

THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Monday, March 7, 1966

MR. CHAIRMAN: Resolution No. 9, (b) passed

MR. GUTTORMSON: Mr. Chairman, a subject that I would like to bring up at this time in the Interlake, and it's been a topic of considerable length here in the Estimates, is that of cattle rustling in the Interlake area. During the past while untold numbers of cattle are being rustled from the farmers and it's causing considerable losses to the livestock farmers in the area.

Many of these farmers feel that the government should take steps to implement brand inspection at the stockyard and they feel that this would reduce the number of cattle that are being stolen over the year. The numbers vary from farm to farm; some farmers report losses in the area of 10 to 15 head and as the Minister of Agriculture knows this represents a big loss to the individual.

Does the Minister have any legislation which he proposes to implement this session which might assist the livestock men in the Interlake? The matter is causing a great deal of concern and they feel that action of some sort must be taken to try to stop these losses. I realize, and I am sure the Minister is aware, it is a very difficult thing to stop, but this isn't much comfort to the farmer who is suffering these grave losses. -- (Interjection) -- Is there any legislation that Well what about brand inspection? Does the Minister -- would he consider bringing in brand inspection? At the present time the farmer is assessed a fee to register his brand and they feel up there that this is of little value to them because there are no brand inspectors at the stockyards where cattle are sold.

MR. HUTTON: Well, Mr. Chairman, it's not a black and white case. I know rustling is a problem and maybe we could cut it out if we had a close enough surveillance but it's not just the cost to the livestock producer of having brand inspection but the situation isn't uncomplicated. That is, it's kind of an awkward way of keeping track of or trying to catch any cattle that have been stolen.

Not all the cattle carry a brand. Some carry a brand that doesn't belong to the present owner. It isn't just that simple; and it isn't without some cost too, as well as some awkwardness in the handling of cattle. We feel that in spite of the fact that rustling is pretty worrisome and pretty difficult on the individual that happens to be hit with it, that over all the case isn't strong enough as yet to implement brand inspection at the yards. We don't believe that a significant number of producers are in favour of this either. Now some are, and especially those who have lost but to date it has been the opinion of the Department that at this time and under the circumstances as we know them, that we are not prepared to implement that policy.

MR. GUTTORMSON: the arguments that are presented by the people in the Interlake who have discussed the matter with me, and I can tell the Minister there is quite a few of them, they suggest that this is being done in Alberta in an effort to try to curtail rustling and they feel that a similar program should be implemented here. The Minister knows when a farmer loses maybe 10 or 15 animals that represents maybe the whole profit for the year's operation and it's a big loss. I know it is a difficult thing to stop, I don't argue with that point at all, but does the government propose any type of steps that might help the farmer in this regard?

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

MR. FROESE: Under (c) I brought a matter forward previously that has to do with the farm labour services. I note that this item has an increase and I would like to know from the Minister has he any word or has he any information that he could give the committee in connection with unemployment insurance for farm workers. Last year a resolution was passed by this House, I think unanimously, requesting unemployment insurance for farm workers. I wonder whether he has any information that he could give the committee in this connection?

MR. HUTTON: The Throne Speech of the Government of Canada included a reference to unemployment insurance. As I recall it - and I stand to be corrected on this - they were going to provide for the extension of unemployment insurance to people employed in permanent farm work. Now, that I expect would be on a year-round basis. This is all I know about it. They are prepared, I might say that they are also concerned, the Federal Government is concerned not only with their responsibilities in the field of farm labour to provide unemployment insurance, they're also concerned about what the provinces are prepared to do in order to improve the image of the farm worker in Canada.

It would be of interest to the Legislature to know that I have forwarded a working paper to

(MR. HUTTON cont'd.) the farm organizations in Manitoba with some ideas about the establishment of an agricultural labour code for Manitoba providing for minimum housing conditions, looking at the question of provision of minimum wages, provision of Workmen's Compensation, and other incentives that could be taken into account in drafting an agricultural worker's code. The study is just being initiated; the farm organizations have indicated a very strong interest in this subject because the situation is becoming critical and I would hope that in the coming year we can through working together with the farm organizations come up with a draft proposal to establish a code for working conditions for farm workers. I think we can only solve the farm labour problem by improving the image, or maybe I should say by destroying the old image that has been with us, I think, for too long, and to create a new image of the farm worker, and to extend him the same rights in law as are extended to other people in the working force in Manitoba.

MR. FROESE: As I already mentioned, the vote that we are giving allows for an increase. Are the services going to be broadened, or what does the increase stand for?

MR. GUTTORMSON: Mr. Chairman, on the subject of ARDA -- and I don't wish to re-open the subject we had the other day -- but during one of the discussions when the Minister was on his feet he referred to the possibility of a dam on the Dauphin River. This is a suggestion I have made for the past number of years for purposes of conserving water in Lake St. Martin, and I was pleased to hear the Minister make reference to that. Could he indicate at this time what the chances are of getting a dam on the Dauphin River so that the lake level on Lake St. Martin will remain reasonably constant. This is not only of vital interest to the farmers in the area, it's also of considerable interest to the fishermen who derive their living on the lake during the winter months.

MR. HUTTON: Well in respect to Lake St. Martin, it is one of the water control and conservation projects under consideration in respect to making a submission under the ARDA legislation. Another one that is in the planning stage is the Fisher River as an ARDA undertaking. All I can tell you at this time is that in our scale of priorities, the provision of some control on Lake St. Martin is fairly high; it's fairly high in our priorities -- (Interjection) -- term of priorities.

MR. GUTTORMSON: Mr. Chairman, I'm not an engineer, but I would think that the cost of such a project wouldn't be very high. The problem on Lake St. Martin is to keep the water in the lake, because it's not too big a lake; unless we have a dam on the Dauphin River the water flows out as fast as it comes in, but if we had a dam which would keep the water from flowing out, it would maintain the level of the lake and be of great assistance to both the farmer and the fishermen, particularly the Indians in the area who fish there in the winter months.

MR. CHAIRMAN: (c) passed. (d)

MR. FROESE: Mr. Chairman, I'm not quite finished with (c). Under (c) 6 we have a grant, Manitoba Development Fund re Winnipeg Gardeners' Co-op. Now that we have a Marketing Commission, is this grant still essential, or just what functions do they provide, for the government. What are we paying for?

MR. HUTTON: When the Gardeners' Co-op applied for assistance under the federal legislation in the building of this vegetable warehouse, Manitoba undertook to assume the cost of amortization of a portion of the monies. There were certain grants came from Ottawa. The provincial funds came from the Manitoba Development Fund. The way we handled the forgiveness on the part of the province was for the Department of Agriculture to each year include a sum in the estimates to retire the annual amortized cost of this particular portion of the original cost that we had assumed. Now that we have the Vegetable Marketing Commission we are still assuming that responsibility because there is really no change, it's just the benefits accrue to the growers in that the services of this central depot are made available to all the growers now through the Manitoba Vegetable Marketing Commission, and we still assume our portion of the cost that we incurred at the time that the original agreement was reached to put up the facility.

MR. GUTTORMSON: Mr. Chairman, I notice in Item (8), last year there was an expenditure of \$12,340 and this year there is nothing. On Item (c) (8), it says: "Less Government of Canada share - Indian Affairs." There is no money this year and there was \$12,340 last year. What is the reason for this? What was the money spent on last year and there is nothing for it this year.

MR. HUTTON: Last year there was a sum in the estimates to cover a program where we were going to retain an agricultural representative who would work with the Indians on the reserves, for whom the Department of Indian Affairs is responsible for. That arrangement fell

(MR. HUTTON cont'd.) . . . through and therefore we aren't asking for that money this year. -- (Interjection) -- Not by the department, no.

