other provinces, has the Minister or his staff examined what are the other provinces doing with an office in Ottawa, and if so what is the purpose of their office?

MR. JOHNSTON: First of all, I haven't analyzed the reasons why other provinces have. I would imagine Alberta has one because of the energy situation. I'm not a — I know that they have — I met the person that they have in Ottawa that heads their office there, but I don't know how big a staff they have, Mr. Chairman. The reasons would be, as the Member for Brandon East mentioned, to be able to try and keep track of everything that is going on, especially in industry, trade and commerce. Maybe he could be involved to — the quotations or the requests for information back from our department to Ottawa, as to whether we have a Canadian manufacturer to handle certain things. We may be able to be a little faster on them, but we haven't found it to be a problem.

But it wouldn't just be for economic development. As I said, Mr. Chairman, it would be of benefit to have somebody as far as our department is concerned in Ottawa, but if they were to open up an office and Manitoba were to open an office in Ottawa, it would be governing all areas. It would be a federal-provincial office and it is something that I know hasn't been discussed.

MR. WILSON: The area — a question that I have under — I'll explore that other matter a little further pertaining to the — appears to be edging into a bit of a lobbyist-type of business with Ottawa, and I would hope that we would examine the merits of the other provinces' offices in that particular city. But in the Mexican office under Manitrade, I wondered — I had some experience with a marketing concept that some gentleman had in using the Canadian embassies in Europe and I wondered would the Manitoba businessman who attends the Mexican city office, would it be similar to the Canadian government office in that coffee parties would be

held at the particular Manitoba centre, or for 500 a month are we talking of sort of a closet operation?

What I'm trying to envision without any photographic help is the type of center we have, because these businessmen who were from Manitoba, and I think we have one of the greatest areas of developing ideas men here but unfortunately a lot of them go elsewhere, but these gentlemen use the Canadian government offices for this type of sales promotion of their products, and I wondered is this more of a technical office, putting people in touch with other people? It's not a type of office that is to sort of socialize so that they could meet the right people that would assist them in doing business in Mexico.

MR. JOHNSTON: It's a business office. It's certainly not a coffee party and party office of any shape or type. Certainly it might be used to put Mexican businessmen together with Manitoba businessmen. The office has a reception area. It has a place where there is a general sort of office area. Of to the side there is another desk where people can work and information is kept, and then there is another office which our representative uses while he is there. As a matter of fact, that office can be used for anybody from Manitoba business who identifies himself to us beforehand, before he goes down, that we can let them know he is coming. We could probably set up business appointments for him. That office is available to be used for that purpose. It is not an entertainment office in any way, shape, or form, Mr. Chairman.

MR. WILSON: My last thought might not be under this section, but I'll ask it anyway. Several Manitoba businessmen have asked, when is Manitoba going to have a technical resource centre, something like in Saskatoon that the province of Saskatchewan has opened. Do we have one, and if we don't, what are the merits of having a technical resource centre?

MR. JOHNSTON: Mr. Chairman, I can only inform the member that I was very proud to open our Winnipeg Technology Centre last week, which has five labs in it, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Fort Rouge.

MRS. WESTBURY: Thank you, Mr. Chairperson. I just want to begin by saying that I don't know if the Member for Brandon East has received the list of businessmen promised for last Wednesday and again for last Friday, but I have not and if he does receive it, I wonder if he would have the courtesy of sharing it with me.

Mr. Chairperson, I would like to repeat the questions I asked under an earlier section and which the Minister was so anxious to have me repeat again under this section. In respect to the construction of a new fighter aircraft for Canadian Armed Forces, can the Minister inform us as to what progress has been made by those officials of his department who have been working towards securing some of the assembly work for Manitoba. Now I know that after I was told I was talking under the wrong section, others have talked under other sections as well. But

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if this is a game we must play, then I will repeat the question and the Minister can repeat the answers.

MR. JOHNSTON: Mr. Chairman, I just went through it, as you know. It was asked of me under the previous section of Business Development, and I went through it reasonably thoroughly. — (Interjection)— Mr. Chairman, I know I told the member that. I was asked a question and I decided, Mr. Chairman, that two members had asked me a question on it, so I answered the questions. If the member was out of the room, I am sorry, but I will inform her that we are working very hard with our development officers and, as I said, I will be in Ottawa in a week-and-a-half, hopefully. I said I would be there this week but it's impossible to do this week. I can tell her that we have received 35 million worth of contracts from General Electric to Boeing at the present time, for parts, and our industry is quoting on an awful lot of other work.

I would say, Mr. Chairman, that the subject was gone over fairly thoroughly.

MR. CHAIRMAN: To the honourable members, if I could just make a remark, I have tried to keep the discussion under the items that are under discussions, line by line. The particular criticism levelled at the Minister really is criticism levelled at me, because I am the Chairman of this committee and I am the one who is supposed to bring it into focus under particular items when we are going line by line.

The subject under discussion has been discussed. The honourable member was not here at the time. I probably erred in allowing the discussion, but once we had agreed to allow the discussion under that particular item, that is the item that it will be discussed under.

The Honourable Member for Fort Rouge.

MRS. WESTBURY: Mr. Chairperson, I want to say that you have my utmost admiration for the way in which you conduct yourself in the Chair and it was not intended in any way as a criticism of you.

I just wanted to read a small item that I found in the Institute for Research on Public Policy, and I would hope that either the Minister or someone in his department would have enough openness of mind to listen to this and perhaps be able to use this information in some way, just in case they don't receive this publication. A managing director of Public Affairs International in Calgary made this statement: "Canadians have a bad attitude when it comes to marketing one of our most sought-after exports. Canadian technology is sought by countries in all parts of the world, but Canadians tend to play down their abilities in this field." He is quoted:

"Business people in other countries have the perception that Canadians have a great deal of technological competence, while we in Canada tend to spend our time looking elsewhere for technological capabilities we have right here." He continued: "Many Canadians are employed as technological advisers by foreign firms because of their abilities in certain fields such as nonrenewable resources. It is time we created an economic climate," he says, "where we can get these people doing the same things for Canadian companies."

I do earnestly hope and urge that in fact we are looking at our own technological experts in all areas of economic development and not relying solely on the technology that is developing in other places.

MR. CHAIRMAN: (1)—pass; (2)—pass; (j)—pass — the Honourable Member for Burrows.

MR. BEN HANUSCHAK: Mr. Chairman, I am wondering if the Minister could explain. I note that under this item, (j)(1) Salaries, there has been a decrease for the forthcoming fiscal year, or the fiscal year that we are presently in, in fact, quite a significant decrease because in terms of dollars, as shown in the Estimates Book, there is roughly about a 1,300 decrease, but taking inflation into account, that would amount to about a 7 or 8 percent decrease. But then on the other hand, under Other Expenditures, there is practically a 50 percent increase, from 126,000 to 173,000.00.

My question is, with a decrease in salaries to the extent to which it is, why is there such a dramatic increase in Other Expenditures in the same appropriation?

MR. JOHNSTON: The Other Expenditures include Provincial Exhibition, Brandon, Manitoba, 1,000; Trade Fair Assistance, 40,000. The formula for trade fair assistance is 50 percent of eligible trade fair cost to a maximum of 1,000, plus per diem allowance of 45.00, total assistance not to exceed 1,500.00. Trade Missions, incoming and outgoing, 10,000. The formula is 50 percent of the travel cost plus a per diem allowance of 45, total assistance not to exceed 1,500 per project. General Promotion, negotiable but not to exceed 1,500 for promotion projects, 9,000.00. Those items are 60,000.00.

Telephone, telecommunications, 20,000; travelling to facilitate market development, 49,000; advertising and exhibits, promotional efforts associated with trade fairs, 26,000; printing and stationery supplies, 7,000.00.

The total increase is 46,400, and it is due to an increase in travel of 20,000, advertising and exhibit costs of 25,000 associated with trade fair participation, and the net cost adjusted associated with printing and stationery of 500.00.

