



Fourth Session - Thirty-Fifth Legislature
of the
Legislative Assembly of Manitoba

STANDING COMMITTEE

on

ECONOMIC DEVELOPMENT

41 Elizabeth II

*Chairman
Mr. Jack Reimer
Constituency of Niakwa*



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MANITOBA LEGISLATIVE ASSEMBLY
Thirty-Fifth Legislature

Members, Constituencies and Political Affiliation

| NAME | CONSTITUENCY | PARTY |
|----------------------------|---------------------|--------------|
| ALCOCK, Reg | Osborne | Liberal |
| ASHTON, Steve | Thompson | NDP |
| BARRETT, Becky | Wellington | NDP |
| CARSTAIRS, Sharon | River Heights | Liberal |
| CERILLI, Marianne | Radisson | NDP |
| CHEEMA, Gulzar | The Maples | Liberal |
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| EVANS, Leonard S. | Brandon East | NDP |
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| McCRAE, James, Hon. | Brandon West | PC |
| McINTOSH, Linda, Hon. | Assiniboia | PC |
| MITCHELSON, Bonnie, Hon. | River East | PC |
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LEGISLATIVE ASSEMBLY OF MANITOBA
THE STANDING COMMITTEE ON ECONOMIC DEVELOPMENT

Thursday, March 18, 1993

TIME – 8 p.m.

LOCATION – Winnipeg, Manitoba

CHAIRPERSON – Jack Reimer (Niakwa)

ATTENDANCE - 10 – QUORUM - 6

Members of the Committee present:

Hon. Messrs. Downey, Enns

Messrs. Dewar, Evans (Brandon East),
Gaudry, McAlpine, Reimer, Rose, Sveinson,
Ms. Wowchuk

APPEARING:

Dale Smeltz, Chairperson, A.E. McKenzie Co. Ltd.

Ray West, President and Chief Executive Officer, A.E. McKenzie Co. Ltd.

Ken Robinson, Vice-President of Finance, A.E. McKenzie Co. Ltd.

MATTERS UNDER DISCUSSION:

Annual Report for A.E. McKenzie Co. Ltd. for the year ended October 31, 1992

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Mr. Chairperson: Will the committee on Economic Development please come to order.

This committee will be considering the Annual Report of A.E. McKenzie Co. Ltd. for the fiscal year ended October 31, 1992. For the committee's information, copies of the annual report are available on the table behind me. I would invite the honourable minister to make his opening statement and to introduce the staff present this evening.

Hon. James Downey (Minister responsible for A.E. McKenzie Co. Ltd.): Mr. Chairperson, I wonder at the outset, in view of the fact that we have some people from out of town, if we could try to accomplish the passage of this report this evening, if there would be general agreement to do that, try and attempt to do that.

Mr. Leonard Evans (Brandon East): It was our intention, if all goes well, and we do not perceive any—at the moment we do not perceive any problems. We expect to be out of here very shortly

unless my colleagues have more questions. We have reviewed this company for many, many years and we are quite familiar with the operations, and my colleagues have learned about it over the years.

I just wanted to say, just while I have the mike, that I wanted to congratulate the company and everyone on the new format. It provides a lot of information, which cuts down a number of questions, because we were asking questions, I remember, a year or two ago about the structure of the administration and this sort of thing and who was on the board and so on. It is here, so I think that expedites matters quite a bit. It is a very nice format, and I congratulate you on it.

Mr. Downey: Mr. Chairperson, at the outset, let me introduce the individuals who are with us tonight at committee. We have Mr. Ken Robinson, who is the vice-president of Finance. We have Ray West, who is the president of McKenzie Seeds, and we have Bill Smeltz, who is the chairperson of the board.

A.E. McKenzie Co. Ltd. Annual Report shows that once again excellent results have been achieved by the company during its 1992 operating year. During 1992, the company once again achieved a profit of over \$1 million. Growth initiatives during 1992 included the building of the company's own 30,000 square-foot distribution centre as well as the development of a new grass seed program for Woolco. McKenzie Co.'s strategic plan calls for it to continue to build on this distinctive competitiveness such as its sales, marketing and distribution strengths.

