

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

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:30 o'clock, Tuesday, March 3, 1964.

MR. CHAIRMAN: We're on Item 6.

MR. HUTTON: Mr. Chairman, before the dinner hour I was making a statement about the policy in respect to agricultural societies. I would like to continue and complete that statement.

Throughout Manitoba there are a number of active agricultural societies located in the town, serving the same community as that of horticultural societies, with the horticultural society holding a show in the fall. It is suggested that the boards of the two organizations streamline their prize lists to avoid duplication. For example, if there is an active horticultural society, then the agricultural society should delete such exhibits as vegetables, flowers and fruit at their regular summer fair. These should be shown at the horticultural show. By the same token it is inconsistent to include classes for home crafts such as sewing, tailoring, canning and preserving by a horticultural society. This step would eliminate some overlapping.

Agricultural societies which are experiencing difficulty in presenting an adequate summer's fair should consider alternative projects, perhaps a conversion of the fair to a fall fair, or conversion to special market livestock competitions. Emphasis could be placed on farmstead improvements, shelter belts, crop rotations, painting and improvements of the farm home buildings and other such competitions that have not been emphasized to date.

Judges: Extension service will prepare an approved list of judges for all classes at exhibitions and fairs. The local society secretary shall be responsible for contacting the judges required for his fair and the society shall be responsible for paying the necessary fees and the expenses of the judges.

Government financial assistance will be provided up to 50 percent of the total cost; that is, fees, travelling expenses, car mileage, etc. Special forms will be provided by the Extension Service when applying for the 50 percent grant.

Building and improvement grants will be made available to Class C societies qualifying under the provisions of the Act, but subject always to the limitation of funds authorized by the Legislature for this purpose. Where demands are greater than the funds authorized, it must be expected that the department will allocate the funds available in its best judgment. Emphasis in the expenditure of such money should be placed on improvement of existing buildings and grounds, rather than extension of facilities unless it is evident that the fair will expand in the future.

MR. MOLGAT: Mr. Chairman, can the Minister indicate how many Class A, Class B and Class C fairs there presently are authorized in receiving grants from the department?

MR. HUTTON: There are three Class A fairs, the Brandon Winter Fair and the Provincial Exhibition at Brandon and the Red River Exhibition at Winnipeg. There are four -- well the Class B fairs are at Carman, Portage, Dauphin and Virden. There are some 76 active agricultural societies; 71 sponsored exhibitions or fairs.

MR. MOLGAT: Mr. Chairman, could the Minister indicate whether he is contemplating making any changes in the numbers of Class B fairs? Is he planning on adding to that group, and if so, where?

MR. HUTTON: We have three fairs in Manitoba that at the present time are nudging the Class B fair circuit. One is at Swan River, one is at Killarney and one is at Boissevain. No decision has been made to date in respect to any of these societies as to naming them, or changing their qualifications, or recognizing them as Class B fairs. A couple of years ago Virden qualified as a Class B fair.

MR. MOLGAT: Mr. Chairman, has the Minister received requests from these three to be moved up from Class C to Class B?

MR. HUTTON: I have received a delegation from Boissevain in my office who expressed an interest in being established or recognized as a Class B fair. I might say that they had a little misunderstanding of our policy with respect to Class B fairs and this contributed somewhat to their anxiety to be recognized as a Class B fair. But when we had discussed the departmental policy with respect to Class C fairs -- although I think they are still very much

(Mr. Hutton, cont'd) . . . interested in becoming a qualified Class B fair -- no commitment was made by the department in this respect and this matter is still under consideration.

I understand that the Agricultural Society from Killarney has met with the department and indicated their interest and I know that Swan River is -- but not officially -- but I know that Swan River is working very hard in developing their exhibition, their summer exhibition and rodeo, and I believe that there is a place for a Class B fair in that part of Manitoba because Swan River is some distance from Dauphin which is the northern most Class B fair at the present time.

MR. MOLGAT: Mr. Chairman, could the Minister indicate to the committee the qualifications which he sets forth for acceptance as a Class B. In other words, what did Virden for example have to do in order to become a Class B and what does any other area have to come up to obtain that same qualification?

MR. HUTTON: They have to have a minimum prize list for three consecutive years. I believe it is \$3,600 minimum prize list that they must have for three consecutive years. We must be satisfied also that they have the potential, not only to establish themselves as a Class B fair but to be able to continue on in the future and to be able to maintain a Class B fair.

MR. GUTTORMSON: Mr. Chairman, how many Class C fairs are there?

MR. HUTTON: I believe there are 71.

MR. GUTTORMSON: How does the government issue grants to these fairs? Are they all the same amount or do they vary?

MR. HUTTON: We pay 65 percent of the -- we have been paying 65 percent of the prize money paid out, and really no questions asked. We now propose to ask a few questions about how the money is being spent, and I have given you an outline of the policy that we have adopted in this respect. We don't believe that this will retard any fair that wants to do a good job for agriculture. What we're trying to do is to encourage them first of all, to exhibit and sponsor competition in commercial farm enterprises; and secondly, to cultivate the local exhibitor, and to cultivate and to illustrate agriculture that is native and peculiar to that general area.

MR. GUTTORMSON: Pardon me, Mr. Chairman, how does a town or village qualify to be classified as a Class C fair?

MR. HUTTON: Well, as far as I know if there is an agricultural society incorporated under The Agricultural Societies Act and it decides to sponsor a fair -- it sponsors a fair -- and it's pretty well left to local initiative. We have had agricultural societies that have stopped sponsoring a fair. In the past we have had some who had given it up and who have now begun to sponsor a fair each summer. If they do sponsor a fair, and if it meets the requirements of the department, we pay 65 percent of the prize money. And if they pay out more than \$1,000 in prize money, then they become eligible for a grant for repairs and so forth to polish up their plans. If they pay out more than \$2,000 in prize money, they become eligible for grants of up to \$1,500.00.

MR. HRYHORCZUK: Mr. Chairman, if I have heard the Minister correctly, there were 71 Class C fairs in Manitoba as of last year. And having listened to the policy as read by the Minister before the dinner hour, it would appear that the demands made on this type of fair under the new policy will put quite a number of these out of existence for some time. Because it would appear that there's a considerable spread between what they did show and what they are asked to show. Could the Minister tell us what and how many in his opinion, if they only have the type of a fair that they held in '63, would qualify under the new policy in '64.

MR. HUTTON: Mr. Chairman, I can't tell the honourable member that. All I can say is that if they are willing to put 50 percent of the prize money they offer on exhibits of commercial farm enterprises and I read it, and it's a very wide range, everything from honey, bees to bulls. If they put half of their prize money that they pay out on this type of exhibit, and if they make sure that they've got competition, we'll pay the same as we've always paid, 65 percent of the prize money is paid out.

MR. HRYHORCZUK: Mr. Chairman, I could put that question in a different way, Mr. Chairman. In the Minister's opinion, are there any of the so-called Class C fairs, if they didn't show any more than what they had shown last year, will they qualify in 1964 under the new policy? Are there any that would qualify without making any improvements or would they fall in with the type of program that you set up here tonight?

MR. HUTTON: There are none that I know of that wouldn't get assistance because

(Mr. Hutton, cont'd)...supposing that they only had 40 percent of their exhibits that were of a commercial farm enterprise, or could be classed as exhibiting a commercial farm enterprise, we would pay on the 40 percent. They would probably lose about, well -- they should have 50 percent to get the full money. To get the full money 50 percent of their exhibits must display exhibits of commercial farm enterprise. If less than 50 percent display these types of exhibits, then their money will be cut accordingly, their prize money will be cut accordingly, but they aren't cut off by any means.

MR. HRYHORCZUK:Mr. Chairman, I would like to make absolutely clear on this point because I no doubt will be asked by some of the locals who have had Class C fairs, as to whether they will qualify or not. Now my understanding is that if they have 50 percent of the so-called commercial classes, they'll be entitled to 65 percent of the prize money, right? But they can add any part or portion of the 50 percent, the only difference is that they will in ratio to the 65 obtain their grants? Correct?

MR. CHAIRMAN: Item 6, passed; 32 passed. Item 7, Co-operative Credit Union Services, Item 7.

MR. SCHREYER: Mr. Chairman, this is the item under which the Manitoba Marketing Board comes. I want to ask the Minister whether he can tell us anything about whether any progress has been made regarding the request by the potato growers for a referendum on a Marketing Board; and secondly, I notice that it is a four man board this Manitoba Marketing Board, three of whom are only part time personnel. What is the total amount set aside, if anything, for expenses, etc., for these three part-time personnel?

MR. HUTTON: I think I should indicate to the members that The Natural Products Marketing Act as we are introducing a revised bill on this and I think that it will probably provide a form for debate on the question of marketing boards, and we are awaiting the debate in the house and at the committee before we deal finally with the application of the potato growers for consideration of their proposal. We might as well have their proposal in line with the bill when it is finally approved.

At the present time, any time that a proposal is brought to the Manitoba Marketing Board, we provide by special warrant, monies sufficient to deal with that project and no monies are included in the estimates for the administration of the Natural Products Marketing Act.