MR. HANUSCHAK: Mr. Chairman, I wasn't so much concerned about the formula the Minister uses, you know, the various per diem allowances and the allowances for exhibits, for trade fairs, etc., are concerned, but really what accounts for the substantial increase from 126,600 to 173,000.00.

One of the items that the Minister mentioned was an increased travel allowance of 20,000.00. Perhaps the Minister could offer some justification for that, because if it is the intention of the government to participate in the same number of trade fairs, etc., as it did in the previous year, then why this tremendous increase in the travel allowance?

That leads me to another one or two questions. Is it the intention of the government to participate in more trade fairs or, if it's the same number of trade fairs, is it the intention of the government to send more people to participate in them?

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MR. JOHNSTON: The increase of 20,000 in travelling is strictly to the marketing personnel. It was decided that if we were to go out and develop more business for Manitoba businesses and manufacturers and put people together with them, it would take mostly more travelling expenses. You know, you have got to be able to get there to do the work. As far as the 25,000 in the exhibitions are concerned, it was major initiatives in the National Petroleum Show in Calgary, Alberta, to organize and administer the Manitoba exhibit, and also exhibitions at the 31 Farm Show, Kansas and the Inter-Can 81 in Calgary.

Those were basically the increased exhibitions that we participated in, Mr. Chairman.

MR. HANUSCHAK: Mr. Chairman, the Minister again mentioned the 20,000 increase in the travel allowance. I would like to know, a 20,000 increase from what? What was the amount appropriated for the travel allowance in the previous fiscal year?

MR. JOHNSTON: We would have to get that figure, Mr. Chairman. I don't have it with me.

MR. HANUSCHAK: Mr. Chairman, we are dealing with the estimates on a line-by-line basis and the Minister knows that there is a 20,000 increase. Surely he ought to know, one would think, a 20,000 increase from what? Is it from zero dollars, from 10.00, 1,000, from 20,000, because it makes a very great difference if you are talking about a 20,000 increase from 200,000, well, then one could say, from 200 to 220, that's inflation. On the other hand, if one is talking about a 20,000 increase from 10,000, then it does raise many questions in the minds of the members of the House.

I think that this a question that the Minister should be able to answer during the consideration of this item of his estimates. If he knows that it is a 20,000 increase, then he ought to know what is it an increase from, a 20,000 increase from 10,000, 20,000, 30,000, 40,000, 50,000, or from 10.00?

MR. JOHNSTON: The member can obviously see I have a very efficient staff, Mr. Chairman. It was an increase. I don't have the breakdown in my book for last year. This is the book for this year, but it was increased from 28,800.00.

MR. HANUSCHAK: Did I understand the Minister to say that it's increase of 20,000 from 28,800.00? The Minister is nodding his head. So it's an increase from 28,800 to 48,800, which is an increase of 70 percent. Now, a 70 percent increase is more than just the rate of inflation. Is the Minister intending to put more staff on the road travelling to various exhibits, or are they going to stay there longer, or what? Really, the Minister still should answer what accounts for that 20,000 increase, because it still amounts to a very very substantial increase percentage-wise.

MR. JOHNSTON: Mr. Chairman, I agree it's a 20,000 increase and I explained that it was decided that the marketing officers would have to have more travelling expenses to be able to get out and get their job done. It was estimated for them to make

their calls through the Northern United States, Western United States, and Western Canada, where they are concentrating on, it would take more travelling expenses, Mr. Chairman.

MR. CHAIRMAN: (a)—pass — the Honourable Member for Burrows.

MR. HANUSCHAK: Mr. Chairman, another question. Is this only travel in the United States, or is it to other parts of the North American Continent, or does this include travel beyond the North American Continent?

MR. JOHNSTON: It is in North America, Mr. Chairman. If there was a request for a marketing officer to go outside the North American Continent, it would have to be considered, by all travel requests come through the Deputy and eventually to the Minister's desk. When they are travelling, we are aware at all times of their movements, and it is basically because it was decided that we would have to have more traveling expenses to go out and try and promote more Manitoba products.

MR. HANUSCHAK: Mr. Chairman, the annual report of the Minister's department shows in one of the appendices a whole list of welfare grants to various corporations, some very wealthy corporations like a subsidiary of the Moore Corporation, which had received a grant a year of two ago. Are the grants of this kind that are shown in the annual report designed to assist corporations in Manitoba to promote their export sales activities? I am referring to the page that the Minister is looking at at the present time in the annual report.

MR. JOHNSTON: These grants are usually assistance to attend trade shows, Mr. Chairman. As far as the department is concerned, the department has always assisted companies to attend trade shows trying to sell or display Manitoba products, Mr. Chairman.

MR. HANUSCHAK: Can the Minister offer the people of Manitoba some assurance that moneys spent on trade shows in this fashion are moneys well spent, that there is a cost benefit accruing to the people of Manitoba? In other words, on a year-to-year basis, does he do any sort of a analysis of the returns coming back to us for the money spent in this fashion, or are these simply funds appropriated as a routine matter on a year-to-year basis without any thought or concern as to the benefits that we may derive therefrom?

MR. JOHNSTON: Mr. Chairman, manufacturing is up in Manitoba; it was up 24 percent in 1978 over 1977, approximately 27 percent last year, and the intention given to us this year, if it holds, and hopefully it will, as far as manufacturing is concerned, is up. We show Canadian-Manitoba manufacturers in leather, textile, clothing, furniture, publishing, metal fabricating, machinery, transportation equipment, electrical equipment, non-metallic and mineral products, all showing better than the Canadian average, Mr. Chairman, so the efforts of Manitoba manufacturers displaying their

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products elsewhere, we believe is showing to be a benefit. I've had experience with trade shows all my life, and you only get out of them what you put into them. If you go to them to work, you get something out of them. We watch it very closely, and any requests that come in are examined very closely to decide whether they will be of benefit to the province of Manitoba or not.

MR. HANUSCHAK: The Minister is talking about a 20 percent increase in this area of manufacturing, a 25 percent increase in another area, 28, etc., but to what extent can the Minister attribute these increases to the expenditures from his department? It may well be that some of these expenditures would have occurred in any event due to inflation, due to a variety of other reasons, even if the Minister had not spent a cent. So my question isn't to what extent have the returns from manufacturing increased over the past fiscal year, from exports, or whatever, but my question is: What have we, the people of Manitoba, benefited from the increased expenditures of this department in this particular area? Are we getting any additional returns from the moneys spent here? Not in terms of the overall manufacturing and export increases, because as I have said some of that may have occurred in any event, even if the Minister wasn't here, because really, given the philosophy of this government, and as we so often hear stated in the House that they want to develop this and promote the feeling of rugged individualism, etc., etc., then why the need for government assistance?

I am not arguing against that, because when we were government, of course, we did that because our philosophy was different. We could see a need and a role for a mixed economy, a blending of activities involving the public and the private sectors, but this is not the philosophy of this government. So when the Minister says, and as he has said on previous occasions that, well, you know, these items contained in the estimates, and the amounts expended here are really no different from what we spent when we were government. Perhaps we did, but when this political party before it became the government, when it ran for office in the fall of 1977, it did not run on a platform that it would continue doing the same thing as the previous government did, or as the government of the day did, but they were going to bring about change. And now the Minister is telling us, well, you know, these are programs that have been in existence for many years, and we are simply continuing them. Now really that isn't good enough, because if that is true, that now what the Minister is doing is simply continuing the programs which he inherited from us when we were the government, then in a sense he misled the people, he and his colleagues when they ran for election in 1977. Because in the fall of 1977 they did not say that to the people of Manitoba. They promised to bring about change, and now the Minister is saying, well, we are simply continuing the programs which have been ongoing for many years.

Therefore, it just doesn't wash when the Minister offers answers of that type. If this government, if its philosophy differs from ours, and I would like to think that it does, and it should, if it's a different political party and has a philosophy of its own — which I am

not sure that it has, because the other day I asked the Minister for his policy on another matter, and the Minister said that it had no policy on that particular matter with respect to the Economic and Operations Branch of the department — so it really makes one wonder, Mr. Chairman, what the philosophy of this government is, what its aims and objectives are. Does it really have a true Tory philosophy, or is the Minister simply trying to say different things out of both sides of his mouth, whatever he thinks will keep himself and his colleagues in political power?