McKenzie Co. is comprised of dedicated, hard working people who are committed to the profitable growth of the company. One only has to visit the company to see the vibrant and enthusiastic atmosphere that prevails. I know that most of the members who are here tonight had that opportunity, and we are pleased that they were able to do that.

I think, as well, in making that comment, I would add that a lot of that vibrant enthusiasm comes from the President, Mr. Ray West, who operates as a McKenzie family operation, and each and every one

of them feel a part of it. I am pleased as well to see Mr. West back and give him full credit. He has had some health problems but is fully recovered. We do not want him to fall back into disrepair himself but to take care of himself, because he is a very important part and the government respects him for that.

The employee spirit and morale are strong at McKenzie's which speak well for the future. I am also very pleased to report that once again every McKenzie employee received a bonus during 1992 through the company's profit-sharing plan, which was recently approved by McKenzie's board of directors. Overall, I am pleased that the company continues to make solid progress. I want to thank the chairman, Mr. Dale Smeltz, and the members of the board for their excellent job that they have done. I also want to thank the McKenzie employees for their strong commitment to the profitable growth and development of McKenzie Co.

I will conclude, Mr. Chairperson, just by once again saying that I see the opportunities at McKenzie Co. to continue to grow and expand, and I am pleased that they have reached the profit level that they have at this particular time and would like to continue to throw the challenge out to the board and to management to continue at least at that level of profit and hopefully see it grow.

Mr. Chairperson: Thank you, Mr. Minister. Does the member for Brandon East (Mr. Leonard Evans) have any opening statements?

Mr. Leonard Evans: Mr. Chairperson, not really, except to say that we are very delighted that the company has been profitable again. It is very encouraging; it is very, very good news. I want to congratulate everyone involved, everyone who has worked so hard and dedicated to this: the chair, the board, the president, his administration and all the staff.

I know Ray West has dedicated his life virtually to this company. If anyone has worked loyally and has been dedicated with such sincere loyalty over the years, I have never seen anyone to match Ray West's record. He has done a terrific job, and I am very pleased that this company has done so well under him. I would reiterate what the minister said that he should look after himself, pace yourself, learn to pace yourself.

I would say, too, that the company is, the credit is very important to the Brandon economy, but it is important to the Manitoba economy, in fact, it is

important to the Canadian economy. It is fulfilling a very important role producing products that are most valuable. So I really have nothing beyond that except to have a few questions and a few statements, [interjection] unless the Liberal critic has a couple of opening statements—I do not know.

Mr. Chairperson: Thank you, Mr. Evans. Mr. Gaudry, does the official critic for the second opposition, the honourable member for St. Boniface, have any opening statements?

Mr. Downey: Mr. Chairperson, maybe we could give the member a chance to catch his breath. I know the chairman of the board has a comment to make, and we could give the member a chance to catch his breath and get himself organized.

Mr. Dale Smeltz (Chairperson, A.E. McKenzie Co. Ltd.): McKenzie Co. experienced another year of successful operations during 1992. The company continued to earn a profit of over \$1 million and also built the 30,000 square foot distribution centre in Brandon's north end industrial park.

The company continued its share redemption program in 1992 by redeeming \$200,000 worth of Class A shares from the Manitoba Development Corporation. In recent years the company has been able to redeem \$715,000 worth of shares as well as repaying \$1 million from long-term debt. During the same period, the company has also increased its retained earnings by \$5,119,000. The company has reinvested some of its \$5,119,000 earnings in growth initiatives, such as the acquisition of the McConnell Nurseries from Port Burwell, Ontario; the expansion into the U.S. marketplace; the expansion into several specialty lines of packaged seeds, such as Thompson and Morgan, Royalfleur and Sementi Dotto, as well as the building of the new distribution centre.

