

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Monday, May 3rd, 1965.

Opening Prayer by Madam Speaker.

MADAM SPEAKER: Presenting Petitions

Reading and Receiving Petitions

Presenting Reports by Standing and Special Committees

Introduction of Bills.

HON. GEORGE JOHNSON (Minister of Education) (Gimli) introduced Bill No. 138, an Act to incorporate The Manitoba Association of School Trustees.

MADAM SPEAKER Committee of the Whole House. The Honourable the Provincial Secretary.

HON. MAITLAND B. STENKOPF, Q. C. (Provincial Secretary) (River Heights): Madam Speaker, I beg to move, seconded by the Honourable the Minister of Municipal Affairs, that Madam Speaker do now leave the Chair and the House resolve itself into Committee of the Whole to consider resolutions standing on the Order Paper.

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried and the House resolved itself into Committee of the Whole with the Honourable Member from Winnipeg Centre in the Chair.

COMMITTEE OF THE WHOLE HOUSE

MR. STENKOPF: Mr. Chairman, His Honour the Lieutenant-Governor having been informed of the subject matter of the proposed resolutions recommends them to the House.

MR. CHAIRMAN: The first resolution before the committee is as follows: Resolved that it is expedient to bring in a measure respecting payment from and out of the Consolidated Fund of retirement allowances to members of the Legislative Assembly and Ministers of the Crown upon their ceasing to be Members or Ministers of the Crown.

MR. STENKOPF: Mr. Chairman, at the present time all provinces except Manitoba and Prince Edward Island recognize the long-time service of members and ministers by provision of a retirement allowance or pension. This is also the case in the Government of Canada. This bill will, if passed, remedy the deficiency by providing a retirement allowance for Members of the Legislature, Ministers, the Leader of the Opposition, and the Speaker, where sufficient contributing service provides entitlement.

I do not think any lengthy justification is required to persuade honourable members of the need for this legislation. The demands of this session I am sure will bring home to all who labour here the need for this type of legislation. The demands are not even limited to the actual period of the sitting of the Legislature, but extend over most of the days of the year. In itself, this is not a justification for the acceptance of public service as a recognition of that acceptance, merely all members to be fully effective in their private endeavours or employment where their time is so taken up with their public duties. With his own ability to provide for himself and his family in his retirement period thus infringed upon, the public responsibility I think becomes pretty clear. This is the widely and generally accepted justification for retirement allowances.

The situation of course is considerably more serious for members of the Cabinet who must devote a greater time or greater part of their time to public affairs and divorce themselves from their private means of livelihood. It is true in degree also to the position of the Leader of the Opposition and the Speaker. Here not only is the ability to conduct private affairs affected on a year-round basis, but the often lengthy departure from what could be called civil or private life generally results in a difficult period of readjustment when the term of office is ended. All of us know of examples of such a situation. The government believes that in common with nearly all other governments in Canada, we should recognize and attempt in some measure to adjust this situation.

As I said, the bill follows in general terms the approach adopted elsewhere in Canada, although the benefits are somewhat less generous than some. The bill is divided into two parts. Part I provides for an allowance on retirement of all Members of the Legislative Assembly who have served not less than eight sessions for which full indemnity has been paid. This would not normally include special sessions. Each member is required, if he wishes to qualify, and this is his own choice, to contribute six percent of his indemnity in each eligible session. For the purposes of this Act, indemnity is defined as in The Legislative Assembly Act and exclusive allowances for expenses, etc.

(MR. STEINKOPF cont'd) . . .

Part II of the Act deals with the retirement allowances for Ministers, the Leader of the Opposition and the Speaker. This allowance is calculated apart from the allowance to which they would contribute as members of the House. It provides for an allowance where there has been service as a Minister, Leader of the Opposition or Speaker, in eight sessions, similar to that in Part I. Here also a contribution of six percent of salary is required in each case.

The annual retirement allowance under both parts of the bill is calculated in exactly the same manner. It is based on three percent of the average indemnity or salary, as the case may be, on which contributions have been paid. In no case may an allowance under either Part I or Part II exceed 70 percent of the average indemnity or salary. Members or Ministers and others under Part II, who are serving as such at the time the Act comes into force, may elect to contribute with respect to past service and count such service for allowance purposes.

There are a number of other conditions in the bill which I think are self-explanatory. I have refrained from any detailed discussion now but will be prepared to offer further detailed information at the committee stage as the bill at that time will be available to all members for their perusal. We must also recognize, as others have, that due to the uncertainty of contributory periods and the small number of persons involved, the plan cannot be placed on an actuarial basis. Contributions will be paid into the Consolidated Fund and payment of allowances made therefrom. It is not expected the cost to the Crown will be significant over the long run if experience elsewhere is a criterion.

I understand that the bill has been printed and I hope that it will be distributed this evening for those to have a good chance to take a look at it before the bill comes up for second reading.

MR. DOUGLAS L. CAMPBELL (Lakeside): Mr. Chairman, this is the stage with regard to money bills where a resolution is introduced using the term "it is expedient to bring in" such and such a measure. As I understand parliamentary procedure, it is general that the discussion is limited at this stage, properly, to the question of whether it is expedient to bring in such a bill. I do not intend to spend any length of time at this stage - I expect to have more to say later on when the bill is printed - but I would just like to record my opinion that it is not expedient to bring in such a bill for the Province of Manitoba.

The Minister has dealt with his ministerial explanation a little more fully than is usual on the introduction of a money bill and I think that's desirable in this case so that we have some idea of what is proposed. I do not intend to go into the matter at detail but I would say this in general, that it seems to me that members of provincial Legislatures, including Cabinet Ministers, have had to date a wrong approach to this subject. They seem to insist on considering their position as a full-time job.

Now it seems that there could be a good argument put forward these times to consider the federal sphere of parliamentary activity as coming very close to a full-time job in recent years, but this is not the case in my opinion so far as the Legislative Assemblies are concerned. We have had a longer session up to date this year than we usually have and we still are just a little over two months and ten days or thereabouts - I would think not greatly over fifty sitting days - and it seems to me, and I have always been of this opinion, that by no stretch of imagination can this be considered so far as private members are concerned to be a full-time job.

It seems to me also that the idea of a pension is a pension for somebody whose job is full-time. That's the real justification as I see it for a pension. Now it might be argued that so far as the Cabinet Ministers are concerned that they have a full-time job. Well while they're in office this is true, but I certainly harbour the feeling, insofar as this group of Cabinet Ministers is concerned, they haven't a long-term job. They probably have a full-time one while they're here, but I do not expect to see any long tenure of office for them.

So on that basis as well, though I admit that it's full-time or should be while they are in office, I do not consider that they have the necessary tenure of office to qualify under that definition either. So as far as I am concerned, Mr. Chairman, I do not think it's expedient to bring in such a bill. I'll have more to say when it comes in.

MR. CHAIRMAN: The second resolution before the Committee is: Resolved that it is expedient to bring in a measure to amend The Education Department Act and The Public Schools Act by providing, among other matters, for making grants from and out of the Consolidated Fund to the Manitoba Association of School Trustees.

MR. JOHNSON: Mr. Chairman, by way of explanation of this bill coming in at this time in the Session, the reason is that as most members have been reading or may be aware, the

(MR. JOHNSON cont'd.) Manitoba School Trustees Association and the urban School Trustees Association hopefully will amalgamate at a convention planned in June, and should they realize their desires and the amalgamation is effected, they would like to have the necessary legislation to permit them to form the new association which would be given the name "The Manitoba Association of School Trustees."

The reason this bill is before the Committee is that it has been the practice for the government to give a grant to each one of these organizations which exists now, and legislation will be brought before you with the amendments changing the references to the present organizations in both these Acts and setting up the necessary machinery so that these people will be ready to go following their founding convention. The bill would come in on proclamation. It's put before you at this time because this involves a grant to the new Association to replace the present grants which they are now receiving.

MR. GILDAS MOLGAT (Leader of the Opposition) (Ste. Rose): I wonder if the Minister could indicate what the present grants are to the two associations, and whether when the new association is formed it will simply be the same grant presently for the two bulked for the one, or does he intend to increase the grant?

MR. JOHNSON: At the present time the Manitoba School Trustees Association is receiving a grant of \$5,000; the Urban Trustees Association a grant of \$2,500. It is proposed to state in the bill that they shall receive such a grant as may be determined by the Lieutenant-Governor-in-Council, and for the information of the Committee, the government has assured the founding grant of \$10,000 per year.

MR. MOLGAT: It will mean an increase of \$2,500 over the present grants that are given the two associations. Is this an incentive that my honourable friend is using to promote the amalgamation of the two associations?

MR. JOHNSON: Mr. Chairman, always looking for that happy balance between that which is desirable and that which is possible and practical.

MR. MOLGAT: This is what might be termed a "carrot". Would that be fair?

MR. CHAIRMAN: The next resolution before the committee is: Resolved that it is expedient to bring in a measure to authorize the Minister of Mines and Natural Resources, for and on behalf of Her Majesty the Queen in right of the Province of Manitoba, to transfer certain lands belonging to Her Majesty the Queen in right of the Province of Manitoba, that have been set aside as a public park to The City of Transcona.

HON. STERLING R. LYON, Q. C. (Minister of Mines and Natural Resources) (Fort Garry): This bill arises by virtue of the filing of a plan of subdivision on certain lands in the City of Transcona, which said lands according to my understanding at one time stood in the name of the City of Transcona, but upon the filing of the plan the lands in question having been designated as a park area, by virtue of the Statute became vested in Her Majesty the Queen in right of the province.

The City of Transcona proceeded, upon the filing of the plan of subdivision, to attempt to have the land re-zoned in order to assist the construction of an elderly persons' housing unit on a portion of this land that was formerly municipal land. It was only when they were reasonably well advanced into their hearings that they discovered that by virtue of the filing of the plan the land really was no longer theirs; it belonged to the Crown. The City has requested that the Crown now go through the procedure of actually transferring the plan back to the City in order that they may proceed with their plan.

I should mention that the bill when it is before you will also have a section in it which will deal with the Municipal Board, that is with all of the hearings that have thus far transpired before the Municipal Board being validated in order that the hearing that was once started by the City may continue and be terminated without the starting ab initio to have the whole matter over. I'm told by those connected with the matter in the City of Transcona that there is some urgency with respect to this matter and they have requested that the hearings that thus far have taken place be validated and confirmed without of course in any way prejudicing the Municipal Board as to what its final decision will be.

There has been some objection in the City of Transcona by private citizens to this re-zoning but that is a matter that can be discussed further on second reading of the bill. I would commend the bill to the House because really it in essence gives back to the City what was really theirs but was vested into the name of the Crown by virtue of the act of the plan of subdivision.

MR. RUSSELL PAULLEY (Leader of the New Democratic Party) (Radisson): Mr. Chairman, if I will be permitted just to say a word or two in connection with this, some members may wonder why it is that the Honourable Member of the Member from Transcona-Radisson didn't introduce a bill in connection with this. I might say that originally there was a bill prepared that it was thought that I might be able to or attempt to pilot through the House. However, when the Legislative Counsel investigated fully into the matter, it was discovered that the only way in which this could be processed was by virtue of an Address from His Honour and that is the reason that my friend the Honourable Minister of Mines and Natural Resources, apart from being concerned with parks, is introducing this by way of resolution.

The Minister didn't mention the organization, Mr. Chairman, that is anxious to develop the senior citizens home. It is the Kiwanis Club of Transcona and I'm sure honourable members in this House will be fully aware of the various communal activities that the Kiwanis Club have taken part in. They have senior citizens homes in many of the areas in the Greater Winnipeg area and I believe, Mr. Chairman, elsewhere as well. One of the reasons for the bill is, as the Minister suggests, we are anxious in Transcona, the Kiwanis Club and the City itself, to get cracking - to use that phrase - on the construction of this much needed installation in the City, and I join with the Minister in commending it to the members of this House.

MR. J. M. FROESE (Rhineland): Mr. Chairman, I don't know whether I understand correctly. Is there any monies involved in this transfer here?

MR. LYON: transfer back from the City itself.

MR. ELMAN GUTTORMSON (St. George): Is it necessary to introduce it by resolution when there is no money involved?

MR. LYON: It's the value of the land that's involved that necessitates the resolution.

MR. M. N. HRYHORCZUK, Q. C. (Ethelbert Plains): Mr. Chairman, I have no objection to the resolution but I'm just curious to know how it is that the City of Transcona was not aware of the fact that the plan was filed, or was being filed. Weren't they consulted before the plan was filed? If they weren't consulted, isn't it unusual that they didn't know anything until these people went ahead and started building there and then they found out it wasn't theirs? -- (Interjection) -- Well I understood the Honourable Minister to say that they had started. And while I'm being interrupted here by my seat mate, I'd like to ask him, where was he when this was being done?

MR. PAULLEY: Mr. Chairman, I see I've now become involved once again. May I say to the Honourable Member for Ethelbert Plains that no construction has taken place. As I understand it, the reason why it was filed this way or how it happened that it became to be filed this way is that in the area to which we are referring at the present time it was - well when I was Mayor of Transcona we used to figure it was away out in the hinterlands - and then subsequently it was on a grid plan, the old grid plan as far as lots were concerned. A developer came in and developed, set aside the area for a new subdivision so to speak, and it was at that time as I understand it that this certain portion of this new subdivision of some considerable number of acres - I believe it was 20 or 30 acres - was subdivided under a new plan. And again if memory serves me correctly, there were seven or eight acres set aside for park purposes, and at that time the Crown got involved with my fair city. I just want to say to the Honourable Member for Ethelbert Plains it's no question of expropriation in this instance and we attempting to get it back.

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

IN SESSION

MR. CHAIRMAN: Madam Speaker, the Committee has adopted certain resolutions and instructed me to report the same.

MR. JAMES COWAN, Q. C. (Winnipeg Centre): Madam Speaker, I move, seconded by the Honourable Member for Pembina, that the report of the Committee be received.

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried.

MR. STEINKOPF introduced Bill No. 110, an Act respecting Payments to Members of the Legislative Assembly of Manitoba and Ministers of the Crown upon their ceasing to be Members or Ministers of the Crown.

MR. JOHNSON introduced Bill No. 139, an Act to amend The Education Department Act and The Public Schools Act.

MR. LYON introduced Bill No. 125, an Act to authorize the Minister of Mines and Natural Resources to transfer certain lands to the City of Transcona.

