

## THE LEGISLATIVE ASSEMBLY OF MANITOBA

8:00 o'clock, Monday, April 29, 1968

MR. CHAIRMAN: (The remainder of Resolution 9 and Resolution 10 were passed.)  
Resolution 11 - (a)--passed; (b)--passed; (c)--

MR. JOHN P. TANCHAK (Emerson): Mr. Chairman, you're on (c) now - Manitoba Marketing Plan? I think it would be refreshing to the Minister to hear a few words that I have to say now and my remark is very brief. As President of the Manitoba Turkey Association and the Chairman of the Provisional Manitoba Turkey Marketing Board, I wish to express our appreciation of the co-operation and offer of assistance given to us by the Minister. I hope that we have this continued co-operation with him in the future because we are still young and tender, and we hope that he'll be with us the rest of the way.

MR. ENNS: I hope the turkeys are tender too, John.

MR. CHAIRMAN: (The remainder of Resolution 11 was passed). Resolution 12 - 6 (a)--passed; (b)--

MR. USKIW: I want to deal briefly on this particular resolution. It has to do with research and the University of Manitoba and its involvement. Some years ago, I think the Minister may be reminded, we had a problem in the poultry industry, that is with one specific case that I'm aware of, insofar as the possible effect of microwave radiation was concerned. The story I get from the person in question is that they had a substantial operation in the poultry business starting out with 1,800 laying hens in 1956, 2,700 in 1959 and again in 1960, and then something like 4,000 birds after 1960 - some investment of \$70,000 or \$80,000. This particular chap was involved with the Industrial Development Bank by way of a loan for this operation and was subsequently foreclosed after he could not solve problems, disease problems and other problems which were not identifiable in his poultry operation.

Now, Mr. Chairman, I don't know just whether or not he is accurate, and the people that have been advising him that they are accurate, in that his problems were not of fee and management but that in effect his problems could very well be that of microwave radiation. I noticed, upon doing some research, that this problem has been discussed to some length at the various universities in the United States and that there has been an extreme amount of publicity given to this problem, and I don't know that they have come up with an answer either.

But what I want to find out is whether or not we are taking proper steps in Manitoba to assure that there is no microwave radiation problem, so that we can in essence guarantee the producers of any livestock commodity, or poultry commodity, that there is no danger insofar as microwave radiation is concerned from microwave towers. I would wish that the Minister of Agriculture could give us that assurance that in his opinion that there is no such problem, that the findings of our research people are that microwave radiation is not substantial enough to cause hardship to anyone in the cattle, hog or poultry business, or in fact to human life as well. In this connection I think he would agree with me that if it has some serious effects on poultry or beef or hogs, that we as consumers of these products could also be affected indirectly.

So, Mr. Chairman, I'm not taking the position that I think that this is in fact the problem, but I would simply draw to the Minister's attention that this has been brought to light over the last few years and I know there has been some research done in that connection. As a matter of fact, in your report on agricultural research and experimentation, if you look on Page 26 there's a small item suggesting that the University of Manitoba is involved in research on microwaves and how they affect growth and performance of poultry.

So, Mr. Chairman, I am trying to be brief but I do want to ask the Minister whether he has anything to say on this problem and whether he can give us some assurance that the university people are given the proper support insofar as research to the problem is concerned, whether they are given, that is, financial support, and whether we can expect to resolve the doubts that some people have in this area before too long.

MR. FROESE: Mr. Chairman, on what item are we?

MR. CHAIRMAN: We're on Resolution 12 (b).

MR. FROESE: I was going to speak on the item under Soils and Crops but they also come under research, because no doubt . . .

MR. CHAIRMAN: I can't hear the member. Could you speak a little more into your microphone?