These recent initiatives have resulted in the creation of an additional 22 full-time jobs.

McKenzie Co. will continue to address additional growth opportunities during 1993 and onward. The board of directors is pleased with the progress that the company and its employees have made and achieved in recent years.

We feel the company has a strong management team with dedicated employees, and because of this we are certain that you can continue to look for good things from McKenzie Seeds in the years ahead. Thank you.

Mr. Chairperson: Thank you, Mr. Smeltz.

Mr. Nell Gaudry (St. Boniface): Mr. Chairperson, I am pleased to be here tonight to listen to the comments that have been made. I think we have to congratulate the board members and the people who have been looking after this company and am pleased to see what they are doing. I think they are not Tories and they are not NDPs either, so they have done a good job.

Mr. Chairperson, I have not had a chance to go through it, and the member for Riel (Mr. Ducharme) told me it was a financial statement that I was looking at. So having been in the accounting field for 25 years, I can see what this company has done here. Like I say, I wish them well again in the continuing years and to keep on doing what they have done so far, and I am sure they will continue to do so, and again, congratulations.

Mr. Chairperson: Thank you very much. So the annual report for A.E. McKenzie Limited—pardon me, Mr. Evans.

Mr. Leonard Evans: We have a few questions, Mr. Chairperson. Let me just ask a general question. We have heard of the progress and are very pleased; everyone is delighted. But could the chairman of the board or the president of the company, CEO of the company, indicate what they foresee as the major challenges in the next year facing this company?

You know, it cannot be all sweetness and light. I mean, is there any, oh, let us say, international competitor looming on the horizon? I gather the trend is towards more gardening, not less.

A few years ago there was some concern that there was some diminution of backyard gardening or whatever you call it, but that does not seem to be the case now. So it is a general question I am just asking. Does the company foresee any major problems on the horizon, or putting it another way, what are your major challenges as you see for the next year or two years?

Mr. Ray West (President and Chief Executive Officer, A.E. McKenzie Co. Ltd.): Mr. Chairperson, the member from Brandon East (Mr. Leonard Evans) has indicated that a few years ago the market was softening, and that was the case. But that is completely changed now in recent years. The gardening, and gardening activities are stronger now than they have been for decades. A lot of that is attributable to the baby boomers now getting up into their mid-40s, and they are gardening

a lot, people who are involved with health food and a health kick on eating better. Environmental activity is of a concern, and of course gardening is environmentally friendly, people going back to basic type living which means that they are going back to gardening activities.

Our research is showing that gardening is now Canada's No. 1 hobby and will continue to be, so more and more people are getting involved in gardening. That is all good news. I guess the only major concerns we would have is obviously competition, where we have Canadian competition as you know on a regional basis. But we feel that we are set up to take that competition head on and beat them at the game. So we really do not have concerns there of not being able to keep abreast of what our competition is doing or be able to outperform them.

* (2010)

There is always the threat of competition from the United States and the companies—we have no indication that any of the major companies in the States are looking at Canada, but you have to think at some time that they are going to look at Canada again.

Two of the major competitors down there over the years have looked at Canada, have come in and tried to unseat McKenzie but have not been successful in doing so, so they have dropped back out of the Canadian marketplace. The other thing is, the direct marketing division which for years was very strong, that is our catalogue division, has levelled off a bit. So we have to become a little bit smarter at marketing and mailing to our lists and looking at statistical analysis material, so that we that we get better results when we mail.

We have done a lot of that. The major thrust there will be to do our direct marketing a little smarter than we have in the past because, although it is not increasing at the same level as the consumer products part of our business, we feel there is still a strong market out there, and we feel that we can market very profitably in the catalogue area. Those are some of the changes that have happened.

Mr. Leonard Evans: What about your market share, putting the catalogue sales aside, the direct retail sales or whatever the expression is, how is your market share holding up for packaged seeds?