MR. GUTTORMSON: Madam Speaker, by leave of the House, I would move, seconded by the Honourable Member for St. Boniface, that the name of T. P. Hillhouse be removed from the Statutory Orders and Regulations and the name of Gil Molgat be substituted.

MADAM SPEAKER: Where is the motion, please?

MR. GUTTORMSON: Sorry, I just gave it to you verbally.

HON. DUFF ROBLIN (Premier) (Wolseley): Madam Speaker, would the House be willing to accept the verbal motion from the member requesting the substitution?

MR. PAULLEY: Seeing that it requires leave, we'll give leave and maybe we'll be eavesdroppers on that committee now that the Honourable Leader of the Opposition is a member of it.

MADAM SPEAKER put the question and after a voice vote declared the motion carried.

MR. LYON: Madam Speaker, before the Orders of the Day are proceeded with, I should like to lay on the Table of the House a Return to an Order of the House No. 25 on the motion of the Honourable the Leader of the New Democratic Party; a Return to an Order of the House No. 13 on the motion of the Honourable Member for La Verendrye; a Return to an Address for Papers on the motion of the Honourable Member for St. George; and a Return to an Order of the House No. 51 on the motion of the Honourable Member for Brokenhead.

HON. GEORGE HUTTON (Minister of Agriculture) (Rockwood-Iberville): Madam Speaker, before the Orders of the Day, I would like to lay on the Table of the House a Return to an Order of the House No. 39 on the motion of the Honourable Member for Carillon dated March 31, 1965, and a Return to an Order of the House No. 40 on the motion of the Honourable Member for Gladstone voted on March 31.

MR. MOLGAT: Madam Speaker, before the Orders of the Day if I may, I'd like to ask a question of the Minister of Public Utilities. On the 26th of April, when discussing his estimates, he indicated to the House that the Grand Rapids Generating Station was operating on a more continuous basis -- or that it had begun operating on a more continuous basis on the 25th of March and that the No. 2 unit was first synchronized with the southern integrated system on April 15th. Could he indicate to the House which unit is presently operating and how much power it is providing to the southern system?

MR. STEINKOPF: Madam Speaker, sometime last week on inspection of Unit 1 which was taken down, there was found to be some adjustments required. At present that unit is down and is being adjusted and it will be a matter of weeks before it is back into operation. The same thing now is being done to Unit 2 so at the moment there is no production at Grand Rapids.

MR. MOLGAT: Did I hear the Minister correctly, Madam Speaker, say it would be a matter of some weeks before it is back in production?

MR. STEINKOPF: Yes.

MR. GUTTORMSON: Madam Speaker, before the Orders of the Day, I'd like to ask the Minister of Mines and Natural Resources if he's in a position to answer the question I directed at him at noon today?

MR. LYON: I don't have the paper with me. I'll give an answer to my honourable friend tomorrow.

ORDERS OF THE DAY

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

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried and the House resolved itself into a Committee of Supply with the Honourable Member for Winnipeg Centre in the Chair.

COMMITTEE OF SUPPLY

MR. CHAIRMAN: Resolution No. 91. 1 (a) --

MR. MOLGAT: Mr. Chairman, I think there were still some answers to come from the Minister, were there not? It seems to me that the Honourable Member for Rhineland has brought up a question regarding a plant in his area. There's a question there of policy, as I understood it, as to whether the department's policy was in effect to have decentralization of

(MR. MOLGAT cont'd.) . . . industry or whether it was the reverse, if it was going to be centralization of industry. It appeared to me from his comments that there was a conflict in government policy between the Department of Industry and Commerce and the Department of Agriculture, and I would certainly like to know exactly what the policy of the government is.

HON. GURNEY EVANS (Minister of Industry and Commerce) (Fort Rouge): Mr. Chairman, I have no recollection or record of this question having been asked. The policy of the department is decentralization of industry and there's no conflict with the Department of Agriculture.

MR. MOLGAT: As I recall it, Mr. Chairman, in the course of the discussion there was some indication that the Department of Agriculture on the one hand by approving for example the Potato Marketing Board and the policies that were set up there, in effect had centralized in the City of Winnipeg a very substantial vegetable operation, because where previously there was packaging being done outside of the City of Winnipeg and all the work preparatory to packaging, cleaning and so on as for example in the plant indicated by my honourable friend, and I think the same thing was being done in Carman, the same thing is being done in Brandon, I think also in Portage la Prairie, whereas now the policy is that all the packaging must be done in Winnipeg.

Now this is a decision taken by the Department of Agriculture. My honourable friend the Minister of Industry and Commerce on the other hand has spoken on a number of occasions about the decentralization of industry into other areas. Now is there not here a definite conflict of policy? Is it not correct that the Potato Board as it operates now does in effect mean that where there was employment in a number of plants outside of Winnipeg, that this has now been reduced and will be done in Winnipeg?

MR. EVANS: No, there's no conflict, Mr. Chairman. Eventually, the plant must go to its best location. We're trying to draw as much attention as we can in the Department of Industry and Commerce to locate it outside of Winnipeg, but if the best location is found in Winnipeg that's where the industry goes.

MR. MOLGAT: Mr. Chairman, this isn't just a matter of location. I think if there were no Potato Marketing Board, if the plants were simply left to establish themselves where they wish, then the plants would in all probability have remained in the locations where they were. These have been built up in those areas because of local demand. Now by a decision of the Minister of Agriculture this has been changed. This isn't a question of simply economics insofar as these particular plants are concerned. They simply have been told, "You can no longer do your own packaging."

Now for the Minister to say they'll go wherever economics would bring them, this isn't so. This is on the basis of a government decision and they've been forced to close. I know that a number of these plants at the moment are very highly concerned about their operation. I understand that in Brandon, in Carman and in Portage, there have been some serious objections raised to this. Have none of these objections come to the Minister? Has there been no consultation beforehand between the Minister of Agriculture and the Minister of Industry and Commerce?

MR. HUTTON: Mr. Chairman, the Honourable Leader of the Opposition is mixing up rationalization of the marketing of a product with a policy of decentralization of industry. In rationalizing the marketing structure for potatoes, it was essential to define the role of the producer, the wholesaler, the distributor and the retailer, and because of the lack of organization of marketing in the past, we had a very irrational development of marketing machinery and we ended up with producers in the wholesaling and even in the retail business.

Now the rationalization of the marketing of potatoes in Manitoba brought together all of the interests in the potato industry - that is the grower, the wholesaler, the retailer and the distributor - and the commission, in its wisdom, could not see us being able to rationalize the situation unless people decided what they were. If they were a producer, that was fine; if they are a wholesaler, that's fine; but they have to fill the role, and in their wisdom they could not see it possible of rationalizing and regulating marketing and leaving these people operating as growers, as wholesalers and retailers. If the grower, as a grower, wishes to have the protection that regulated marketing gave him, that is the underwriting of his price, etc., then he had to be willing to give up his role as a wholesaler and retailer, and it was on this basis that these decisions were made.

Now it may appear on the surface that there is some conflict between the Department of Industry and Commerce trying to regionalize, decentralize industry, and the results of the

(MR. HUTTON cont'd.) decision in a few cases - and there are just a few cases - the results of the decision of the Potato Marketing Commission in defining the different roles of the different segments of the industry and giving these people a choice of what they were going to be. It may appear as I say on the surface that there is a conflict, but indeed the reasons for the rationalization of the potato industry were different from those - and the necessity was different - than the reasons why Industry and Commerce attempts to effect decentralization of industry. There was no hope of rationalizing the marketing of potatoes in Manitoba without the definition of the role of the various sectors of the industry and bringing some order out of what really was, I'm afraid, a pretty chaotic situation in the past.

MR. JOHN P. TANCHAK (Emerson): Mr. Chairman, I fail to understand this policy. It seems to me that what's sauce for the goose should be sauce for the gander. On the one hand in one commodity, that's the poultry industry, the Honourable Minister said that that was advisable - both Ministers said - to integrate completely the producer, the eviscerator and all the allied industries because it's best for the industry. Well I fail to see why another commodity group, the potato growers, could not be treated in the same manner. It just doesn't seem to make sense to me. Maybe I don't understand it fully, but I'm sure that, according to my thinking, it simply doesn't make sense. If you can do that on the one hand with the poultry industry, surely it should be possible to do it with the potato industry.

I have no proposal to make but it seems to me that this is kind of a two-pronged policy here with the Department of Agriculture. I can't see anything wrong with some of these smaller plants like - say Gretna, there's one at Altona or Carman - why they couldn't keep on packaging. They don't have to sell the product. They can always send the product into the board to be sold, to be marketed. But why stop them from preparing these products in smaller packages?

I have a clipping here, and this comes from Carman and it says, "The commission is asking us to give up packaging at the grower level after we have been in this business for some six years. We have spent some 20 to \$25,000 in our own plant to be able to wash, grade, size and pack all sizes of potatoes and grades of potatoes, and to store these potatoes ready for shipment until the order is filled." And then there's another paragraph here. "The first reduction in our labour force at the local level is contrary to the planned development of rural industry which ARDA and the Committee on Manitoba's Economic Future claim is necessary if we in Manitoba are going to develop our rural areas and employ our labour force at home."

I understood the Honourable Minister of Industry and Commerce to tell us in the past that he's all for decentralization of industry, and this seems just to be working in the opposite direction. I still can't see that what is good for one industry, a farming industry too, is no good for another one.

MR. HUTTON: Mr. Chairman, I would be glad at the time that I deal with my estimates to go into - - I expect that members will be firing questions at me about the operations of these commissions and the policies they follow, and it might be more useful to wait until my estimates rather than to open up the subject here.

MR. FROESE: Mr. Chairman, I too feel that there is a certain conflict here between bringing industry into rural areas and decentralization and having these commissions set up which tend to centralize. There's a definite conflict there. I was wondering myself whether to bring it up here or at the time the Agricultural estimates are considered, but since the Minister of Agriculture has intimated that he would prefer having them at that time, I'll delay.

I'd like to make one further comment. In putting forward my criticism earlier this afternoon, I can readily see that the Minister will have hardships in the future too in connection with the Development Fund and in assisting new businesses, because there's an old saying that business will go broke once or twice in order to reduce the capitalization so that the business can really be a going concern. I think there's something to that because if their businesses have a high capitalization they must throw off a good return, otherwise they won't be able to give the percentage necessary. There's definitely something to that and I think that we will in time have the very situation that we had before us today repeated year after year. I can't see it any different in the future.

At the same time, I want it understood that I didn't mean to cast any bad reflection on the staff of his department because I find them very co-operative and I'm sure they have the best of the department at heart.

MR. GUTTORMSON: Mr. Chairman, the Minister in reply to my question about the abattoirs in St. Boniface said the abattoir that had received the loan was operating in a different

(MR. GUTTORMSON cont'd.) . . . manner than the rest of them. This I can't understand. They're doing the same type of work. How can he justify the answer he gave me today?

MR. EVANS: They slaughter animals on a custom basis on orders from various outside parties and ship them to their orders, mostly in the form of high grade cuts of meat and largely for the Montreal restaurant trade.

MR. GUTTORMSON: Is the Minister suggesting that none of the other abattoirs don't do the same thing?

MR. EVANS: Not in the same way.

MR. MOLGAT: Mr. Chairman, if the Minister of Agriculture was worried that we wouldn't be discussing the subject under his estimates, I'd like to give him comfort because I'm sure that we will. The reason that I wanted some explanation on it now is because the decentralization of industry of course is primarily a responsibility of the Minister of Industry and Commerce, and yet here is a case where quite obviously the policy in the Department of Agriculture has an effect on what happens in the Department of Industry and Commerce. This afternoon we were discussing the question of the broiler industry where the reverse was happening, where decisions made by the Department of Industry and Commerce, or the Development Fund rather, were having a profound effect in the field of agriculture. My questions therefore must be asked first here in this department insofar as the decentralization, and then we'll come along to the other aspect under Agriculture.

It seems to me from the reply of the Minister that the Minister of Agriculture here has made a decision that insofar as the particular industry is concerned - that is the potato industry - that it is in the interests of the potato industry that it be centralized. I wonder therefore when he makes that decision, is there consultation with his colleagues or is this a unilateral decision taken by Agriculture; and then similarly when Industry and Commerce proceed on some of their plans, for example this one of the broiler industry.

So my question of the Minister of Industry and Commerce now insofar as the broiler industry would be, were representations made to him -- prior to the granting of the particular loan that was being discussed today, was he aware that the loan was being granted before it was granted or was this done with his knowledge?

MR. EVANS: No, I was not informed specifically about the loan in advance.

MR. MOLGAT: Did the Minister not receive any representations from other people who were in the similar type of industry objecting to the particular loan that was granted?

MR. EVANS: I think someone on the opposite side referred to a letter of which I got a copy. Yes.

MR. MOLGAT: It seems to me that there are some conflicting figures that have come out in this particular field. The Minister on Saturday gave us the production figures for the Province of Manitoba as being 13 to 14 million pounds. He gave us the production figures as some nine million, leaving us a shortage of between four and five. I have here a newspaper clipping from the Manitoba Co-Operator, the 7th of January 1965; where a professor, George C. Hodgson of the University of Manitoba Poultry Department, apparently made a study of the matter and was making some statements regarding the poultry business in general, and one of the statements there is: "It is of interest to note that Manitoba has increased her broiler tonnage from a marked deficiency situation two years ago to one of self-sufficiency at the close of 1964." So Professor Hodgson, who is responsible for the poultry department, said that at the end of '64 we are in a balanced position in the broiler industry. The Minister tells us that at the end of '64 we're 50 percent under -- we're some four to five million tons short on a production of nine million. Now which are the correct figures?

MR. EVANS: I'm sure my honourable friend means four to five million pounds rather than tons short. My figures have been very carefully checked back and forth and they have been confirmed by field surveys. I won't say anything about the good professor's figures, but I'll say mine are right.

MR. GUTTORMSON: Mr. Chairman, the Minister indicated today -- I had no information to support my remarks about the abattoir. Well I have a notice here about one of the abattoirs that went into bankruptcy in St. Boniface, and I am also advised that this same abattoir - it's the Public Abattoir Limited - made application to the Development Fund to help them out of the difficulty and they were turned down. This is prompting a lot of talk on why the government would still assist this other abattoir which is in direct competition, despite what the Minister says. Just because one phase of their operation might vary slightly from what the others are doing, they're still basically doing the same work, and to say that maybe they ship

(MR. GUTTORMSON cont'd.) meat to Montreal doesn't say that other abattoirs aren't doing the same thing.