MR. FROESE: The item I wanted to discuss, I was going to discuss it under Soils and Crops but it can also come under research. I would like to know from the Minister, in connection with the Triticale, how are we progressing and when can we expect that this crop can be grown on a full scale, because from reports the yield of Triticale is much higher than some other grains and certainly they've already tried it as far as a feed is concerned. Perhaps he could inform the committee here on the matter, how it stands as a feed, whether it's equal to some of our other coarse grains such as barley, or oats for that matter, and when can we expect to have this in circulation so that farmers can grow the crop. From the reports that we have had and the agronomist's report, in previous years the yield seemed to be much better than some of the other crops that we have and I would like to know from him just what the situation is at the present time.

MR. ENNS: Well, Mr. Chairman, perhaps I should take this occasion to catch up on a few of the questions that have been asked of me. I would like to maybe refer back to the questions of the Honourable Member from Lakeside who requested a more detailed resume of the ARDA program as it applies to Manitoba.

I would have to indicate to him that he has of course the blue booklet before him that I distributed some time ago which summarizes the ARDA programs that the province has been involved in from the year of their inception, and I could list in more detailed manner the actual programs that will be undertaken in the current year. I might just for purpose of the record read into a general synopsis of the 1967-68 ARDA program in Manitoba. During this year we had roughly some \$2 1/2 million in the ARDA program which was pretty well equally shared federally and provincially. We say pretty well because many of the programs are of different sharing arrangements, some 90-10, some 50-50, others 40-60, but of the \$2 1/2 million spent during the last fiscal year on a provincial-wide rural development program, this sharing broke down to roughly a 50-50 arrangement.

Of this number, by far the biggest amount, some half a million - or rather more than \$600,000 was spent on the reconstruction of two major drainage systems in the Red River Valley. These are moving forward to completion and these are not to be confused with the normal type of drainage systems that the department is involved with. These are major waterways, the Hespeler and Tobacco Creek. We are talking about \$4 million in one instance, \$2 1/2 million in the other instance. These will be nearing completion in the year 1970. The remainder financed some 22 other projects ranging from the development of the Spruce Woods Provincial Park to ground water studies in the Melita, Carberry, Minnedosa, Ethelbert and Oak Lake areas.

Another situation that I would like to draw the attention of the House is that we are attempting to phase out the ARDA projects out of the Interlake region. Since the signing last April of the FRED agreement in the Interlake, we have made it a deliberate attempt to phase out of that particular region programs that were in that area normally financed under ARDA. This will have the net effect of freeing up more dollars, or more ARDA dollars to be spent in other parts of the province. This is made possible because of the special arrangements, special agreement arrived at on that date for the Interlake.

Drainage improvements under the ARDA program last year were concentrated on the upper Hespeler system and the Tobacco Creek system. Both of these, as I have already mentioned, carry run-off waters into the Red River, and again as I mentioned, these are large programs, \$4 million in the case of the Hespeler stretched over some five years, and the Tobacco Creek project will cost another \$2 1/2 million and these are expected to be completed in '70.

The development of the Spruce Woods Provincial Park is a unique type of ARDA project in Manitoba, and funds in this particular instance were made available under the ARDA program to acquire farmlands for the development of this particular park as well as was the case in the Birds Hill Park. The Asessippi Park development in the Shellmouth area also falls under this category.

In the case of Spruce Woods Park, all costs of development are being shared under ARDA. Along with that, in the recreational area of ARDA, we financed or helped share many of the campsites, the very attractive campsites that my colleague the Honourable the Minister of Tourism and Recreation is providing for the citizens of Manitoba.

I could just list a few of the other major ARDA projects which we were involved in last year and these include the research and initial development of the Delta Marsh as a reliable

(MR. ENNS cont'd.) . . . . waterfowl and wildlife management area. I'm sure the Honourable Member from Lakeside is aware that we are very concerned about the maintenance of that marsh and the maintenance of adequate water levels in that marsh, and there is a study being financed by ARDA to assure that we can come up with the programs that will ensure that marsh enjoying that unique position it enjoys as being perhaps one of the finest marshes in the North American Continent for wildlife.