Mr. West: The market is growing and our market share is growing, so we are taking business away

from our regional competitors. We have done this now for the last several years, and so we are getting stronger in market share and the market is getting bigger. We are winning both ways.

Mr. Leonard Evans: What percentage of the market is made up of the province of Manitoba?

Mr. West: Mr. Chairperson, less than 10 percent of our sales are made in the province of Manitoba. Over 90 percent are made outside of the province of Manitoba.

Mr. Leonard Evans: Ray is making the point for me. I would like to make that—I want people to understand that it is a very export-oriented business, and it is great because it brings money into the province.

The other question I had is sort of a general question. Besides package seeds, the company also puts out various products, particularly through the catalogue sales. Are those becoming more significant? Are they holding their own, or are they becoming less significant, various ancillary items, ancillary to the package seeds but all garden oriented, of course?

Mr. West: Most of the business we do now in the catalogue division is done in seeds and nursery-type products and not very much in hard goods anymore. We have discontinued a lot of the hard good products mostly because it is difficult to find new items that are unique and different and hard to find—and those are the items that sell well in the catalogue—or because they are so expensive. Very few are made in Canada, they are imported from the States.

We have the high interest exchange rates and duties and things of that nature, and so it really got to the point where they are too expensive. Most of the our catalogue now is made up of straight garden material, that is plants, live plants and seed. Of course, in the consumer products area, we do not sell any of that hard good material.

Mr. Leonard Evans: A question talking about markets, what about your international activities, I guess mainly in the United States—I am not sure where—Dakotas or Minnesota or whatever? I wonder if the president, CEO, could tell the committee how this is progressing. It was a relatively new venture, I understand, about three years ago that you entered the market there. I know nothing new can be successful immediately. I am

just wondering how you are progressing now after three years.

Mr. West: The U.S. market has not yet turned a profit, and it has been a difficult market for us to crack. The response rates are lower, the average orders are lower, but we are still looking at that marketplace. This will our fourth year into it.

We are setting some what we call benchmarks now, saying that in 1993, if we achieve these benchmarks, then we can see applying the same sorts of things and going forward into 1994 and 1995. If we cannot achieve the benchmarks and we cannot see how we can make the U.S. market profitable, then we will have to look at perhaps handing in that market.

We do not have large sales into the U.S. market. We are still under \$300,000, and it has been a tough go. We have lost money in it every year up until now, and we think that this year we will probably either come close to breaking even or perhaps still lose a little bit of money.

Mr. Leonard Evans: Are we talking strictly catalogue sales in the United States?

Mr. West: Yes.

Mr. Leonard Evans: What area are you concentrating on for these sales?

Mr. West: We found, very quickly, after we got into it that the border states are the best states for us. They are the most responsive states. So we are talking about, obviously, North Dakota, Minnesota, Michigan and places like that.

Mr. Leonard Evans: But when you say the border states, it is still a select group of border states, it is not coast-to-coast border states, is it? Is it Washington right through to, say, the state of New York or Maine?

Mr. West: Yes, one coast to the other. We are finding that the border states are the ones we get the best response from.

Mr. Leonard Evans: I am not at all critical of the efforts of the company in this respect. You know, nothing ventured, nothing gained. You cannot win them all.

I would like to go on about the question of the amount of work we can do in Manitoba. We were just talking before the committee began, some of the staff here, about the fact that so much of your material has to be brought in. I am thinking of the packaged seeds. Please correct me if I am wrong,

but I understand the packages still have to be printed out of the province because of technicalities. The technology that is required for this is not in Manitoba and likewise with some of the material that you use for packaging.

I was just wondering, what is happening to the amount of value added from Manitoba-sourced material, as opposed to material you have to bring in from outside of Manitoba?

Mr. West: Mr. Chairperson, there has been some advancement there. For example, we were just talking earlier about our onion set business. In 1993, for the first time, we were fortunate to get all the onion set business from Canadian Tire, and that is quite a bit of business. That is probably worth about \$100,000, \$150,000. All of those onions, or the majority of those onions, come out of the province of Manitoba, in the Portage la Prairie area. So there are things like that.