MR. JOHNSTON: At the National Petroleum Show, Mr. Chairman, March 27th to 29th, 1980, three distributors reported on-spot sales of 16,500 and projected sales of 52,000.00. The Outerwear Fashion Show, 21 Manitobans exhibiting, on-site orders of 922,323 by 19 firms, anticipated orders of 1.3 million. I think that really shows that the participation in trade shows has been a benefit to the province, Mr. Chairman.

MR. HANUSCHAK: Mr. Chairman, the Minister talks about anticipated sales going into the millions. There is an old Ukrainian anecdote about the lady that was standing there with a gun alongside a fence and there were some pigeons sitting on the fence. A fellow walked by and asked the lady, how many pigeons have you shot? So she said, well, I haven't shot any yet, but if I shoot that one and the other eleven sitting on the fence I will have shot twelve. Of course, you know as well as I do that even if she does shoot that one, the other eleven won't be there, because —(Interjection)— somebody from the back bench asks me, how do I know? — because I would suspect that those pigeons are more intelligent than some of the backbenchers sitting on the government side, and they wouldn't be there.

Here the Minister goes again about anticipated sales, you know, all looks good, there is a possibility of another million dollar sales, two million dollar sales later this year, next year, much the same as some of the press announcements that we have been reading lately from his colleague, the Minister of Education, making a bit announcement about the expansion to Assiniboine Community College in Brandon, which was pretty well a re-write of the announcement which I had made shortly before the election was called in 1977 — then this party was elected government; they put a freeze on construction and held the lid on construction for a couple of years, then removed the lid off that area of the construction operations and made a big announcement about what this government is doing for Brandon in the area of the community college development. So here this Minister is talking the same way, that well, our participation in trade shows has really been tremendous, you know, a few thousand dollars of orders written here and there, and millions of dollars that we hope to net in the years to come. We will count those dollars in the years to come; not only will we count those dollars in the years to come, but we will also take a real close look at the extent to which this Minister's participation and involvement and expenditure of public funds in those areas, the extent to which that expenditure had contributed toward the enhancement of the export sales from the province

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of Manitoba to other provinces of Canada and beyond the boundaries of the country of Canada.

MR. CHAIRMAN: (j)—pass; (k) Canada-Manitoba Industrial Development Sub-Agreement — Enterprise Manitoba: (1) Salaries—pass — the Honourable Member for Brandon East.

MR. EVANS: Mr. Chairman, I wonder if the Minister could advise how many people are paid under this appropriation and also how many people are working — having asked that question, I know we were given a statement the other day, called Enterprise Manitoba, but I am not clear the way it is tabulated here as to just what this one line, 653,500 incorporates, so if the staff could give us an estimate of the number of SMYs being covered by that. I guess it could be (k) Enterprise Manitoba, 27 and the Manitoba Research Council, 20. That may be it, but at any rate, in addition to the confirmation of that information, what I would like to find out is: How many people are working in the various centres and are they included in this figure?

For example, the people in the Food Technology Centre, which is funded by the Manitoba Research Council at Portage la Prairie, are they civil servants funded under this — they're funded out of these dollars but are they part of the salaries or are they paid under (2) and (3) for example? At any rate, I would like to know how many people are employed in the various enterprise development centres and in the food technology centre and in the industrial technology centre? Are their salaries paid for under Item (1) Salaries, or are they paid under Items (2) and (3)? If they are we can ask that question at that time, but I think it's appropriate to ask for clarification now as to just what items are covered under (1).

MR. JOHNSTON: The salaries that are shown under Number (1) are the salaries that include the Enterprise Manitoba staff except for the salaries that are paid in the two technology centres through the Manitoba Research. There are seven employees in Portage la Prairie in the Research Centre and 13 in Winnipeg in the New Technology Centre in Winnipeg. There are in Enterprise Manitoba salaries under the other programs that are administered by Enterprise Manitoba, there's three staff for co-ordination and an assistant, one administrative secretary, one senior development officer and one administrative secretary. One staff is for industrial development, one administrative secretary. There are six staff for the Brandon Enterprise Development Centre; one manager, four development officers, and one vacant position, one administrative secretary. There are 14 staff for the Winnipeg Enterprise Development Centre; 5 senior development officers, 7 development officers, one vacant, and two new for 1980-81; two administrative secretaries and one new for 1980-81. Three staff are for the Rural Small Enterprise Incentive Program; one senior development officer and one development officer, and that's a total of 27, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for Burrows.

MR. HANUSCHAK: Mr. Chairman, I've been listening carefully to the Minister as he was explaining this and I was hoping that in the course of his explanation, be able to determine what accounts for the practically 30 percent increase in the salary appropriation under this item from last year to this year. You will note, Mr. Chairman, last year it was 511,000, for the forthcoming fiscal year it's 653,000, an increase of 142,000, which is practically a 30 percent increase.

I would appreciate the fact that a portion of this is likely due to inflation, but nevertheless inflation was not 30 percent, so has there been an increase of something in the order of 20 percent in staff under this appropriation, and if there was, why?

MR. JOHNSTON: Mr. Chairman, this is the first full year of operation of Enterprise Manitoba. The development centres in Brandon have been operating but officially opened, I believe, a month ago approximately, that I was out there to open it, and the Winnipeg Small Enterprise Development Centre was opened about two months ago, so this is the first full year of operation of the Enterprise Manitoba program as far as the staff is concerned, Mr. Chairman.

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

MR. SAMUEL USKIW: Mr. Chairman, I would like to find out from the Minister just what the whole philosophy is of this particular section, at least as the government perceives it. We have here a number of press releases with respect to a number of millions of dollars that have been given out in grants for the purpose of establishing a number of enterprises throughout Manitoba, and in the one grouping here, Mr. Chairman, we have some 800,000 in interestfree forgivable loans to establish or expand manufacturing business. It looks to me like that involves — well yes, it's 44 projects involving 114 new jobs. This is a release that was issued on Thursday, May 29th. It amounts to about a grant of 18,000 per project and according to my calculations, each project provides 2.5 jobs on a per-grant basis. We have 18,000 that provides jobs for 2.5 people, in other words it's costing the government about 7,000 per job created under this program.

On the other program, or the other release dated the same date, for central and eastern Manitoba, we have 66 projects creating 266 new jobs, which is an average of 4 jobs per project, amounting to about 19,000 in grant per project, a cost of about 5,000 per job.

I am trying to understand the philosophy of the program, because obviously we are dealing here with fairly substantial sums of government money, of public moneys being spent for the purpose of creating job opportunities in plants that employ 1, 2, or 3 people, or perhaps 4 or 5 people. How does the Minister assess whether or not these dollars are well spent? Let's assume that we accept the philosophy that we are going to entice people into certain ventures with government money or grant money as a means of stimulating the economy and as a means of creating employment. How does the Minister assure the taxpayers that this money is well spent?

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How does he know that an 18,000 grant to a small business will result in fact in the expansion of job opportunities by 2.5 jobs or by 4 jobs as in the other example, on a continuing basis into the future? How does he know that that's not a one-year shot and then we're back down to status quo ante and it's a sort of a mother and father, papa, mama, enterprise or whatever you want to call it and really no staff are employed. And what is the value of doing that, if that's what happens?

Secondly, how does the Minister know as to the viability of these projects? Can he assure us that these dollars, although they are spent, are going to maintain these businesses and ensure their success, that we won't see numbers of these going into bankruptcy two or three years later? In other words for every ribbon cutting, how many receiverships? What's the ratio between receiverships and ribbon cuttings? I know that no one is invited to a receivership situation, Mr. Chairman, other than those interested in submitting offers on goods and materials that are sold for next to nothing when that occurs. But we are never informed here, Mr. Chairman, as to how many enterprises that the taxpayers have set up through government grants that have had some years of entrepreneurship that have lasted, and where the Minister can say this one has proven out and we can show that it has grown and the seed money we put in here was very worthwhile.