MR. VIELFAURE: Mr. Chairman, on this item I would like to say a few words on the Co-operative and Credit Unions services. I do not know the director personally, Mr. Chase, but I can say that I have heard a lot from him from very responsible people through the years and know that he has been doing a very good job. I happen to know personally, the supervisor and chief, Mr. Frossais, who used to be a school teacher at the little red house where I started my education. In the thirties he was teaching there for the large sum of somewhere around \$40 per month, and since then he has become the chief supervisor and I know that he has done a great deal of work in supervising and promotion. I also happen to know personally one of the other supervisors, Mr. C..... who has been with the department for three years and he also is doing a very good job, I know. I do not know the other supervisors. However, from the report that we have here I can see that a great amount of work has been done. At the end of 1962 there were 252 active credit unions with a membership of over 110,000; total assets of over \$60 million, with an increase of \$10 million in the last year. I am not so much interested in the numerical figures money-wise but rather in the number of credit unions that exist in the province. Personally I would like to say that I have been associated with the movement for over 20 years and last night when I heard the Minister of Education say that he used to rake hay with the pregnant mare and a pony years ago, I would like to say that I initiated myself with the credit union with a little red mare on a cutter driving to town two and three nights a week to attend meetings to organize the credit union in my own little town.

MR. PAULLEY: Not at Arborg.

MR. VIELFAURE: No, that was in La Broquerie. There are today in my own constituency about six Caisse Populaires and credit unions in different communities which are doing a tremendous job. And I would like to state here that in many cases it is thought that organizing a credit union is done in order to run some other organization out of business like the bank in the local town or the neighbouring town, but this is certainly not what has been done in my

(Mr. Vielfaure, cont'd)...constituency. There is need for both. I am a great free enterpriser myself. I think it is good to have credit unions to compete with and free enterprise is good competition for the co-operative and credit union movements.

One of the aspects that strikes me the most with the credit union is that they are an individual little financial association in a little town which serves the members -- only the members that they know -- which sometimes would have a hard time getting financial assistance from other lending organizations. I think in most cases they provide a job for one of the local townspeople as manager and provide an opportunity for senior members of the community to act as directors, credit managers, and so on, which is a great asset to the community life.

Another item that I would like to bring on this credit union is the interest -- we heard a lot this afternoon about interest rates. I would like to point out here that in the credit unions this is no problem at all and I am very familiar with it, because for the last twenty years I have been paying it every month and it is just as simple as this: if you borrow \$400 let's say to be remitted at the rate of \$20 a month, a month from now you go there and you pay the interest on \$400 for one month, and the month after -- \$20 I mean, plus the interest on \$400 for one month, and the month after you pay the interest on \$380 for the last month. Also these credit unions have been providing an insurance policy with their loans, and in many cases I have been familiar with the happenings of these instances where the head of a household would die and leave the family with debts, the amount is completely paid at that time and his assets are doubled.

I would just call on the members of this House to approach the supervisors of the department to go to the communities who do not have as yet a credit union, and not organize one -- I don't believe that credit unions should be organized from the top, but rather from the grass roots. I think that's all.

MR. FROESE: Mr. Chairman I listened with a good deal of interest during the previous member's speech on credit unions and what they have done for the people of Manitoba, and also what the Services Branch is doing for the credit unions in assisting them. I note that the name has now been changed from Co-operative Services Branch to Co-operative and Credit Union Services so that the name credit union is being tied into the name of the department. This was a request made by the Credit Unions of Manitoba for a number of years now and they finally brought it through.

I note that under Incorporations and Cancellations that there were 26 applications for charter received during the fiscal year. However, these are lumped together and I wonder whether the Minister can give us the number of co-operatives and the number of elevator associations and credit unions, so that we can differentiate between the three units.

Then, Mr. Chairman, I come to a point which I have been bringing before this House now for several years, and this has to do with the organization of credit unions. We know that we have well over 200 credit unions in the Province of Manitoba now -- I think it's around 250 including the Caisse Populaires -- but this number could be much greater and the services could be increased very greatly if we had the opportunity to organize community credit unions in Greater Winnipeg.

In other cities across the Dominion, we have this experience that where they zoned the city, divided up the city into zones and then organized credit unions on this basis, that you would have a community credit union for each zone, that all the people of the city could then belong to a credit union and could avail themselves of the services that they had to offer. We know that in Calgary, Alberta, this has been done and with great success; likewise other cities in the Dominion have tried this and it has worked.

This afternoon we passed on applications for charter of finance companies. There is no doubt when these bills come before this House as to their approval -- they are just passed in the ordinary course of business. Likewise, the same holds true for trust companies. But when we come down to a credit union where the people are willing to offer their services on a voluntary basis and try to control their own finances by organizing a credit union and putting these services to use, that we find the government objecting and obstructing. I feel that this is wrong, this is very wrong indeed, because the people of this province should have a right but when we come to a Credit Union where the people are willing to offer their services

(Mr. Froese, cont'd)...on a voluntary basis and try to control their own finances by organizing a credit union and bring these services to use that we find the government objecting and obstructing. And I feel that this is wrong. This is very wrong indeed, because the people of this province should have the right to belong to a credit union. Under the present policy, the way it has been operating, the people could organize a church credit union, a parish credit union, an industrial credit union wherever they work together, or in rural parts you could organize a community credit union. But not so in the city. In the City of Winnipeg we have three credit unions which were organized a number of years ago. These have been operating successfully and I don't see why we cannot have more of these in the City of Winnipeg. Certainly this policy needs to be changed and very badly.

It also hinders the credit union central organization from an advertising program. They cannot put on a thorough advertising program because if you advertise and people phone in, "Where can I belong? What credit union can I go to?" There's no answer. We cannot advise them because they are not entitled to belong to a parish or industrial credit union when they do not work in that particular industry or belong to the particular church. So that we have no way of giving them this service. Therefore, I feel, Mr. Chairman, that this policy is in need of being changed to give the people of this city the right to belong to such an organization if they desire.

Another matter that I wish to bring out and I've done in past years, is the matter of having qualified staff on our Services Branch that does the auditing of the credit unions in this province. I've brought this to the attention of the government for the past two years now, I feel that we should have at least one certified chartered accountant in this department. To date we have none and haven't had any. We now have large businesses, we have multi-million dollar credit unions in this province operating today and they have to rely on the audits made by the Services Branch. Now we know also of occasions where we had defalcation or things went wrong and that claims were made to the bonding company. The bonding company does not recognize the audit being made by this government; a chartered accountant audit has to be made when a claim is made. I think that is another reason why we should have at least one qualified person in this particular Services Branch. They are charged a fee, although this is not a full fee because as you know from the estimates we are subsidizing the audits made of credit unions, but they still have to pay a fee; and this fee has been charged to credit unions even though some of them did get outside or chartered accountant audits. They had to pay for this chartered accountant audit plus the government audit and I think this is another thing that is wrong. Where a credit union gets an outside audit I don't think they should be charged for a government audit which they feel is inferior to the one they are getting. And it is inferior because I have had the experience in this connection where we've had a chartered accountant audit and they give you additional advice, they give you counselling in various directions which is not forthcoming from our Manitoba government audit Services Branch. I am sure that our provincial comptroller would not allow a thing like this to happen if he had the say in this matter.

I would like to touch on the Marketing Boards but I think I will defer that matter until we've had a discussion on the matter of credit unions and co-operatives.

I would also like to point out that at the bottom of page 80, where we have a paragraph dealing with co-operatives, it says this: "The savings made by co-operatives are distributed among the members in proportion to the patronage on the basis of volume of business done and not on the amount of money invested." Here we read the word "distributed." This I think is not the case; it is a matter of allocation. They are not distributed but allocated. Some of the people in Manitoba who belong to co-operatives will never live to receive the earnings or dividends that are allocated to them. Then, I also wish to point out one matter in connection with co-operatives. In the early years when you had a surplus at the end of the year, you had a membership meeting and the membership decided as to what would be done with the earnings. Normally, a motion was then passed to allocate them according to the members patronage. Now the thing has been changed, and I don't know how prevalent this is, how many of the co-operatives made this change, but the change in effect in our local area is that these earnings are now allocated to share capital, and once that is done it is no longer a matter for the membership to decide on. It then becomes a matter of share capital redemption which is a matter of

(Mr. Froese, cont'd)...board policy, and therefore this is a great change. I know it strengthened the structure of the co-operatives -- indeed it did so -- and put them in the position where they are much stronger and are capable of greater powers when it comes to borrowing. But whether it was the right thing, and whether it is the right thing, to allot these earnings to share capital I still am doubtful. I still feel that it should be left as an equity for the member -- it should be left up to the individual whether he subscribes to share capital in an organization.

So, Mr. Chairman, I would briefly like to hear from the Minister as to the 26 applications for charter, how they were allotted; and on the policy in connection with community credit unions for greater Winnipeg.

MR. MORRIS A. GRAY (Inkster): Mr. Chairman, the credit union movement and the loan society movement, in any city, in any province is a very valuable institution, and not only have to be carefully, I don't say watched, but supervised, by the chartered accountants but also by a representative of the government to check not only on the money but also on the behaviour of the loan societies. I remember the days when in order to get a loan of \$10 from any loan company, including the banks, you had to put up at least \$50 gilt-edged security or a \$10 bill in order to get the \$10, the loan companies didn't know the people -- immigrants just came in to Canada, Winnipeg, they didn't know them -- and the \$10 was very useful in those days; it could help them to become self-supporting. The shoemaker had an opportunity to buy utensils to repair shoes, and be self-supporting. The same thing with the tailor -- he had to have a machine -- and in this way developed. But the loan companies weren't afraid to lend \$10 or \$15 or \$20 to pay back \$1.00 a week for the borrower, because they knew that he is one of them, and they are not going to take their own money away and he became a shareholder in that institution. And if the history of any bigger city, say for the last 55 years could be read, you will find that with the limited facilities for helping people in those days, they have succeeded not only for themselves by having an opportunity to finance in a small way their business, but have also helped thousands and thousands of others out. These facts are very well known to everybody and there is documents to prove it.