MR. CAMPBELL: Mr. Chairman, I notice that in the estimates of the Department of Agriculture, ARDA appears in no less than six or seven different places. Like my honourable friend for St. George, I do not intend to traverse the ground that we've already covered with respect to ARDA, but I would be interested in the Minister's explanation of why it shows up in so many different places. I suppose that it deals with various projects and there must be some reason for its allocation. Would the Minister tell us - this is perhaps the smallest one of all - but would he give us a brief rundown of just how these sums are allocated?

MR. HUTTON: This covers staff. We have two ARDA field men. One is Fred Slovinski in the Interlake and the other covers the western part of the province - his name just escapes me - it's one of those tricks that your mind plays on you once in a while - but for the most part, it covers their salaries and travelling expenses. They are sort of the field supervisors for ARDA and they work over a large territory co-ordinating the work of the ag reps and local organizations.

MR. CAMPBELL: I suppose, Mr. Chairman, without jumping ahead, that when you get to the next one, it shows under - in connection with soil surveys and investigations - and I suppose that they're working on that type of thing, and then still the next one with economics and that sort of thing. They are allocated on that basis, are they?

MR. HUTTON: I might say that the increase here in this vote from \$24,500 to \$34,000 represents additional monies for local surveys that are carried out by local groups, and it also covers the cost to the individuals who are working in these areas. They get mileage and meals and so forth on the days that they're attending meetings.

MR. CHAIRMAN: (c) passed; (d) -- passed; (e) -- passed; (f) --

MR. SHOEMAKER: Mr. Chairman, on Page 42 of the Annual Report, under pesticide legislation it is recorded that 955 samples of agricultural products were tested during the year. Now this is in regard to the effect that the spraying of pesticides - aldrin and dieldrin I suppose - had on various products, but the report does not indicate the results at all of the 955 tests. You will recall, Mr. Chairman, that a year ago there was a real problem, particularly in my area, in the amount of dieldrin and aldrin found in samples of cream. I wonder if this situation is cleared up completely. I would like to have a report from my honourable friend on that.

Then just today I got two letters, both from the same fellow, one of them a six page letter complaining very bitterly about the effect that spraying has done to the bees in Manitoba, and in one part of his letter he says that one large bee-keeper estimates that about two-thirds of his bees were killed off with spray when they were spraying with an aeroplane. They were spraying when the flowers were in blossom and the bees, naturally, were working on the flowers and the weeds when they are in blossom - that's the only time of the year they do work on the flowers - and as a result, large quantities of his bees were destroyed. Now I wonder -- my honourable friend the Member for Turtle Mountain wants to ask me a question, as usual, and I'm quite prepared to answer it if I can hear him. So maybe my honourable friend the Minister could tell us what the results are of the 955 samples that were made.

MR. HUTTON: No, I don't have the results, but I can report that as a result of the continuing survey that's being taken to date, we appear to be keeping the problem of residues at a very minimum proportion. The continuing survey serves however a very good purpose in pin-pointing any trouble spots if they should arise.

MR. FROESE: Mr. Chairman, just how does the program work in regard to seed variety multiplication. I take it these are the new varieties that are being brought about and then multiplied. I notice from the recent Seed Growers' meeting here in Winnipeg last Friday that the Federal Government apparently also has their finger in it, and I think they have a man on staff in Regina that looks after this. How does the program work and just how are the costs divided, or are we having a separate program from the Federal Government? Could the Minister give us some explanation on this?

MR. CHAIRMAN: (f) --

MR. CAMPBELL: Mr. Chairman, I was waiting for the Minister to answer that question, but I have a question on (f) as well. This is one of the larger, probably the second largest of the ARDA votes in this department, and coming under Soils and Crops, I suppose it deals with one of the research projects there. Would the Minister just indicate what it is? It also is increased this year I see.

MR. HUTTON: It covers the soil conservation forage policy. That's where we pay a portion of the cost of the grass seed that is used by the farmers to up-grade or rehabilitate, reclaim lands that are eroded or poorly drained, etc. The brush clearing project - the provision is in here for the brush clearing project in the Interlake and for the pasture improvement program in Western Manitoba. You might be interested to know that under that soil conservation forage policy, something over 300,000 acres of land have been seeded down to forage in light of that program.

MR. FROESE: Mr. Chairman, has the province not got a plant breeding program at all at the university? Do we not have a plant breeding program at all at the University of Manitoba? Is this all federal?

MR. HUTTON: What particular plants are you thinking of?

MR. FROESE: All of them. Plant breeding in new grains and special crops are mentioned here.

MR. HUTTON: Yes, we have. I just couldn't believe it that you didn't know.

MR. CHAIRMAN: (f) -- passed; (g) --

MR. SHOEMAKER: Mr. Chairman, two or three years ago, Dr. Tyler from Brandon was in and out of our office in Neepawa on several occasions. I understood that he was conducting a migrant adjustment study in two or three of the rural municipalities in our area then. Perhaps it was not limited to our area. I don't recall ever having got a report of this study, and perhaps it never was tabled. My question is, was it tabled or is Dr. Tyler continuing in his studies in this regard?

MR. HUTTON: Mr. Chairman, I think the report that the Honourable Member is referring to is available.

MR. SHOEMAKER: Is Dr. Tyler's job completed or is he making further studies in this regard? I don't recall having got his report. It may be available.

MR. HUTTON: Mr. Chairman, we don't make all of these reports available to members of the Legislature, but certainly I think we would make them available on request.

MR. CAMPBELL: Mr. Chairman, I was going to ask a similar question about some of these studies that have been made, and of course some of them may have been made under other departments, but my honourable friend from Gladstone has mentioned one. Was it this government or some department of it that employed the Hedlin-Menzies firm to make a survey in the Interlake, and perhaps in some other areas as well. I notice that in the Annual Report that some studies are mentioned. For instance, I would be interested in receiving the one by Dr. Tyler of Brandon College dealing with the migrant adjustment study, and I would be particularly interested in the one mentioned on Page 33 of the Annual Report, "Social Economic Survey of the People in the Sandhills Area of Portage and Grey Municipalities," an area, part of which is in Lakeside constituency. I would be glad to get a copy of it if it's available.

MR. FROESE: Mr. Chairman, in other years, we've had a report tabled on the agricultural research conducted at the university. To date, this year, I don't recall having received a copy of this year's report. I would like to know whether the Minister could tell us whether this report has been tabled and that I just didn't get my copy, because I definitely think that I would like to know a little more about the research work that is being done. Here it says just "seed variety multiplication." Perhaps this has nothing to do with plant breeding. Perhaps we're just carrying on a multiplication work, increasing the seed supplies under this plant breeding program of the Federal Government. I think we would like to have a little light thrown on this matter.

MR. HUTTON: There's an item in the estimates of \$625,000. This pays a portion of the cost of the research programs that are being carried on by the Faculty of Agriculture.

MR. CHAIRMAN: (g) -- passed. Resolution No. 9 -- passed; 10 -- passed; 11 --

MR. SHOEMAKER: Mr. Chairman, -- Oh, I'm sorry, I want to -- I thought we were down to

MR. CHAIRMAN: Resolution No. 11, (a) - passed; (b) -- passed; (c) -- passed; (d) --

MR. CAMPBELL: This ARDA vote under 11, Mr. Chairman, smallest of all, could we have some information on this one?

MR. HUTTON: This is to cover the salary of an additional supervisor to supervise the operations of the co-operatives amongst the Indian and Metis. It also includes a sum of money a small sum of money to be used to defray the costs of sending some of the managers of these Indian Co-ops to the Co-op College in Saskatoon.

MR. CHAIRMAN: (d) -- passed; 11 - passed. Resolution No. 12, (a) -- passed; (b) --

MR. CAMPBELL: Mr. Chairman, would this be the correct item to enquire about the results of the surveys that were made regarding ground water studies?