Studies such as the control of the Wilson Creek rising into the Riding Mountain- I see my Honourable Member from Gladstone is not in his seat - but this of course is in the area that he is concerned with, the problems of the waters coming from the escarpment of the Riding Mountain National Park, and these are being financed through the ARDA program.

Weekly fisheries broadcasts providing the fishermen with instructors to serve northern lakes. I can go into some little detail. I met one of these instructors myself during the course of my travels this summer. We have hired some four of the best Indian fishermen that we have in the province to assist in the instruction and in the disbursement of information to their colleagues on the lakes. This is a very real program, a program that's being very well accepted by our native fishermen in the north.

Along with that, as I already mentioned, provision of landscaping campgrounds, picnic sites, utilities, roads, docks, a ski resort in Manitoba, parks and campgrounds across the province, various leadership courses for adults and high school use across the province. The Honourable Member from St. George will be aware of these particular courses, particularly as they relate to Manpower in his constituency. We ran a very successful Adult Manpower Course in the town of St. Laurent - or the village of St. Laurent, where through a Manpower Carpentry Course we got the double advantage, you might say, of having a class of trainees, carpenter trainees working on this program at the same time, not just sawing up blocks of wood for their training but building a community hall for the citizens of St. Laurent who now enjoy the use of that hall. This is a nice marriage of this kind of a program where you get both the adult manpower training and also having a result of this, a lasting benefit to the community within which this course was held.

Renovations to the Brandon Extension Centre are included under these ARDA estimates, because in a very real sense, in terms of again adult education, the Brandon facilities serve a unique purpose here.

I can relate more definitively for you some of the programs that are scheduled in the estimates for 1968-69. We have again a specific amount set aside for hay and pasture and land improvement, the Agricultural and Economics Research, the Co-operative Management training - this particularly relates to the Indian-Metis group again, the adult education programs -- there are dollar figures that I could attach to these as I go along. Of course under the terms of the agreement we have to meet some specific agreements, not more than 50 percent can be spent for water control or water conservation projects, 10 percent of the ARDA budgets have to be spent on research programs, so that within this framework we have attempted to choose the programs that most specifically meet our needs.

The Honourable Member from Brokenhead asked the specific question as to what if anything is being done in the ARDA program as it relates to our native citizens, the Indian and Metis group. I can list these particular programs that are within the ARDA program that relate specifically to the Indian and Metis people. We have the social and economic survey at Southern Indian Lake, particularly with respect to the implications of the Churchill River Diversion. We have assistance, again through our Co-operative Services Branch, to fisheries and pulpwood co-operatives; we support a fisheries extension program through the Conservation Education section of the Mines and Natural Resources Department. This includes radio broadcasts through the north. We have a special film that we made up, "From the Lake to the Markets," which we show to the fishermen to give them a better understanding of what's happening to their natural product as it moves down the path to the retail outlets. We have such other special projects as technical and advisory assistance programs. Again I refer to these actual Indian fishermen employed under the ARDA program to relate this technology to the native fishermen. We have of course the same land-clearing incentive program in the Interlake area available to the Indian and Metis community. Further to that, there's the research on rough fish, the movement of rough fish. Again, all the various Manpower Training programs in the Interlake area are co-ordinated with the ARDA and FRED programs. All of these are available to the Indian and Metis people and they are making use of them.

(MR. ENNS cont'd.)

I would have to be very candid with the Honourable Member from Brokenhead and admit that we do have a problem in making these programs as meaningful as we would like to make them meaningful to the Indian and Metis. Part of the problem is the difficulty we have in resolving the Federal-Provincial area of jurisdiction with regards to these citizens of Manitoba. There is this difficulty with respect to the situation as it applies to their land, for instance, the title that they own to the reservations and so forth in terms of land clearing. We run into some difficulty with the kind of programs that are being offered to the Indians under the Federal Department of Indian Affairs and the programs that they can come under, the provincial programs as we administer the ARDA program. These are some specific problems that we have with respect to meeting the real needs of the native population. I can only say that all the benefits accruing to any other Manitoban are there available to the Indian and the Metis in our ARDA and FRED programs, but sometimes because of the special status, as a result of the Indian looking to the Federal Government as being under their main responsibility, this particular area does give us some difficulty.