MR. SAUL CHERNIACK, Q. C. (St. John's): Mr. Chairman, on an entirely different subject, I wouldn't like the Honourable Minister to feel that I'm discriminating against him because I have left him out of some enquiries I've made of predecessors in the estimates. The Minister may be aware of the fact that I have been searching for some \$5 million, not a paltry sum, without success for some period of time and -- (Interjection) -- not a paltry sum -- poultry is other people's problems at the moment and mainly the Minister's. But I'm looking for a sum which is something like twice the size of his budget so I really can't accuse him of concealing all of the money and possibly he is concealing none of it. So that I want to direct a question to him, which I have directed to other members and that is, is there any amount in his budget which can be considered to be a sum to be used in reduction of monies which would formerly have been payable by real property taxpayers and derived out of the revenues of some \$24 million which the government is taxing and receiving as a result of last summer's budget? And since only \$19 million of that 24 million has been found by me and I'm still looking for 5 million, possibly the Minister could help me find some of that five and if so, I would appreciate his assistance.

MR. EVANS: No, Mr. Chairman, there are no such amounts in my estimates.

MR. E. R. SCHREYER (Brokenhead): Mr. Chairman, I waited patiently till now to raise a couple of additional points regarding the Department of Industry and Commerce and this matter of government loan being extended to vertically integrated operations. Now I recall, Mr. Chairman, that you were considerably confused this afternoon when the Member for Gladstone began to make reference to the Farmers' Union and to farmers in his district and their opinions on poultry production in this province, etc. And if you were confused, Mr. Chairman, I must confess that so am I, and the reason for our confusion has to do with your government because it is this government that has seen fit, through one of its agencies, to extend 3/4 of a million dollars in loan capital to a commercial enterprise that is operating in a way that is quite strange and quite divorced from the traditional and ordinary kind of farming operation that we are accustomed to.

Now it's true that the Minister of Industry and Commerce did have some points of defence which sound quite plausible and rational. He says that the broiler industry is one of large-scale production in other areas and that if our broiler producers here in Manitoba do not become more efficient, through large-scale production, that the likelihood is that more and more will be imported because of cheaper price, from outside. Mr. Chairman, this is what they are saying all over. It seems to me that no matter where you go, no matter what province you go to or what state, you hear the same thing said, that the justification for large-scale commercial food production, in this case broilers, is because if we don't do it, it will come in from outside. It's always outside, it's from outside that the threat is posed. Somewhere along the line, in the post-war period, governments in North America have failed, have failed the farmer. Not just the government in Manitoba, or in Canada but in North America, because they have sat idly by while there has been this constant pressure toward mass or large scale production in certain selected areas of the farming industry and this has done the farm community no good at all. It's true that some of this may have resulted in cheaper food for the consumer but I would point out that the Canadian agricultural producer, the Canadian farmer, is relatively speaking -- that is to say, looking at the world context -- efficient as it is and the only time one can say that the small farmer is inefficient is when you relate his operation to the large-scale operations within our own country and our own province, but relative to farmers anywhere else in the world he is efficient and has been for quite some time.

It is interesting that in Europe the ratio of the cost of shelter to the cost of food in a month is in inverse proportion to that which applies here. That is to say, whereas in Manitoba the average family might spend about \$100.00 for shelter, it would also spend somewhere around 100 or \$120.00 on food and that's pretty high, whereas in Europe, let us say, the cost of shelter is much higher than is the cost of food. But, Mr. Chairman, I don't want to be too general in remarks because I have some pointed things to say to the Minister and his colleagues for this Friendly Family Farms episode.

First of all I want to say that the letter which the Minister read to us the other day is misleading. It's misleading in the sense that you have repeated reference in that letter to "we farmers". I find it at least three or four places in the letter. "We farmers, own and operate our own business. We are all farmers who have been engaged in raising broilers

(MR. SCHREYER cont'd.) . . . and turkeys in Manitoba for many years." I think what really makes it necessary to point that out is that in the news article on this matter of Friendly Family Farms we have this statement referring to Friendly Family Farms; we see this: "They were all farmers who had been engaged in raising broilers and turkeys in the province for many years. They owned and operated their own business with no shareholders owning more than 15 percent," and so already mass media has said that these people are all bona fide farmers when the fact is, belated admission given today by the Minister, that they are not in fact bona fide farmers, although the letter certainly leaves that impression.

If there is or there are some entrepreneurs in this province who want to get into the food producing business, they should be able to get a loan through the Agricultural Credit Corporation. If they cannot, because they are not bona fide farmers, then I suggest that they should not get a loan from any public agency for the simple reason that they are not bona fide farmers. It is a fact that the Agricultural Credit Corporation has a maximum ceiling on the amount of loan that they will extend and it's somewhere as I understand in the order of 25 or 30 thousand dollars. Now this isn't very much when you relate that to how much was extended here. We're not talking about 10, or 20, or 30 thousand. In this case the public agency loaned out in the order of 3/4 of a million dollars. For what purpose? Well, according to the Minister of Industry and Commerce for the purpose of increasing the broiler production and processing capacity in this province in order to head off the possibility of increased exports coming in to fill the demand and domestic production gap.

Now that's just been contradicted or at least questioned by the Leader of the Opposition who indicated that, according to a professor in the poultry field at the university that domestic production met domestic demand. Now even if this is not the case, the fact of the matter is that if there was a domestic production gap, somewhere lower than domestic demand, the fact is that we already did have in existence in this province poultry processing plants with the capacity to process more than the local or domestic demand in this province.

It is my estimation that the existing poultry processing plants in Manitoba as of the end of last year, had a full capacity of around 58 million pounds. None of these plants were working to capacity so it's not as though our existing processing plants lacked the capacity. I think it's important to ask why it is that the public agency saw fit to extend a substantial loan to a group of entrepreneurs to increase plant capacity in an area where the plant capacity was already there.

In any case, recently the Manitoba Dairy and Poultry Co-op opened a plant, an eviscerating and processing plant at Blumenort. They bought the plant from a group who had discontinued business and the Manitoba Dairy and Poultry Co-op did some renovation and improvements and the plant has a substantial capacity. The Manitoba Dairy and Poultry Co-op undertook a \$450,000 expansion program and they carried it through. The plant was located in a good location, easily accessible by road for a considerable area. If there were broiler producers who needed processing facilities or processing work done for them, this plant here, this Co-op plant of large size, stood ready to do this work. I understand that the Friendly Family Farms site and this rather large and recently renovated Dairy and Poultry Co-op plant at Blumenort is a matter of only a few miles apart but what honourable members here do not know -- I'm not sure if the Minister is aware -- there has been some considerable rivalry and perhaps some ill feeling between at least one of the gentlemen who is on this Friendly Family Farms corporation and the Manitoba Dairy and Poultry Co-op. One of these gentlemen had wanted to buy this same plant which the Manitoba Dairy and Poultry Co-op purchased and, having failed to obtain or procure this plant, he entered into an entrepreneurship or into an arrangement with these other gentlemen in Friendly Family Farms. So the result is that now we have two plants, two poultry processing plants in south-eastern Manitoba scant miles apart, very few miles apart, both with large capacities -- between the two of them a capacity and a potential capacity to process for the entire Manitoba broiler market.

I don't want to at this time get into the field of discussion having to do with the small farm operator versus vertical integration and mass scale food production. That is something which can wait for the Department of Agriculture estimates but I do think that it is necessary to point out that this government or its agency's action by extending \$750,000 of a loan to a corporation, at least four of which members are not bona fide farmers, despite this reference to "we farmers", is going to have quite a debilitating or depressing effect on the Manitoba Dairy and Poultry Co-op plant at Blumenort. This is a true co-operative venture. Manitoba Dairy and Poultry Co-op is the organization of hundreds and hundreds of small and medium

(MR. SCHREYER cont'd.) . . . sized Manitoba farmers. It has had its difficulties, but through the years it has persevered and now just recently they went into this rather bold venture of poultry processing and now they are being given competition by a large-scale organization which has been set up thanks to, among other things, thanks to 3/4 of a million dollars of public funds. And the Members of the Manitoba Dairy and Poultry Co-op in this province are not really going to receive any advantage from this whatsoever; in fact, what they will experience is a considerable amount of competition from a firm that has been established with thousands and thousands of dollars of public money.

The Manitoba Dairy and Poultry Co-op plant at Blumenort has a fairly large capacity. It has never operated at full capacity and now with this large enterprise coming up nearby it never will - it never will.

Finally, let me point out that the Minister of Industry and Commerce has suggested that the Friendly Family Farms is going into the broiler production industry and he says that this is a sector of agriculture in which the small operator has not been in, in recent years, so he can't get hurt. I must grudgingly concede that this is for the most part correct. However, however it must be pointed out that Friendly Family Farms is not exclusively in the broiler production sector of the agriculture industry. It is also going into allied poultry production and into cattle and into hogs. Now admittedly at this stage it is not in these latter two fields to any large degree, but it is certainly on its agenda and fast becoming so -- (Interjection) -- Beg your pardon?

MR. EVANS: Could my honourable friend tell me his authority?

MR. SCHREYER: Well, Mr. Chairman, I have two sources for that statement, one of them being a sheet of research facts as put out by the research staff of the Manitoba Farmers' Union and I presume that their staff gets paid for doing an honest day's work, namely to research and find out what is happening in agriculture in this province.

MR. EVANS: My staff does too, and I consider the statement incorrect.

MR. SCHREYER: That this enterprise, Friendly Family Farms, is not involved in hog and cattle production?

MR. EVANS: Yes, as far as I'm aware that is correct. As the enterprise known as Friendly Family Farms to which a loan was made by Manitoba Development Fund, that statement is not correct.

MR. SCHREYER: Well then, Mr. Chairman, I would have to accept it if the Minister has received his information from his staff. We have then a case of a conflict of information which we will have to resolve by further checking and I shall then leave this matter in abeyance until we get to the estimates of the Department of Agriculture.

In conclusion then let me say that the co-operative movement in this province could have -- as one alternative -- could have been given greater encouragement and stimulation, and even government assistance if necessary, in order to expand its processing facility capacity as one alternative. This government has seen fit not to do so; however, they have extended a very very large loan indeed to a corporation which is not -- does not have any of the characteristics of a co-operative, which is composed of shareholders, the majority shareholders of which are not bona fide farmers and this firm is giving direct competition, direct competition to the Manitoba Farmers Co-operative Enterprise in this province.

MR. EVANS: Well, Mr. Chairman, my honourable friend has brought up one new point I'd like to discuss with him. He talks about the capacity of the plant and adds together the killing capacities of the various plants and it comes to a very large number. But it isn't the capacity of the eviscerating plant that is either the crucial point nor the bottleneck. It's the question of feeding and getting the chicks or poults and the feed at prices that enable them to get their prices of chicken down. And that in fact is where the advantage to an integrated or vertically integrated outfit of this kind comes. Not in the slaughter. I might say that the farmers who comprise the FFF at one time were members of the Co-op and at another time sent their birds to the Co-op to be slaughtered on a custom basis and couldn't afford the very high charges that were made by the Co-op and so in order to get a better price they took their birds to one of the commercial plants in Manitoba where they got a very substantially lower price. The Co-op lost the contract in the first place on their prices being too high. And it was another organization altogether, a commercial organization in Winnipeg -- I wouldn't mind mentioning the name if I could remember which it is, but it's one of the commercial slaughtering plants that gave them a much lower price, but they found that the birds that belonged to the FFF were being delayed many many hours before being slaughtered. I don't know whether my

(MR. EVANS cont'd.) honourable friend knows it but I recall one figure that if a bird is starved four hours before it's slaughtered it loses 2-1/2 percent of its weight. Well, 2-1/2 percent can be the difference between profit and loss and it goes up from there. I just forget what the figures are. At six hours it's a higher percentage and at eight hours it's a higher percentage still and those are the findings, if my honourable friend from Emerson wants to check them out, of the main broiler test that was carried on a few years ago under conditions. And so they found their second servicing organization unsatisfactory and it was at that point, and not being able to get either the quality or the value out of their birds, after having spent all the time in raising them, that they came to the Department for advice and assistance.

So those are the facts that I have on these matters and I would like him to consider those carefully. He indicates that the Co-op plant stood ready to do the business. They did. They had their chance at it; they failed to hold the contract because somebody out-competed them. He mentioned something in the nature of rivalry and ill feeling. I don't know whether, over this business of first of all enjoying the contract and then losing it, some ill feeling developed. I'm not aware of it if it did. He says the government didn't help the Co-op but did help this other group. That's because the other group came and asked us to; the Co-op did not.

MR. SCHREYER: point there. The Minister said at the very beginning of his reply, that the crucial factor was not the cost of evisceration and processing but rather the cost factor in obtaining feed, feeding the birds, etc.

MR. EVANS: I said that the poults the poults, and then the feed as well.

MR. SCHREYER: Right. Now then having said that, and I may say, Mr. Chairman, that sounds quite plausible, but after having said that, a few minutes later he said that one of the reasons why these operators discontinued doing business with the Co-op was because of the high cost which the Co-op was charging them for evisceration and processing and to me there's a contradiction there. Now then, perhaps the Co-op was having to charge this relatively high price because it had not achieved the efficiency of scale, in which case a loan from this government to enable the Co-op to increase its capacity even more plus thereby obtaining the efficiency of scale, may have assisted the Co-op in lowering its price on evisceration and processing, in which case then the producers in the area could have continued to utilize that service. I don't know if the Minister wants to pursue that but there is a point there which I say in all sincerity doesn't really square one with the other.

MR. CAMPBELL: Mr. Chairman, might I interject this point that the Honourable the Minister says that these farmers were members of the Co-operative. Well now, if they were members of the Co-operative my honourable friend the Minister would realize that even though the price that they were charged appeared to be high to them at the time, if they were members of the Co-operative they would get their returns based on the amount of birds that they had put through the plant, because my honourable friend the Minister will recollect that it's standard procedure of the Co-operatives to perform their services or sell their goods, as the case may be, at the regular prices and then any savings that are made accrue to the members. So it's likely that they were just following the standard practice of having the same price that was general in the trade but these people would have got, by patronizing them, the savings that would come to the Co-op through increased volume.