I would like to know whether the department monitors that, whether the department can say to us that our track record is that out of every 100 new enterprises that are established under this kind of a program, that there are ten bankruptcies or there are two, or there are 25. There must be some track record. Surely the department is not going to continue this kind of a program without assuring itself that we're not simply just throwing money away. I say that in the context of accepting the Minister's position that his philosophy is that you have to throw money at people to get things going. That is the nature of this program. It's the nature of the federal DREE program which this is a part of.

Up until this program was launched, these things were available strictly under federal DREE, and there was no provincial participation insofar as the grants were concerned. I have never truly accepted the idea of the federal DREE package, Mr. Chairman, the idea that the public would put up hundreds of millions of dollars each year, several hundreds of millions, in Canada towards the establishment of businessmen in this country, and then when those businesses become successful and rewarding, that the benefits of that investment accrue purely to the shareholders. I've never accepted that as a principle, Mr. Chairman. I believe that is a wrong principle.

I think it's fine to advance the money and to take the risk, but then if there is risk taking, Mr. Chairman, in terms of proper business procedure, it seems to me only logical that the government should also expect some return on that investment if these are success stories. I don't believe that it's right to simply say here is a million dollars, have a lot of fun with it, make a lot of money with it, we don't want any of it back. I believe that is irresponsible, Mr. Chairman. I believe if an enterprise is established through this kind of effort, then the government

ought to assure the people of Manitoba, that to the extent that there are some profits emanating from these enterprises, that they go back, (a) to repay the loan, and (b) to give the province either some equity in these projects or some return on the moneys that were advanced, if the Minister is going to suggest that without these efforts these enterprises would not come into existence in the first place.

Mr. Chairman, the examples that I have here, perhaps maybe the Minister would want to comment on some of them, if he's able to. I am interested in particular in the eastern region, Mr. Chairman. We have here Canwest Mining Contractors Limited in Bissett, processing of overhead tailings. Just what is involved there, Mr. Chairman, and how much public moneys have been allocated towards that project? How many people are employed? What are they doing? Who is the owner? What is Manitoba going to get out of that whole exercise? My understanding, Mr. Chairman, is that with respect to that particular venture, that came about as a result of the excitement that developed around soaring gold prices in the bullion market of the last several months and that it appeared at the time that maybe it will be feasible and profitable to refine or to sift out the old mining tailings at Bissett, mines that I suppose were highgraded years ago and now it seems that because of the price of gold that there may be some profitability in going through and processing the raw material over again to extract the last ounce of gold out of those tailings. I would like to know the status of that particular project. I'd like to know how much money the province of Manitoba allocated, or that is how much grant moneys were involved and how many people are employed.

There are a number of other ones; Youngdale Enterprises, fababeen processing. I wonder if the Minister would be able to explain to us just what is going to happen there and how many staff are going to be employed and what the whole nature of that operation is, Mr. Chairman. Connery's Riverdale Farms in Portage la Prairie, vegetable processing, whether the Minister could enlighten us as to what is going to take place there, as well as a meat market in Treherne. Just what is happening in Treherne, Mr. Chairman, that we might be interested in, how many people are going to be employed that are not now employed, and what is the province's participation in those projects?

MR. JOHNSTON: I guess the member is reading from the Order for Return that I presented on April 3 and if he is, I don't know, if he isn't, I'll see that he has a copy.

MR. USKIW: Mr. Chairman, on a point of order, I am merely reading from the Minister's press release, a release dated May 29, 1980.

MR. JOHNSTON: I wonder if the honourable member, Mr. Chairman, would repeat — I have the Canwest Mining one here — if he would repeat the other names so that they could be looked up while I'm . . .

MR. USKIW: Canwest Mining was one of them. Youngdale Enterprises, that's in East Selkirk;

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Connery's Riversale Farms, that's in Portage la Prairie; and Jenkinson's Meat Market in Treherne.

MR. JOHNSTON: Canwest does process the tailings of gold from the processing and they are employing 14 people as the number of employees. They had a small fire while they were getting into operation, Mr. Chairman. The forgivable loan to the company is 29,900.00. The way the program works is they receive 50 percent, up to 30,000, if it's a new business, Mr. Chairman.

The company has been well examined. As I explained last year, in the Enterprise Program, they make application; it is examined by a board of people, a citizen board of people, to recommend if they think it is viable. Then it goes to what is called the Sector Board of that particular industry. But mainly it goes to the management committee that is made up of the provincial and federal people who are involved in the program. The assessment is made. We have a person on staff who used to be the supervisor of one of the top banks for western Canada. He does analyzing of these particular loans. We have the Assistant Deputy and the Director of Small Business, who are involved examining the assessment of the loans. They must give financial statements; they must produce business projections before anything is done.

So we go through a very very thorough program and there is a file at least that thick on every one of these approvals for forgivable loans. Now, the loans are paid out in two parts. The loan is paid out, after it is approved and in order to get going, then there is an assessment made as to their progress and finish getting into operation before the second part of the loan is paid out. After the first year of operation, after a full year in operation, half of the loan is forgiven, and then after two full years of operation, the full loan is forgiven if they are still operating.

So we have a very secure position as far as the forgivable loans are concerned, the position being that we have a company that is operating in Manitoba, creating jobs. The honourable member might not like the philosophy of DREE, but there was no place for a small business to go. DREE was available only for larger businesses. The Development Bank was available for larger businesses. All of the programs that were available were not available to smaller people of this nature who were trying to get into business or expand their business. Mr. Chairman, this agreement was worked out between the federal and the provincial government to try to assist the growth of small businesses in the rural area of Manitoba.

We keep hearing from day to day — the Member for St. Vital during the discussions on the Department of Education, how young people were leaving the rural areas. We have that problem in Manitoba and this program is designed to build up small industry in the rural parts of the province of Manitoba and it has been quite successful, Mr. Chairman. We haven't had a bankruptcy as yet. I wouldn't presume to say that we won't, but under the program, Mr. Chairman, there is what they call a Section 8 under the agreement, I might say, which calls for a co-ordination and assessment of the program and of the businesses that are put into operation. Then, of course, there are the

development officers that work out of the small business centres under the program to assist and advise these small business on proper management, on proper production types or of production line.

Mr. Chairman, we have found it to be a very successful arrangement. There is a lot of assessment goes into the loans and hopefully we will be able to produce jobs in the province of Manitoba. To date, Mr. Chairman, we have made 110 forgivable loans which would employ, directly employ — and if they grow they will employ more — 388 people in the rural area. The eligible capital cost is 4,839,700, and the amount of the incentives that have been given out by the two governments is 2,087,000; and of the 2,087,000, Mr. Chairman, the province pays 40 percent.

So it's a program that has generated nearly 5 million worth of capital expenditure, created 388 direct jobs at the present time, and it has cost the province approximately 800,000.00.

MR. USKIW: Mr. Chairman, my understanding, and I may be wrong but perhaps the Minister might want to check into that, is that in the example of Canwest, that that is not an operation any longer and that is why I raise that question, that there are major problems with Canwest, and my impression was that they are either bankrupt or near bankrupt. I may be wrong and perhaps the Minister would want to correct me, but certainly I would be interested to know just what the current situation is with respect to that particular venture.

The Minister suggests that we haven't had any bankruptcies to date that he is aware of. He also suggested the program is very successful. Now, I don't know how you measure success in terms of giving away money. Is it the more money you give away, the more successful you are? I don't know if that's what the Minister is saying. I don't think I would have any trouble being tremendously successful in giving away money. As a matter of fact, some of my colleagues have accused me of that over the years when I was in charge of the Department of Agriculture. They thought that I was sometimes overly generous to our rural clientele, Mr. Chairman. But notwithstanding, Mr. Chairman, I don't know whether it is difficult to give away money. I have never found it difficult. I know that there were always takers. As long as you announced a program to the people of Manitoba, you would have a lineup waiting to cash in. The real measure of the benefits, though, has to come out of whether or not those job opportunities would be created if this program had not existed. That is the real test, Mr. Chairman. I find it hard to believe, and if I look at all of these examples here, that any one of those would not exist if this program was not in place. I don't know whether the meat market in Treherne would continue to exist if they didn't receive this grant. I know it has been there for a good number of years, but I don't know whether it would cease operating if the Minister didn't rush down to Treherne and give them a grant of 15,000 or 20,000, or whatever amount it was. That's right, I don't know of any, Mr. Chairman, that would not exist if it were not for these handouts.