As far as the packets are concerned that you mentioned, we still have to bring our packets in from Ontario, actually. We have talked to some of the Manitoba firms about putting in the kind of equipment that they would need in order to do this. We talked about a long-term contract and things of that nature, but we do not have anybody from Manitoba yet who is willing to put in the investment in equipment, and so on, to do our packets, for example.

But we have our catalogues printed often in Manitoba. Lawson, I think it is called Lawson Group here in Winnipeg, prints our catalogues from time to time, so there are things of that nature.

Mr. Leonard Evans: What about some of your perishable items? I was thinking of potato eyes. I thought they used to be from Manitoba. Are they still from this area, or are you packaging those outside of Manitoba?

Mr. West: Mr. Chairperson, I am not sure.

Mr. Ken Robinson (Vice-President of Finance, A.E. McKenzie Co. Ltd.): Mr. Chairperson, we now supply actual seed potatoes that are grown in the Portage la Prairie area. This is the first year that we are doing that. Prior to that, we were being supplied with seed potatoes out of the province of Alberta.

We still get some from the east because of the transportation benefits of moving potatoes from the east to our eastern customers. But for the first time

we actually are growing, through a Portage grower, seed potatoes right in this province.

Mr. Leonard Evans: We are continuing to maximize the amount of work in Manitoba, in Brandon, in terms of sourcing the material and in terms of doing the work, the packaging, and whatever has to be done to get it ready for market. Is that correct?

* (2020)

Mr. Robinson: Yes, Mr. Chairperson. Onions are packaged in Portage la Prairie along with potatoes. Where it is beneficial, we first look at the province of Manitoba. That is the first place that we look. The majority of the cardboard that we use in our display material is produced or run in Winnipeg. That is a fairly large amount of money.

Mr. Leonard Evans: I am glad to be reassured that the company is still—I am not surprised—trying to maximize the value added in Manitoba and especially the main plant in Brandon.

At any rate what we wanted to do is maximize the amount of work, maximize the amount of employment here.

I would like to just go on to another area, and that is—maybe the minister can answer this, or the Chair or whoever: That is, the government's statement, I believe the Minister of Finance (Mr. Manness) made a statement, that the Crown agencies were going to be asked to go on a four-day work week. I wondered whether the minister would have anything to say about this with regard to McKenzie Seeds. Is the government asking McKenzie Seeds to abide by some kind of a rule that the government is trying to impose on all Crown agencies?

Mr. Downey: Mr. Chairperson, I responded to this basically the other evening in our Hydro committee that the Minister of Finance, through the Crown Council, has requested that the Crown corporations, to the best of their ability, attempt to live up to the spirit of what we are attempting to do with the employees of government. McKenzie's is being requested to attempt to do the same thing and to be able to do it without in any way jeopardizing the position of McKenzie's and the services they provide to their customers.

I can let the president or the chairman of the board respond. I have had it reported to me and they can report to this committee how they have attempted to do it, and it is my understanding that, within the spirit of the request, they are, in fact, able to accomplish

that to some degree of satisfaction. I can let Mr. West do a little more on specifics but, yes, it is expected of them to carry out basically the same initiative in principle.

Mr. West: Mr. Chairperson, we are currently looking into this, and it is difficult at times for a company like McKenzie to comply a 100 percent with the things that the government is maybe looking for here. The thing is, we have to be able to do business with our customers when they want to do business with us, not when we would like to do business with them. Of course, we are in a very competitive environment, and we are not in a regulated field or things of that nature.

So it is very important for us to be able to continue to earn a profit, and that we in no way jeopardize that by closing down at times when it is necessary for us to be there. But we are understanding the problems and the situation that basically the government of Manitoba and all governments face, and we are trying to see how we can help in this regard. We are looking at putting forward some suggestions that, hopefully, will be adequate, what takes into consideration the type of business that we are in.