MR. EVANS: My comment on that would be that if there were no savings, if the plant were less efficient and more expensive, there would be no savings to be returned.

MR. CAMPBELL: The likelihood is that there would be increased efficiency in operation with that volume going through them.

MR. EVANS: system they were using.

MR. SCHREYER: Mr. Chairman, I want to say as my final comment on this whole episode that this whole problem began in the post-war period as a result of businessmen, active businessmen in whatever field of enterprise, getting the bright idea that there was money to be made in the food production industry, certain selected sectors of agriculture, and they went into it partly as a money-making enterprise and partly as a digression, an interesting diversion, if you like. And this is what has caused so much of the difficulty. Having the capital in the first place, extra capital, and having perhaps a little bit of a hobby interest in raising broilers or whatever, they sunk money into this sort of thing with the result that they were able to freeze out the small and medium sized producer. Now that perhaps is to be regretted but it's part of the march of history, you could argue. But what is galling is that people who go into an agricultural enterprise largely or even partly as an interesting diversion, should be assisted in doing

(MR. SCHREYER cont'd.) . . . so by public funds. I think this is galling, to say the least.

MR. NELSON SHOEMAKER (Gladstone): Mr. Chairman, there was one point that I am not quite clear on yet in this regard. I understood the Minister to say that by 1970 the consumption of broiler meat per capita in Manitoba would be 20 pounds or thereabouts. Now I think. . .

MR. EVANS: Perhaps my honourable friend may have misunderstood me. I said the total consumption in Manitoba would reach 20 million pounds.

MR. SHOEMAKER: Well, Mr. Chairman, there isn't too much difference then, I guess because if there are a million people and they eat 20 million pounds, why that's 20 pounds, unless we can expect. . . .

MR. EVANS: By 1970 there will be more.

MR. SHOEMAKER: Well I'm more or less correct - it'll be 19 point some ounces, I suppose, but anyway the question I want to ask, the point I want to raise is this: I think it's pretty well established that we don't sit up and eat chickens or broilers at nights just to have something to do. That is, if the consumption of broiler meat goes up then the consumption of some other kind of meat goes down. -- (Interjection) -- It doesn't. Well, then, Mr. Chairman, my honourable friend says it doesn't, that it's just additional, we eat that much additional. If we've been eating 20 pounds of beef per year, well we just eat 20 pounds more broiler meat because he wants us to. Well this is exactly what I suspected, that a lot of the information that's put out by the branch is propaganda and I think here is the proof of it, because I want to refer him to Page 48 of "The Farm Outlook", the last page. And it says: "Consumption of broiler meat has increased from an estimated 1/2 pound in 1950, to 17.2 pounds per person in 1963. This has largely been accomplished at the expense of roasting chicken and fowl which fell from 16.4 pounds in 1952 to 6.7 pounds in 1963." Roasting chicken. So it is not so in pounds; in pounds they're not eating any more per capita. -- (interjection) -- Well certainly, certainly, and different people producing it. But my honourable friend over there tried to point out that nothing went down; when the consumption of broilers went up, nothing went down - they just ate that much additional. Well this isn't a fact. This is not a fact. Like a lot of other things that emanate from over there. And incidentally, Mr. Chairman, I would like to have my honourable friend, the Member for Brokenhead, table that information - the incorrect information that he has from the Farm Union statistical division. I wonder if I could request that he table that incorrect information. Either that, or read it onto the records, because if it is wrong well let's find out. If it's right, let's find out, because if it is correct, then some of the other information is incorrect. So I insist that it be either read on -- I suggest that it be read onto the records.

MR. SCHREYER: I have long waited for an invitation to read it all and I shall do so. This is a statement prepared by the Farmers' Union and it reads as follows: "Friendly Family Farms, Steinbach. Frank Reimer" - and it gives a description of the holdings of each of the major shareholders and starting with the first, Frank Reimer - "fourteen barns, 40 feet by 250 feet, each one holding 11,000 chicken broilers. Each one of these barns can turn out 11,000 broilers every ten to eleven weeks. This in total, would be an output of 154,000 broilers every ten to eleven weeks or a yearly output of approximately 750,000 broilers. Two hog barns which turn out about 2,400 hogs per year. Along with the same operation, a turkey barn, 60 feet by 500 feet, which can turn out about 30,000 turkey broilers every 14 to 15 weeks. Another barn, 60 feet by 400 feet, which can turn out 25,000 turkey broilers every 14 to 15 weeks. These two turkey units can turn out about 190,000 turkey broilers per year.

"This same operation has a cattle feed lot which at present time has 60 head of cattle on feed. This is far from their goal. The droppings from the chickens and turkeys are to be used as a protein supplement to feed the cattle. By the way, as the owner of Reimer Expressways, Mr. Reimer owns well over 40 transportation vans. John D. Penner, President of Penner Tires, with distributing points in Saskatchewan, Alberta and Manitoba, has one single unit - 40 feet by 250 feet; one double unit - 40 feet by 250 feet, which house in total, approximately 40,000 laying hens. These hens will produce at least 22,000 or more cases of eggs per year.

"Ben Reimer has three barns each measuring 40 feet by 250 feet which will turn out 33,000 broilers every 10 to 11 weeks or about 165,000 per year. It is rumoured that he intends to build two more barns in the spring; if and when this becomes a reality he will increase his production output to 275 broilers per year. Mr. Giesbrecht has three barns measuring 40 feet by 250 feet each, a yearly output of 165,000 broilers. When you take these three broiler units into consideration, they have a combined grand total yearly output of 1,380,000 birds.

(MR. SCHREYER cont'd.)

"It is rumoured that Friendly Family Farms' goal is to build at least 50 barns so as to produce enough broiler chickens, turkeys and mature turkeys to supply the total Manitoba market. They have their own killing and processing plant which can quite easily handle all the product required for the province. To improve feed conversion for the chickens and turkeys, they have installed one dryer - to dry entrails and waste from the chickens and turkeys. They have installed another dryer which dries feathers. These are then put through hammer mills and then are used as protein supplement for the turkeys and the chickens." And that's the information, Mr. Chairman, correct or incorrect as it may be. I intend to pursue this further, to ascertain which staff is more accurate in its research.

MR. EVANS: It doesn't state anywhere in the release that any of those hogs or cattle have anything to do in any way with the FFF Farm. It mentions that one of the men concerned does in fact have these hogs and cattle - and that may well be true - it has nothing to do with the FFF; nor does it say so in the release.

MR. CHAIRMAN: 1 (a) . . .

MR. SCHREYER: Just as a rejoinder on that point, I'm sure that the Minister is well aware that when a firm receives, or an entrepreneur receives, a loan of capital, that that loan frees another sum of capital somewhere else which he can then divert to use elsewhere. So that a loan from the public agency merely frees, frees a loan, or rather a sum of capital, owned by that entrepreneur or that firm, which they then use in some other direction.

MR. CHAIRMAN: (b) passed, (c) passed, (d) passed. Resolution No. 91 passed. Resolution No. 92, 2 (a) . . .

MR. SHOEMAKER: hear anything for the noise of the chipmunks opposite, in the words of my honourable friend over here.

MR. CHAIRMAN: 2 (b) passed, 2 (c) passed, 2 (d) passed.

MR. FROESE: Mr. Chairman, under 2 (d) I would like to know what the 500,000 is supposed to go for; just what kind of training and what is involved here?

MR. EVANS: Yes, I'd be very happy to provide some information on this in-plant training scheme that is covered by the item that my honourable friend talks about. The in-plant training scheme is one of the most important developments that this department has undertaken. It's a paradox at the present time in Manitoba, that there are people who are not employed and at the same time there are very severe shortages. The garment industry is one of them, because at the beginning of last year there were some 400 sewing machines idle in Manitoba for want of trained people. I think my honourable friend will know in his part of the country that there is an inability to get trained or trainable people to fully staff some of the garment plants that are down in his part of the country.

The garment industry is big at the present time and has the capacity of getting bigger. There are some 6,000 people employed in it in Manitoba and COMEF tells us that by 1975 there can be from 12 to 15 thousand people employed and turning out between 100 and 125 million dollars worth of goods a year. But the lack of trained people has caused a very severe economic loss in Manitoba. One firm has told me of a loss of a \$200,000 order because they couldn't get people to run the machines that were busy in their own plant and I think one of the plants in my honourable friend's territory, in his own constituency, is ready at any time now to expand into the lot next door, to build a plant equal in size to their present one in order to double their capacity and they can't do it because they can't see a proper supply of trained people in sight yet. We hope to mend that. I've mentioned already that there were 400 machines idle to start with last year.

Well what are we doing about it? We started the in-plant training scheme, jointly between the manufacturers, the Government of Canada and the Government of Manitoba and we are in fact training operators. The manufacturer provides the space and the machines and the materials and selects the trainees and pays half of the trainee allowance. The governments split 50-50 on organization and administration, pay the instructors and they split the other half of the trainees' allowances. Fifty-three manufacturers applied for in-plant training schemes in their plants in Manitoba and we expect that before the year is out, and before this course is finished, that over 100 plants in Manitoba will have taken advantage of this course. Already 623 trainees have completed their training and a half of them had had no previous experience with employment of any kind; these are new recruits to the ranks of the employed. And these half of the people, or 300-odd, have learned a trade. Eighty percent of those who completed the course and qualified have remained in employment. We have stopped the drain of workers

(MR. EVANS cont'd.) . . . away from the garment industry.

Before starting on this in-plant training scheme, for every 100 new recruits brought into the garment industry, 102 left, and so there was a slow but nevertheless steady drain away of trained people from the industry. Since completion of this, for 137 trainees who started in the plants, who were employed in the plants after completing their training, only 100 left and so there is now a net and substantial gain in the trained work force to run this industry. It is really new life for an industry. The government took the lead and showed the way and we set the pattern which I think may well be followed, not only in the continuation of this plan that is working now in the garment industry but for other industries as well, and consideration now is being given to extending this same kind of help in other fields.

MR. FROESE: Mr. Chairman, before we leave the item, the Honourable Minister mentioned the sewing machine operators and especially this particular industry. How many different type of industries have you participating under such a program?

MR. EVANS: At the moment, with this type of in-plant training scheme, we have confined our efforts, or the first such effort was in the garment trade. I might say that considerable work is also being done with respect to the fur garment industry which is a different class of industry and would profit from similar attention. We think that in this case there is an extraordinary example of co-operation between labour, management and government. It's a most important factor with respect to industrial development, to provide new jobs and to revive old jobs and we think that reviving old jobs is just about as profitable as providing new ones, and the fur garment industry in Manitoba is an excellent example of what can be done in this regard.

The fur garment industry, mostly in Greater Winnipeg, from 1920 to 1940 had an annual production of about \$6 million in value. They used to employ 800 people and they had a \$2 million payroll. Well there has been an alarming decline in this industry from the point where they had 800 employees until now there are less than 100 employed in this industry in Manitoba. Well the reasons that are given to us, and by some pretty expert people who came here to advise us, are three in number. First, that antiquated methods are being employed by the industry in Manitoba now, there were no proper scientific cost controls and poor styles were being put into the garments. These are not my opinions, they are handed to me as a result of several very well qualified reports that have been made on this industry in Manitoba.

Well there has been a unique event, and I think one that the House would do well to pause and note quite carefully, because I think it's quite an example to others, that others might follow. A unique event in labour management relations occurred in this industry during the last year because nine union members and five managers approached the government together with a request that something be done to help their industry. Labour and management together. I've always said that there may be occasions when Labour and management may line up on opposite sides of the bargaining table and may probably have nothing in common, and it's a bargain and it's an auction and you find out what the eventual result is. But at all other times in my opinion, labour and management have everything in common, and here is an example where they recognized it and recognized it by joining their forces and asking the government to help them, that they could do something for themselves and for the province.

And so the government made a thorough study of the steps that should be taken to increase efficiency, to increase productivity, and to produce goods that would compete, not only in the markets here, and here again my honourable friend should realize that most, a very large proportion, of the fur garments that are bought right here in Winnipeg and Manitoba are manufactured in Montreal and shipped back here, of furs that probably originated here in the first place. And here is another example of where our raw materials are being shipped out for somebody else to work at and then we buy them back later on.

The first step undertaken by this joint operation was to bring a furrier from Britain because one Montreal firm has worked up a very substantial export volume to the United Kingdom and we thought if they could do it, why couldn't we? He visited the plants and spent several days in each of the fur garment plants in Manitoba, examining the style, workmanship and the manufacturing methods employed in those plants. Then they sent garments from the Winnipeg plants to England to test the markets. They were comparatively small but the garments were sold, but better yet, we got back a critique of the garments and their styling and their workmanship and it was very revealing; for example in styling, it was found that ladies in England particularly like to wear either suits or sweaters under their fur coats and the styling was such that the armholes hadn't been cut large enough to accommodate this. Our coats were

(MR. EVANS cont'd.) uncomfortable over there because they were styled for people who don't customarily do that.

Similarly with the kind of workmanship. I have seen technical descriptions of how the seams were sewn in such a way in the plants here that when the garment was released the seams bulged up, rather than lying flat. Techniques had advanced since the days when they were active or prominent in the fur garment trade.

The next thing that was done was to bring a fur expert from New York. One, David Kaplan who was chairman of the fur department of the High School of Fashion Industries in New York City and he spent ten days in Manitoba visiting plants and gave a detailed confidential report to the management of each of the plants. This was a confidential report between him and the plant he visited. I'm told that it was a very hard-hitting frank report that told them the kind of techniques that -- I heard him make the casual remark that, for example, he hadn't seen methods such as he found in some of the plants in Manitoba, for twenty years in New York, that they were certainly twenty years out of date in some of the methods being used. So there has been some progress with regard to this industry. It's rather been by way of securing expert advice and bringing it into the plants up to this stage, than it has been to take the plant employees and begin to train them, but that stage is about to come and I'd like to go along a little further and describe the plan that will now be carried forward and the follow-through or the follow-up will be provided in this way.

The next thing will be to get fur technicians to instruct the actual workers in the plants and to send someone from Manitoba, in fact this operation is underway now, to study the techniques being employed in the shops and by the workmen of Montreal and New York, among other centres. He will visit Montreal and New York and return here to teach actual production methods of quality production and for cost cutting right here in Manitoba.