So I feel that this small amount of \$73,000 to become the watchdog on the finances, on the behaviour, on the activities, and in the treatment of so many loan societies and so many credit unions, I say they deserve all the support and I don't think that \$73,000 is sufficient to take care of it, particularly now when there are so many attractions by the thousands, I might almost say, loan companies, whether banks or mortgage companies or simple loan companies are carrying out now. I don't know the personnel but once they are recommended by the Minister I say they should be well paid and look after the job, well done in the past and who knows -- no one has a contract with the Almighty -- who knows when he would need the same service again.

MR. PAULLEY: Mr. Chairman, just before you pass, I thought the Minister was going to get up to answer the Honourable Member for Rhineland, or he was getting up before my colleague. I would like to hear his comments. I may have one or two myself.

MR. HUTTON:Mr. Chairman.

MR. PAULLEY: Mr. Chairman, it's a very strange statement coming from my honourable friend that he has nothing to say. I sincerely trust and hope that he continues in his present frame of mind. Maybe it would be advisable then if the Member for Radisson did likewise -- (Interjection) -- Well, I'm prepared Mr. Chairman to offer a challenge to my honourable friend if he will desist with the balance of his estimates that I will do likewise -- (Interjection) -- Oh, no, I want an agreement from my honourable friend the Minister. I don't think I'm going to get it.

One of the areas in the life of our province that we have given a considerable amount of lip-service to in this legislature, and outside of the legislature as well, has been the area of concern insofar as the Indian and Metis populations of Manitoba are concerned. We had a commission a few years ago, headed by Mr. John Legasse, who investigated into this matter and as a result of his investigations we received two volumes setting out what should be the progress of the province and the government line of action of the province in respect of the Indian and the Metis. If I recall correctly, one of the avenues by which it was considered that we may help the Indian and Metis populations of Manitoba was through the development of

(Mr. Paulley, cont'd)...co-operatives, particularly co-operatives in the northern part of the province. When we read the report of the Department of Agriculture on Page 80, we note that there were 26 applications for charters during the fiscal year, including co-operative elevators, association credit unions, consumer co-ops, and seven co-ops in the northern areas among the Indian and the Metis people.

Now I appreciate very much, Mr. Chairman, that in the report of the department dealing with co-operative and credit union services branch that at the tail end of the report there is a footnote which states that detailed information covering the operations of credit unions and other co-operatives is available in reports obtainable from the Co-op and Credit Union Services Branch on request. But I think, Mr. Chairman, that because of the emphasis that has been laid in the past on the Indian and Metis co-ops in the province, that the Minister should give to this committee a full report. As I mentioned that in the report it does refer to the fact that there were set up I believe in the last fiscal year under review, seven co-operatives in the northern areas. I think that the members of this committee are entitled to hear from the Minister how these co-ops are set up -- Are they co-operatives that are set up by the Indian and the Metis people in the areas and run and operated by them? I think it was last year or the year before that I drew to the attention of the committee that there were in existence co-operatives in some of our areas, particularly near our reservations that were co-ops almost in name only -- when I say co-ops I mean co-ops that are operated by the Indian and the Metis people themselves -- Indian and Metis co-ops in name only. Because the actual operation of the co-ops was under the leadership, indeed almost the sole guidance of people other than the Indian and the Metis. And I'm firmly convinced, Mr. Chairman, that if we're going to carry through the recommendation of the Legasse report and give emphasis to what we talk about in this Legislature in order to rehabilitate, if indeed that is the proper word, our Indian and Metis in Manitoba, that we've got to do more than just give lip-service to the setting up of co-ops; we've got to give them full opportunity of operating the co-ops by the mselves and I certainly would like to hear from the Minister in respect of this particular item of his estimates.

Now, Mr. Chairman, my colleague from Inkster made reference a moment or two ago to the sum total contained in the estimates of the Minister of Agriculture of some 73-odd thousands of dollars for co-operative and credit union services in the Province of Manitoba. When one looks at the items in (b) Supplies, Expenses, Equipment and Renewals for the whole co-op services branch of the department, we find there's \$15,300 set aside for this purpose. I'm fortunate enough to have within my eyesight the estimates for the Department of co-operae and co-operative development of the sister province to the west of us, and there they have an item of \$12,000 for the provision of assistance to northern consumer co-operatives by the way of grants to assist in the purchase of certain buildings, furniture and other fixed assets. So here in the Province of Saskatchewan there is an item in the budget of \$12,000 to assist in the development of buildings in the northern part of the province for consumer co-ops. I suggest, Mr. Chairman, that there is a similarity between northern Saskatchewan and northern Manitoba, and that the greater portion of this \$12,000 would be used for the development of co-ops among the Indian and Metis in northern Saskatchewan.

Further to this, Mr. Chairman, so much emphasis is laid on the co-op movement and the development of the co-op movement in the sister province to the west of us, that their total budget there exceeds half a million dollars. How insignificant is the amount that we're shown here in the estimates in the Province of Manitoba of \$73,000.00. I note that for the co-op services in the sister province to the west of us, there's \$132,000 for that item alone. I note for Credit Union Services, \$128,000 for credit unions alone; I note that there's \$149,000, twice as much as we have for the whole operation of the co-op and credit union movement here in the Province of Manitoba in Saskatchewan for the purposes of extension services in the co-op field. The Honourable Member for Rhineland when he was talking a few moments ago pointed out quite properly, I think, that here in this Legislature -- indeed, just as early as this afternoon -- we passed legislation setting up additional loan companies here in the Province of Manitoba. It seems to me, it seems to me that we lay more emphasis on setting up loan companies in the Province of Manitoba than we do in the development of our co-operative and credit union department and services through the Minister of Agriculture.

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

But getting back to my original point, Mr. Chairman -- and I'm not asking the Minister not to say anything -- I withdraw my offer to him of taking the vow of silence -- but I would like to hear from him as to the development of co-operatives and credit unions, but more particularly co-ops among the Indian and the Metis, and particularly in northern Manitoba. Now it might be that my friend is sort of relying on the report of the department itself which says additional information is forthcoming from the section of co-ops on request, and it might be that he hasn't got the information before him at the present time of the nature that I am requesting, but I do say to him that I think that it's of vital concern to the people of Manitoba and suggest for the future it be amplified in the report itself. But in the meantime I would like to hear from my honourable friend as to exactly how far the government has gone in the development of co-ops owned and operated by the Indian and Metis, particularly those in northern Manitoba.

MR. HUTTON: Mr. Chairman, there's nothing that succeeds like success and I think this is particularly true of the efforts of the Indian and Metis people to develop their community and their enterprises through co-operative action. The figures that I have before me here show that there are five co-operatives in fish production and there are four in pulpwood cutting and marketing operations; there is one credit union and there are two consumer co-ops, for a total of 12. I think that one shouldn't emphasize the point that the Honourable the Leader of the NDP has made, that at all costs the Indian and Metis people should be left to run their own show. These co-ops have been spontaneous, have arisen out of the spontaneous desire of these people to help themselves. We feel it is our responsibility to help them help themselves. To this extent we have provided some supervision, technical supervision, within the department. I believe more will be required. They do have the guidance and counsel as well of the Community Development officers working in these areas. They have enjoyed the technical assistance from the Federated Co-op at one stage, and to this extent one must say that they are receiving some guidance and maybe advice in how to operate their business, but I think that this is essential at this time and I think it in no way detracts from the value of the co-operative enterprise in their community. As a matter of fact, I would be much more concerned if their attempts were to fail because of lack of proper guidance, proper advice, proper supervision by the government. Some of the co-operatives have been quite successful; some are struggling and are having their difficulties, but this is not anything that is new in the co-operative field.

I reject out of hand, Mr. Chairman, this comparison that the Honourable the Leader of the NDP wants to make between the provincial budget here and that of the budget in Saskatchewan. I don't think that any government that has held office in Manitoba, regardless of its stripe over the last 50 or 60 years in Manitoba, needs to blush in the presence of Saskatchewan for what it has done for the co-operative movement. If it hadn't been for the government of Manitoba there wouldn't have been a United Grain Growers organization. If it hadn't been for the government of Manitoba you wouldn't have today this very powerful organization, the Manitoba Pool Elevators.

Governments of this province, regardless of their political stripe, have from time to time given very substantial and real financial support to the co-operative movement in this province. The Government of Manitoba traditionally, regardless of their political stripe, have never gone about promoting co-operatives and I don't think that the co-operative movement has suffered in this province because the government didn't get its hand into the mess. Probably the co-operative movement is better off in Manitoba for the fact that the government stayed out of it and lent its support where it was needed and when it was asked for. That is about all I have to say on the subject.