I would try to find some further information that the members have asked. The Honourable Member from Brokenhead spent some time with respect to the matter of land acquisition, also as it relates under the ARDA program. I'm aware of course, and the honourable member has made me aware on many occasions, of some of the shortcomings in this particular regard, as also my colleague the Honourable Minister of Education made me aware of some of the shortcomings of this program. What we have done, in effect, is attempted to alleviate the worst of the problems on a priority basis. There is only so much money available in this program. We are acquiring a good deal of land in this program. I recognize, and the department recognizes, that we may well have to extend these areas, but in the first instance we designated the two areas, the Washow Bay and Riverton area as being one of particular hardship, and the other area in the vicinity of my honourable Member from Brokenhead, the Libau Park or public park area as being an area where we had extreme conditions with respect to the flooding of Lake Winnipeg.

I recognize that we will possibly have to, as the program evolves, attempt to mop up, so as to say, the problems as it relates around the lake. South of Gimli within the Netley Marsh area we have a particular problem. The problem is compounded there because of a lack of definition: is it river flooding due to ice jams or is it lake flooding. In the event of river flooding, as the honourable member has already indicated, they can come under the Red River Valley Board for some protection, some compensation, and it's my understanding that this is being done. I think the honourable member will agree with me that he is really referring to relatively few specific instances where there is a problem and it is in this area. We have had to -- you know, whenever one draws a line or designates an area, there is of course the line where you fall within and the line where you fall without, and in this particular instance where help or additional help is available from another agency, in this case the Red River Valley Board, that line had to be drawn rather arbitrarily.

I would also have to mention the fact that in this instance that the sites that he referred to, the municipality concerned was not prepared to go along with the Provincial Government in raising that particular road to dyke level and this of course also played its part into it.

But in the whole I would have to say this, that we are reluctant at this particular point to draw any hard and fast lines. We have, as you know, the Manitoba Water Commission studying and hearing briefs from the various interested groups with respect to setting the lake levels on Lake Winnipeg, keeping in view the question of the people who live and reside around the lake and keeping in mind the future requirements of Hydro, and we are very reluctant at this particular point of time, with this Commission studying this problem, to fix any rigid lines of defense, you might say. I'm well aware that in the first instance we did indicate that we would be purchasing land this side of the dyke or the water side of the dyke. However, I'm sure the honourable member will agree with me that there may be instances where, pending the outcome of these hearings and coming to a conclusion as to what is a desirable lake level to maintain, that these temporary dykes may well be moved in some particular instances and it may well be more economical on the part of the taxpayers of Manitoba to do that rather than acquire this land.

With respect to the actual land acquisition program itself, I would have to remind the members of the House that this is a voluntary program, not to be confused with a compulsory

(MR. ENNS con'td.) . . . . expropriation of land. I think there is a difference when a Crown agency or government requires land for road right-of-way or hydro right-of-way; they have to have the land. There's an element of compulsion involved and it's to be expected that human nature will prevail and the price goes up. This is a voluntary program. The government has no particular need for all of this land that it's purchasing here; it's doing it to fill a need, that is to help some of the people who are caught in this unfortunate position of having a great deal of low-lying land continuously, or near to continuously threatened by flood, to help them re-locate elsewhere. Also, it's a question of not simply buying the land but buying it for a specific purpose.

That is, under the ARDA program we can acquire farmlands because they are either not suited for agriculture or because they can be brought to greater use as wildlife areas, and these are some of the other considerations that go into the land acquisition program that we are engaged in in and about Lake Winnipeg.