Well as I said this is a unique operation that's undertaken between the fur garment industry and the government. It's a unique bit of co-operation on the part of labour and management to start with. Each of them I would hope would understand they could invite and secure the co-operation of government. But here is labour and management jointly doing all of this operation. And then when we decided to find the right fur technician to send down to see the latest methods or to secure from the outside and bring here, management came to us - this is management came to us, and they said, "Don't bring in somebody from the outside - send Sam Goodman", who was the labour union organizer of the fur garment workers -- I'm not sure of the correct title that he should have, but he is the local labour executive well known to all of us -- and their words "Don't bring anyone in - send Sam Goodman" and this is underway now.

This is at the request of management that the labour union man be sent down to do this job, which would eventually result in an operation very akin to management's responsibilities; isn't this true? Here would be a man coming back and occupying supervisory and instructing duties and he would in fact be a labour union to do it. I wrote to the head of his union in Chicago requesting permission for Mr. Goodman to do so and I received back the most prompt and courteous reply and the most co-operative and enthusiastic reply that you could ask for from anyone and I expressed my gratitude to this union for their far-sightedness and for their ready response.

Well Mr. Goodman himself is giving us the heartiest possible co-operation and I draw to attention the fact that the union continues to pay his salary, although the government out of the funds that my honourable friend is asking about, will pay the expenses incident to his trip and to the instruction itself.

I have already recorded my appreciation of the International Headquarters of the Union in Chicago giving me such a quick and gracious response. So this has been an outline of the main steps that have been taken as we set forth to the rescue of an industry and to show an encouraging example of harmony and mutual support between labour and management for the betterment of the province.

MR. FROESE: I want to thank the Honourable Minister for the explanation and going into detail on some of it. I know that the industry has benefited through the government's program in my area as we have a number of the garment industries there and I also recently had a story related -- or a chat with a fur garment worker and she also had years of experience and she told me how the fur garment industry had gone to pieces here in Manitoba. I'm glad that the Minister referred to it and has told us of some of the progress they are making and of their program that they are contemplating on doing in correcting some of the measures.

MR. ARTHUR E. WRIGHT (Seven Oaks): Mr. Chairman, the Manitoba Economic Consultative Board report stressed the fact that management needed to be improved and it

(MR. WRIGHT cont'd) . . . specifically mentions work study and supervisory training. I just wonder what portion of this half million dollars would be used for this type of training.

MR. EVANS: On the question of management, the raising of management skills, will probably be led by the committee, the Manitoba Economic Consultative Board, who have organized two sub-committees, one of them on the problems of labour and labour management relations and the other on the problem of management training. And I think it's a very good thing that this is perhaps being done by people whose membership is very largely management itself. I don't think it's a good thing for any outside authority, and particularly a government, to tell anyone else about their shortcomings but here in the COMEF there were largely business men who reported on themselves when they said that management skills in Manitoba need upgrading and so, on the basis of their report, this responsibility has been taken up by the committee on Manitoba's Economic Future and we can expect development in that regard.

Now I would like to give some further particulars about the way in which these courses of instruction will probably take place. I have an outline of the actual courses that will . . .

MR. WRIGHT: . . . familiar with the type of training; I just wondered what portion of the money has been allocated; if any, to this . . .

MR. EVANS: How much money you say?

MR. WRIGHT: How much of the half million dollars; has it been specifically allocated? -

MR. EVANS: . . . set out, I don't think the money has been allocated course by course in that way. I would say that this is a general estimate of the -- well it's really the largest amount of money that we thought would be proper to devote to the training of both skills and management skills in Manitoba this year. It has not been firmly allocated according to the different courses, because quite frankly, we don't know what they are all going to be in the next twelve months.

MR. CHAIRMAN: 2 (d) -- passed, Resolution No. 92 -- passed; Resolution No. 93 -- passed; Resolution No. 94 -- passed; Resolution 95, 5(a) --

MR. PAULLEY: Mr. Chairman, . . . Resolution 95, I think this is the resolution on which to make my comment and to make a request. Is this the section of your estimates Mr. Minister that deals with feasibility studies, etc.? Apparently it is Mr. Chairman, and I draw the attention of the Minister to Page 83 of the annual report for the year ending March 31st, 1964, to a number of studies that have been made in respect to various subjects pertaining to industry and the industrial life of the province, also agricultural and fishing industries. I wonder, are all of these feasibility studies referred to in the subsequent pages, available to members of the committee and if so I would make a request of the Minister for copies of the feasibility studies and market studies contained in Pages 84, 85, 86 and 87. I would like to have them; there's one or two that I'm interested in particularly.

The other day while dealing with the estimates of the Minister of Mines and Natural Resources, I made reference to an experiment that was attempted insofar as raising pheasants was concerned and I notice that in the year ending March '64, on Page 85, reference is made to the feasibility of commercial pheasant raising in Manitoba. Also Mr. Chairman, there's -- oh, wait a minute, I stopped too early -- there's page 88, 89 also. I also note insofar as wood products on Page 88, there was a market study and feasibility report re treated fence posts and in my own City of Transcona there is the creosote plant which does treating there. I'm sure the Minister is aware of it. And I wonder what the market study survey and feasibility report might have in connection with that firm and others.

So I ask my question again, is it possible for the Minister to supply me with copies of the feasibility studies that were made in the year under review of the department or contained in the report? It does seem to me that some of these at least refer to feasibility studies -- unless this is a continuation of them -- feasibility studies that have been made in the past. Some of these seem to be ever-recurring items and I'm interested -- there's one particularly here in food products -- consumption of Instant Coffee in the Greater Winnipeg area. I think I'd be interested to know what the experts have to come up with with the likes of that. I didn't know whether it was necessary for us here in Manitoba to use our brains in the department to have a study made, unless this is just a statistical survey of the consumption of Instant Coffee in the Greater Winnipeg area. I don't know where the beans would come from to manufacture the Instant Coffee or what is the reason for this particular study but I would be interested if it is possible to obtain copies of these.

MR. EVANS: Well, I wonder if it would be helpful to my honourable friend if at some time he came to my office and I'd be glad to show him any that are not confidential. Now let me

(MR. EVANS cont'd) . . . say this, that the report, for example, that resulted in this \$30 million fertilizer plant coming here was of such a confidential nature that it was certainly kept under lock and key in the offices of our senior officials only, up until the time that the announcement was made. And so that would be one kind of thing. Occasionally we have reports that are made for a certain firm and they will reveal some of their information from their books on the understanding that it will be done only for them. I don't know how many there are of those but I would be glad to have my honourable friend see every report that is not a confidential one and then to supply him with copies of any that he would be interested in.

I indicated the other day in the House that we had in the past year, which isn't the same year that my honourable friend has in the book there, there were some 60 of these feasibility reports. Some of them run to dozens, if not hundreds of pages. It would be a very large stack indeed and I'm satisfied that we haven't got copies to spare of all of the reports, but if he is interested in any particular one, I'd be glad indeed to have him -- I'll provide it for him if I can. So I invite my honourable friend to come and see me. We'll discuss what he would like to have and I will do my best to provide it.

MR. PAULLEY: Mr. Chairman, I thank the Minister for his offer but I'm in a rather unfortunate position of having to earn a living outside of my public duties here during the session. The CNR calls me back, or the wife tells me to get back to work instead of being in here, and the Minister has indicated that a number of these studies are quite voluminous and I doubt very much whether I would be able to take his offer. I do have the odd evening however at home, relatively few, when I can dig up a few minutes, particularly if it's raining, when I'm confined to my house, I might be able to have an opportunity of looking over these but the Minister scared me when he was replying to say that, well, come on in to the office and we'll pick them out and they're all here. I imagine from his indication of the depth of the studies it would take a considerable period of time.

MR. EVANS: . . . much to do the studying there as just look over what is there and then he might well say that, "I'd like to have copies of certain ones" and then I could have them prepared for you.

MR. PAULLEY: Well, maybe Mr. Chairman, I can -- I presume, knowing the Minister reasonably well -- I presume that he has listed here in his annual report almost every one that has been made in order to take a few extra pages. Maybe -- (Interjection) -- No, not all but it's typical of my honourable friend. Maybe if I went over the list and suggested certain ones to my friend to give me a cross section of what is doing and if they're these super-duper confidential reports, the Minister may just reject them because I appreciate some are of a confidential nature. Maybe if they were of a confidential they shouldn't be listed here as being done by the department. This of course is a matter for him to decide.

MR. EVANS: . . . to show you what you get for your money.

MR. SHOEMAKER: Mr. Chairman, we're at 95 now, are we? Well, on 95 or 96 I would like to have a couple of questions answered by my honourable friend and I don't care whether he answers them under this item or the next one but I would like to know how many rural development areas have now been proclaimed. There was the Interlake area, I believe, and then I know that about three years ago, an Information Services bulletin came out indicating that the Premier had requested a second area to be proclaimed to be known as the Central Plains area. I would like to know too. . . .

MR. EVANS: Before my honourable friend gets too far along that line I might indicate that's the Department of Agriculture and not this department.

MR. SHOEMAKER: Well I thought that they were so co-related that -- there's the Regional Development Branch and then under 96 (d) it says Canada-Manitoba ARDA Agreement in here.

MR. ROBLIN: Mr. Chairman, I can explain to my honourable friend that the co-ordination of the ARDA programs is done through the ARDA project co-ordinator who is in the Department of Agriculture so this particular one you mention is basically under Agriculture rather than my honourable friend the Minister of Industry and Commerce.

MR. EVANS: We do some work for it. We're sort of hired hands for certain purposes.

MR. SHOEMAKER: Well then I would like to ask this question. I notice that in an Order for Return that we received at this session, Order for Return No. 36, in which the Honourable Member for Assiniboia asked the comparison of the number of automobiles owned by every department as of 1958 and 1964. I noticed in Industry and Commerce they had six automobiles in 1958 and 16 as of December, so that's an increase of something like what -- 260 percent? 210 percenthe says.

MR. EVANS: Ten cars.

MR. SHOEMAKER: Ten cars, but percentage-wise. I know the honourable members, don't like bringing up statistics in percentage points very often but I make that roughly 260 percent and then I notice that so far as the number of employees in 1962 -- we didn't ask for this information -- but 1962 as of December 1964, there was an increase in Industry and Commerce -- oh, of about 33 percent or something of that, in the number of employees. My question is: has industry kept pace in the same percentage points? Has it gone up 260 percent over 1958?

Then I would like to know too, what did happen in the expansion of the Christmas tree industry, because back in 1961 when four of these famous documents were tabled, I know that this was one of the industries they recommended in Neepawa and Carberry and Erickson and Minnedosa and several places, as the major industry for the area -- Christmas tree farming. I can't just find it at the moment but I know that it was recommended that this would be one of the major industries and I would like to know how it is progressing. Yes, I have it now. On Page 104 and 105 and 106 and 107 and 108 in the book, Economic Survey, Southwest Manitoba. On all of those pages they recommend Christmas tree farming and a marketing board for same. And a marketing board for same. I would be interested in what my honourable friend -- how this is developing.

MR. EVANS: I have no information on the Christmas tree farming business. I suggest you ask the Minister for Agriculture. I don't think it's in Mines and Resources and it's certainly not in my department. Industry has progressed in Manitoba to an extent thoroughly justified by 10 more cars.

MR. SHOEMAKER: Mr. Chairman, I can understand how embarrassing it must be to answer some of these questions but it was my honourable friend that appointed this -- that set up, I suppose that's the word, set up this . . .

MR. EVANS: . . . made recommendations in Agriculture and every other field too.

MR. SHOEMAKER: I see, well then we will save that for the Minister of Agriculture.

MR. CHAIRMAN: Resolution 95 -- passed; 96 -- passed.

MR. SHOEMAKER: Mr. Chairman, I'm back at 96 (d). I don't know where the honourable members opposite are but that's where I am, and I think the Minister was going to explain what the \$26,000 under Canada Manitoba ARDA Agreement was.

MR. EVANS: Well this branch of our work is under the direction of Mr. Dennis Findlay who is looking after the ARDA responsibilities of my department. Anything to do with economic research or things to do with the recreational developments, should they come along in an ARDA area, would be assigned to my department. The primary responsibility of this officer is to encourage and otherwise promote, economic diversity and improvement as a part of the provincial ARDA rural development and research programs. A close working relationship with local, area and regional development bodies and organizations is a most important part of the work as is the need for close co-operation and liaison between Manitoba and Canada with respect to resource personnel. Projects such as new and expanded processing and manufacturing industries, retail and service businesses, the tourist development projects which directly or indirectly increase employment opportunities, are to be investigated by the ARDA development consultant jointly with local or area leaders and development organizations.

MR. SCHREYER: As the Honourable Member for Gladstone indicated pretty clearly, three years ago the government of this province commissioned several studies of different regions of the province, south-central Manitoba, south-western and so on. To the best of my knowledge such a study has never been made of the east central part, shall I say, the eastern part of the province and I would merely ask the Minister if the government intends to have one or two more regional studies commissioned and if so, if eastern Manitoba might well be one of them?

MR. EVANS: There is no intention of having a study of exactly the character that my honourable friend from Gladstone has referred to, made in Manitoba this next year. I might say however, that perhaps the model for all this was set in the very early days when south-east Manitoba was examined to see what might be done there to increase the incomes of people living there. Here were people who were essentially farmers, who were cutting cordwood to supplement their income, and the forestry people told me, because I was both the Mines and Resources and Industry and Commerce in that year, that it would be necessary to reduce the amount of pulpwood being cut; and here then was a situation with people of less than desirable incomes in many cases; then we were under the terrible necessity of saying to them they couldn't cut as much pulpwood to supplement their incomes and so we had a survey made, on a more

(MR. EVANS cont'd) . . . limited scale than some of these other things, about what might be done. It was done by the Arthur D. Little people in co-operation with our own staff but they did come up with the solution that if there isn't enough pulpwood there, there is lots of poplar and why don't you make poplar and tamarack and one or two other varieties into chipboard and we asked them how you did that, and they explained it and they went on from there until the factory was established at Sprague. And that was an example we thought of an area survey and from that grew the idea of having area surveys made in other parts of the province. I have no doubt that in due time, it will seem right to go back over the ground again and perhaps make a broader more general survey of south-eastern Manitoba.

MR. FROESE: Mr. Chairman, under 6 (c), Regional Development Programs, I'm not sure whether I understand this correctly. Does this have to do with the development corporations that we are forming and is this supposed to give support to them? Is that the purpose for those funds or just what is the program for this year under the same?