So if they would exist anyway, and the jobs would be there in any event, then what is the purpose of the program? That's really the point that I am

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making, Mr. Chairman. I am not convinced that we wouldn't have Prairie Agri Photo in Carman if they didn't receive a grant from the Minister of Economic Development. Now, if we would have Prairie Agri Photo in Carman without a grant, then why are we giving a grant? I could say that about Valley Essential Oils, Fehr Thermal Glass, Lionel Goulet, whoever that is, Outdoor Fireplaces, I.M. Friesen, Pembina Printing, Steelclad Limited, and on and on. There are pages and pages of it, Mr. Chairman. A lot of the names are somewhat familiar; they have been around for a long time, and they didn't get there with a government grant. Now, are they are on the verge of bankruptcy and therefore the Minister feels he has to provide a grant to these people in order to keep them afloat? Perhaps that is the answer, Mr. Chairman, but I for the life of me can't understand what the whole effort is all about. You know, we are talking about 15,000-20,000 grants to each of these projects, many of which existed for many many years.

I get the impression and, Mr. Chairman, that impression is shared by some of the people who have received these grants, that the Minister has a hard time to give away money and he would like as many at the lineup as he can find in order that he can cut more ribbons and make more statements and hand out more money, an effort, Mr. Chairman, that could become popular with the Manitoba business community. That's really what this is all about. I have had one of the recipients say to me, "I don't know why I got this cheque but if everybody else is getting them, I might as well get mine too." Mr. Chairman, that's what is taking place. People are receiving money that didn't ask for it, didn't know it was even available until someone nudged them and said, you know, you can qualify for a grant, all you have to do is file an application with the Minister of Economic Development and you will get a cheque for 20,000, or 30,000, whatever the formula calls for. There are a host of people who will tell you that, Mr. Chairman.

I believe this is a tremendous abuse of taxpayers' money, unless the Minister can say to me that all of these businesses would not exist, all of these jobs would disappear unless this program was in effect. Unless he can demonstrate that and unless the department's research arm can show that that would take place, then I ask, why are we doing this, Mr. Chairman?

Mr. Chairman, I would like a grant too. Heavens, I don't know why I shouldn't get a grant. That is the thing to do, set up some kind of an operation, get your grant and hope that it flies. —(Interjection)— The Minister of Health suggests I don't need one. It doesn't matter, because the people that I spoke with told me they didn't need one either, but it came, so they took it.

Mr. Chairman, what are we trying to establish? What are we trying to prove? We are trying to impress the people of Manitoba with the idea that the government of Manitoba is very much involved in economic stimulation, and that the way to stimulate the economy is to give away taxpayers' money. That is what this is all about, and hopefully in the process that the government will gain some brownie points with the electorate.

Mr. Chairman, there is one problem with that scenario, and I learned that through experience in government, Mr. Chairman, and that is that if everybody gets a grant it is fine, but if one entrepreneur receives a grant in the same community, having very much the same kind of business as another entrepreneur in that community who didn't receive a grant, you have a problem. Here you have an existing shop operator in the town of Carman, who hasn't applied for a grant, who hasn't received a grant, competing with a brand new person that comes into town, gets a 30,000 grant from this Minister in order that he can compete with the one that was there before. You know, that becomes a problem, and I think that the more the Minister does this, the more he would realize that there will be jealousies built in, and antagonisms build in each community, because why not — if it there, let's all have some of the action.

There was an article in today's paper that if we sold out Canada to the United States, we would all receive a million dollars and we would be millionaires, all of us would be millionaires. Perhaps the Minister is trying to suggest to the businessmen in Manitoba that they should all be entitled to a government grant so that they can all be millionaires at public expense, and that would be good for the people of Manitoba.

Mr. Chairman, the people that work hard, that carry the lunch buckets to work, that have to pay a good measure of their earnings in the form of income tax on their taxable income, I don't believe like the idea that government should just throw money away whether it is needed or not, give it away to people that don't need or haven't asked for it, but have been coerced into receiving it.

I don't believe that taxpayers appreciate that, Mr. Chairman, and if the taxpayers of this province fully understood what is happening, if they truly knew what is taking place, Mr. Chairman, this Minister would find a tremendous amount of hostility in every community. So, Mr. Chairman, I am not one who is excited about this Minister's Enterprise Manitoba, unless he can demonstrate to me, and I will be most interested in hearing from him, whether or not all of these job opportunities, all of these businesses would not continue without the grants that the Minister is providing.

MR. CHAIRMAN: The Honourable Minister of Highways.

HON. DONALD ORCHARD (Pembina): Thank you, Mr. Chairman. I just came in on the latter part of the Member for Lac du Bonnet's comments and I think some of them can't go without a certain amount of rebuttal, because the Member for Lac du Bonnet as usual is not really presenting all of the facts that are available.

MR. CHAIRMAN: The Honourable Member for Brandon East on a point of order.

MR. EVANS: On a point of order. You know, I have been in the House for about ten years and the custom is for a Minister to be here to defend his estimates, not for other Ministers of the Crown to intercede, to talk in general terms, to defend those

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estimates. Now, any member of the House can get up and speak, the Minister for Highways can speak all night if he wants, but the point of order is that if you want to prolong the estimates this is a way of doing it, by backbenchers and other Ministers of the Crown getting up, interceding, and interfering actually with the estimates process. I suggest, Mr. Chairman, that it is uncalled for for other Ministers; in fact, I think it is an insult to the Minister whose department is being reviewed.

MR. CHAIRMAN: To the honourable member, you do not have a point of order. I would have to rule you out of order.

The Honourable Minister of Highways.

MR. ORCHARD: Thank you, Mr. Chairman. Now that we found out that among other things, the Member for Brandon East is against freedom of speech, I will continue.

Mr. Chairman, the Member for Lac du Bonnet has said that these small rural enterprise development grants were given to people that didn't even ask for them. That is the number one falsehood that he has laid on the table tonight, because those grants were given only after the individual applied for it, met certain criteria, including investment of his own additional to the grant, and creation of jobs. So the Minister for Lac du Bonnet is not telling the truth to the House when he says those grants went to people who didn't even ask for them.

MR. CHAIRMAN: Order please. The Honourable Member for Lac du Bonnet on a point of order.

MR. USKIW: The Minister of Highways — on a point of privilege, Mr. Chairman — suggested that I was not telling the truth and I would suggest that he withdraw that or prove that I was not telling the truth.

MR. ORCHARD: Mr. Chairman, I will gladly withdraw the statement that the Member for Lac du Bonnet was not telling the truth, if in fact Hansard will show that he did not say that people who didn't even apply for them got money and said they didn't get it. I will withdraw that gladly, and if did not say that, I will withdraw the comment that I made.

MR. USKIW: Mr. Chairman, the Minister himself, in his opening remarks, indicated that he just walked in as I was completing my remarks, so therefore, Mr. Chairman, judge for yourself. The Minister has taken me out of context, not knowing the full dimension of my contribution here this evening, and I don't believe that he is qualified to comment on my comments, Mr. Chairman.

MR. ORCHARD: I reiterate that I will withdraw those remarks if, in fact, the Member for Lac du Bonnet did not make them.

Mr. Chairman, what I would like to point out to the Member for Lac du Bonnet about the Rural Enterprise Development Program, a program which was well received by the small business community of Manitoba, it was part of this government's efforts to help the small business community throughout this province, something that was totally foreign to the members opposite, I will realize and readily admit.

That program, Mr. Chairman, fit into a group of people who were undertaking business expansion in this province to create jobs, to create new opportunities in business in this province, and they were the size of business, Mr. Chairman, that could not qualify for your standard DREE grants, which were quite often in the neighborhood of 100,000 plus grants, and multi-hundred thousand dollar expansions. Many of our small business people in the province of Manitoba are not in that ballpark.