On the matter of microwave towers, the Honourable Member from Brokenhead raised this particular point. I would have to say that I've undergone a certain siege in this respect. I would hasten to remind him that I have one of those towers on my land, and while I've heard a great deal of rumours about it, it apparently causes irritation among neighbours and what have you - the fact that my hired man ran off with my neighbour's wife, perhaps that's nothing to do with the irritation that it causes - but anyway these kind of things are rumoured to be blamed on the tower sites. I can only say that when a steer of mine is not doing as well as it should be doing it's usually because I got there too late or my man hasn't fed him in the prescribed manner.

I really want to assure the Honourable Member from Brokenhead that Dean Shebeski at the university is aware of this problem, as indicated in the booklet that he referred to. He has been in personal contact, he has personally visited the particular farm that he has referred to. I can't give him a blanket statement that never will there be any health hazards emanating from this source of an installation; I am not qualified to do that. But a Minister in this respect has to rely on his professional help and I rely on my professional help. I rely on the professional and the wisdom of the people of the University of Manitoba who have taken specific tests in this matter. I know that these tests have been questioned by some outside agency as to the validity of the machinery used and so forth - the equipment used. I know that they are not just simply letting this matter lie, that they are aware that this matter has been raised, that they have allotted some specific funds to continue their research into this area, but at this particular moment I would have to say that the problem is not one of concern to farmers of Manitoba, it's not one of concern to the Department of Agriculture of Manitoba. We have no reason to believe it is.

MR. USKIW: May I ask the Minister a question at this point, Mr. Chairman. Did I understand him correctly to say that he is not concerned with the problem, which in essence means that he doesn't recognize that there is one, therefore we don't need to spend research dollars if we are spending them. On the other hand, if this isn't what he said, I wanted to know whether we are doing anything as a province, or his department is doing anything in assisting the university people in research on it. Is Manitoba involved or is it the federal level, or what is our position on the problem?

MR. ENNS: Well, Mr. Chairman, I suppose as the Faculty of Agriculture of Manitoba is involved, we're involved because I support by \$1 million every year the research activities of the Faculty of Agriculture, University of Manitoba. What I wanted to say is that at this particular point I don't see any reason to create any concern or alarm.

There are so many other factors involved in this particular instance that the member mentioned - the farm that he mentioned - my poultry inspectors for instance were on that particular farm on several occasions. They found some 15,000 birds without water and without feed, and I need not tell any livestock grower here what that means in terms of upsetting production records and so forth. I'm also told that - I don't want to go into this particular case, but the situation as presented to me thus far leaves me with no option but to say that there is not a problem and I say it categorically.

Now the Faculty of Agriculture is continuously involved in all manners and types of research. I might just add, for the members' information, that to date the results that they've had from some of their research is by subjecting poultry and birds under simulated - you know - radioactive conditions, has produced larger birds and faster gaining birds and more highly

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(MR. ENNS cont'd.) . . . . productive birds. This I just take from the top of my head but I recall this particular little bit of information. The Faculty of Agriculture is there to do research into many different fields. They are not unaware of the particular problem that the member has raised and they take it as part and parcel of their normal activity, that is within this particular field, to do some preliminary research in this field. I think the question really that the member has raised is: there has been some suggestion that the amount or the type of research that they're doing is not sufficient or not enough to satisfy the party concerned. I am satisfied that it is; I have no intention of informing the farmers of Manitoba that they need be unduly concerned about the erection of these towers or the . . . . of these towers.

With respect to the situation at Birds Hill, I must beg some ignorance in this particular matter. I'm aware that there are a fair number of outstanding claims to be settled. I take some objection to the manner and way in which the Honourable Member from Brokenhead presented this picture. He said that he was unhappy and that a good number of people of Manitoba were unhappy with the Birds Hill development, and he referred specifically to these land owners who still hadn't satisfactorily sold their land to the province. I think you'd have to equate this of course against the many thousands, the many thousands of Manitobans, and more particularly Winnipeggers, who are enjoying that facility in ever-increasing numbers. It's a facility that any metropolitan area could well be proud of and we have every reason to be proud of it here. Again, when government or Crown agencies expropriate land, there is always the difficult question of is it equitable, is it a fair settlement. But I think that as that park develops it will be long remembered as being one of the more far-sighted moves on the part of this administration.