MR. PAULLEY: Mr. Chairman, I started out very mellow -- (Interjection) -- yes, and I'm going to keep it this way despite the provocation of my honourable friend the Minister of Education -- or Minister of Agriculture. I think it's possibly because I was associated this evening on a very pleasant journey with the Minister of Education. I think some of his joviality did rub off on me tonight, so despite the provocation of my honourable friend I'm not going to join in a debate which I am sure that I could win. And, as my colleague for Brokenhead said, I'm going to be co-operative tonight at least for a wee while and not get

(Mr. Paulley, cont'd)...into an argument and refute completely the remarks of the Honourable Minister of Agriculture as to the relative merits as to whether we should give assistance to the promotion of the co-op movement or whether we should not, as to whether we have or whether we haven't.

But, Mr. Chairman, I would like to get from the Honourable the Minister of Agriculture detailed reports as to what his department has done in the development of the co-op movement among the Indian and the Metis. Because, Mr. Chairman, if you had listened to my honourable friend as intently as I did, you would have noted that once again he skirted completely around the issue, dragged in the Manitoba Wheat Pool and a dozen other categories that didn't mean one little bit -- that had no relation at all with the question that I was asking.

So without any further ado, Mr. Chairman, I ask the Honourable Minister of Agriculture to supply me with data as to what his department -- the branch of his department has done in the promotion of co-ops among the Indian and the Metis; what assistance of any tangible or otherwise nature his department has given to the development of co-ops between the Indian and the Metis; how many co-ops are being operated by these people; how many are being operated by his department or others connected with his department; and a complete report which he apparently hasn't with him this evening. All I ask, Mr. Chairman, of my friend is that this information be forthcoming. The likelihood is that the debates of his department will be over before I receive the information, and I do want to know for this year what he did last year in order that I can compare it next year with the report that I hope to get from my honourable friend.

MR. HUTTON: I'll make a personal report to him.

MR. PAULLEY: Mr. Chairman, I'd rather have it from the department because it will be more factual. Thank you.

MR. CAMPBELL: Mr. Chairman, before we move into another item, could I get from the Minister the question that I asked for before the dinner adjournment as to the amount of money that was spent under the 31 vote -- (d) of 31?

MR. HUTTON: There was 38,000 spent. This disparity between the 53 that was voted and the 38 was accounted for by the fact that we provided for the payment of several of the ag reps' salaries under this authorization for this item. These were not all approved and the payment of their salaries came out of another authorization and this accounts for the surplus in this one.

MR. CHAIRMAN: That was reverting to 31 wasn't it? Resolution 31 --

MR. FROESE: Mr. Chairman, before we proceed, I think I'm entitled to an answer on the questions that I put to the Minister. I feel that here in the City of Winnipeg we have a potential of some 400,000 people -- 400,000 potential credit union members and he doesn't even care to answer my question. I think this is very unfair. I feel that we have a central organization here that wants to do the job voluntarily and yet we are not getting an okay from the government to do so.

MR. CHAIRMAN: Resolution 31 -- passed. Item 8, Economic Research

MR. CAMPBELL: Mr. Chairman, on this item I asked the Minister while I was speaking last night if he had handy the figure -- what proportion of this vote is represented by the work that has been done and is reported under the Research pamphlet that I was mentioning last evening.

MR. HUTTON: I can only hazard a guess. I think it's about two-thirds of the work being done there is being done under this authorization, but that's just a guess and I stand corrected.

MR. CAMPBELL: Would it not be, Mr. Chairman, that -- putting it another way -- would the work, and I'm sure my honourable friend knows the pamphlet I'm speaking of, the one that reports on the various research projects at the university, would it be correct to say that all of the matters reported on in that pamphlet come from this vote?

MR. HUTTON: No, I wouldn't say that, no. I would say that that would cover all of the work at the university.

MR. CAMPBELL: Then it doesn't all come from this vote.

MR. HUTTON: No, it doesn't. I think that this vote here represents approximately 65 or 70 percent of the total monies dedicated to research, to current research at the university.

MR. CAMPBELL: Would the Minister be able to tell us then the different projects that are represented by this vote in addition to the pamphlet issued by the university?

MR. HUTTON: You mean that you would want me to point out in the annual report of the Faculty of Agriculture those that we were paying for? Is that what you are asking?

MR. CAMPBELL: The Honourable Member for St. John's says I am sure that I have not made myself clear. The pamphlet that the university has furnished us with contains a very large number of different projects and research and experiments, some of them cultural, some of them scientific, etc. etc. A very good report I think. I had expected that we would find that that pamphlet was practically entirely covered by this vote plus the different donors or contributors that are mentioned in that booklet. That would be right. And then I understood the Minister to say though that the university did agricultural research in addition to that.

MR. HUTTON: I don't think so, no. I think this is a full report of the work of the Faculty of Agriculture in research.

MR. CAMPBELL: Under this vote?

MR. HUTTON: Yes.

MR. CHAIRMAN: Resolution 34 --

MR. SHOEMAKER: Mr. Chairman, on 8, is this the place that you might discuss the research on soils and crops? The research that is being made on the soybeans and rapeseed and so on?

MR. HUTTON: This is the authorized place.

MR. SHOEMAKER: Well, Mr. Chairman, I don't know whether these figures hold true today, but three or four years ago I remember the late Wally Miller telling me that he thought that about 100 percent of the soybeans and quite a high percentage of the rapeseed and sunflowers that were produced at Altona were imported. Now I wonder if those figures hold true today, if it is a fact that about 100 percent of everything that is processed at Altona is imported. That means the plant would have to shut down if they depended entirely on the raw products being grown in Manitoba. If that is a fact, I wonder if we are doing all that we can do in the way of research to make it possible to have more home-grown raw products of this nature.

MR. HUTTON: Mr. Chairman, I think that the work that the research people at the university have been doing in our oil seeds crops has been marked with rather a remarkable success. If you recall, last year I passed around a sample of a new variety of rapeseed called Tanka. Last year this variety out-yielded -- proved itself to be the top yielder in the Western Canada Co-operative Trials. As a matter of fact, down in the Morden area there were yields of over 2,000 pounds to the acre of the Tanka variety. This was opposed to an average yield across the province of something less than half of that.

They have been doing rather outstanding work in the development of soybeans and one of their hybrids has been tested right across Canada and it has given the highest yield of any hybrid that is presently available in the nation. There has been a great deal of difficulty in breeding a soybean which would produce this far north with the traditional soybean areas in America, but they are making very encouraging progress and fully expect to have a variety which can be grown economically here in the Province of Manitoba. I can't think of the acreage of soybeans in Manitoba at the present time. It is relatively small and it is true that, in respect of soybeans, the Altona plant does import the majority of their primary products. However, this past year we had a record crop of sunflowers and, insofar as this product is concerned, they can rely on home-grown raw products.

MR. FROESE: Mr. Chairman, on Item 8, Economic Research, we have quite an estimate there of \$550,000 as being allocated to University of Manitoba for research, then we have under Capital another \$425,000 also for agricultural research that is going to the university. Could the Minister tell us how much of this is spent on plant breeding, because I feel that this is an area we should be spending more on.

MR. HUTTON: I can't give the actual breakdown because as you know we have a very unique relationship, I believe, between the Department of Agriculture and the Faculty of Agriculture at the university. We give them these very substantial grants in current and capital but we don't tell them how to carry out their research or what to do. But one only

(Mr. Hutton, cont'd)...needs to go out to the University of Manitoba and visit the faculty and their facilities there and you will appreciate the very extensive program that is being carried on in the Faculty of Agriculture in plant science research. I think that in the personnel that they have out there, they have some of the outstanding plant scientists in the nation and probably on the continent. They have done a tremendous work. Now this isn't to say that they are doing all that could be done if funds were available, but I think that they are doing a very good job within the limits of the funds that we are able to give them and which are available to them from this and other sources.

Some of the monies now are being channeled into animal research which is becoming more and more important to Manitoba as we try to diversify our agriculture and encourage the livestock industry in all its aspects here in Manitoba. Some of the capital monies that are being voted this year are going to the development of the new Glenlee Research Station, the 1,100 acres that has been acquired by the university for applied research. That is where you apply this basic research and demonstrate the practical benefits of this basic research and make it real and useful to the producer. Some of the current funds that are supplied this year must go into the operation of that new research station. But I would say a very large part, I would think that a majority of the funds or a very large part of the funds are being used in plant research.

MR. VIELFAURE: Mr. Chairman, I'm not sure if my question is on the right item but I heard the Minister mention the site at Glenlee. Would the Minister know whether the water there will be from the city waterworks or will they be drilling their own well down there? If you don't have the information now, if you could let me have it later on.

MR. HUTTON: I don't know.

..... continued on next page.

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

SHOEMAKER: Mr. Chairman, on 10, I'd like to say a very few words and I think the complaints that I made four years ago are still valid. I said that so long as the federal government continued to pay 50 percent of the administration costs and 20 percent of the premiums, that we would not have a very economical unit in this province. I said at that time that the administration costs were out of line with certain private enterprises, and I believe my honourable friend made the statement at that time that it was not a fair comparison by reason of the fact that you were launching a program so to speak and it was only natural to expect the administration costs and acquisition costs and so on would be high. He indicated at that time of course that we could look forward in future years to a much smaller administration and acquisition cost, but upon checking the Annual Report that we have, it seems that that is not so.