This Minister and this government have recognized that those people do, in fact, need in some instances if they qualify some assistance in undertaking a business expansion, which means investment in this province in the business community, and creation of jobs which, Mr. Chairman, does nothing other than create new and added wealth and tax revenues in this province, and I think that is what any government in this province should be concerned about is increasing the wealth, the total wealth in this province for the sharing of all people. Let's just hope that we can continue, Mr. Chairman, in providing the kind of stimulus that individual businessmen can indeed succeed in this province.

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

MR. USKIW: Mr. Chairman, the Minister of Highways obviously is not yet impressed by the impact of the decline in Manitoba's economy. He has not yet had a chance to look at the indexes that affect Manitoba's prosperity, its future, its present, its past, he is not apprised of those facts, Mr. Chairman, and so he makes the kind of comments that he has just made.

The fact is that the actions of government have not stimulated the economy, they have done the reverse. We have had a net outmigration of people for lack of opportunities in this province. The business climate in Manitoba is a bad one, businessmen are not happy, they are very pessimistic about what is happening in Manitoba. They are not happy with this government, Mr. Chairman, despite the fact that the government would like to claim that they are the friends of our small entrepreneurs throughout the province. That is not so, Mr. Chairman.

I have never witnessed so much gloom on the part of the business community as I have in the last 18 months, Mr. Chairman, and all of the antics of the Minister of Economic Development with his ribbon cuttings and his gifts of money — image-making is all it is, Mr. Chairman. All of that is not altering that fact that there is a tremendous feeling of unease, of insecurity throughout the whole mainstream of Manitoba's economic system that has not been alleviated by this government.

MR. CHAIRMAN: The Honourable Minister.

MR. JOHNSTON: Mr. Chairman, I don't expect anything more from the opposition members, because they have been critical of business people in Manitoba, it would seem, for a long time.

The member is wrong when he says there is a gloomy attitude in the business people of the province of Manitoba, and I don't know who he has been talking to, but I can tell you that I have talked

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and met with many many business people. That is the reason for our Sector Boards, etc., and the reasons for going out and meeting business people throughout the province.

He talks about the economy and we have been increasing, through some very trying times in national, international, or whatever markets you want to call them, Manitoba has been moving forward. The members keep referring to the public and private investment total. We would say the private investment has gone up and it has gone up, manufacturing in private investment has gone up in the province of Manitoba, and has gone up for the past two years, and it has fairly stagnant previously, Mr. Chairman.

Mr. Chairman, the member asked me — pardon me, first of all, the program that we are speaking of, nobody gets a loan unless they apply for it. If there is any occasion that we have just walked up and handed somebody a cheque without an application form being put in, without it being assessed by the Sector Boards, the private people within there making recommendations, I would be very surprised; in fact I would almost guarantee it hasn't happened.

Mr. Chairman, if the honourable member knows, if somebody has walked up to him personally and said, I applied — and he had to apply to get it — and they gave it to me and I don't need it; I wish he would give me his name. As a member of this House he should have the duty to give me his name, so that I could examine the application. Maybe that could be done, Mr. Chairman.

The program has many different sections and, of course, there is 44 million in the program and of the 44 million, Mr. Chairman, 5 million is allotted to the Small Enterprise Incentive Program, the Rural Small Enterprise Incentive Program, of which the province pays 40 percent. It is a very small amount of the total program, Mr. Chairman, that has been put together by the federal and provincial governments to try and assist the expansion of and the development of new businesses in rural Manitoba.

The member talks about, would they by there or wouldn't they be there? I would say that up to 50 percent, up to 30,000 means that there has to be 30,000 or more spent by the other person, and they might not just be able to go into business with 30,000. We examine it very carefully and those businesses are there.

Mr. Chairman, the second one he asked me about — yesterday or the day before yesterday when I opened the expansion to the Food Technology Centre in Portage la Prairie, this says Connery's Riverdale Farms Ltd. — those onions are grown in Manitoba, cleaned in Manitoba, packaged in Manitoba, packaged by the development of a process shown to the man by our Food Technology Centre in Brandon, those are sold throughout western Canada through the chain stores at the present time, Mr. Chairman, all done by the efforts of working with somebody through Enterprise Manitoba.

Mr. Chairman, if that isn't really enough, just tonight — maybe the honourable members are eaters of sunflower seeds, but just tonight we opened a new sunflower plant in Winnipeg. All of the equipment in it was done by Kipp-Kelly; the contractor for the new plant was in Winnipeg; they're employing five new people; they have a packaging

machine and there isn't another one like it in Canada in there. And they have put that together; they moved from a little spot on Alexander Street. They had a DREE grant, they were the size of a company that had a DREE grant, they didn't come through us, but they used our Food Technology Centre in Portage la Prairie to help develop this particular system, Mr. Chairman. By the way, Mr. Chairman, that was the first bag brought off the line of the new plant.

Senator Guay and I personally went out and when he opened this, and we personally started the machine to package those particular seeds, and when we opened the Technology Centre, we personally started the fermentor and there is only three in North America; only one in Canada, and it is ours for the help of a technology centre for the five labs in that technology centre for assistance through the Enterprise Manitoba program.

Now if the honourable members don't want to see technology advanced in the province of Manitoba, and if they don't want to see a small program to develop new ideas, new businessmen in the rural area, and an even smaller program to help expansion to create jobs in rural Manitoba, I can only say that's entirely up to them. I don't care if he says I'm going around ribbon cutting, or making speeches or what, the philosophy on the other side is basically, if we're doing it, fine, but if anybody else is trying to help Manitobans, they don't like it.

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

MR. USKIW: Mr. Chairman, the Minister suggests that capital investment is on the upsurge and we are doing very well relative to other parts of Canada. The fact of the matter is that we are not doing very well. The fact of the matter is that we have dropped since 1977 to 3.56 of the percentage of Canada as compared 3.59 during the period of the 1970s up to and including 1977, so therefore there has been a reduction; not a large one, but a reduction.

Now in terms of last year alone, we have a 7 percent increase, but after inflation, Mr. Chairman, you have a negative result. We are talking about inflated dollars and the Minister is using inflated dollars, so there is really no growth, there's in fact a reduction taking place. And Manitoba's private capital investment is third lowest in Canada amongst our ten provinces, Mr. Chairman. That's a lot of nonsense and that's why I am trying to determine what it is that the Minister is trying to achieve. The Minister showed us two products produced as a result of some effort through Enterprise Manitoba. Mr. Chairman, no one on this side argues against development research, innovation, the Research Centre — that's great. I have no problem with that. Heavens, we've done all kinds of those projects over the years. I think it has to be done to a great extent by government, and I say that because I believe that government probably is the only agency that can put all the pieces together to experiment and make it work, and to gamble some dollars that the private sector perhaps would not gamble.

But, Mr. Chairman, I don't know whether the Minister is aware that the Connery operation has been in existence for decades —(Interjection)— Well,

not that one, Mr. Chairman, the fact of the matter is that I believe that the Connery operation could have afforded the expansion that has taken place without one penny of taxpayers' money; without one penny. They are operating a very large enterprise in Portage la Prairie. I'm sure it's probably worth a couple of million dollars. I don't know, Mr. Chairman, it's a fairly substantial operation. I'm familiar with it. As a matter of fact I regard the man as a friend of mine, Mr. Chairman. I don't believe that would not have occurred without a government grant, but if the grant money is available, then by all means I think that he should take it, Mr. Chairman. I think the Connery farms or enterprise or whatever they call themselves should apply and should qualify in the same way as everyone else, because the money is there. That's the only point I'm making. I'm saying in principle I argue with the whole idea. If the government is putting up some risk then the government ought to share in the benefits if there are successes, otherwise we shouldn't be into this kind of a program, Mr. Chairman.