MR. HUTTON: On Economic Research? No, that research is done under the Water Control Conservation Program.

MR. CAMPBELL: Would the Honourable Minister mention that when we arrive at the right place and tell me if there is a report available on it.

MR. CHAIRMAN: Resolution No. 12 -- passed. Resolution No. 13 --

MR. SHOEMAKER: Mr. Chairman, on Manitoba Crop Insurance, I would like to make one or two comments and pretty well repeat what I have always maintained in respect to this particular item.

Now I'm always concerned about the large cost - acquisition cost if you want to put it in those terms - that is the cost of the administration and the cost in general to the premiums that the farmer pays. On Page 203 of the report, it shows the premiums that are charged to the farmer is \$940,857, and the total expenditures - the total expenditures apart from indemnities at \$351,062.17. Now that is nearly 40 percent of what the farmer pays in premiums - nearly - and I know that year after year my honourable friends opposite want to relate the acquisition costs to a combined figure of what the farmer pays in premiums and what this government receives from the Federal Government. Well I always maintain that it doesn't cost more than a five cent stamp to get the Federal Government contribution into our hands, therefore, you cannot tie acquisition costs to the federal contribution. When you're relating the expenditures of the Manitoba Crop Insurance Corporation, you've got to relate that to the premium that the farmer pays. I'm going to continue to look at it in this light and it seems to me that 40 percent is too high.

Now I know my honourable friend said two or three years ago when they were introducing crop insurance in this province, well in the first few years you could expect the acquisition cost to be high because they were doing a huge advertising program, but after we had experienced two or three years in this field that the acquisition costs would go down. They don't seem to be going down, Mr. Chairman.

Another matter that I would question - on Page 202 of the report, in assets it shows a figure due from insured persons - I suppose from premiums that are past due, premiums for last year and the year before that they were unable to collect - of nearly \$50,000 that is due from the insureds. Now that figure may have improved since this report was published, and if so, I would be glad to hear from the Minister.

I notice that my honourable friend along with nine other Provincial Ministers of Agriculture met in Ottawa about a month or so ago, according to a press report I have here, and one of the things they discussed in some detail was crop insurance. This article says - and, Mr. Chairman, this is from the Western Producer, January 24, 1966 - it says, "Ottawa proposes to increase its premium subsidy by five percent if the provinces will match that amount, bringing the total contribution to 30 percent rather than 20 percent as it is now." So I would like to hear more about this from the Minister. Does he intend to match what has been offered by the Federal Government?

It also says that "Ottawa is considering increasing the limit of coverage to 80 percent of the long-term average rather than 60 percent as it now is." These are two very very important items - very important. If the farmers are going to pay less and get more coverage, as is suggested in this article here, well then I'm all for it. It does seem to me, Mr. Chairman, that in those areas where hail is still considered to be the number one hazard so far as crops are concerned, and there are many areas in the province and I think that Neepawa and district can be counted in as one of those areas where if they fail to get a crop or fail to get half a crop, it is generally due to hail. Under the present legislation, it only provides for 60 percent of the long-term average.

Mr. Chairman, you can quite well appreciate that if you have a 35 bushel - a potential 35 bushel of wheat to the acre and along comes a hail storm and cuts it down to 20 bushels to the acre, you wouldn't collect a red nickel or a red copper from the government plan because they only guarantee that you will harvest about 18 bushels to the acre, so it is still quite possible, and happens every year, that you could lose half of your crop by hail; you would have insured; you would have paid your premium and you couldn't collect a nickel under the crop insurance plan as it now is. So I'm very hopeful that the Federal Government does intend to amend the legislation to provide for 80 percent of the long-term average because this would improve this

(MR. SHOEMAKER cont'd.) . . . situation where it would be much better so far as hail is concerned. So I would be very interested to learn what my honourable friend has to say in this regard.

Then again there are always those areas where farmers do not accept and do not apply for Manitoba Crop Insurance and they're still subject to paying their PFAA payment. I'm not absolutely certain yet as to what would happen in an area where half a dozen or a dozen farmers had failed to make application for crop insurance. They would be making contributions to PFAA, but because of the small number of farms involved, they couldn't collect from PFAA. Presently, I understand, you have to have a minimum of 12 sections of land under PFAA before it can be considered a - not a disaster area but an area that qualifies for payments under PFAA. Now my question is, what would happen in these areas where you find a pocket of three or four farmers or three or four sections in one area too small to qualify for PFAA payments even though they had made their contribution.

I would like an answer to this one and I'm not certain - I haven't checked to see whether the content of the letter is accurate or not - but I know that my honourable friend the Member for Hamiota and I suppose my honourable friend the Member for Souris-Lansdowne received a letter from Barker-Mitchell Agencies in Brandon just a month or so ago in which he says: "In our travels around this province, many farmers have told us that they would have withdrawn from the Manitoba Crop Insurance Plan if they had thought of it in time. It is our understanding that a farmer must withdraw in writing before January 31 in order to have his land released."

Now this would apply, I would think, only to those persons who signed up for a five-year contract or whatever the arrangements are, and that if you do not -- if the farmer, if he had signed up for five years we will say, and he paid his premiums for two or three years and then he decided that he wanted to withdraw from his contract, then according to this letter - and I guess it is right - he must then write a registered letter to the plan saying -- well, setting out his intentions to withdraw before January 31 of the year, or if he fails to do that, he is in and he is liable to pay the premium. Now, I would like to know whether this is so, and if this is so, then I think this should be given a little bit more publicity, because if it is a fact that there are farmers complaining as this letter suggests, well then, my guess is that they were ignorant of this fact when they signed the contract. So, Mr. Chairman, perhaps my honourable friend could enlighten us on two or three of the points that I have just raised.

MR. FROESE: Mr. Chairman, I have a few points to raise under this item of crop insurance. We all know that the Manitoba Crop Insurance Plan, or Corporation, is a voluntary one and farmers need only subscribe to it if they wish. However, if they don't subscribe to the Manitoba Crop Insurance then they naturally have to pay into the Prairie Farm Assistance Act the one percent on the total revenue they receive from the products or grain they sell to the elevator. Now, in many cases the farmers just try and work out what this would approximately make in a given year, and if they're better off by paying the one percent then they'll pay the one percent, if not, they'll subscribe to the Crop Insurance Plan.

Well there is quite a difference when it comes to collect claims under the Crop Insurance Plan or whether a farmer has hail damage and has hail insurance. If he buys a hail insurance policy, which he probably can get for half the cost that he pays for crop insurance, the moment he has any damage he can claim and he will get paid according to the amount of damage and also according to the amount of insurance that they had on that particular crop. But not so when it comes to crop insurance. Under crop insurance you can probably have a complete loss of crop in a given field or several given fields and yet not be able to collect under crop insurance unless he claims it under the separate adjustment plan. This is a little more expensive and I don't know what proportion of the policies written come under the separate adjustment plan and what portion come under the combined adjustment plan; because if it's under the combined plan you can have severe losses from hail and not be able to collect a cent under crop insurance.

When you take a look at the table on Page 185 of the Annual Report, you notice here that, for instance, in 1960-61 you had 6,470 land farmers who insured, or 38.1 percent, and the total coverage was \$4,071,747.00. The premium on that coverage amounted to \$316,875.00. So you can go down the line for the different years. In 1964-65, you had 12,000 farmers insured; approximately 49.8 percent -- this is a considerable increase over 1960-61 -- yet a total coverage of \$13,655,270.00. The premium on this was \$1,168,636.00. But if you take the average over the years it comes out roughly to 8 percent, the premium amounts to roughly

(MR. FROESE cont'd.) 8 percent of the coverage that the farmer has.