In addition to the Annual Report there was one of the green sheet editions dated 20th December, 1963, giving some information that is not contained in the Annual Report. Perhaps the Minister can justify some of the statements that are made in it and in the report, and I wonder if when he was doing that could he, as well, tell me whether it is a fact -- and I'm quoting here from a letter that I have received from an insurance company, just a paragraph here -- he says: "The crop insurance officials in Manitoba and Saskatchewan, as well as in the States, are advising farmers that crop insurance does not replace hail insurance and hail insurance should still be placed on crops. This fact plus holding the line on rates should help to make 1964 the best year ever." This is from a private insurance agency. Now this in effect is what I have been saying for four or five years, that in the areas in this province where hail is the number one factor in the farmer not acquiring a crop, if it is his number one hazard so to speak, then he is much better off to buy hail insurance than he is crop insurance. Now this article that I have before me suggests that the crop insurance agency is admitting this as well, in this province and in Saskatchewan and in the States.

Here is an interesting point, Mr. Chairman. I understand that the losses for the Manitoba Crop Insurance Agency for 1963 as of the 20th of December last -- there may have been a few dollars paid out since then -- amounted to roughly \$1.2 million for 1963. That was paid to -- well it doesn't show the number of claims on this particular sheet but there were 5,142 farmers insured, total liability of \$12 million, and they paid out \$1.2 million. Now in the hail insurance industry in Manitoba, it is reported that they had the best year in their history -- the private companies in 1963. Quoting again: "You are probably aware that 1963 was the best year for business written in Manitoba" -- this is the hail insurance -- "with premiums of slightly over a million dollars." So that in addition to the losses that were paid by the crop insurance in Manitoba of roughly a million, there were in addition \$1 million paid in hail insurance.

MR. HUTTON: This seems to be an annual debate between the Honourable Member from Gladstone and myself as to how you calculate the administration costs and make the comparisons. I say to him, however, that if you are going to determine the administration costs of a line company on the basis of the total premiums paid, then you must do so with what is equivalent of the total premium paid in respect to crop insurance. In other words I'm saying this, that if crop insurance were run by a line company, their premium would be the total of the administration costs, plus the Federal Government contribution, plus the farmers' premium. That would be their premium, or they would be in the 'red' all the time. Now, if it's true for a line company, then it's true for the government, that in calculating the costs of the administration and relating them to the total premium paid, we must relate them to the premium paid by the farmer; the premium paid on behalf of the farmer by the Federal Government; and the administration costs assumed by the Federal and Provincial Governments. And on that basis the administration costs in the 1963-64 crop year constituted 21 percent of the premium income, and this compares with the Co-op Hail Insurance Company administration expenses which vary from 26 percent to 33 percent of the total premium income. So I think by comparison that our administration is relatively efficient and compares favourably with what private business is doing in this field.

I frankly, Mr. Chairman, can't understand the Honourable Member for Gladstone when he talks about hail insurance. We are under great pressure to offer hail insurance as an additional clause to our crop insurance program, and I am afraid that if we did so and would offer

(Mr. Hutton cont'd) this kind of a program in his area, he would be in some difficulty in competing with it. We don't propose to enter this field in competition to him and to his fellow hail insurance salesmen for two very good reasons, and one is, that at the present time when our coverage is limited to 35 percent, or when our protection through crop insurance is limited to 30 percent of the farmers in Manitoba -- they're only available to 30 percent of the farmers in Manitoba -- we don't feel that we should improve the program to them to this extent until it has been made available to all, or to a majority of the farmers in the Province of Manitoba. And secondly, this government, and I think the Federal Government, would think very seriously about going into competition with private enterprise -- in fact putting them out of business -- in view of the service that they have rendered the community for many years before a crop insurance program was available. There is a difference in approach, a fundamental difference in approach. The hail insurance companies guarantees the farmer against loss and the crop insurance program guarantees a farmer a minimum income from his field crops that he insures.

MR. SHOEMAKER: Mr. Chairman, I want to thank the Honourable Minister for his consideration for my welfare, but I want to say this, that so far as our agency is concerned at Neepawa, the hail insurance end of it is pretty small and if he is staying out of the hail insurance business because of his consideration for me, I want to assure him that I can get along without it, and he can alter the plan just about anytime he likes.

While on the other matter, of course, this is where we do disagree, and I agree that we disagree on this one. I say that inasmuch as it should not cost this government anything to obtain their quarter of a million dollars, or approximately that from the Federal Government, that is the Federal Government's share of carrying this plan -- it doesn't cost anything to obtain that -- then you must relate the expenses for the year to the premium paid by the farmer, and that's where we disagree. According to Page 11, Exhibit B, it seems to me that the expenses in relation to the premiums paid by the farmer amounts to approximately one-third.

MR. HUTTON: Now, just one little word. The only difference between the hail insurance company and the crop insurance company is in the fact that it doesn't cost us money to get the Federal Government's share. But let me assure you that when it comes to making adjustments our costs will be every bit as great, if not greater, than the hail insurance company in this field. And we have experienced relatively heavy losses in the last couple of years with large indemnities paid out, and this has required a great deal of administration, regardless of where the premium money came from. The farmer was protected; the farmer asked for an adjustment, and it didn't matter whether the money came from Ottawa or whether it came out of his own pocket, we were faced with the necessity of providing the administration of these adjustments.

MR. CAMPBELL: Mr. Chairman, might I get from the Minister the actual position of the crop insurance financial standing now? I believe they had a deficit so far as their cumulative experience is concerned at the end of March '63. What is the experience this year and what would approximately their balance sheet show as at the end of this fiscal year?

MR. HUTTON: I'll have to do some quick calculation on this one. Maybe we could move on.

MR. CHAIRMAN: Are you prepared to pass this item, or just wait until

MR. HRYHORCZUK: I think, Mr. Chairman, that the Honourable Minister said to go on; he'll get the answer as soon as he got it calculated.

MR. HUTTON: I think you can add roughly about \$210,000 to the balance that you have. The loss incurred, or the net loss incurred was in the neighborhood of \$210,000 in 1963-64 crop year.

MR. CAMPBELL: before would be a little over half a million, would it?

MR. HUTTON: Yes.

MR. CAMPBELL: Thank you!

MR. MOLGAT: Mr. Chairman, could the Minister indicate whether he intends to have any further test areas established?

MR. HUTTON: Mr. Chairman, we have a Crop Insurance Board and they have not made a final recommendation to me as of this year. Any expansion of the program will have, of a necessity, to be of a very small nature until the Federal Government indicates its willingness to share the risk with the province. We have said that if they would accept our proposal for

(Mr. Hutton cont'd) re-insurance then we would be prepared to extend crop insurance across the Province of Manitoba within a three-year period. If they are not willing to negotiate an acceptable re-insurance program with the provinces, then it's going to take us many years to cover the province.

MR. CHAIRMAN: Item 10 passed; Item 11, Manitoba Agricultural Credit Corporation -- Item 11

MR. CAMPBELL: Mr. Chairman, with regard to 11, I'd just like to get the figures here. I notice that the Debt Servicing Charges as compared to the year that we are in are up only \$54,000, or thereabouts. Does that mean that for the year that we're approaching that it's not expected that there will be as much money loaned out? Is that the reason?

MR. HUTTON: No, one of the reasons is that the fund has become quite substantial now, with \$22 million having been loaned, and the principle payments have reached a very substantial proportion of the total requirements to meet the demand for loans in the coming year so that the growth factor in the annual carrying charges is substantially reduced. This, in addition to the fact that the interest rate has been adjusted upwards by half of one percent.

MR. CAMPBELL: What is the interest rate now, Mr. Chairman?

MR. HUTTON: For young farmers it is $4\frac{1}{2}$ percent; that is, for farmers under 31 years of age; for those between 31 and 60, it is 6 percent; and in the case of loans for livestock, which are secured by chattel mortgages on livestock herds, it is 7 percent with a half of one percent forgiveness for prompt payment. So it's a net $6\frac{1}{2}$ percent if they pay on time.

MR. CAMPBELL: Mr. Chairman, would the Minister tell us what the government charges the corporation for the money that's loaned to it, or made available to it?

MR. HUTTON: Well, this varies, Mr. Chairman, depending upon when the government borrows the money that is used by the corporation and it varies from almost 6 percent downward.

MR. CAMPBELL: Really meaning the most recent one that the Minister has on hand, Mr. Chairman?

MR. HUTTON: I don't seem to have it here, but I know it was rather lower than what we had been paying. It had been costing us almost 6 percent, but the last monies that were made available were at a lower rate of interest.

MR. CAMPBELL: I believe it is covered by statute, is it? The statute sets it at a certain amount more than what the government borrows for, is that the method.

MR. HUTTON: It's 1 percent, or something of this nature.

MR. CAMPBELL: Something I think in relation to

MR. HRYHORCZUK: Could the Minister tell us whether there is any hope of reaching the stage where the debt servicing charges will be met by what is recoverable from the corporation, or is this going to be static from now on since we have reached the capitalization stage of where it is more or less a revolving fund?

MR. HUTTON: Mr. Chairman, I think we can look forward to some reduction but I think that the subsidy of this program is going to be with us for some time to come.

MR. GUTTORMSON: Mr. Chairman, what is the waiting list for loans at the present time?

MR. HUTTON: I don't think that I have that, Mr. Chairman. I think most of the loans were pretty well up to date at freeze-up last fall. There will be further applications on hand though taken in since say last November.

MR. GUTTORMSON: Mr. Chairman, could the Minister tell me how many farmers took advantage of the Act as a result of the amendment whereby cattle could be used as security?