The Minister prefers to take the taxpayers' money and to hand it out on the basis that there is risk involved, and that if the project is successful then the private sector benefits and the public has paid the bill. If it's not successful the public pays the bill anyway. That's the position of the government. Mr. Chairman, it demonstrates to me that this government is not even true to its own philosophy. It demonstrates very well, Mr. Chairman, that they do not believe in private enterprise and private initiative. What they are doing, Mr. Chairman — and it's nothing new; it was talked about for the last three or four hundred years to say the least, Mr. Chairman, by various writers, including Adam Smith, Mr. Chairman, who in fact complained that Conservatives weren't conservatives, but merely that they were feeding at the trough and wanted to use the state to their advantage.

And that's really what is taking place now, Mr. Chairman. Conservatives and private enterprisers are not conservatives and private enterprisers, they are manipulators of the public system. That is what's going on, Mr. Chairman. Yes, it's not private enterprise, Mr. Chairman. It is the public that is footing the bill, and it is the private sector that is gaining from it. This Minister is asking people to dip into their pockets in order to afford the grants that are being made, to people who already have much more than those who are providing the grant money, Mr. Chairman. To me that's absurd. We have people, a good percentage of our population who earn 7 or 8 thousand a year, 10 or 12, 15 or 20, and they pay varying degrees of taxation, and then they find that the Minister will tell them, well, we can't afford the day care program, because we have a restraint program; we can't afford to improve the nursing homes because we just don't have the money. He will give a million excuses to the needs of the ordinary folk in Manitoba, but he will always be ready to say yes, if you want to set up a new business establishment or you wish to renovate your old one, we will give you some money and you don't have to pay us back. We will give you a cheque. We will take it out of the tax system.

Mr. Chairman, I think there is something wrong with that, it's to say the least inconsistent with

Conservative philosophy and it is something that I think that is not very difficult for anyone to expose. The fact of the matter is this whole business of private enterprise reasserting itself as was the idea, at least they suggested it and promoted it in 1977 — Mr. Chairman, it fizzled very quickly. It didn't take long for this government to say that they cannot do it unless we pump in some money. The idea that the government was going to withdraw from the economy in a major way and place the reliance on the private sector to keep the economy humming, to employ the new people in the labour market, hasn't worked, and the introduction of this program demonstrates most fully that it hasn't worked and the government is now trying to do something by simply giving away money.

It's the same argument as was presented by the Member for Inkster, Mr. Chairman. We've got our priorities all crossed up. If we spend public money, and that's how this government thinks, doing something for the people of Manitoba; building things, whether it's houses, or whether it's airplanes, it doesn't matter. If it is not a viable thing they will scream that it was a terrible venture and a terrible waste of public funds. But, Mr. Chairman, this Minister got up in the House not too long ago, and said hurray, we are going to get a piece of the action of this new defence contract. That's a great thing. I don't know what it's going to do for anybody, Mr. Chairman. I know it's going to create jobs, but we created jobs with Saunders in Gimli — (Interjection)— That's right, and that plane was able to carry Manitobans from one place to another. Now it may have not been viable. It would have been viable, Mr. Chairman, if it had been based on the same kind of grant relationship as the aircraft industry in eastern Canada was put in by the federal government, Mr. Chairman, — yes, De Havilland and Canadair lived off the public trough for as long they've existed, Mr. Chairman, and then the government had to buy them out in the end anyway. If we had the same consideration with Saunders, it would have been just as viable as all of the others — (Interjection)— I'm not going to get into that.

Mr. Chairman, there is something wrong with the thinking of my friends opposite when they argue that when you invest public money in a public venture or public-private venture jointly, that that is bad. But a defence contract for Winnipeg is a great thing, even though we are going to create some toys for people to play around with for a few years and then declare them obsolete and then hope we get another contract to do it all over again. That is the kind of nonsense that comes from that side of the House, Mr. Chairman. We are prepared to build junk pieces. We are prepared to pay for obsolescence — oh yes, I give John Diefenbaker a bit of credit, Mr. Chairman. He wasn't prepared to go that far. Even though there was a commitment to buy the Beaumark missiles, at least he had the nerve to say, those things are obsolete. If you at all believed in measures for war, those things are obsolete anyway and we are not going to go ahead with them. Mind you it cost him a bundle politically, Mr. Chairman, in eastern Canada, there is no question about that, but he had the gumption to do it. My friends opposite will kneel at that altar all the time, Mr. Chairman, as long as they can show that it creates a job here and a job there,

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even if it's producing junk that is not needed, that is not wanted, and has not been asked for.

Yes, this Minister will give a grant to anybody that's prepared to put something on the market that has of little social or economic value. That's right. But he is unprepared, Mr. Chairman, to venture either as a public venture or in co-operation with the private sector, for something meaningful that will improve the conditions in the province of Manitoba. And that's really where the dividing line is between the two sides here, Mr. Chairman.

Mr. Chairman, I would want to have the Minister — and this is something he did not respond to, and it's worth noting — I said to him, I will go along with this program if he can stand up and tell me that without these millions of dollars in grants that those 388 jobs would not be there. If he could say that, Mr. Chairman, then I would ask him which ones would not be there because I have his list. I happen to know that they've been there a long time without him and without his grants, Mr. Chairman. But I would invite him to tell me which one of these would not carry on, would not exist; which ones would go bankrupt, which ones would not have been created, if this Minister didn't hand them a cheque, Mr. Chairman.

MR. CHAIRMAN: (1)—pass — the Honourable Member for Fort Rouge.

MRS. WESTBURY: Thank you, very much, Mr. Chairperson. My concern is with how the government makes decisions on who should receive these grants and who should not receive these grants. One would expect that the decision would be made on the basis of need in a community for a particular industry, a small industry in the community, and I want to talk about a particular enterprise that has come to my attention which has been documented that there is a need in the community, and that it would be used by the community and by people outside of the immediate community and yet it has been turned down on two occasions. This is the Notre Dame Machine Shop, Notre Dame, Manitoba. This was operated by — the application was made by a gentleman who migrated to Canada about a dozen years ago. He's a first class machinist. In that particular area of Manitoba there is no lathesmen to be found. The people in the area who have hydraulic equipment on their farms, I'm told, have to bring the equipment into Winnipeg to be serviced. A few miles away in Rathwell a gentleman received a 25,000 grant. He is not a machinist. He does not have a lathe. A gentleman in Holland received a grant from the government. He has no lathe. This particular lathesman applied for a grant and was turned down, and the reason given on two occasions, Mr. Chairperson, was, "Your submission has been again declined for the same reasons previously given, that is, a lack of indicated commercial viability."

After it was turned down the first time, letters came in from the council of the village. The first one was from the secretary-treasurer: "The members of the council are strongly in favour of your intentions to establish a machine shop in the village. As requested, I have attached a copy of the resolution passed." The resolution stated: "Resolved that council strongly favours the

establishment of a machine shop by this gentleman in the village of Notre Dame de Lourdes." The Royal Bank had approved a 25,000 loan for the construction of the machine shop, subject to this individual receiving the grant under the Rural Small Enterprises Incentives Program.

He had letters of support from a MacLeod's authorized dealer in Somerset, a farm supply centre in Manitou, a dairy farmer in Notre Dame, a Chevrolet supply shop in Treherne, stating that the dealer should find this very convenient and use its services extensively. Manitoba Hydro sent a memo: "To whom it may concern . . ." They quite often have construction crews working in the area and ". . . constantly require some work to our machines . . ." and they are sure that they could use this type of repair. Modern Dairies: "We have had some work done by this gentleman in the past and were very satisfied with your workmanship. If you start a machine shop, we will be very pleased to give you all the work we will have." A farm equipment store in Rathwell: "There is a very definite need for the type of service that this gentleman can provide in the area among the farming public and implement dealers such as ourself. I know the calibre of work that he has done for us before in his previous employment in Notre Dame and we would definitely like to see him continue in this area." A garage in Treherne: "We believe there is a definite market in this area for a well-equipped shop. Our volume of this type of work would vary with the season . . ." but they would require 50.00 to 75.00 per month for this type of repair. A garage at St. Claude: "We believe he should be supported and aided as much as possible by whatever aids or grants are available. There is a need for such an enterprise not only by us, but by most of the farmers for miles around."