Now, when you take into consideration that you can get hail insurance for roughly half the cost, at the most two-thirds of the cost of crop insurance, and so many times, especially in our particular area, the farmers suffer loss because of hail or frost -- these are the two main items where farmers lose their crops -- and I'm just wondering whether the government or the Crop Insurance Board has given any consideration to the possibility of incorporating some hail insurance plan outside of the crop insurance but that they could offer and certainly -- because they already cover part of this loss -- whether they couldn't offer it at a lower premium than other hail insurance companies could. It would stand to reason that they should be able to offer it at a lower cost. I would certainly like to hear from the Minister on this, whether this has received any consideration in the past or not. Otherwise, farmers having crop insurance will still have to buy hail insurance as well; at least this is the fact in our particular area of the province, that many farmers get hailed out and are unable to collect anything, or hardly anything under the crop insurance; and the same for the PFAA, they aren't able to collect under it either.

Another question in connection with this: what was the amount paid out as the result of hail damage by the Crop Insurance Plan. Does the government have a separate figure on this; can we get this information? I think it would be worthwhile to the committee.

Then, in going over the report I find that the percentage participation on farmers does not say the whole story. Some consider it the lesser of two evils to buy crop insurance. If you take a look at some of the tables, you will notice that even though you have a large number of subscribers as farmers - and I made the reference there of 48 percent - yet still we have a very small percentage of the crop actually insured. I notice this on - on the table on Page 24 of the Crop Insurance booklet, we find that a total of 633,421 acres of wheat were insured, and in Manitoba roughly I think we have around 4,250,000 acres of wheat, so that roughly 15 percent of our total wheat acreage was insured. Then we go to the next table under flax. We find here that 154,636 acres of flax were insured, and from the report that I spoke on the other day we have somewhere probably between 850 and 900,000 acres of flax in Manitoba; so that here again you have approximately 16 to 17 percent of the acreage that is in flax insured. So that when we read of figures of 68 or 48 or 50 percent of the farmers insuring, this doesn't necessarily mean that that percentage of the crop that we have is insured. Certainly I think this shows up.

Then on Page 22 of this report, we find at the bottom where it says in the footnote -- no it's not a footnote -- it says carried forward, and there is an item of \$63,490.25. This is the same figure as under Schedule (1), the last item there charged to the Reserve for Payment of Indemnities; and they have listed as advances from the Province of Manitoba, \$17,425; loan from the Government of Canada, \$19,043; and discounts allowed for prompt payment, \$27,000, which adds up to \$63,490.00. And later on under the main figures we find that it says that carried forward as part of the debit balance in the reserve for the payment of indemnities and not charged to the participating governments pending anticipated recovery from revenues in the future - and they list the figure of \$63,490.00. This is set up as a reserve. But then we also find on Page 21 of Exhibit C; we find a debit balance as at March 31, 1965 of \$22,621.80. This is the deficit from previous years; after you deduct the income that we had on the crop insurance operation, we had an excess of revenue, over-expenditures of \$833,000, and you deduct this from the amount that we were in the hole so to say from previous years of \$856,000, so that you have a deficit there of \$22,621; so that we're still operating in the red as far as the overall corporation is concerned.

MR. HUTTON: I can't let that statement stand. He's talking about the financial position of the Crop Insurance Corporation as of a year ago.

MR. FROESE: This is as of March 31, 1965. That is the latest report that we have and that we can discuss. If the Minister has newer figures and a statement to give us that is more recent, I'd certainly welcome it. I'd like to see the latest figures. Perhaps he could give us the later figures as we go along, of the operations of the Insurance Plan. But this is fact, this is the statement, this is the one that the auditor has signed and this is the latest one that is in our possession and it is also the one that is contained in the department's report. So I have nothing else to go by but the one that is before us. I've lost track of one or two other things that I was going to bring out but I can probably do that a little while later.

MR. HUTTON: My only comment -- and I direct this to both the Honourable Member for Gladstone and the Honourable Member for Rhineland -- they find a great deal wrong with the

(MR. HUTTON cont'd.) Crop Insurance Program in Manitoba and they compare it with hail insurance. I just have this to say to them. For every dollar that the farmer puts into crop insurance, the farmers, in total, will collect \$1.20 in indemnity. This is the way it's set up. For over the 50-year period of hail insurance that the records of the government go back in the records on hail insurance sold in this province, for every dollar that the farmer put into it over 51 years, he got back 57 cents. I don't know how the costs of administration in the Crop Insurance Corporation compares with the costs of administration in hail insurance, but the way I figure it when you take 57 cents out of the dollar that the farmer got out of it, the balance went in costs of administration and profits, and I'd say that when the costs of administration and profits are 43 cents on every dollars, that the hail insurance representatives in this House haven't got anything to brag about. I say crop insurance to the farmers in Manitoba is a very much better deal than they get under hail insurance even if they don't collect every time they sustain damage.

MR. SHOEMAKER: Mr. Chairman, I'd be tickled to death to lose every bit of hail insurance we've got in our office, because so far as hail insurance is concerned in our office, it's pretty small potatoes, and I would be tickled to death to forego every bit of commission we make out of this, if my honourable friend would come up with a better program to offer the farmers than he has at the present time. What I am saying is this, that just every farmer in my area still feels that he has to put on both. That's the point. He still feels that he not only has to put on crop insurance, but in those areas where hail is the number one hazard he is still saddled with putting on hail insurance, so that he's got a double expense to pay. That's my beef. I don't care about commissions on hail insurance. What I would like to see my honourable friend do is to improve the program so that it would not be necessary for a farmer to put on both crop insurance and hail insurance. Let's have one policy that will cover the farmer adequately, and this article I read from the Western Producers suggests that the Federal Government proposes two things: It proposes to increase the limit of coverage available to the farmer to 80 percent of the long-term average rather than 60 percent -- which improves it greatly - improves it by 25 percent at least; and then it proposes, Ottawa proposes to increase its premium subsidy by 5 percent if the province will match it, which means the farmers will then have to pay 70 percent of the premium instead of 80. Now these two improvements is a major stride towards saving the farmer money and offering him better coverage.

I have not had a satisfactory answer to the proposal made by Ottawa -- maybe it's only a proposal. It must have been made to him because the article says the ten provinces met in Ottawa and I suppose my honourable friend was there. So far as acquisition costs are concerned, I still say it's too high. Now, all of the hail insurance agents in this House -- and that includes some of the lawyers, Mr. Chairman, because there's quite a few lawyers that still make money out of selling insurance -- but the compensation in my area so far as to the agent is concerned is \$9.00 per thousand dollars of liability. And in examining the figures here, I see that -- I'm looking on Page 205 -- agents commissions paid \$83,008.31 on roughly \$900,000 of premiums. So it looks as if my honourable friend is paying the same rate of commission, approximately, approximately the same rate of commission to the crop insurance agents as we get from commercial companies, so far as my area is concerned. On Page 205 there is an itemized statement of how they arrive at the acquisition costs of \$351,062.17: salaries \$104,000, agents' commissions \$83,000, and so on all the way down the line. And it seems to me that this figure of \$351,000 is too much for the amount of premium that the farmer pays. I'm just questioning that. I still maintain, will repeat what I said at the start, I don't give two hoots about commission that I make on hail insurance. What I want to see is a crop insurance plan that can be offered to the farmers so that they will not feel that they have to buy hail insurance.