Mr. Leonard Evans: Mr. West has indicated my feelings on the matter. For the life of me, I do not know how you can apply a rule that could do very well for general administrative offices of the government, where the type of work is such that you are not at the front line dealing with the public or you are not in a competitive business. But surely if we have asked the company to reduce their work week—I mean, I would think the number of employees, the number of days they work is just what is required to achieve the most efficiency that you could possibly get.

In fact, it would seem to me that if there was some considerable reduction in the work day, number of days worked during—I mean, it tells me that maybe the company then is not working at the maximum capacity, at the maximum level of efficiency.

So I would hope and encourage the minister to go to bat for the company and say, for goodness' sake, it is a profitable company. That is how you judge the company, and they will do what they will do to maximize the profit. It is not being subsidized by the people of Manitoba. It is that we have a lot of Crown agencies putting Hydro and even Telephones aside. There are a lot of Crown agencies that are really

quasi-Crowns; they are not really commercial operations as McKenzie is. They are a recipient of direct monies from the government. I can understand that, the four-day rule. But surely it should not have to apply to McKenzie.

What I would be worried about is that you would reduce your efficiency. You said it very well; the president said it very well. You have to accommodate your customers. If they phone up on a Friday, there has got to be somebody there to service them, or a Monday or whatever.

So I would hope that the minister would resist this, because it is just not rational. When I say that, I am not against trying to contain costs. Absolutely, let us contain costs. But surely McKenzie Seeds has to be exempted from that simply by nature of the business. It is a pure commercial operation.

Mr. Downey: Mr. Chairperson, I hear what the member is saying, and this whole question has been discussed. As I said at the outset, where there is a request to try, to some degree, to make sure that the efficiencies of doing the business are there and that it does not, in fact, jeopardize the profitability of the company. Some flexibility has, in fact, been discussed, and I think it will be able to be accomplished, to not in anyway jeopardize the company. I will leave it at that because we want to continue to see profitability being maintained, and maximum efficiencies are part of that.

Again, it is a matter of making sure that there is fair and equitable application of my government as to policy. But, again, the right of strict governing rule is not the case in this situation. If it absolutely means that it would take from the bottom line of the company, then, of course, it would be considered as—[interjection] Right. You are really self-defeating, so it is not our intent to do that.

Mr. Leonard Evans: I do not have very many more, just two others. It is not my intent to drag this out.

Again, I am going to make a plea—I have done this before, and I will do it again—with regard to the union members or the employees, the staff members, on the board. Again, I would ask the minister if he would reconsider this and allow all the employees in a secret ballot to select their representatives to the board of directors, and in that way truly represent the staff.

I am not knocking in any way, shape or form, criticizing existing employee reps. I am sure they

are doing their best and may be doing an excellent job. I do not even know them, so I am not complaining about what they doing. I am talking about the process by which people are put on the board to be employee representatives on the board.

Mr. Downey: Mr. Chairperson, I am sure if the member goes back and reads my last year's answer, that it will apply this year. So I will not repeat it in case there is an inconsistency with the way I respond. He said he has asked it before. I have answered it before, and the answer still holds to what it was a year ago.

Mr. Leonard Evans: I am going to ask my last question, and that is—and I hope I get the same answer that I got last year. I want the same answer. Ever since we have been involved, there has always been the question of the privatization of the company. So I ask the minister if he would again assure the committee and everyone that his government and his ministry is still dedicated to maintaining this as a Manitoba-owned company in the city of Brandon.

Mr. Downey: Mr. Chairperson, I will keep it short. If he reads the answer that he got last year, it still applies this year as far as the question which he asks.

* (2030)

Mr. Leonard Evans: I do not know whether the other members were here last year, but for the benefit of the other members, it means the government has no intention to sell McKenzie Seeds.