MR. EVANS: The Regional Development Branch in general you mean?

MR. FROESE: Yes.

MR. EVANS: Item 6 (d), is it? 6 (c) -- Regional Development Programs. The amounts included here are Regional Development Research, Surveys, Publications and Community Data Sheets, is the same amount as last year at \$10,000, and Grants to Regional Development Corporations are increased from \$12,000 last year to \$30,000 this year. The amounts last year included grants to the Pembina Valley Development Corporation and we expect that one additional corporation in 1965-66 will be formed in Manitoba.

MR. FROESE: Mr. Chairman, can I assume then that half this money will go to the Pembina Valley Development Corporation? Is that it?

MR. EVANS: Not really, because the grants are made up on the formula which include establishment grants and some other grants that are larger in the first year than they are in subsequent years, but the maintenance grants will be paid to the Pembina Valley Development Corporation on the scale already agreed to, but the start of a new corporation would include the establishment grant in that case. So it isn't exactly even; you'll understand that the establishment grants are larger in the first year.

MR. MOLGAT: Under this department we have the ARDA agreement. I notice that in the Public Accounts there is a very substantial amount, part of the ARDA agreement -- under that item, for fees. Could the Minister indicate what fees we are paying out in that particular item?

MR. EVANS: No, I don't know if my honourable friend was here but it was explained that the administration of the ARDA program is under the Department of Agriculture. The amounts that are included in my estimate are only to cover the services of one of my consultants and some of the staff who do a good deal of work in kinds of things that are our responsibility - the development of recreational areas, of tourist resort facilities of that kind, any studies that are required for industries or the establishment of businesses of any kind; but this is only to cover our work really as the hired hand of the Department of Agriculture.

MR. MOLGAT: Yes, but under this particular item, Mr. Chairman, last year we had an appropriation of 20,500 and the Public Accounts indicate that we spent about 25,000, of which 16,000 was fees, in this department -- (Interjection) --

MR. EVANS: Yes, the Public Accounts would be the year before last.

MR. MOLGAT: Oh for the year ending '64. Pardon me. Then there's a comparable figure in estimates. -- (Interjection) -- Just a minute, Mr. Chairman. That's right, the estimates of the year before were 40,000 of which 16,000 were fees, so roughly half - I don't have the Public Accounts for the subsequent period. I was just curious as to what fees we are paying out of this and for what purpose?

MR. EVANS: Well in the Regional Development, under the item of ARDA, there is a total amount of \$26,000 made up as follows: A full-time Regional Development Consultant \$10,410; stenographic assistance - no particular amount put down there, because the department works on pooled stenographic resources; general expenses, including auto expenses, \$3,090; trade pattern study and publication costs was an item last year, but not this year; in the Interlake rural development area, economic survey and community development, there was \$1,000 last year and none this year; recreational development study of the Interlake region \$12,500 and last year we had the rural Manitoba labour survey which is not this year. So I've given them to my honourable friend in a rather confusing way I'm afraid, but does that cover the general type of work that's included in this item to make up the \$26,000 this year?

MR. MOLGAT: It doesn't tie in with the amounts that show under the Public Accounts.

(MR. MOLGAT cont'd) . . . I'll admit the Public Accounts, mind you, it's the latest one that we have, but it indicates that very large item of fees and I was just wondering to whom we are paying fees outside of the department.

MR. EVANS: In the estimates for next year I have no item called fees.

MR. CHAIRMAN: (c) -- passed; (d) -- passed; Resolution 96 -- passed. Resolution No. 97, 7(a) --

MR. MOLGAT: Mr. Chairman, Resolution 95, what is the policy of the department insofar as the granting of tourist licenses? I know that they have a star rating structure, one star, two stars and so on. Who decides in the first place when and if a licence is to be granted? What is the procedure for someone who wishes a licence? What does he have to do? To whom does he apply, and who makes the decision? Is it the Minister, or is there a board that does this, or what is the system and can anyone who wishes to go into the business, provided that he can show that he is prepared to put up the type of facilities required, is he automatically given the licence?

MR. EVANS: No one is automatically given a licence. I think they have to be judged to be suitable people for conducting the tourist business. The committee is called the Licensing Authority Committee and it's made up as follows: The Director of the Tourist Development Branch, the Tourist Development Officer, a representative from Mines and Natural Resources, a representative from the Department of Health and a representative from the Liquor Control Commission. The responsibilities of this commission are to consider applications for licences of transient accommodation facilities and to recommend to the Minister the issue or refusal of such a licence, in cases that do not have liquor facilities. Factors affecting the committee's decision are the character of the prospective operator, the effect on the natural resources of the area, the standards of construction and the standards of health facilities and so on that will be provided in the resort.

MR. MOLGAT: In the case of someone being refused, someone who wishes to go into the business and being refused, what right of appeal does an individual have in that case?

MR. EVANS: Well a great many cases come to me and I discuss it with the committee and with my own officials. It isn't a formal appeal procedure but that's the operation that goes on.

MR. GORDON E. JOHNSTON (Portage la Prairie): Mr. Chairman, I'd like to make a comment under the Tourist Development Branch to the Minister, and that is, I think that his department is missing a bet on tourism in that they are not catering to a certain segment of high income people, namely the owners of private aircraft. I don't know if the Minister is aware or not, but in the three States directly to the south of Manitoba, there are more private aircraft than there are in all of Canada and I believe this is a fertile field of income that should be cultivated a certain amount and at very little expense. For instance the flying weather in the central plains of North America is the best flying weather all over the continent and the weekend flying and fly-ins at conventions that are being attended by people with private aircraft could be encouraged to a greater degree than is at present, I believe.

We know that the flying farmers have, at their own expense, built a border crossing field rather, for checking through Customs at Haskett, which is on the border and this has greatly facilitated small aircraft owners in crossing the border. I don't know if the Minister is aware but on certain days -- and I'm thinking now of Sundays and holidays -- it has been known that a private aircraft has to pay as high as \$50 to check through Customs because they have to call out Customs men on an overtime basis to have their planes checked or brought in or out of the country, that is on holidays or on Sundays. And I think this government would do well to consider small landing strips at Emerson and opposite Rollo, North Dakota, and other points like that, so that these people could come into our province in an easier manner. Saskatchewan, I know, and North Dakota, issue an air map of their Province and of their State, that gives exact details of the types of landing facilities at every town and I think Manitoba should be doing the same thing.

When I look at the annual report and I turn to the section under Tourist Development, there's no mention made whatsoever of this phase of the tourist industry. For instance an air map could be put out and it could make special mention of the events that go on in Manitoba and I'm thinking now of the Trappers' Festival at The Pas, the Trout Festival at Flin Flon, the Swan River Rodeo and items like this, would benefit greatly if the people to the south of us, and within a radius of 1,000 miles, were promoted a little bit. If copies of our air map were sent to their flying clubs and to their air fields, I'm sure that we would benefit greatly. There also should be small landing strips near our provincial parks. These people come in, they

(MR. FROESE cont'd) come to stay, they have money to spend but I know in certain instances they can't get very close to where they're going.

In Portage, and I believe it's the only one in Canada, the Portage Flying Club own their own field and in the hunting season and in the tourist season there's a steady stream of small aircraft coming in, who wish to avoid the large centres. At the large centres it's my understanding that they have to pay a landing fee and also they're landing quite a ways from their destination and I feel this is an area that the Department of Industry and Commerce could look into and at very little expense could encourage another class of tourist to come, and a higher income tourist than is the average.

MR. EVANS: My honourable friend has drawn attention to a very very good point here indeed and one that we have been trying to give some attention to. I can tell him we do have a Manitoba air map that does show the landing fields. We put it out, the first time - oh say, four or five years ago now. I believe it has been reprinted and was welcomed at that time. A program to encourage private aviation, which is the fastest growing part of general aviation, and which also includes government owned aircraft, non-route services of scheduled carriers and other commercial carriers, was recommended to the Thompson Air Enquiry in a supplemental brief prepared by one of our consultants. I would indicate that the policy of developing air fields is one for the Federal Government -- it's completely under their control and my understanding is that some new developments are underway in that regard. I have been in touch with the flying farmers over the years and I think my honourable friend is right that there will be a growing traffic available to Manitoba, of the kind of people with the incomes who are able to spend money for the tourist business. I think his suggestion is a good one. We'll try to keep it prominently in mind in our plans.

MR. WRIGHT: Mr. Chairman, I'd like to say a few words on tourist development. This morning on the radio I heard where tourist development or tourists coming into Canada by 1967 will mean one billion dollars to Canada and that seemed to me quite a startling amount of money.

I am prompted to rise too by a letter from a friend who gives us -- I was going to say, made a complaint, but I think it's more of a suggestion, about our tourist reception centre. He drew my attention to the fact that a city like Fort William has a place called Paterson Park - he mailed me a card - showing the tourist reception centre there. I read by the report that 60,000 visitors from the United States alone, came to Manitoba last year and the total amount of money brought by tourists to Manitoba, I believe the Minister said was \$45 3/4 million for last year. Up 3.6 percent from the preceding year.

MR. EVANS: \$45 million, yes.

MR. WRIGHT: Mr. Chairman, I know that we award stars to the different places of accommodation in Manitoba for the type of services that they strive to give the tourist. I'm just wondering how our reception centre in the Legislative Building would rank if we gave stars for reception centres, especially when I was looking at the one in Fort William, in the heart of the downtown area. And I do not wish to make any criticism of the staff, because I think they do a tremendous job here. I think they are very courteous. I've heard many good comments from people coming in and likewise for the centre at Emerson and the one at the Peace Garden. I think they all do their very best to make people welcome but I am thinking now specifically of a reception centre in the heart of the city, similar to the one we have here in this building. As my friend points out, did you every try to get a parking space at the Legislative Building, and I know that's a problem too. I'm just wondering if the time isn't ripe now when we should take a new look at this.

Mr. Chairman, Winnipeg is pretty close to the geographical centre of North America and because it is not the population centre and because all eyes are now turning to our wonderful northland, I think it's all the more reason why we need to have the best reception centre, perhaps on the continent. I think this might be a worthy objective for our centennial year. Our railways provide reception centres for passengers coming in. We can get information about the YWCA or that can get information about busses and this sort of thing and I would suggest that a reception centre for the downtown area be considered. And when we were discussing the appropriation for the park which is adjacent to this building, down the Memorial Boulevard, I thought that was a wonderful thing, rather than have the City Hall there but I would have liked to have seen a reception centre there.

Now, my friend suggests many locations. In his letter he suggests one on Pembina Highway. He suggests an area that's owned by the CNR and has never had anything on it and there is

(MR. WRIGHT cont'd) nothing on it at the present time. It lies between Pembina Highway and the CN tracks. He says a centre there would be quite appropriate and enhance the entrance to the city. He points out to the large sign on the bridge which says, "Welcome to Winnipeg" and figures that the two could go hand in hand. He also suggests another site which is on No. 1 Highway where it joins St. Anne's Road with plenty of ground which I believe might belong to the province. And a third site at the Perimeter Highway and No. 1 West.

Now personally I feel that the centre should be as close to this building as possible. I think that the attraction of this beautiful building itself is I think a centre, a focal point, where tourists seem to gather.

The Honourable Member for Portage has mentioned flying and plane trips. It is true that in the south, people have taken to the airplane much more quickly than we have here and I was thinking of a centre here with enough parking that we could accommodate people who fly here and who probably would want to go, say by boat to Norway House, with a place where they could leave their car. They could take perhaps a railway trip to Churchill, which is something. The parking area would have to be big enough to do this. Now travel is easier today. It's not only millionaires; there was a time, Mr. Chairman, when only millionaires could take a trip around the world or even get a thousand miles from home, but this isn't the case today. We're living in a world where people are very mobile. I think that tourism is going to play an even more important part in the economy of our province and I think, too, it makes for better understanding in a world when we get around and see how people do things in other parts of the world. I think in this day and age, where people have extended vacations, where it's not uncommon now for someone to get a month's vacation every year, and it is natural he will want to see the rest of the world.

I think that first impressions too are great. I think the first impression you get of a place, especially the friendliness of the people, does have lasting impression. I would like to see us try to make Winnipeg the most friendly city on the continent. I think it certainly could be that. I think that it has a lasting effect, just as we heard Mr. Riley say that the Pan-Am Games would have a lasting effect on our youth, just as it did in Vancouver after the British Empire Games there. I think that as we visit one another, exchange ideas between the various parts of the country, especially to our friends to the south, that we might cultivate our personalities this way and we might enhance our chances of getting along together a little better in this world and I would sincerely ask the government to make a study -- it doesn't cost too much to make a study -- of upgrading our reception centre here in this building, one that done a marvellous job but I think that it has now outlived its usefulness.

MR. EVANS: Mr. Chairman, . . . made a typical speech for him - one that is constructive, and thoughtful and he's done some work on it. He has given us the product of his own toil. I think it's a very worthy suggestion. There are times when we have wondered whether the time hasn't arrived for a new and enlarged reception centre and it then becomes a question of discovering how to do it. I think - the idea of making a further examination or study of this question at the present time is a good one and I'll give it very serious consideration in the coming year.

MR. FROESE: Mr. Chairman, I would like to thank the Honourable Minister for Portage to mention the air strip at the U. S. border at Haskett. The new Customs Offices on the U. S. side have now been opened and this will convenience passengers or people riding in planes, on small aircraft. They can all stop at the U. S. border, register through Customs, and be on their way again. Formerly they had to stop at Grand Forks and Winnipeg. This will really facilitate people getting back and fro and I think this is going to be widely used by private aircraft especially and by people who own their own aircraft and smaller planes.

So that I hope the Minister of Public Works gets busy and gets that highway dressed up so that people will be able to travel in cars as well through that port of entry. I think this will definitely encourage people to come to Manitoba and they can do it on much shorter notice.

MR. LEONARD A. BARKMAN (Carillon): Mr. Chairman, in the Tourist Development Branch, I notice a very interesting page on 101, the number of vehicles entering Manitoba on Custom permits and remaining two or more days. It seems quite natural that the neighbouring States, Minnesota and North Dakota, Minnesota had 14,000 roughly and North Dakota had 17,000; but it's interesting to note that the Central States, there seems to be quite a bit of travelling going on - for example Illinois with over 2,500 people, and Nebraska over 1,000 and South Dakota over 1,300, and even further up to California, with over 1,800 people entering. I was just wondering what program the government is following in regards to advertising. Are these particular States, most of them Central States, possibly receiving more advertising

(MR. BARKMAN cont'd) . . . or are we doing more advertising in those States than in the others or does this just happen. I wonder if the Minister could give us any indication as to what kind of program they are following on this.