MR. HUTTON: Not nearly as many as I would have thought, Mr. Chairman. I think that we have approved four loans under that section.

MR. GUTTORMSON: Four?

MR. HUTTON: Four loans. However, at the same time we approved quite a few loans under Part 1 and, of course, anybody that's going to borrow money, especially a young man, is going to borrow it under the special provisions of Part 1 for young farmers at $4\frac{1}{2}$ percent rather than pay $6\frac{1}{2}$.

MR. GUTTORMSON: Therefore the amendment wasn't of much value to the farmer was it, in the province?

MR. HUTTON: Well I think that there is another thing that accounts for this. I would expect that a lot of these loans will be made in the areas where farmers are leasing their land, and in the areas where land is relatively speaking of low value. As you know the program on long term leases didn't really get rolling until the early part of the winter, and we believe that once the farmers have signed these long term leases that we may have a substantial demand.

MR. SCHREYER: Mr. Chairman, I wonder if the Minister could tell me if he is still opposed to making statutory provision for the deferment of payment of principle in case of crop failure in an area or a region. Does he still oppose the idea of statutory provision? Does he still favour the idea of leaving it to the discretion of the management?

MR. HUTTON: Yes, I am opposed to a statutory provision.

MR. CAMPBELL: Mr. Chairman, what would the Minister think about the other alternative that the Federal Farm Loan has of making crop share payments?

MR. HUTTON: Well I don't like to speak off the top of my head on a subject such as this. We have gone through a terrible drought in 1961 and the farmers left their commitments. We have gone through some very difficult times in certain parts of the province in both of the last two years in spite of good crops, and these farmers seem to be able to meet their commitments and I would think that from knowing what it is to be hard up and to have financial commitments, that sometimes it's not a bad thing for the farmer to have to pay. I want to say this to you, and to assure you, that the Agricultural Credit Corporation is not without a heart and during those difficult times I think they did extend a measure of understanding to the farmer when he found himself in these desperate straits.

MR. SCHREYER: Mr. Chairman, I'd just like to point out to the Minister that where an exigency can be legislated for quite reasonably it should be legislated for, rather than leaving it up to the discretionary power of administrative branch of government. It is all very well to say that our civil service or administrative branch is made up of men who are capable of exercising sound judgment and discretionary power. That's all very well, but after all we do want to abide as closely as we can to the rule of law and let's legislate if it's at all reasonable or possible to do so, and I suggest that we can make some kind of statutory provision here, perhaps along the lines that the member for Lakeside brought to our attention.

Now then I also want to say to the Minister that it's true that generally from my limited knowledge of the operation of that corporation that it is with a heart, as he says; but, on the other hand, I think I will send him a couple of photostats of letters that I have seen that I have in my possession which shows that they are capable of putting the pressure on too sometimes and quite a bit of pressure.

MR. HUTTON: Sometimes, Mr. Chairman, they need to put on pressure.

MR. SHOEMAKER: Mr. Chairman, in addition to the annual report in this department, I have before me a letter -- it may have accompanied the report -- June 3, 1963 addressed to the Members of the Board of Directors, Manitoba Agricultural Credit Corporation. I don't know where I got it from, Mr. Chairman, it may have been in the report. -- (Interjection) -- No, I'm not going to read it, except to say this, that the letter indicates -- and it is signed by the manager incidentally -- it says: "During the fiscal year under review" -- which would be the fiscal year ending March 31st, 1963 -- "applications were received from 543 prospective borrowers. This represents an increase of 28 over the fiscal period immediately preceding when 515 applications were received. This would indicate that the demand for long term farm credit has now levelled off and that we may expect a similar volume of applications in the years to come."

Well it would indicate that so far as the Manitoba Agricultural Credit Corporation is concerned, because in my opinion if you want money now and you need it in a relatively short time, then you have to go to the Farm Credit Corporation, and my guess is -- I have no figures here to prove it -- but my guess is that the Farm Credit Corporation is continuing to loan more money than the Manitoba Agricultural Credit -- considerably more. I think, Mr. Chairman, I can prove this one if I have to, so far as my area is concerned, that you can give far better service from the Farm Credit Corporation than you can from The Manitoba Agricultural Credit Act. This is probably due to the fact that we have an appraiser and an office in Neepawa. That would have something to do with it.

But I was told by the Manitoba Manager of the Farm Credit Corporation a couple of weeks

(Mr. Shoemaker cont'd) ago when I went in to see him about a loan for my brother that they continue to take applications the whole twelve months of the year, and he said their appraisers are instructed to not accept a written application unless they are pretty sure that it will qualify for a loan. That is, I suppose they sit down and have a heart to heart talk with the fellow for an hour or so and they do not proceed to make an application unless they are satisfied that a loan will be granted. Therefore, the farmer can rest assured or pretty nearly assured that the loan will be forthcoming when the appraisal or shortly after the appraisal of the land takes place when it is frost-free and free of snow.

Now according to the annual report of the Manitoba Agricultural Credit Corporation, they have consistently received three times as many applications as they have approved loans, I believe. Well here's an Order for a Return, Mr. Chairman, that was tabled. Return to an Order of the House No. 16 dated March 9, 1962 on a motion of myself, the member from Gladstone. The question was the total number of applications received by Manitoba Agricultural Credit Corporation from the date of its inception to December 31, 1961. Answer -- 3,174. Number of applications approved during the same period, 1,325; and the number of applications rejected during the same period, 575; and the number of applications withdrawn by the applicant during the same period, approximately 1,100. Not quite 3 times, but $2\frac{1}{2}$ times as many applications received as loans approved. I often wonder why the applicant has chosen to withdraw his application. Well I know probably why he has, but it is disappointing because of the fact that he couldn't wait more than a couple of years to get the money and he went elsewhere and got it.

Now I mentioned a couple of minutes ago about the application I had made for my brother at Grandview, or helping him in this regard -- (interjection) -- Pardon? This is in the constituency that is ably represented by the Honourable Member for Roblin that my brother lives in. I'll have to appoint him as ombudsman for that constituency; I have enough to do in my own. But here is the point. This particular half-section of land has belonged to a family for 60 years anyway and the old chap is now dead. It has gone into an estate and the family are all in Vancouver. I had the opportunity to buy it this spring -- or my brother did, but we had to make up our mind within ten days whether we were going to buy it. We couldn't wait until this time next year. If we did, somebody else was going to buy it, that's for sure. Now this is typical of literally thousands of transactions in this province and I'm sure, Mr. Chairman, that you were here, probably not as the deputy speaker but you may have been, but four years ago when I had that motion of mine to speed up farm loans. Nothing has been done in this regard and it looks as if through this process of waiting it won't be necessary, because in a few more years they are going to level off as this article indicates to the point where the farm credit corporation are going to get about 90 percent of them anyway.

MR. HUTTON: Mr. Chairman, I'd just like to say a brief word here. We are not in competition with the federal farm credit corporation. We don't want to be in competition with them. We confine ourselves very largely to the young farmer group that we can give a measure of assistance to. Almost 70 percent of our loans go to these young farmers at a subsidized interest rate. Those older farmers come to us simply because if you are over 45 under the federal Farm Credit Act, the security that you can offer is limited to land, and under our Act we will lend up to 65 percent of the appraised value of land and chattels until you are 60 years of age.

We don't turn down two applications for every one we accept. In the period April 1, 1963 to January 31, 1964, we received 417 applications and we approved loans on 276 of these. We are able to get rid of all the money that this Legislature has authorized for the making of loans to farmers and I expect that we will be able to, in the future as well, get rid of any monies that this Legislature is able to provide by way of capital funds to be loaned to the farmers.

MR. CHAIRMAN: Item 11 -- passed. Resolution 37 -- passed. Item 12 --

MR. TANCHAK: Mr. Chairman, on predator control we know that under provision of The Predator Control Act bounties on the red fox, the coyote and in some instances on bear, is paid by municipal corporations. Then this corporation has to make a claim by a certain date and the Department of Agriculture reimburse it by 50 percent of the amount paid. Every session on this item I have asked the government to consider the feasibility of assuming complete responsibility for predator control in this province and I have been approached by my own municipality and other municipalities telling me that they think it would be advisable.

I'll just give you the reasons why I think it would be advisable. There is a report on Page

(Mr. Tanchak cont'd) 163 in the Agricultural Report and if you notice, Wallace paid out the most -- the Municipality of Wallace, that's on page 155; the second largest payment was made by the Municipality of Morden; the third largest is the Municipality of Franklin, the municipality in which I myself live. Now to the south of Franklin municipality they have the United States of America and I don't know just what kind of control they have there, but I notice that aeroplanes buzz quite often and they are shooting these coyotes and foxes across the line. Now to the east of Franklin municipality we have the local government district of Stuartburn, and it was about 4 or 5 years that the then Minister of Mines and Natural Resources, now the Minister of Health, saw fit to institute a control there. To the north is the municipality of De Salaberry, to the west we have the Municipality of Montcalm.

Franklin thought it was advisable to continue with this predator control but they complained that since their adjoining municipalities hadn't any control whatsoever, that some of these people who bring these animals in after they have killed them, some of them are transients, they don't live in that area, and although they have to indicate on their application just where these animals were killed, probably there is more than one way of skinning a cat. They may be not too honest and the municipality is complaining that they are paying bounties on animals procured in the adjacent municipalities. Therefore, this coming year they do not feel that they should continue with it. They may still do it because there is quite a bit of pressure applied on them, and they feel that if there was some kind of a uniform policy of the government whereby the government would take complete control of this predator, you could work out a system where-by no municipality would be penalized.