Ms. Rosann Wowchuk (Swan River): Yes, if I could just ask a couple of questions.

I had the opportunity to tour the plant for the first time this year, and I was quite impressed with the facility. You talked about the expansions that you had made. You had taken over McConnell seeds, another seed company.

I wonder, are you looking at any other expansions? Are there other places to expand the company? Are there other seed companies that you are looking at? What are the plans for expansion?

Mr. Downey: I will just make a brief comment. It was the McConnell Nurseries that was purchased.

There are two ways to expand. One is takeovers or purchase of other companies. The other one is to expand your market share within the industry. I

will leave it up to the management or the president to respond directly.

It is my feeling if it is profitable for the company and they find something that looks like a profitable venture, then it is my feeling that the board and management should give it every consideration—it is the health of the company and the expansion. Today if you are not growing, then you are standing still and going back.

So I think what we have indicated in the report tonight, that the chairman of the board indicated, with the expansion and the work that is being done, there are some 22 additional jobs that have been introduced to the operation with the work. Plus, it is demonstrated that it has been a profitable exercise. Mr. West may have something further to comment on that, but those are the two areas which I would see.

I think it is fair to comment that they have accomplished, I credit them with accomplishing, market opportunities through, as Mr. Robinson said—I think it was Canadian Tire that he referred to as the onion business, which is a major expansionary opportunity. I would look for more of that kind of thing to take place.

After all, when you are buying another company, you are really buying some form of market share. There are two ways of getting it, either buy it or go out and earn it. If the numbers are there, then they have to make their case as management to the board of directors. That is how the decision making is taking place.

Mr. West: Mr. Chairperson, basically the minister summed it up pretty well. McKenzie is going to look through growth, for growth through market share, and that will just be taking market away from other people, and also growth through acquisition, which is basically buying market share and getting your return on your investment within a reasonable period of time.

We are contemplating doing both of those in the future years, and in the foreseeable years too.

Ms. Wowchuk: Just another question. When we look at Canada and the diverse population that we have, many different ethnic groups and different cultures, does your company do any research, and are you catering any of your products to try to meet the needs of people of different cultures because you say there is an expanding interest in gardening? Are you doing anything to address those people?

Mr. West: We are, absolutely. We have so many new gardeners from the different ethnic groups. We have right now a line of Italian vegetables. We have a line of English vegetables and flowers. We have a line of French flowers and a line of Oriental vegetables and things of that nature. Those are the ones that quickly come to mind.

We are finding that a lot of our growth is in what we call specialty lines or niche lines, and as far as research is concerned, I do not know of very many companies the size of McKenzie that do as much research as McKenzie. I think we had something like 12 research programs on the go last year. That is amazing for a little company like McKenzie.

This is all done with the help of professional people from the University of Manitoba, the university of Brandon, people who are in the research field who have assisted us in this endeavour.

Ms. Wowchuk: I am glad to hear that those groups are being addressed as well.

You had said that 10 percent of your product is sold in Manitoba. I wonder, what percentage that is of the Manitoba market? You say it is 10 percent of the product. Who are your major competitors?

What percentage of the Manitoba market do you have?

Mr. West: Our share of the Manitoba market is similar this year of the Canadian market. We would probably have about 60 to 65 percent of the marketplace in the consumer products area, and in the mail order area something like about 25 or 30 percent.

Ms. Wowchuk: Just one other question—a couple that I wanted to ask.

You talked about the potatoes and onions being raised here in Manitoba. What about nursery stock? Are we able to produce any nursery stock that you are using, or is nursery stock being imported?

Mr. West: Mr. Chairperson, we do business with people like Aubin of Carman and the people at Dauphin—[interjection] Boughen, that is it.

Mr. Chairperson: Shall the Annual Report for A.E. McKenzie Co. Ltd. for fiscal year ending October 31, 1992, pass—pass.

The time being 8:35 p.m., committee rise.

COMMITTEE ROSE AT: 8:35 p.m.