MR. USKIW: . . . ask the Minister another question. What has the province offered per acre for some of this land, from the bottom up. What are the figures? Can he tell me?

MR. ENNS: Well, Mr. Chairman, again I don't know the precise amount. Of course I know the nature of this. If it comes to selling land, then of course it's never enough; if it comes to assessing land, why it's always too much; and I think part of this problem probably is through here too.

MR. USKIW: Is it not true that the original offers were something in the neighbourhood of \$60.00 an acre; and is it not true the land values are certainly much greater being so close in proximity to Winnipeg?

MR. ENNS: Mr. Chairman, we have, I think, as good and as excellent a way of handling these matters as we have been able to devise. The citizens are permitted every avenue of appeal. The matter is of course to their discretion to take to the courts for a final judgment, and I can only say that in this democratic way of doing things that a fair and just arrangement surely can be arrived at.

MR. USKIW: Mr. Chairman, is the Minister not aware that people were forced out of this area and had to undertake tremendous expenditures to relocate and have yet not been paid for their property?

MR. ENNS: Well, Mr. Chairman, I'm just aware that until not so long ago one of my horse racing community friends who claimed that there was no money in horse racing all of a sudden found that horse racing was that lucrative that a few acres was worth \$36,000 and that the government's offer wasn't sufficient and it should be up to that, so I don't know just particularly the point the honourable member is making.

MR. FROESE: Mr. Chairman, I requested some information on the matter of Triticale. Has he nothing further to report? I noticed the amount that we are spending on multiplication of seed varieties is very little but in the matter of special research at the university, we're spending considerable amounts of money and I would like to hear something further on that.

MR. ENNS: Mr. Chairman, excuse my oversight. On the matter of Triticale wheat, I am very optimistic about its entry into the commercial sector. Dean Shebeski just a few weeks ago informed me that the trials are moving along very favourably. They have, as the member may know, arrangements in Mexico whereby they can grow double crops, that is they grow acreage there during our wintertime and then progress the genetic advancement here in Manitoba. I'm told that it's reasonable to expect that this particular variety, triticale, will be available in commercial quantities by 1970. I'm speaking off the top of my head; I can't firmly confirm this but the Dean at the University feels that this crop will be available by 1970. They've had some difficulties with the crop, although minor ones. I agree with the Honourable Member from Rhineland, the yields look exciting; the outlooks look exciting.

(MR. ENNS cont'd.) . . . . They've had fairly extensive feed tests and feed problems with them. They have a few problems to overcome with respect to palatability. The steers like the feed but not quite as much as the experts are inclined to think that they should be liking in terms of consumption. There are minor efforts being made to overcome some of the palatability problems with respect to feed, but this is moving along; the program is on schedule, I would have to say, and it's looked forward to that this would become available in commercial quantities by 1970.

MR. CAMPBELL: Mr. Chairman, I was going to ask the same question because I've been interested in this hybrid grain as well. I always hesitate to pronounce its name. My honourable friend who is now the Minister of Mines and Natural Resources gave me some instruction in it last year and I may have occasion to try, but usually I try to just refer to it as this new hybrid grain. I have read the report that is given in the Agricultural Research and Experimentation Report for the past year, and I thought it didn't quite bear out what the Honourable the Minister just said, because -- I'm reading now from Page 61: "Triticale breeding. Spring triticale. In 1967, a wide-scale cooperative yield testing program was conducted for the first time. Six advanced lines were compared to the leading varieties of wheat, oats and barley at 25 locations across Canada and in the northern United States. The best two lines equalled Manitou in yield, height and maturity, but failed to produce as well as oats, barley or the Mexican dwarf wheat variety P...k 62."