MR. EVANS: Yes, we have what we call our nine-state area from which we get by all odds the largest part of our business and we try to funnel as much advertising into that area as we can. It's a varied program. It uses major dailies and medium sized dailies, newspapers, in those areas, major outdoor magazines and other magazines and in the big magazines we are able to buy regional circulation which finds its subscribers mostly in the area which to my honourable friend has described.

Then we have a program of sending a booth to the sport shows, five sport shows in the area including such cities as Milwaukee and Chicago -- I believe Kansas City, and altogether there are five of them, and our staff goes down there and mans the booth and a very considerable circulation is achieved in that way. I think I've covered the main outline of the program and I could give any amount of detail but I would like to say that this year for the first time we are putting a substantial campaign in Eastern Canada, having in mind that the Trans-Canada Highway is now open and fully operative and we believe that an increasing amount of business will come to us from or through Eastern Canada, so we are advertising in five cities in Ontario, a \$40,000 campaign down there which we hope will yield us considerable results. In order to measure it we are undertaking an extensive survey of cars entering and leaving the province. It's been possible to trace the entries into Manitoba across the International Border but it hasn't been possible to trace all the entries into Manitoba from Ontario, whether or not they are Ontario cars, and so a substantial survey will be made this year to see if we can measure the result of this increase in advertising in eastern Canada and if that's successful, we believe that a very considerable new market can open up for us there, not only of Eastern Canadian cars but of Eastern United States that come up into Canada and then we hope can be attracted further and further west.

MR. SHOEMAKER: Mr. Chairman, earlier in the session I learned by information that was supplied to us that there were approximately a billion and a half visitors in Manitoba last year and they spent, according to my honourable friend, \$45 million or \$30 dollars each and I found when you went back to about 1950 that they spent the same amount per capital. This is rather hard to believe in light of the cost of living index alone. There must be a reason for it. There must be a reason for this. My guess is that, my guess is, that there are more people coming in from the States and spending less than a day -- just coming in the morning and going back on Sunday, coming on Sunday morning and probably going back the same day. But I would be very interested in hearing what my honourable friend has for an explanation in this regard.

Another thing that concerns me a little is another Order for Return that we received at this session. I refer to what looks like it's Order for Return No. 1, dated March 4th, and the question is: Was the amount of \$132,266.73 shown on Page 206 of Public Accounts as being paid to Camp and Associates Limited, Donald K., Toronto, Ontario, paid to a corporation, firm or individual; the answer is a corporation. And what is the name of the corporation, firm or individual to whom the payment was made? Answer, Donald K. Camp and Associates Limited. What services were rendered by said corporation, and so on.

Now we didn't ask who Donald K. Camp was, we didn't ask him what his social activities were or anything of that kind, but I think it's generally recognized that he was -- I don't know what his position is now -- but he was President of the Conservative Association of Canada or something along that line. Now I wonder if this does qualify him for -- (Interjection) -- Well I'm not certain of his official title, Mr. Chairman, and probably you could enlighten the committee, or someone, as to what his present position is. In the light of political uprisings here and there, we maybe should be brought up to date on this. But anyway, that isn't such a bad thing in itself, I suppose, but here we've paid -- question No. 5 is this -- Question No. 4 first: To what department or departments were these services rendered? The answer: To the Department of Industry and Commerce. Question No. 5: Was the opportunity of performing these services open to other corporations, firms or individuals (a) by public tender; (b) by competitive bidding or (c) otherwise? And the answers are no, no, to both the first ones, and to (c) yes; as all advertising agencies charge the same rates, awards are made on the merits of creative advertising ideas submitted.

Well surely there are some advertising agencies in Manitoba that still have a bit of a creative idea left in their head and therefore keep the money within the province, surely. And the question No. 6 is: Were the services to be provided covered by a written agreement

(MR. SHOEMAKER cont'd) . . . or outlined in a call for tenders or similar matter and if so, a copy of the said agreement, calls and tender, etc. The answer is, no. Looks like just a kind of a horse deal that was made.

Now Mr. Chairman, I think that we should have a further explanation in this regard. It wasn't up for tender. Wasn't let by competitive bidding. It says the reason was that simply, and it doesn't say -- (interjection) -- pardon? It simply says, well possibly the Conservative -- the fact that there was an association there would have something to do with it. But they say it's because of the creative ideas and so, Mr. Chairman, I would appreciate a comment on those two, the Order for Return and why is it that the tourists, in this day and age, don't spend any more per tourist than they did 15 years ago?

MR. EVANS: Mr. Chairman, the reason for the lower expenditures is that more people come and do their own tenting and trailering whereas formerly they lived in other kinds of accommodation. That's the main reason.

As to the selection of the advertising agency, it isn't Donald Camp - it's Dalton Camp and he was selected because he brought us the best idea for advertising for the province. He was the one who brought us the split-run of the big magazines such as Time, Life and other national publications in the United States so that we could buy the split circulation which went into our particular area. In addition to that, he was able to present us with what we thought, and what incidentally certain other provinces in Canada also thought, were the best and the freshest kind of tourist advertising. Other advertising agencies do approach us from time to time but in my judgment they haven't presented either a better idea from the artistic point of view nor have they presented us with an idea that say economicer or has saved us as much money as this other.

MR. MOLGAT: Mr. Chairman, how are the figures actually arrived at? The report, Page 7, states that in '63 there was an estimated 1,458,031 visitors and an estimated expenditure of 43 million. How are these figures arrived at? I can appreciate that insofar as the crossings from the United States these can be ascertained but the entries from Ontario or Saskatchewan cannot be. How do we get an estimate of entry down to the one figure to begin with and how do we get the dollar expenditure?

MR. EVANS: I think my honourable friend has given us the main clue as to about two-thirds of them that come from the United States; they are border crossing records. The ones that come from Ontario and Saskatchewan frankly have been estimated, one of the reasons that we are now conducting a survey this year to measure it more accurately. Now we take a sample questionnaire from a cross-section of the people who visit us. We mail them a questionnaire afterwards, ask them a number of things, including if they will volunteer the amounts that they spent under the various headings, such as accommodation, food and lodging -- I think is under one -- spent in retail stores, for entertainment, for gas and oil, for other means of transportation and whatever the items are. We take the number that reply and if it's a fraction of a percent or whatever it is, and then we multiply it by the total number and there you are. It's an estimate based on a questionnaire. I think it's moderately accurate for the purpose.

MR. MOLGAT: Before we leave the Tourist Branch, I'd like to say a few words about the extension of our tourist season over a longer period. I discussed this with the Minister last year and I would like to know what progress we are making in this regard.

I think that the department has been encouraging tourist camp operators and hotel operators and so on to up-grade their facilities and I think that this is correct in view of the demand from the travelling public today. Where previously they were prepared to accept either non-modern or semi-modern facilities, today they are looking forward to having fully modern facilities with washrooms directly in each unit, and so on. They are no longer too keen on the general central washroom facilities which were previously common in many of the tourist camps.

In order to do this though the tourist camp operator is faced with a real problem if he is really operating on a two-month basis. If he can only count on business during the month of July and August, or the peak months, he simply in many cases cannot afford the investment required to have facilities of the type that the travelling public want, particularly once you get away from the Winnipeg area. Here, where you can depend on some other type of business during the off-season, that is the people who come here for other reasons than straight tourism, there are other grounds, but when you go into areas like the Whiteshell, particularly when you get away from the Trans-Canada Highway, or up in Northern Manitoba, then it is a real problem for the operator. His costs are such that on a two-month season he cannot make it a paying proposition, so the emphasis on winter vacation is one that is extremely important I think

(MR. MOLGAT cont'd) . . . for Manitoba.

I note that this year, and I think it may have been produced before but I don't recall seeing it, the department produced a winter holiday booklet which I think is a very good start, but I think we have to go far beyond this if we are really going to make Manitoba a winter vacation. We have to face the facts of our climate, that from the month of November to April we simply will not have the same type of clientele as we have the rest of the year; but we have some very definite advantages and I think the development of the Agassiz Ski slopes for example are an outstanding example where after many years it was finally put into operation and it has been outstandingly popular. Many people come in.

Now this it seems to me has to be extended to other parts of Manitoba and we have to be looking at other things besides skiing and possibly tobogganing. Certainly with the development of new facilities such as the power toboggans, the augers for ice fishing and so on, we have facilities now whereby we can encourage people to come in, but the two have to go hand in hand. The operator if he is going to have his facilities open in the winter time must know that it is going to be backed up by a program from the department itself to bring people in.

Now I know that every spring the department sends the travelling group to the sports shows across the line in particular and they have an extensive advertising campaign, but I think most of it is geared to the summer tourist industry. Our peaks in July and August are I think fairly successful but it's a question of stretching out our season. Now what specific action is being taken in this regard by the department and what are the plans of the Minister so that we can really make our tourist operations almost a year-round one.

MR. EVANS: I have touched on many of them and I'll try not to repeat, but I think skiing in the winter is going to be important. There's Falcon Beach and LaRiviere - or Seekaywyee or whatever the correct title is - and Riding Mountain, and we are trying to encourage those and advertise them as much as possible. We try to encourage The Pas Trappers' Festival and the department does lend very substantial assistance there, which is a winter attraction, and more lately at Beausejour there's that very interesting winter festival, "Farewell to Winter" they call it. It's good publicity for our winter up here and it was very interesting that a troupe of power toboggan people from the United States came up there cross-country. They simply took a compass and headed straight across country, didn't bother with compasses or anything, they ride there by the map. It was an interesting thing and very good publicity, a worthy kind of a thing for them to do.

Apart from that, I think there are other things that can be done. I would like to see further development of conventions taking place at summer resorts, certainly in September and perhaps early October which are still good months and when the golf courses can still be used, and certainly in May and early June before the schools are out. I think further development of the convention business will bring more business available to these resorts, but there is one problem, and that is that at most of the resorts so far there don't seem to be enough big convention buildings where the people who go to the convention can have their meetings. There's quite an accommodation at Falcon for example in the two motels and otherwise for people to be put up and to get rooms and accommodation and meals which are absolutely excellent, but there isn't a large enough public building there to accommodate them.

I think the same would apply at Wasagaming where, while there is the theatre building there, it isn't really quite right for a modern convention. So there are some limitations which we hope to overcome, but by some of these means and others - fishing through the ice is becoming quite popular, quite a large number of people go in for fishing through the ice, and as you know, there is one big derby that's undertaken at West Hawk Lake each year and I think there's another one -- I've forgotten where it is - but these things are growing. We'll try to stimulate them all we can.

MR. MOLGAT: Has the Minister any figure to indicate whether we are making progress in this field? Is there a breakdown?

MR. EVANS: No, I have nothing to measure it. I wish I had.

MR. MOLGAT: Would it be possible to obtain a breakdown of our tourist movement by the month as well as simply over the year, to indicate whether we are actually making some headway?

MR. EVANS: I haven't seen anything. I think we should have it and I'll try to measure it because I think it's going to become an important business, but I can't indicate that I can provide anything at my estimates this time. If I get anything I'll make a note that my honourable friend is interested and at least advise him and hope by next year we may have some more

(MR. EVANS cont'd) . . . factual facts to go on.

MR. CHAIRMAN: 7(a) -- passed; (b) -- passed; (c) -- passed; Resolution No. 97 -- passed; Resolution No. 98 --

MR. PAULLEY: Mr. Chairman, I would like to make a comment --(interjection)-- Let's not start at this late time in the evening, Mr. Chairman, at this time we are dealing with the Estimates of the Manitoba Economic Consultative Board and at the offset I would like to compliment for a change the board for its second annual report. It seems to me that actually there is a wealth of information insofar as our province is concerned contained in this second annual report and I would commend it to anyone interested in the growth of Manitoba and also to the situation that we find ourselves here in Manitoba at the present time.

It appears to me, Mr. Chairman, and I have no intention of going into the contents of the report fully this evening, but it appears to me however that in this document we have set out for our consideration an uninflated document as to the situation here in the Province of Manitoba. Now I know I often accuse my friend the Honourable the Minister of Industry and Commerce of buttering up his department and coming down to meet us in committee armed with documents, and every portion of the annual report generally deals with items that I think possibly do not really mean too much; and often I've criticized the Minister in the past because of his red documents, which he has now handed over to the Provincial Secretary as being propaganda just aimed to enhance the position of the government; and I'm sure, Mr. Chairman, you may not agree with me, but there are many in this house that would agree with me that the government surely needs a lot of propaganda in order to enhance their position, if indeed it can be enhanced. However, I do want to say, Mr. Chairman, I appreciate very much as a member of the House and this committee the documentation contained in the Manitoba Economic Report.

As I read the report, it indicates to me that there are contained within the report itself many indications that procedures and ideas that we in this particular corner have from time to time suggested for the consideration of the government. Some of these have been set aside by the government, but I would suggest to the Minister that full cognizance be given of the forthright way in which this report is documented as to what I feel is a report that has only been compiled after real intensive study into the question.

I might say in dealing with the Board itself, I do regret the fact that the government took so long in appointing a chairman to replace the former chairman, Mr. McMillan, but that has been done now and I wish to the new chairman every good wish and goodwill.

Now I said, Mr. Chairman, that I wasn't going to deal in any great detail with the contents of the report other than what I have just said, but I feel that I am inclined to deal with one important matter I think contained in the report, and that is references on Page 38 to the situation of the Indian and Metis in the Province of Manitoba.

Now I know that the next department is the Department of Welfare which generally deals with the welfare aspects of the Indian and Metis. However, in the report of the Consultative Board on the page 1 referred to, No. 38, I think there are some very pertinent comments which parallel some that I have made in the past respecting our Indian and Metis and I would like to read the major paragraph on Page 38, which states as follows: "A particularly challenging situation exists with respect to increasing the productivity of our Indian and Metis population. It is challenging in a number of ways. First, the likelihood of a tight labour market for skilled workers continuing for some time to come suggests a ready market for those who obtain additional education and training. This could serve as an inducement for many to undertake such training. Second, people of Indian descent in Manitoba constitute a significant proportion of our rural population where personal incomes are low. Any major increase in productivity of these people would serve to obtain a much needed reduction under employment and to reduce the income differential between urban and rural areas in Manitoba. Third, the welfare costs associated with the Indian and Metis population are increasing rapidly and are likely to be about three times the 1964 level in 1975. It is urgent therefore to capitalize on the favourable labour market in stemming the rise in these costs through a greatly expanded program of education and training. The rate of growth in the provincial economy can be materially strengthened through an accelerated absorption into the labour force of this segment of our population."