MR. JOHN P. TANCHAK (Emerson): Mr. Chairman, I have a similar complaint from my area regarding crop insurance, which is supposed -- (Interjection) -- No I am not an agent -- crop insurance that covers hail insurance. The farmers who were unlucky to be hailed out in that area are highly dissatisfied with the treatment that they did receive and it seems to me that the trouble stems from misunderstanding of the coverage as far as hail insurance is concerned. And here I blame the agents who are selling that insurance because they did not properly explain what the farmer may expect in case of a hail loss. One farmer told me, because I asked what does this cover, he said this covers hail insurance too. So he believed that if he was hailed out he would be fully reimbursed for hail insurance. He used to carry hail insurance in the past. This time he dropped it and he happened to be hailed out. And he says that he didn't get, just a small percentage of what he would have got if he had hail insurance coverage. And

(MR. TANCHAK cont'd.) in my opinion, I think the government should be more careful whom they appoint as agents; make sure that these agents are people who will represent the crop insurance program in a way that the farmer would understand, not wait for the farmer to simply ask a question, but explain it in full. In my opinion also, I think that a lot of these agents do not deserve the commission that they are getting because this is more or less a wholesale business, selling crop insurance, and a lot of the farmers, besides hail insurance, they're just anxious to come into the scheme. And I don't think that most of the agents have to work too hard to earn this 9 or 10 percent.

So there are two things I would like the government to consider: make sure that these people who are representing, the agents, are responsible people, honest people and they'll truly present the program to the farmer so that he would not think that he's being gypped when he gets realization for the damages that he has sustained. I'm not complaining about crop insurance as such, most of the farmers wish to have crop insurance, but when it comes to hail insurance they are highly dissatisfied because they don't get the coverage that they fully expected that they should have, and I again say that I blame the agents because they didn't fully explain the program.

MR. FROESE: Mr. Chairman, before the Minister gets up to reply, I'm surprised at him giving the answer that he gave us before when he said that the hail insurance people apparently have such a lucrative business. Certainly if they have so much to gain that is so much more reason why we should consider a supplementary plan under crop insurance for hail damage. I asked the question before, how much was paid out by the Crop Insurance Corporation for hail damage? I think we should know how much actually was paid out; because the farmers when they insure their crops, certainly hail is one of the items that they insure for, and this coverage is already paid for. So if we had a supplementary policy of hail damage alone, I think this could be done for very little cost because as the Minister already stated the claims that hail insurance companies apparently get are quite nominal to the premiums they collect.

Certainly I think we should try and make every effort if we can improve our crop insurance plan that we do so. I think this is one way of improving it and let's get at it. Let's get the necessary research done. Let's get the figures on it. Let's see what we can do to improve it.

MR. HUTTON: Mr. Chairman, as a matter of fact when the Honourable Mr. Greene, Canada's Minister of Agriculture visited Manitoba, I discussed this possibility of including hail insurance with our crop insurance program, that is offering a rider clause, an optional program to the farmer who takes crop insurance, offering him hail insurance at cost, as he gets crop insurance. I underline again, that for every dollar that the farmer in Manitoba puts into crop insurance, as a group, he will get back a \$1.20. In the 51 years of records in the insurance office of the Government of Manitoba with respect to hail insurance, the farmer got back .57 cents for every dollar that he put into hail insurance.

Mr. Greene when he was here asked me what I thought about his 80 percent proposition, that is covering up 80 percent of the average yield. I said I don't think it's very good for Manitoba. Even if you put your 5 percent in and we put in our 5 percent, it's going to double; even though the farmer will be paying 70 percent of the premium instead of 80 percent as he does now, it's going to double the cost of premiums for this additional coverage. And it isn't a very good deal. Once you get premiums beyond a certain level the farmer is going to resist paying those premiums. He can afford to insure 60 percent, but I doubt if he can afford to insure 80 percent of his long-time average yield. I think it's much better for him if we allow the effect of modern cultivation practices, modern technology, to gradually push up that average yield for him, because when we come out of the period of the thirties -- which are still used in the calculation of premiums and coverages -- when we move out of that period, I think you will see an increase in coverage that will be available to the farmer.

As I say, I broached this subject of a separate hail insurance clause with the Minister of Agriculture for Canada and asked him if he would consider making the amendment to the Federal Act which would enable the Government of Canada to participate in such a program. He was very open-minded about it. Subsequently we sent our representatives from the Crop Insurance Corporation along with my deputy minister down to a meeting of technicians. Here again we explored and promoted this idea.

One would almost think that crop insurance was going to lose its popularity. Well, I have the records of farmer participation before me here. In the year '60-'61, when it was first

(MR. HUTTON cont'd.) ... offered, 38.1 percent of the farmers who had crop insurance available to them, took it. The next year 39.9; the next year 48.2; the next year 50.3; the next year 49.8, and in the year 1965 just passed, 52 percent of the farmers participated. Now I don't think there's any evidence that crop insurance is losing favour with the farm people. I recognize this thing that they would like to have hail insurance, the Crop Insurance Corporation has told me about this for some time. It seems to have been the criticism of long standing and it's I believe based on the long-time experience that farmers have had, where they covered their crops with hail and if there was any damage at all they got paid off on a percentage basis, They're pretty used to this kind of a settlement and the idea of crop insurance where you guarantee a minimum income from field crops is something new. I would say that 52 percent participation in the sixth year of operation would indicate that the farmers support for this program is growing.

MR. CAMPBELL: Mr. Chairman, regarding the point that was mentioned by the Honourable Member for Gladstone, I think the Minister promised a year or two ago that he was going to develop this question further with the federal officials about exempting the farmers from PFAA payments if they were in an area where it looked almost impossible or certainly unlikely that they would qualify. The biggest single complaint that I get in my area is that the man who is not likely under any set of circumstances to get a PFAA payment, if he doesn't insure with the Crop Insurance Corporation, still has to pay his levy. Now that seems unfair on the face of it. Has the Minister made any progress in developing that with the federal people?

MR. HUTTON: If I understand you correctly, you say that the man who buys crop insurance has a deduction made on his returns on grain.

MR. CAMPBELL: No. The man who buys it doesn't have it, but the man who doesn't buy crop insurance but is in an area so that he can't get the qualifying area for PFAA, still has to pay the levy.

MR. HUTTON: Yes, but the man who doesn't pay crop insurance pays the levy to PFA if he happens to be in an area which would qualify for PFA; if crop insurance wasn't in it, he will qualify anyway, because they established the average yield in the area regardless of whether there's crop insurance in there or not. Crop insurance does not negate his opportunity to qualify for a PFA payment if conditions are bad in his area.

MR. CAMPBELL: Yes, but the minimum acreage of 12 sections, or whatever it is now, does not apply in a crop insurance area. Is that correct?

MR. HUTTON: Oh yes, it applies - it applies - but the fact that crop insurance is in there does not offset -- if you have 12 sections, and let's say half the farmers in the area have crop insurance and the other half don't, they calculate the average yield over those 12 sections without consideration of the fact that some are crop insurance, some are PFA, and if the area qualifies on the basis of average yield, then those people in that area who have paid into PFA will qualify for indemnities under that program. The only person who won't give them indemnity is the man who has bought crop insurance.

MR. CAMPBELL: The qualifying area remains at 12 sections, but the land of the people who have crop insurance can be included along with the man who hasn't crop insurance in arriving at that 12 sections. Okay, that's all right. That's better.

MR. FROESE: Mr. Chairman, maybe the Minister could bring us up-to-date on more recent figures. When I pointed out before that we were still -- the Crop Insurance Corporation -- \$23,000 in the hole, he didn't like it too well. Could we have some more recent figures?

MR. HUTTON: \$721,658.81 in the black.

. continued on next page

MR. CHAIRMAN: Resolution No. 13 -- passed; Resolution No. 14 --

MR. SHOEMAKER: Mr. Chairman, on Manitoba Agricultural Credit Corporation, I would like to make a comment or two or ask a couple of questions at least. Here again, I still maintain that regardless of the benefits that have accrued from farm credit, it still has a couple of weaknesses. I think either the first or second resolution that I passed as a member of this House had to do with credit, and it simple asked the government to consider the advisability of processing loans in the winter months. I still maintain that this can be done on most of the applications.