This is application Number 177, in case anyone wants to look at it, Mr. Chairperson. I want to tell the Minister that I hope he won't think that I'm asking this in a critical or in a picking way. I really want to know on what grounds they could turn this individual down for this 30,000 grant when it was obviously supported by the bank and by businesses in the area? I am genuinely seeking information. I realize the Minister likes to make remarks such as, "I'll believe anything of the people opposite," and that sort of thing. Well, if he would just for a minute hide the chirp, you know, and realize that people sometimes ask questions because they genuinely would like to have answers that they can again communicate to the people out in the community who are coming to different MLAs and asking why is it possible that this person, this deserving individual in our community can't get a grant when others nearby can get grants and yet are not able to provide the sort of service that he is able to provide.

So I am asking the Minister if he will explain to me why it would happen that a person with these credentials and with these letters and support from his village council, from the merchants, from the bank, would not qualify for a grant, when that's all that is stopping him from setting up this small business?

MR. JOHNSTON: Mr. Chairman, I would say that the announcements that go out are signed jointly by the federal Minister and myself. The criteria is

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examined between the federal and provincial board. On the one that she mentions, repair shops do not necessarily come under the qualifications. It must be the manufacturing of a product that is looked at for criteria. But the honourable member, she has given us the number, 177, then we'll look it up and I'll send the member a report on the reasons why the particular application was turned down. I don't have it at hand at the present time, but I explained earlier that the applications come in to Enterprise Manitoba. They are examined by a group of people, three people from the area, as to the criteria, or whether it's a viable business.

One of the reasons for being turned down, a major reason for rejection, other than the basic eligibility, is the lack of indicated commercial viability and the loan incentive not materially affecting the applicant's investment decision, not being required to enable him to undertake the project. Mr. Chairman, you know, if we have one that goes broke — we haven't as yet, as I said, and we monitor them very closely. It's part of the agreement that we must, and we must give them assistance on the basis of advice on business management, etc. But you know, if the province loses 30,000, Mr. Chairman, it's not going to break the province, but it could be very harmful to an individual if we didn't examine them very closely as to the viability of the project.

As I said, Mr. Chairman, we will look up the application and we will let the member know why it was turned down.

MR. CHAIRMAN: The Honourable Member for Burrows.

MR. HANUSCHAK: The Minister just mentioned one of the criteria is that these welfare grants are not being given to repair shops, but they must be shops manufacturing new materials. Then perhaps the Minister can explain to us on what basis he authorized a welfare grant, in his press release Number 4 dated Thursday, May 29, 1980, to Universal Aero Engines, St. Andrews, rebuilding airplane engines. Now surely that is a repair shop, taking an existing airplane engine, repairing it and putting it back into working condition. Valve and Head Shop, Portage la Prairie, rebuilding cylinder heads. Mr. Chairman, is that not a repair shop? Sun and Snow Machining, Portage la Prairie, remanufacturing engine parts. Is that not a repair shop?

Then it makes me wonder, Mr. Chairman, what the Minister's definition of a repair shop is, because one would think, looking at the description of these welfare recipients, that those are in a sense repair shops. They take equipment which is inoperative, repair it, and put it back into operation. Is that or is that not a repair shop? I would think that it is. So here are at least three. Now, there may be more, Mr. Chairman, in this list because the description, it's only described in one or two words, cabinets, hydraulics, sewer flushers, sawmill, bakery, transit mix, etc., planning mill, so it's really difficult to tell. Machine shop. For all I know, that could be a repair shop also. But by the Minister's own description, the three that I have referred to do have the appearance of being repair shops, and yet the Minister said a moment ago that repair shops do not qualify for the

welfare grants under this program, yet there appear to be at least three which had received them, and of which the Minister was quite proud, because he made mention of them in his press release of May 29.

MRS. CHAIRMAN: The Honourable Member for Fort Rouge.

MRS. WESTBURY: Yes, I just want to add to the record, Mr. Chairperson, that the application form for the grant that I was describing, under Item (g), production and processes, briefly describe the production methods and process involved. Answers: "(a) to machine parts and assemble hydraulic cylinders for truck hoists and at a later date, to develop a complete truck hoist assembly." That's not repair work, Mr. Chairperson. Then he says, "(b) repair of trucks and farm machinery." So that would be a secondary aspect of the industry concerned.

This is what I was really trying to get at in the very beginning, why one and not another, when this one, this one I am talking about, is supported by the community in every way, it seems to me? It was brought to my attention by three different individuals in that community — not by the applicant. I don't want to jeopardize his chances. He has not approached me. They obtained copies of his file and brought them to me. They say, "Why is this individual, a hard-working, much-respected immigrant to this country from Italy, why is he not allowed to start up a machine shop where there is a demonstrated need, when others receive grants who don't provide the same service?"

I think this is what the Member for Burrows was asking too, why one and not another?

MR. JOHNSTON: Rebuilding and selling is not necessarily the same as a repair shop. When you take in an old article, or in fact you go out and buy them, you buy cylinder heads anywhere you can and you rebuild them and you sell them, it's a manufacturing process to rebuild engines or rebuilding of that particular type. I have said to the honourable member that I will have somebody take a look at the application and I will see it personally and let her know the reason why it was turned down.

MR. CHAIRMAN: The Honourable Member for Brandon East.

MR. EVANS: Thank you, Mr. Chairman. I don't know whether we are now going to see a flood of letters from entrepreneurs and small businessmen to MLAs, but as the Member for Fort Rouge can describe an application that was turned down, I too can mention one that has been turned down by the department. To help the Minister and his staff, I might add that it's file Number 244.

Mr. Chairman, this is the only question I have on this, as a matter of fact, Mr. Chairman, and maybe we'll adjourn soon. This is the only question I have. It's regarding this one — I don't want to go into too much detail because there's some confidentiality about this — but this particular person wishes to manufacture above-ground pools, wading pools and swimming pools, made out of various material, wood

and plastic and so on. This is in Brandon. They are prepared to take an option on a parcel of land in the Brandon Industrial Park. They had some assurance of technical support from the department, from the Enterprise Development Centre out there. They say the assistance that the department can provide under this program would result in the creation of 15 to 20 production jobs. They do consider themselves marginal and this type of help would enable them to be viable. They have studied the market in Manitoba, Saskatchewan and Ontario. That is their market area. They have had all kinds of enquiries from dealers. They suggest they have had 300, well, they state to date they have had some 300 enquiries from potential purchasers in their market area. They have an operating line of credit from their particular bank.

Again, I don't want to go into a lot of detail here because I think there is an element of confidentiality about this. But my question is, why would this particular application be turned down? I do gather that the company did have some financial difficulty some years back, but with some explanation for that, and at the same time they feel that they are able to do something in the way of manufacturing cedar pools. I am just wondering if the Minister can explain why this was turned down.

Having asked that, I would also like to ask a supplementary question. This would have gone to the advisory board for the region, namely to Messrs. Bill Wilton, Bob Lawson, and Jim Figol in Brandon. Would they be the Board, would it be the Board that would have turned this down, or would the decision finally been made here in Winnipeg in the department? I was getting at this question the other day when we were talking about — under another topic we were discussing, I think it was under Administration and Program Development, but at any rate I think it is a valid question at this time. Who makes the decision? Would that rejection have been made in Brandon by the Board, or would the rejection been made here in Winnipeg? Because I would have thought the latter, because this individual refers to a negative reply, he addresses it to the Minister, the Minister of Economic Development and Tourism. This is a recent letter I received a copy of dated June 17th.

MR. JOHNSTON: I would have to check, Mr. Chairman, as to what part of the procedure it was turned down, and I am willing to do that for the member, the same as I am for the Member for Fort Rouge.

MR. CHAIRMAN: (1)—pass; (2)—pass; (3)—pass; (k)—pass.

Resolution No. 48—pass. Resolved that there be granted to Her Majesty a sum not exceeding 17,278,900 for Economic Development and Tourism operations—pass.

The Honourable Minister.

MR. JOHNSTON: Mr. Chairman, I move Committee rise.

MR. CHAIRMAN: Committee rise.