In this area, I have had complaints from Franklin municipality where the coyotes -- and not so much the foxes -- but the coyotes attack sheep herds, they attack young calves and they do a lot of damage to the poultry industry. It isn't so much that the coyote or fox gets into the poultry flock and takes one for his breakfast. Maybe he saves it and if he's so hungry we won't begrudge him one, but the fact is that if one of those animals gets in among the flock, before he gets out he may take one and kill 50, 60 and even more and let them lie there, so this predator control is of great importance in certain areas. I would like the Minister to tell us what objection, if any, he has to the government taking complete control of the predator.

MR. HUTTON: This is a matter which I can only say is receiving the consideration of the Departments of Agriculture and Mines and Resources at the present time. To be very frank with you, we feel that the bounty system is completely out of date and it does work a hardship on certain municipalities. We feel that there is room for a co-operative program between the municipalities and the Department of Mines and Natural Resources for biological control of these animals on a rational basis and where it is required.

MR. CHAIRMAN: Item 12 --

MR. CAMPBELL: Mr. Chairman, I'm interested in this subject. I'd like to know what is the proposal re biological control. If this one is out of date, what's proposed instead?

MR. HUTTON: I am not free at this time -- I don't want to discuss this because the biological control of course is the use of poison bait programs and cyanide bombs and other control techniques which could be undertaken under the supervision of a professional biologist, etc. This approach is being studied by the two departments to see if some useful program cannot be worked out, I expect it can and we feel that this is the approach, but the program has not been finalized at this time.

MR. CAMPBELL: Mr. Chairman, I understood that such a program had been in effect in some of the municipalities to the west of the province and I well recall some discussions in the House regarding that kind of a program up there. I would expect that Wallace municipality was one of the ones that took part in it or where the experiment was conducted, and I see that in the report for last fall that Wallace municipality had by all odds the greatest amount of bounty payment of all. Only one other municipality that I noticed as I glanced over these was really close to it, and that was one in the far north Mossey River. Now if that area has already been one of the experiments with the biological control method, I would think that the report of last year is certainly not a recommendation for it. However, I'd be interested to hear of the other program as it develops.

In the meantime, would the Minister give us the breakdown as between the two items contained here -- I see they are grouped together, predator control and grasshopper control. I

(Mr. Campbell cont'd) notice that the total is considerably down from the year before and I presume that it is the grasshopper infestation that's thought to be not as likely to be as serious as in the coming year. Is that correct?

MR. HUTTON: Yes, the grasshopper infestation is very limited. The forecast surveys conducted by the Canada Agricultural Research Station in Winnipeg indicate a marked decrease in grasshopper infestation for 1964. There is a decrease of approximately 80 percent in density of population and a 65 percent decrease in area of infestation compared with 1963.

MR. TANCHAK: Mr. Chairman, coming back to this, when the Minister is considering with other people concerned, the bounty, I would still like to point out that in my opinion the most effective control of these predators, especially the red fox, would be controlling them by means of digging out the young in the spring, especially when the foxes become almost as numerous as mice in the country. I think that is still the most effective control because you get quite a few at a time. Another thing, in the Franklin Municipality you have an Indian Reserve that is very close, and when you use this method of control it gives employment to these Indians and a source of income which they very badly need. I still would say that the most effective means of control would be to try and get the offspring in the spring as they are very very numerous. If you miss one year, the thing becomes uncontrollable.

MR. HUTTON: Mr. Chairman, the breakdown between the grasshopper control and predator control is \$28,000 for predator control and \$10,000 for grasshopper control. I'm not going to comment on the question of whether you are going to use local help. This may very well be, that where a municipality is experiencing difficulty with a predator they might hire these people to come in and do the job, but one of the great difficulties with the present system is that these figures here are meaningless on predator control. They don't necessarily indicate an outbreak within the municipality because nobody knows where the pelts or ears are coming from when a municipality is paying bounty, especially under the present circumstances when so many municipalities have elected to go out of predator control by way of paying bounties.

MR. TANCHAK: Mr. Chairman, I wasn't using these figures to indicate how numerous they are. I was just talking from experience because I live there and I know of the complaints and everything, and I can see how numerous these animals are.

MR. MOLGAT: Mr. Chairman, before we leave the matter of predator control, does the Minister have any idea at all of adding skunks to the list of predators, because these are becoming, as was discussed yesterday on the matter of rabies, they are a very serious problem, and as the Minister well knows, at the moment there is no incentive at all for people to trap skunks. There is no value in the fur, the long-haired fur still has not come into popularity, and some years ago this produced its own control on the skunk population. That is no longer the case. All through the province today there seems to have been a tremendous increase in the population. Anyone who just drives along our highways in fact can see them because there are bodies along the edge of the road all the way through, hit by cars. If this is the case along the highways, it is quite obvious what is going on back on the farm, and this is a problem that the government I think has to look at.

MR. HUTTON: Mr. Chairman, the Health Department and the Game Branch recommends specifically against offering a bounty for skunks because they consider it would be an incentive to young people to go out after them. They consider this to be extremely dangerous and that this is man's work and not for youngsters. For that reason they recommend against the bounty system as a control measure.

MR. HRYHORCZUK: But, Mr. Chairman, if the skunk population is allowed to increase at the rate that it is increasing it is going to be dangerous to the young people anyhow, probably more dangerous than if they hunted them down. I don't think that is a valid argument.

MR. TANCHAK: Mr. Chairman, I have one suggestion here that was given to me. After the Minister answered some questions yesterday I received a telephone call. As we all know, this perfumed animal also carries a fur which is not completely valueless. It is worth in the neighborhood of about \$1.00 a pelt at the present time and the suggestion given to me to pass on to the Minister was that the bounty could be worked through the fur buyers. In other words, when the animal is sold he has a record of who bought it or else the fur buyer pays him an extra dollar and then he gets reimbursed by the department. That is one way of overcoming this difficulty where the children would run after them, because the children would not trap them and then skin them. It's not their work but the trapper may, if there is a little more incentive, say another dollar or so added. For \$2.00 some people would kill a skunk.

MR. CHAIRMAN: Resolution 38 -- passed. Item 15 (a) --

MR. MOLGAT: Mr. Chairman, on this overall item, I'd like to suggest to the Minister that maybe we should take another look at the way that this whole matter of water control and conservation is being handled in the Province of Manitoba. Under the present system, it seems that the government is centralizing more and more of the activities within this department located in the City of Winnipeg rather than having work done out in the area. Previously a good deal of the drainage work was done through the highway offices located in various parts of the province. In my own area, for example, if there was local drainage work to be done, we contacted the highways branch at Dauphin. The local resident engineer who is constantly in touch with the area, who has a specific geographic area for which he is responsible, could very easily get into the area within a matter of days in most cases because he was in that area in any case, and proceed and give a recommendation either to the municipality concerned or to the individual.

But this is all changed, Mr. Chairman, and I have here some letters to indicate what is happening. This first letter is July of 1963 and this is a farmer writing to me to see if I can help him get some help in getting a ditch dug in the unorganized territory of Alonsa. He had been in touch with the Dauphin office, as had been the normal practice; the Dauphin office had had the local engineers come out; they had taken levels on the ditch and had been reasonably agreeable to going along fifty-fifty as is the normal practice in unorganized territory with the work. But then the change came and this was put in the hands of Water Control and Conservation and he didn't seem to get anywhere.

So he wrote to me, the 8th of July, and I wrote the department in Dauphin on the 11th -- this is the Highways Branch -- asking if they'd look into this. They replied to me on the 16th saying: "I'd like to advise that all drainage problems are under the authority of the Water Control and Conservation Branch of the Department of Agriculture. As a result of this fact, this department will not be able to share in any drainage work." Well, then on the 19th of July I wrote to the Water Control and Conservation Branch, Norquay Building. I didn't get a reply so on the 10th of September I wrote to them again. Finally on the 23rd of September I received a reply from the Branch, excusing themselves for not having written previously, advising me that someone had been out to have a look at this and that the reply was that there would have to be a complete survey, but in any case that the rough estimate at this time was that it would cost \$5,000 to do the drain.

Mr. Chairman, this has been going on in this area for years. It has been handled through the Dauphin Highways Branch office. They would come in, survey, in fact this had been surveyed already by the way by the Dauphin Branch office but this was not satisfactory to Water Control and had to be re-surveyed. The final outcome of this is that they'll have to do further work next summer and there are a number of areas in there they have to look at, they tell me, and they say we do not have the staff at present to investigate all 18 requests this year -- these others -- a number will have to be carried over until next year. Now they are in the same general area where I wrote to them. I wrote first of all the Highways Branch again in November, got the same reply; got in touch with Water Control and Conservation, their reply was that -- this is in January of this year -- "A similar request was received from local residents last year and an inspection of drains was carried out last summer. The inspection indicated that field surveys would be required to determine what improvements in this drain are necessary. Because of previous commitments these surveys could not be undertaken last summer but it is expected they will be completed during the coming summer, after which we will be able to make recommendations on this request." And on and on down the line, Mr. Chairman.