I think that it is a fact that more and more a loan is considered on the character of the applicant and his ability to pay back rather than the real assets of the farmer. I don't know to what extent I am right in that regard. I note that the Farmers Union in their brief to us - and by us I mean every member of this House - they say, "We urged the adoption of a farm credit policy for farmers which will give more recognition to character and management ability in lieu of capital assets." But because of the fact that all farm land in Manitoba has been assessed at least once, and in some instances two or three times by experts in the field, people who are paid to be experts - and I place a lot of confidence in their ability - and inasmuch as there is a definite relationship between the assessed value of farm land and its actual cash value, then I maintain that it would be quite possible and quite feasible and most practical to make loans in the winter months.

In the winter months, this is the time that the farmer has got some time on this hands to sit down around the kitchen table, as they do with crop insurance, and discuss a loan and discuss the repayments of that loan. Certainly any man can assess a farmer's livestock in the wintertime; he can assess his machinery; he can assess all of his assets; and if he uses the assessment figure as provided by the assessor, then I suggest that he can also assess the land. Isn't it a fact, Mr. Chairman, that many of the applications that do come in for a loan are probably for considerably less than the farmer's net worth - many of them are for less than his net worth. If this is so, where it is quite obvious that you would make the loan anyway, why not make it to him in the wintertime?

Just at this very moment, my own brother is attempting to buy a half section of land that he has rented for ten years I guess. If he fails to get the loan this winter, he is going to fail to get the land. Why? Because somebody else is going to buy it - somebody else is going to buy it - and the seller has made up his mind it will be sold this spring. And this is multiplied many many times throughout the province, there's no question about that.

MR. HUTTON: Would the honourable member permit a question?

MR. SHOEMAKER: Why certainly.

MR. HUTTON: Why doesn't your brother get the loan from the federal people? Don't they carry out appraisals during the winter months?

MR. SHOEMAKER: Why doesn't he get it from them? Because my honourable friend is supposed to have a program that is much superior to the federal one. He's supposed to have. I know that my honourable friend made suggestions to the federal people two years ago that they get out of the loaning field entirely and give him the money and he would administer the loans, and I suppose he's still in that frame of mind. It says, "Sometimes the farmers get directly conflicting advice," Mr. Hutton says, "and he proposes that the Federal Government get completely out of the loaning field, give him the money and he will administer it, because he's an expert and an authority in this field as he is in so many other fields.

MR. PETERS: Such as?

MR. SHOEMAKER: The province therefore wanted the Federal Government to leave the administration of farm credit to them, and he says frankly we didn't get much encouragement from the federal authorities when he made this suggestion, and I can understand that. But - but, Mr. Chairman, if there is another authority on agricultural credit opposite, he isn't in his seat tonight - and I'm referring to the First Minister himself - who back in April, 1958, ran a series of articles on the editorial page of the Tribune, and the one I happen to have is No. 2 edition - there was one before it and I don't know how many after it - but the No. 2 edition is headed: Agricultural Credit and Manitoba's Liberal Progressive Government is Debt Depressive", and he goes on to explain in this wonderful document the whole purpose of the Provincial Government getting into the farm credit field, and he says, "One of the reasons is that the Federal Government depend entirely on assets, whereas he will loan it! - that is, if my honourable friend Roblin gets in power, then they will loan it on character and ability to pay back. I could read the whole thing, it's rather interesting coming from an authority -- coming from an authority.

MR. PETERS: Read it all.

MR. SHOEMAKER: No, I would prefer not to read it all when my honourable friend the First Minister isn't here. And so, Mr. Chairman, I would certainly suggest to my honourable friends once again that if they really want to be helpful in this whole field, that they will once again consider making loans in the winter months.

Now, I mentioned earlier that I had received two letters from a fellow, both today, a six-page letter and a two-page letter, and the one - the two of them actually touch on farm credit - and he is complaining very bitterly over the fact that under the present Manitoba Agricultural Credit Act he is unable to make a loan to get into the bee business - into the honey business. I don't know whether this is so or not. I guess he's made application and he's been turned down. He says that Manitoba produces the best honey in the world, and I agree with him. I don't think that Manitoba honey can be beat anywhere in the world.

Then he also suggests, in respect to this penicillin plant in Brandon, that it will require 5,000 brood mares I think to supply this plant. He says it's absolutely impossible to borrow money to set up in this business. Now, I want to know whether my honourable friend is right or whether he isn't right.

HON. GEORGE JOHNSON (Minister of Education) (Gimli): Can I ask my honourable friend a question?

MR. SHOEMAKER: Certainly.

MR. JOHNSON: By what synthetic process do you produce penicillin from pregnant mares' urine?

MR. SHOEMAKER: I am just reading from this letter here. I don't profess to get into the details of this processing plant in Brandon, but I understand that my honourable friends are going to loan three quarters of a million dollars I believe to this plant to get it operating. Well then, if they're going to loan three quarters of a million dollars to a plant to get it operating, surely they should be interested in going a step further and supplying the tools to finish the job. So I would like to have my honourable friend the Minister of Agriculture and my honourable friend the Minister of Education who knows more about this subject matter than I do -- (Interjection) -- About brood mares certainly - and let's quit horsing around and get down to business.

MR. FROESE: Mr. Chairman, I too would like to come back to what I have already touched on on two previous occasions I think, and this has to do with the loans that have been approved and were cancelled. We find in the report that there were 65 such loans that had been approved and then were cancelled. I referred to one of these the other day where a farmer, because he lived between 20 and 25 miles distant from where he bought this property, and he had all the qualifications, he had the collateral, everything was arranged for and approved, but he was supposed to move on the farm otherwise he was refused his credit, and as a result he did not get the money. Is this government policy? Is this backed by the Department of Agriculture? Why do they go in for this? What is the reason behind it? Certainly, I cannot go along with it. I think we should try and maintain the family farm and help our young people along. Both these men were young people, young farmers, and were eager to purchase it and to keep going in farming, so that I think we're doing wrong by not allowing these loans to go through and have them cancelled as they now appear to be. And would the Minister give us some information as to why these other 64 loans were cancelled? I think we should have some reasons given.

In connection with what the Honourable Member for Gladstone just raised, I think we should just broaden part two of the plan, which is providing for livestock. Why not include brood mares under it so that these people can get credit? I think this should be done because, after all, they've got the corporation, it was set up for a purpose, let's make more use of it.

MR. CHAIRMAN: Resolution No. 14 --

MR. FROESE: Mr. Chairman, I think I deserve an answer on this matter of cancellation.

MR. HUTTON: If the honourable member wants an answer, I can't give him the answer, and try to determine why people would cancel loans they have applied to get. I'm just not in a position to -- there are a number of reasons why they might change their minds about getting a loan. If he were talking about applications that were rejected by the Credit Corporation, and he was asking me about any specific one, I could probably get the information, the reasons why they rejected a specific application, but I don't really interfere with the Corporation. They have the terms of reference that have been given to them by the Legislature of Manitoba. The

(MR. HUTTON cont'd)... regulations that they operate under are -- they operate according to the terms of reference that have been set out for them. Now they have had some rules, that they think that if a man's going to farm, that he ought to be on that farm. I think they have a responsibility in lending money in such a way as to encourage consolidation and the establishment of economic units. If in their opinion, this is not going to be achieved, then what are we to do about it? Is the Legislature to become an appeal court on every loan that is turned down? We establish a Board. We appoint competent, experienced people to it. We expect them to exercise some discretion, and I think that for every hard case that can be presented, we can present anywhere from five . . . where they have done good, and where no criticism would be brought. These men are men, they're not angels, and they don't always do things to suit people.