I think this is very significant, Mr. Chairman, and I want to, if I may, add a bit to the report, a suggestion that might assist in increasing productivity of our Indian and Metis friends here in Manitoba. I think the report accurately indicates the situation, but I think that in addition to training and increased education, this is one field of industrial endeavour where the government might well accept a suggestion that public funds should be utilized in supplying

(MR. PAULLEY cont'd) . . . industrial factories or institutions into the area contained within the report, because I don't think, unless my assessment is far wrong, that private industry will provide the actual working tools for the Indian and Metis in or around their own environment.

We have had many training programs here in Manitoba for the Indian and Metis, but I think, Mr. Chairman, it is a truism that in most cases the endeavour is made to bring the Indian and Metis into the larger urban areas for their training and then there's nothing left for them when they return, if indeed they do return to the areas from whence they came. This has created an urban problem, or a problem within the urban area for the municipal officials, but more importantly possibly, it has created greater problems for the people concerned themselves.

So while my honourable friend the Minister of Industry and Commerce and I may not agree so far as the participation of government into industrial development, I think quite seriously, Mr. Chairman, that the government should undertake a survey or consider whether or not that this must be done on behalf of the Indian and Metis and allow them to be trained and then use their skills in the environment. Now I'm not suggesting when I say that that there should be any ghetto set up. I don't mean this at all. But I seriously mean, Mr. Chairman, that in the past it appears to me that much of the problems that we've had in urban areas, and the fantastic or ever-increasing welfare problems and costs that we have is because of the misdirection in my opinion of the training programs to our Indian and Metis friends.

I offer this to the Minister as what I hope to be a constructive suggestion. It may be that my honourable friend will have to deviate slightly or to some degree from his basic philosophy, but sometime in order to achieve the job it's necessary for us to set aside our basic philosophy. Indeed, Mr. Chairman, only last year or the year before I set aside my basic philosophy when I suggested that a gold mine should be the recipient of some help from the provincial treasury.

Now I appeal to my honourable friend to give this very serious consideration. I think that if activities of this type insofar as this particular circumstance were established it would help out two ways. It would reduce the tremendous welfare costs that are referred to in the report of the Manitoba Consultative Board; and I think that it would establish considerably in the assimilation of the Indian and Metis - I guess not them with us but us with them - because it would aid in giving them a feeling of being wanted, a feeling of doing something, and putting them in an area where the gains would be theirs.

So, Mr. Chairman, while I'm sure that honourable members would agree that there are so many thoughts in this orange and white document that we could spend a considerable length of time, it's not my intention to do it, but I was fascinated with this particular reference, of course among others, and I commend to the Minister some thoughts along the proposition I am now making to him.

MR. EVANS: Well, I sat here and enjoyed the remarks about the excellence of the report of the Manitoba Consultative Board and I only wish I could take credit for it because I can't. It's a completely independent report that was submitted to the government only as a matter of courtesy 30 days before it was made public. I can't claim any responsibility for it. I wish I could. It's a thoroughly good report, and I think that acting under guidance and advice of this kind, which is advice after all by management and labour and agriculture under the guidance of some excellent technical and professional people, that I think we're going to shape our policies in a better way than we have done before. I think my honourable friend is right.

One of our big hopes is that some of these northern industries such as pulpwood, or a pulp and paper mill, can be developed farther north because this will give further work and give further opportunities to people of Indian descent.

I don't close my mind to any means of providing work and wages for our people, and if in the last resort something has to be done by the government, I don't close my mind to that at all. I don't think it's at all to be said that this is something that I would reject out of hand. I do believe that businessmen can do better at business than government people can, with our various limitations and some of the hesitations that are put into some of the operations. You can't do a thing tentatively when you think everybody's going to pounce on you from every different corner and every different angle just because you make a loan to somebody, or build a factory, that you're doing something wrong. We had a pretty good illustration today of some of the things that cause you to pull your punches a little bit when you're in the business development fields in the government, but if it turned out that help for the Indians was to be provided only by some extension of our policy of going into business, I wouldn't close my mind to it

(MR. EVANS cont'd) completely. I can't indicate however that we have any present plans of building factories in the areas where our native brothers are to be found purely for the purpose of providing employment for them.

MR. PAULLEY: On this point, at the offset of the Honourable Minister's remarks or one portion of them he mentioned about the Indian and the Metis and associated that with northern development of pulp and paper mills and the likes of that. I think, Mr. Chairman, this has been the approach of government for far too long. They only consider, in my opinion, and I think the Minister has verified this contention of mine, that they relate the Indian and the Metis to pulpwood, to trapping, to fishing, and I think, Mr. Chairman, that it is time, if not past time, where this general approach to the Indian and the Metis has got to change.

Now my honourable friend then remarked about the discussion that we had here of the Industrial Development Fund -- or the Manitoba Development Fund, and all the difficulties that he's had today and the discussion in relation to this, but I respectfully suggest, Mr. Chairman, that there's a vast difference, because on one hand the discussions that we had today dealing with the Manitoba Development Fund was the question of private industry attempting and obtaining governmental funds for expansion of business and entry into new businesses and the like of that.

As a matter of fact, I think the Minister the other day while reading us a letter dealing with a fertilizer plant, mentioned the fact that it was a \$30 million plant or a \$30 million industry that is going to be assisted by the Manitoba Development Fund. I'm not asking, or I'm indeed not suggesting that the Manitoba Development Fund could make some loans to the Indian and Metis in their communities to set up a factory. We only do this generally speaking for people of other than Indian and Metis extraction in our industrial communities, and I'm saying to the government that I'm sorry to get from him an apparent rejection of this thought. But what I'm saying to him, what I am saying to him is somewhat akin to what Sir Winston Churchill said during the Second World War, "Give us the tools and we'll do the job."

I think that our Indian and Metis, if given the tools, will be able to do the job for which we're training them for in many of our institutions today. This is what I'm asking the Minister to consider. If I'm wrong in considering that he has rejected the thought - it did seem to me that he qualified it to a considerable degree, that if in the final analysis when we'll get down to meeting the problem well then maybe we'll have to do that.

So I must of necessity repeat that his original approach to this problem was the age-old approach: oh, we'll find them, possibly through the building of a pulp mill - which incidentally we've been talking about in this House ever since I came into it 13 years ago - we'll find them a pulp and paper mill and maybe that'll help us out of our situation.

We dealt the other day in the mines and natural resources industry about the place of fisherman here in the Province of Manitoba, many of whom are Indian and Metis. We found that by investigating the annual return that some of them are only receiving around about \$400.00 a year in the fishing industry, along with others, and I say quite seriously, Mr. Chairman, that the attitude or the approach has got to be changed. I appeal to the Government of Manitoba, who always claim to be forward-looking, progressive, enterprising - sometimes with too much of a capital "E", but, nonetheless they claim to be enterprising - I think this is one venue of human endeavour that they could take a lead that will help the Minister of Welfare reduce his costs. It will stabilize the Indian and give him something to look forward to rather than mere handouts which we're giving at the present time.

MR. CHAIRMAN: 8 (a) -- passed; (b) -- passed; Resolution 98 -- passed. Resolution 99 9(a) --

MR. WRIGHT: I promise to be brief, Mr. Chairman, but I notice on Page 58 of the Annual Report that there's need for a Forest Products Research Laboratory. It mentions poplar and birch.

Now today we had the name of the Birch River Plywood Company mentioned and I'm offering this as a suggestion because I have rather intimate knowledge of the workings of this plant. I think that the present owner is one of the most competent and reliable people I've ever known but he could fail for one reason, and that is while there is a sufficient supply of material there, some study should be given to the uses of the different sizes of trees. For instance, Mr. Chairman, after you peel a log down to a six inch diameter it has to be discarded. It can be used for a fence post but you can't turn it any less than that.

Now I submit that the larger trees are being cut up to different dimensions of lumber where they should be kept exclusively for the use of plywood, because this type of tree is

(MR. WRIGHT cont'd) ... priceless in the plywood industry. If we're going to allow the larger trees to be cut up where it isn't necessary, then the whole success of this venture would fail. I see little likelihood of that happening because the supply is there, but I think some study should be made and I think this is a job for the Research Council.

MR. CHAIRMAN: 9 (a) -- passed; (b) -- passed; (c) -- passed. Resolution 99 -- passed. Resolution 100 --

MR. PAULLEY: Mr. Chairman, it's not my intention to re-hash all that we've had so far in the Development Fund. I only want to -- (Interjection) -- No, actually there's no buts. I only want to ask the Minister a question and I also want to make a suggestion that might make this report a little more readable next year. My question to him is: on Page 11 of the report I noticed that the income for the year ending March 31, 1964, was about \$390,000. The expenses related to that income was about 30 percent or \$101,000, almost \$102,000. On Page 10 of the report under the heading of Expenses, salaries are listed at about \$37,000 and other operating expenses of \$65,000. I wonder if my honourable friend the Minister could inform me as to the detail of the other operating expenses.

It seems to me off-hand that expenses amounting to around about 30 percent, or somewhere in the neighbourhood of that in relation to the income seems rather high. By comparison with the year previous, the income was \$441,000; the expenses were about \$88,000. In other words, the income was reduced by about \$50,000 but the expense was increased by around about \$18,000. I'd like, if it's possible for the Minister, to give us a breakdown of the operating or the expenses of the Fund. He may not have it in his portfolio but I would appreciate it if he could obtain that.

MR. EVANS: I'll ask the Board for some further information as to what they provided me with. I have no more detailed explanation of the figures than the report itself.

MR. PAULLEY: I think if I were the Minister, Mr. Chairman, I would ask the Board to substantiate that because they're dealing in effect with public monies and it does seem, to a layman like me, a rather high expense in relation to the income.

The other suggestion -- and again I guess the Minister will disclaim any responsibility -- is in the setup or the colours used in the report itself. Now I know I'm getting along in life and getting older, my eyes are getting weaker and dimmer, but even with my glasses on, Mr. Chairman, I find great difficulty in reading the black type which is superimposed over the dark dark blue blocking. If the Minister hasn't got any responsibility, I think some of the members of the Board are upstairs in the wee gallery -- they could be -- and if they are I wonder if they'll take compassion on the poor old member of Radisson who can't read, and hasn't yet read as a matter of fact, the classifications of the loans particularly on Page 14.

MR. FROESE: Mr. Chairman, I would like to know from the Minister just how much we are subsidizing the Development Fund by way of interest costs. Does the people that borrow from the Development Fund, do they pay the full cost or the actual rate of interest that we pay on the money as a government?

MR. EVANS: Yes, they pay the full cost. The loan may not be made any lower than one-half percent above the rate at which the government itself borrows the money, so there is no subsidy in the loan rate.

MR. CHAIRMAN: Resolution 100 --

MR. SHOEMAKER: Mr. Chairman, the amount of debate that has taken place previously on a particular loan that was made by this department is evidence that there are a lot of people concerned about it. Earlier this afternoon I noted what the Farm Union had to say in this regard and expressed their concern. I know that some of the members opposite will not consider the Farmers' Union a very responsible group. I've heard some of them say that but I still hold their views fairly highly, and another group that I respect and respect their opinions is the Manitoba Stock Growers Association.

They presented a brief just about -- well to be exact on March 26th last -- expressing really the same concern as that of the Farmers' Union. They say in part in their opening -- the opening paragraph -- the one they're really concerned about, "We are pleased to have the opportunity to meet with you again." Then they go on to say here, "It is the belief of this association that legislation in connection with any industry should be designed with the specific needs of that industry in mind, and also with the assurance that the industry supports the legislation." Surely there is nobody could quarrel with that. "Promotional programs by governments for decrease or increase in production, especially when tied to a corresponding increase or decrease in available credit are highly dangerous."

(MR. SHOEMAKER cont'd)

Now, Mr. Chairman, I'm completely satisfied that we have just seen the beginning in this particular field of where the Manitoba development fund will in all probability in the future be loaning the taxpayers' money to enterprises of the nature of the three F Farms Limited and to feeder cattle enterprises and so on whether they be businessmen or what, so that I intend to move, seconded by the Honourable Member for Emerson, that two members who are actual farmers in the full sense of the word be appointed to the directorate of the Manitoba Development Fund to assure that the interests that agriculture and the bona fide farmers will be taken care of.

MR. ROBLIN: I just wonder, Mr. Chairman, listening to the honourable member's presentation, whether this motion is in order. Would you take it under consideration?

MR. CHAIRMAN: Yes. In the meantime we'll pass Resolution 100 -- (Interjection) -- This is not an amendment. The motion is that two members who are actual farmers in the full sense of the word be appointed to the directorate of the Manitoba Development Fund.

MR. ROBLIN: It seems to me this is more properly dealt with by way of a substantive motion of the House rather than in this particular method. I have never come across anything like this before. I think it's an original, an original Shoemaker.

MR. SHOEMAKER: Mr. Chairman, it's always interesting to have some original ideas if it's in order, and I can't see why it isn't in order.

MR. CHAIRMAN: We're passing the estimates and we're dealing with different -- (Interjection) -- motion like this, on a sum of money, then we can bring in a motion of almost any kind when we're dealing with these sums and we certainly can't do that, and I would agree that this is something that should be brought into the House in a regular motion. The motion is out of order.

MR. MOLGAT: Mr. Chairman, could I enquire under what rule it is that you're ruling this out of order?

MR. CHAIRMAN: Well it's nothing to do with the voting of this particular amount of money. We're dealing with estimates here. It has nothing to do with the amount of money involved. It is something apart from estimates.

Resolution 100 -- passed.

MR. ROBLIN: I move the committee rise.

MR. CHAIRMAN: Call in the Speaker.

IN SESSION

MR. CHAIRMAN: Madam Speaker, the Committee has adopted certain resolutions and requests leave to sit again.

MR. JAMES COWAN, Q. C. (Winnipeg Centre): Madam Speaker, I move, seconded by the Honourable Member for St. Vital, that the report of the committee be received.

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried.

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

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried and the House adjourned until 9:30 Tuesday morning.