Now I don't blame the people in the Water Control and Conservation Branch. I don't think they have any alternative. They don't have the staff and they've been given too much of an area to work with. In fact, Mr. Chairman, the situation got so bad that at one stage last summer this department, Water Control and Conservation, had to reply to someone in the Interlake that they couldn't do anything for him because the engineer in charge did not have a car to go out and have a look at the work even, and I think the same thing was repeated in other sections of the Interlake, where a department engineer had to tell someone who was requesting drainage: "I'm sorry I can't come out and see you because the department hasn't supplied me

(Mr. Molgat, cont'd)...with a car."

Now, Mr. Chairman, this situation just is not good economics to begin with nor good service to the people of Manitoba. I suggest to the Minister that this should be returned to the Department of Public Works. Let's get away from this great centralizing complex that my friends on the far side have. Let these things be handled in the local areas where the department already has offices equipped with engineers in a position to do, if not all of the work, at least a portion of the work. I believe that the Highways Branch presently have offices in Brandon, in Birtle, in Dauphin, in Swan River, and these are scattered through the country in such a way that it doesn't mean that an engineer has to be sent out from Winnipeg each time that a project has to be looked at. These engineers are working in -- I'm speaking now of the highways engineers, the Public Works people in these local areas -- they are working day in and day out with the municipalities of the area. By and large they are very familiar with the problems of the area. They already have a great deal of information available in their own offices because they have been doing surveys, they have been doing levels, all these things for a long time and, in many cases in the unorganized territories particularly, Mr. Chairman, they have been able to combine frequently highways work with drainage work. I know that by and large the engineers don't like to do this. They prefer to handle the two problems separately, but, Mr. Chairman, in many parts of the province of Manitoba where we have small population, small tax revenue, if we can combine the work of the two departments we can get a great deal done much more efficiently and we could save a good deal of money to the province itself and to the local area. This was done on some major highways. I can cite No. 50 highway as an example, where at the time of its construction the Highways Branch agreed to take care of the drainage at the same time. It has caused no trouble whatever to the highway and it has saved a great deal of money for all parties involved.

So, Mr. Chairman, I would recommend to the Minister that this centralizing all of this under the Water Control and Conservation Branch here in the Norquay Building be changed. Give it back to the Department of Public Works wherever possible and let them handle it through their local offices. You will get more efficiency and you'll get more value for the money that you spend on drainage works of this type.

MR. HUTTON: Well we had one long speech, and another long speech and another long speech on the fact that we should do away with our Communications Section of the Department of Agriculture and go back 50 or 60 years and pass the word like Paul Revere on a horse, and now we have a proposition from the Leader of that Party that we should turn the clock back in water control and conservation. He wants us to go back to the state that we had here in Manitoba when this government took over where there were drains, water running in every direction, no provision for it to get out -- (Interjection) -- Oh, yes, oh yes, and I invite my honourable friend to go with the Honourable Member for Gimli and the Honourable Member for St. George and the Honourable Member for Fisher up into the Interlake and I can show you one of the real messes of all time that came from building a little ditch here and a little ditch there. Sure it fixed up this fellow, but what did it do to his neighbours downstream? If there isn't planning, if you don't provide an adequate outlet, all you do is move one man's misery on to another.

I'm the first to stand up and admit that I had trouble this past year, plenty of grief. I had hundreds -- hundreds of requests for drainage, because for one thing this Interlake area had been subjected to a precipitation, a record precipitation once in a hundred years. They've lost their crops two years in a row and everybody was in trouble and everybody wanted help at one time. Even if we had recruited all the engineers from Public Works we wouldn't have had enough to go around. I don't think you can judge the department on the work that it did in its response to the requests this past year and I would certainly be opposed to turning back the pages of time and breaking up water control and conservation into two or three different departments, and then nobody knows what the other person is doing. Certainly you are going to get some temporary relief for one man, but it is just going to lead to chaos, and it is chaos that we have to deal with. This is what the department is faced with: a policy of expediency over years, decades and decades, and that is what it ended up with, with not very much accomplished and everybody in trouble.

Now there is need for some revision; there is need for some changes. What we have

(Mr. Hutton, cont'd) . . . been doing this winter, we have been up in Alonsa and we are organizing those people at the local level. We are asking them to form local improvement districts so that they at the local level will take some responsibility for considering the problem, setting priorities on them, and giving us those tasks to do which they set top priority on. We can't hope to cope with the scores and scores of requests that come in separately. These people have been left to their own devices over the years and we hope to organize them. We've had meetings at Birch River this winter; we've had meetings in Alonsa; we are holding meetings in the Interlake and in all the local government areas in the province to try and get the local people to form local improvement committees to consider their drainage needs in the district and to do some planning at the local level, and to tell us which of these projects they want done first. I think that they are going to get a great deal of satisfaction out of this program.

There is another thing. The Honourable Leader of the Opposition indicated that this chap was willing to pay 50 percent. In our drainage work in the local government districts we have been doing this work at 100 percent cost to the government and no contribution on the part of the local people. And we are saying to these local people if you will put up some money to supplement those monies that are put up by the general taxpayers in Manitoba we can do a better job for you, but they have got to have some representation at the local level corresponding to a municipal council in the organized area. If we get this, and I'm sure we will because these people have indicated a real interest to us and we believe that they will organize themselves, I think that this branch can do a better job than we have done in the past working with the local people, but I certainly wouldn't want to go back to the chaos that existed and the very unsatisfactory situations.

I'll grant you that to the local individual that you talk to he may be angry, and I can understand him being angry this past year, but I don't think it's in his interest that we should break down this department because there is a tremendous job to be done and one of the things that has to be done in these areas is to provide adequate outlets for the water. I can think of areas where there just wasn't any outlet. I can think of places up in the Interlake where in June of this year the water was running across the highways; it was just running in circles. People had been digging ditches. I think those people must have been you people when you were holding down the benches on this side. You dug a lot of ditches, or you authorized a lot of them, and all the water was doing was running this way. It couldn't get out. It was about time that there was some centralized planning. I might say that I think the Honourable Leader of the Opposition is all wet on this subject.

MR. MOLGAT: Mr. Chairman, I'm extremely surprised to hear the Minister of Agriculture being so critical of the engineers in the Highway Branch as he is. What he is saying in effect is that the Highways Branch engineers don't know how to run water because, Mr. Chairman, the people who authorized these drains, who built them in the first place were Highways Branch Engineers and -- (Interjection) -- no, no, no, they were the Highways Branch engineers and my honourable friend has just finished saying apparently that he has no confidence at all in the Highways Branch engineers as my honourable friend the Minister of Public Works has. Well I'd like to tell him that I have confidence in his engineers and in those of the Department of Public Works.

The point is though, Mr. Chairman, that my honourable friend talks about the old days when we did nothing. What is the problem in his department? He won't even supply his engineers with a car so that they can go out and do the work, and he is talking about him doing the whole thing. He can't leave it up to the Department of Public Works, he's got to handle it all in his little warm hands because he can't trust these fellows in Public Works; they might not put the drain where it should be or they can't read the level or I don't know what; but this is exactly what he is telling me. But in the meantime, Mr. Chairman, his own engineers in Water Control this very summer had to tell people in the Interlake -- does the Minister deny this -- that they had to tell people in the Interlake who were requesting investigations of certain drains that his engineers were forced to tell these people, we are sorry, we can't come out and see you because the Minister hasn't provided us with a car. Now what sort of management is that, Mr. Chairman?

The whole point is, Mr. Chairman, that not just in this department, but in many

(Mr. Molgat, cont'd)... departments this government believes in centralizing all its activities here in the City of Winnipeg. And I say that a province that is the size of the Province of Manitoba that this is not efficient management, that we will get more value for our money and we will give better service to our people by using regional areas rather than centralizing everything here. When you have to send out an engineer from the City of Winnipeg on Monday morning to do some work at the top end of the Interlake or to do it over in the Dauphin area or further than that up in Swan River, it is quite obvious that that may, by necessity, has to spend a good deal of time on the road. He can't help it. It's quite obvious as well that he has not got all the local resources available to him that are available presently in the offices of the Highways Branch, because a good deal of this work has been done.

Mr. Chairman, the drains I am talking about right here have been surveyed by Public Works in the past. I'm referring to one which needs more work done on it because it's been filled in in the unorganized territory where it was cleaned out some years ago by the Department of Public Works. The Public Works people now have all the information; they have the surveys on it. So what does my honourable friend do? He wants to put it all into his own hands, do the work all over again, but he doesn't supply his people with the equipment to do it; he won't supply them with a car so they can go out and do the work. I say to him, let Public Works handle those aspects of it that they can handle. None of us are opposed to overall planning in water control but we want to see the work done, not just talk from the Minister.

MR. HUTTON: Mr. Chairman, anybody who knows the number of cars that the government has in service -- what is it, 1,300 or something like that -- and gets up and says that it was for the want of a car is pressing the point.

MR. MOLGAT: Mr. Chairman, did your engineers reply to the people in the Interlake this year that they could not come out because they did not have a car?

MR. HUTTON: I don't know.

MR. MOLGAT: You do know because you were told.

MR. EVANS: I move the committee rise.

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

MR. W.G. MARTIN (St. Matthews): Madam Speaker, I beg to move, seconded by the Honourable Member from Springfield, that the report of the committee be received.

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

MR. EVANS: Madam Speaker, I move, seconded by the Honourable the Minister of Agriculture, 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 Wednesday afternoon.