The questions has been put here, an implication has been made that we're not doing a job. Well, just for your information, this past year, the Federal Government made 691 loans in Manitoba during the '64-'65 fiscal year. Only 27 of these were under Part 3, that is where a chattel mortgage is taken. In other words, of 691 loans, only 27 of them were such that land wasn't the only security offered. Now by comparison, our Corporation made 283 loans of which 55 included chattel mortgages. I would say that our ability to cope with the man who is stretching his equity in qualifying for a loan, our record is about four times as good as that of the Federal Government in this area. Now maybe we would like to see a bigger percentage, but success in this field is a relative thing. I'm not going to pretend to you that there aren't hard cases and that maybe a legitimate complaint could be registered, but if the honourable member knows of a case and thinks that injustice has been done, then I would say to him, that he should appeal to the Board of the Agricultural Credit Corporation of Manitoba, because there is a five-man Board, and where an individual applies and he's turned down by the Manager or the staff, he can appeal to that Board. That's what they're there for. And I would hate to have -- I just don't want to get into this business. I think if I were to do what the Honourable Member for Rhineland is suggesting, that it would almost amount to political interference, and I don't think that this is in the interest of the program at all.

MR. FROESE: Mr. Chairman, this is what I did. I went down to see them, and I asked for a hearing, and I wasn't granted a hearing. I was going to appear on behalf of these people that did apply. The cancellation wasn't made by the people that applied, the cancellation was made by the Credit Corporation. It wasn't the party that applied that cancelled it. The way I understood it from the Minister, he believed that the party was guilty for the cancellation. Well this is not the case at all. What use is there of appealing if this is a regulation made by the Board? If the Board makes such regulations which are beyond the Act, as I can see it, that anyone who applies, and who is 20 miles or so away from the property that he presently owns, that he will not get a loan, I think this is wrong. They should be entitled to make a loan, because how can they -- if there's no land available in the vicinity of where they presently live surely they should have a right to purchase property somewhere else, and if they're willing to give the property they now hold as collateral, (and this was the case in the one we are referring to now) what's wrong with it? I think this definitely needs looking into, because . . .

MR. CHAIRMAN: Resolution 14 - passed.

MR. FROESE: Pardon me, Mr. Chairman, I wasn't even finished. We're not that much in a hurry tonight. I think this matter is worthy of discussion.

MR. CHAIRMAN: The honourable member has brought this matter to the attention of the House before. If you've got something new under the Manitoba Agricultural Credit Corporation that is fine, but we mustn't keep on going over the same cases.

MR. FROESE: I think I have every right to argue my case. I haven't seen you interrupting any of the other members. . . .

MR. CHAIRMAN: If you have something new you can bring it up under Manitoba Agricultural Credit Corporation.

MR. FROESE: Bring up something new? I told the Honourable Minister that I have tried to appear before that Board. I haven't brought this matter up to the Minister until now. This is perfectly new.

MR. CHAIRMAN: Resolution No. 14 Passed. Resolution No. 15 --

MR. GUTORMSON: Mr. Chairman, I see there is only an appropriation of \$1,000 here in relation to \$38,000 last year. What is the reason for the big difference.

MR. HUTTON: The forecast on grasshopper infestation is about the most optimistic that we have received in a good many years.

MR. GUTTORMSON: Could Honourable Minister tell us where the \$1,000 was spent last year, Mr. Chairman.

MR. HUTTON: In the 1965 campaign, 77 farmers made claims under the Grasshopper Assistance Control policy for 1965. Refunds to farmers were approximately \$950.00. Total area sprayed for grasshoppers in 1965 was approximately 5,000 acres.

MR. GUTTORMSON: . . . grasshopper and predator control. What is the other predator control that you spend money on?

MR. HUTTON: Mr. Chairman, this is the old designation in -- we used to have the bounties in here, but those funds have been transferred to Mines and Resources.

MR. CHAIRMAN: Resolution No. 15 Passed. Resolution No. 16 (a) --

MR. GUTTORMSON: Mr. Chairman, there's something I would like to have clarified. The government has switched its policy in regard to water control. Their name now I understand is Provincial Drains in Municipalities. Is this correct? They designate certain drains as provincial drains, they pay the full cost of any work done on these drains, and any other drainage work done in the area, is 100% by the municipality. But the problem that I'm running into in my area - and I believe other members who also have unorganized territory, the government, as I understand it, has not come up with any policy in unorganized territory. Could the Minister indicate why, and when he anticipates doing this?

MR. HUTTON: To date we are operating on the same basis as we have always operated. We are paying to date 100% of the cost. It's a very unsatisfactory system. The only thing that can be said for this approach is that people living in the unorganized areas of the province don't have to contribute anything to drainage. But in the absence of any organized approach to drainage, it's pretty primitive. The one that squeaks the loudest probably gets the drain. There's no basis of establishing priority, except we have to decide, and of course we're wrong with everybody but the person who is helped by the drain that we construct, and although we haven't been able to come to grips with this situation as yet, we made an attempt at it about two years ago when we went out and approached the people in unorganized areas and pleaded with them to organize themselves so that they could develop community drainage programs and raise some funds locally to contribute to these works. We felt that they could make a lot more progress in terms of those local drains, but they indicated that they would rather go to Elman Guttormson than have a local committee, they figured they'd get more. And Doc Johnson and some others. This is the reaction we got and it's no good. They wanted to rely on their local ombudsman if you like, to see that they got drainage. It isn't satisfactory, but I'm afraid that we're going to have to cultivate an attitude amongst these people to get them to organize and to contribute something to the local drains.

MR. GUTTORMSON: Is the Minister suggesting that I haven't been hollering enough, because I haven't The problem that I'm confronted with is when I do discuss the drainage problems with the officials in your Department, they have been sort of stalling me lately, because they say well we're waiting for a new policy. They've indicated that there is one coming and that perhaps we should wait till it's announced. So that's what prompted me to ask the question. I know there is a new policy in the organized municipalities, but I can't find out what's in unorganized -- yet when I deal with these people, they say well there's a policy coming wait till it's announced. So this leaves me in an awful position, or anybody else in the same position, because they don't want to deal under the old system.

MR. FROESE: Mr. Chairman, I would like to know under 15 (c) (3) - Provincial Waterways is quite a big item - \$1,690,000.00. Now that the government has taken over most of the provincial waterways, what is the program? What is this amount that is going to be spent -- What is it being spent for? Is this on the maintenance or is this construction of bridges, or what is it for?

MR. ALBERT VIELFAURE (La Verendrye): comment on the Minister's statement that he thought the local people should contribute to these drainage programs. Although I agree that where there is better land this is probably the right approach, but I think in unorganized districts, it is practically impossible for most of these people to contribute any significant amount to any drainage program. I think if we're going to wait till these people can organize to really make a worthwhile contribution, I think they'll be without drains for many years to come. In most cases their land can hardly be used right now in the unorganized districts, and the income they get from it is actually something that makes it impossible for them to contribute as far as I'm concerned.

MR. HUTTON: I would like to point out to the Honourable Member for La Verendrye that

(MR. HUTTON cont'd)... under this new system, any of the large drains will be paid for 100% by the Provincial Government. We're talking about lateral drains, relatively small drains, low cost drains where the local people, I think, could contribute to them. I think you get an irresponsible approach when they can ask for drains and they're not going to cost them anything at all. They want every little pothole drained under this system. I think it would be very desirable, and they would be better off, if they would assume some responsibility, both financially and from the point of view of collectively telling us which job they want done first.

MR. GUTTORMSON: Mr. Chairman, is it correct then if I'm confronted with drainage problems in the unorganized I should deal with the drainage officials on the basis of the old policy then and

MR. HUTTON: That is the only thing you can do.

MR. GUTTORMSON: Yes, but when they suggest we should wait for the new policy you suggest that this isn't so, we should follow the old policy. That there isn't a new policy coming, at least for the time being.

MR. HUTTON: No, not right now.

MR. GUTTORMSON: One more question. In regard to these drains in the organized municipalities, who decided what drains would become provincial drains and 100% government expenditure? Is it done on a mutual basis or did the government say we'll take this drain over, or did the municipality do it, or did you do it in a co-operative manner?

MR. HUTTON: We established a formula, the formula designates -- We started with an area of one square mile and we said that a drain that serviced an area of one square mile or less was a first order drain. If it serviced more than one square mile, it became a second order drain. Now wherever two second order drains come together, like the branches in a tree, that becomes a third order drain. Wherever two third order drains come together, that becomes a fourth order drain. So on the basis of this formula, we said that the Government of Manitoba will be responsible for construction and maintenance of all drains designated third order or greater. The local municipality will be responsible for all drains that are designated one or two. And on this basis, we designated all the drains in the drainage watersheds in Manitoba. It's not an arbitrary thing, it's a formula. Now we did meet with the municipalities who felt they hadn't gotten a fair shake. Some said well you didn't take into account this old drain or this creek, and in some cases, we had to revise; but in every case we revised on the basis of the formula, so there's nothing arbitrary about it. It will apply if there's a change in the drainage; if new drains are built, then as these new drains that are built affect the designation, these designations will be changed in the future.

MR. CHAIRMAN: Resolution 16(a) --

MR. FROESE: Mr. Chairman, I still would like to have some reply on this matter of Provincial Waterways. Just what is the program for this year? If we as members don't get this information, especially the rural members, and later on your municipalities get word of a program, and we as members don't even know the first thing about it, what the program is all about, First, it's very embarrassing; and secondly, I think it's a right that the members should have of knowing what is going on in a program of this type.

MR. HUTTON: Well, I can give him that information. At the same time, I can probably give him the information in respect to the \$1,240,000 under the Canada-Manitoba ARDA agreement. This provides sums of monies for the Norquay Floodway, the Hespler Floodway, the Dennis Lake, Tobacco Creek, Long Lake Drain, Sturgeon Creek Drain, Fisher River and the Rockwood-Stonewall Drain. -- (Interjection) -- The Pioneer is in here. It's in the \$1,690,000.00.

Now here is the Drainage Program. I'm not going to give you all the monies on it, but I'll just run over the proposed program for the coming year.

Low Roseau River; The St. Malo Canal; The H... Creek; The Tourond Creek, and St. Adolphe Coulee; the watershed area No. 7, the Manning Canal, for instance, their construction of two gradient control structures, or drop structures. In watershed area No. 10, the Brokenhead River, T. Drain. In watershed No. 13, Devil's Creek, Devil's Creek Coulee and channel through certain sections. Watershed area No. 16 Shannon Creek. Watershed area No. 19, the upper Morris River, the 11 (a) drain in other words. Watershed area No. 20, the King drain. Watershed area No. 22, the lower Sale River. Watershed area No. 26, Sturgeon Creek and the second creek through the river lots 220 and 180 Parish of St. Francis. Grassmere Creek. Pioneer Drain in the R. M. of Siglunes and the R. M. of Eriksdale. It's a project to reconstruct 10 1/2 miles of (Interjection) \$45,000 is the estimate here. And in Big Grass

(MR. HUTTON cont'd)... marsh, Gopher Creek, through sections 8-5 - 6-15. And then there are a couple of dams the Goose Creek Dam at The Pas, and the West Hawk Lake fish hatchery water supply project in the Whiteshell Forest Reserve.

MR. MOLGAT: Mr. Chairman, some years ago there was serious flooding along the eastern escarpment of the Riding Mountain and after looking at many different projects in conjunction with PFRA, the final decision was against major ditches to either Lake Dauphin or Lake Manitoba, and a project of head water control was started, within the Riding Mountain National Park. This is strictly within the federal property there and I think has been conducted largely by the Federal Government under PFRA, although I think there was some contribution, or at least some engineering help insofar as the Province of Manitoba. This has now been going on for a number of years, and although there's not been the type of rain that created the problem in the first place, there have been at least two occasions where there was a partial testing of the work that was done. The indications that I have is that it has shown itself to be successful. I wonder if the Minister could tell whether they are now prepared to proceed further with this program and expand it to the other creeks in the area so as to give protection for the whole of that escarpment?

MR. HUTTON: At the present time the original program of what they call the Wilson Creek Experimental Project, is going ahead. The studies are continuing. To my knowledge they haven't reached a point where they are prepared to develop a big program to apply, but there are certain indications, as the Honourable Leader of the Opposition has pointed out, there are certain indications being pointed up by these experimental works.

MR. MOLGAT: ... understand from the Minister that they are not yet prepared to proceed on to some of the other creeks? Because I think this program started back in about '57 or '58 or thereabouts. Surely, if we are going to do some work on control for that whole escarpment we should be prepared now to proceed to the other creeks. The vicinity as it stands now, and I'm sure the Minister is aware, when there is a heavy flow there is a very large cost involved for the municipalities and obviously for the province insofar as those drains that are provincial responsibility. So because of the peculiar problems there with shale and the very sharp escarpment, it seems to me we would be better off to be spending money on prevention rather than on repetitious cleaning out of the whole area.

MR. SHOEMAKER: Mr. Chairman, one of the quite frequent complaints that I get from people in my area in respect to drains is this, that the farmers will note that a number of engineers are working in the vicinity -- and at the moment, I am referring to the Birnie area, Birnie-Eden Riding Mountain area there -- and the farmers immediately wonder, well I wonder what these fellows are up to. They then contact me, they write the Minister and they say that they have heard that probably their farms will be all taken over, or it will be drained and dams will be built and it will flood their areas, and they envisage many things. And I appreciate their concern, because in order for a farmer to make any long-range plans in this day and age -- and it certainly is necessary for them to make some long-range plans -- they have to know what is going to become of their farm. Not immediately, but is it going to change? Will someone be purchasing it next year, or the next year. I appreciate that the government is in a predicament to give them an intelligent answer in this respect, but surely, some answers can be given that will satisfy them to a degree.

I have before me a letter from my honourable friend the Minister of Agriculture, addressed to a chap in Neepawa, and he has been in to see me on numerous occasions. He owns land up in the Birnie area and he wants to know how he can plan his summerfallow and his crops if he isn't going to have the land next year or the next year. And by the tone of the letter, my guess is it could be 1970 at least before any concrete plans will be made, because the letter says that after the studies have been made by PFRA then his department will have to go over them in detail to see whether or not it is feasible, whether the benefits warrant the huge expenditure -- and this is understandable, I think more things should be done along these lines -- then it has to be referred to the Municipality for their consideration, and then referred back to the province, and then the province refers it to PFRA. Well, my guess is that this would take three or four years. Now this farmer wouldn't care so much as long as somebody would tell him, listen you don't need to worry one bit for the next two or three years. If someone would tell him that he would be reasonably satisfied. But every year he says -- he wonders to himself, am I going to have the land to put in a crop next year? I was hoping that the Minister in cases of this kind might be able to say, listen, you can proceed to put in a crop for the next two or three years, after that we can promise nothing. If we could just forecast....

MR. EVANS: I move the committee rise.

MR. CHAIRMAN: Call in the speaker. Madam Speaker, The Committee has adopted certain resolutions, directed me to report the same and asks leave to sit again.

IN SESSION

MR. JAMES COWAN, Q. C. (Winnipeg Centre): . . . Madam Speaker, I move, seconded by the Honourable the 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. EVANS: I move, seconded by the Honourable the Minister of Agriculture and Conservation, that the House do now adjourn.

MADAM SPEAKER presented the motion and after a voice vote declared the motion carried, and the House adjourned until 2:30 Tuesday afternoon.