Then it goes on to some further couple of sentences and then comes this short paragraph: "The major shortcomings of the triticale in rod row tests was partial sterility, especially under drought conditions."

Then I had noticed in the Western Producer of just a month ago, a little over a month ago, a report that seemed to me to be not at all optimistic, and in the Free Press of approximately the same date, just a couple of months ago, an item from Swift Current, Saskatchewan, which says "a new cross-bred grain crop hailed as the future super crop of Western Canada has performed far below expectations, says a spokesman for the Federal Agricultural Department. In a bulletin issued this week by the Department's Research Station here, 153 miles west of Regina, D.S. McBain said triticale, a cross between rye and wheat, had been tested and found wanting," and it also goes on with some further information saying that it was grown in comparison trials with oats, barley and wheat at 16 locations. "He said that triticale failed to measure up to the other crops in yield, period of maturation, and bushel weight, and in addition he said, they have a high level of sterility resulting from genetic instability and all crops have been heavily contaminated with ergot."

Now, I am wondering; I had the opportunity of watching a field in the Portage la Prairie area through the growing season, and certainly it looked very heavy, and I notice that the pictures that are given in this Agricultural Research Bulletin certainly show the ones down in Mexico as being a mighty heavy crop, but even the one in Portage la Prairie, having the advantage of that fine soil to deal with, I think was rather disappointing in yield. Has my honourable friend any further information on the tests right here in Manitoba?

MR. ENNS: The honourable member has referred to two of the current shortcomings of this particular grain, sterility and the other one that I mentioned, some problems in palatability in terms of its feed value. I reiterate only the statements that I have from the University, that they have not in any way lost any of their confidence in this crop, in their ability to overcome these difficulties. I can refer to some -- there is extensive acreage in the Darlingford area where this crop yield is well 50 to 60 bushels. I think you have to consider the fact that we're talking about a crop that has an 18 to 19 percent protein value compared to your oats and barley of 10 to 11 or 12, and this has its implications in the feed area. I have to take at confidence the words of the Dean in this matter. He has indicated to me that a fair expansion of Manitoba grown triticale will take place this current year. They will deal with the specific problems referred to by the Honourable Member for Lakeside. The matter of sterility is one that concerns the plant geneticist at this particular time. I do think, though, that the work is progressing and it will eventually be a very worthwhile crop, a very worthwhile addition to our wide variety of crops that this province has been known for to produce.

MR. CAMPBELL: Mr. Chairman, I note from the report on Agricultural Research and Experimentation, and I am aware of course that this item that we're discussing here in the departmental estimates is not the only financial report that the University of Manitoba receives for this kind of research and experimentation, but the fact that the very beginning, what

(MR. CAMPBELL cont'd.) . . . . appears to be an introduction to this report, deals with the University of Manitoba in the international field and relates a lot of University personnel who are helping out in various ways in other parts of Canada, does that indicate that some of the sums that are voted here go for work in other countries?

MR. ENNS: Mr. Chairman, I'd probably have to take notice of that question. I feel reasonably sure that most of the specific sums that the government provides are ear-marked pretty well for the type of projects that the Department of Agriculture feels are in keeping with our relationship with the Faculty of Agriculture, that is, that they are a research arm; we make these monies available so that they can in turn respond in many different ways to the requests from our producers. On the other hand, though, I think we wouldn't want to look too sharply on this. We like to consider the University of Manitoba as being in the forefront of agricultural research. We contribute as a department, as a government, to the Canada Agricultural Research Council a yearly sum, I believe some \$7,000 or \$8,000 a year, which of course embraces these larger fields. It's quite possible that when a faculty member of the University of Manitoba who may receive some support from us is granted leave to do work in Kenya or other places of the world, that some of that money finds itself in these areas. I don't know the specific breakdown in this particular instance.

MR. CAMPBELL: My honourable friend has no report from the Agricultural Productivity Council on this matter?

MR. GUTTORMSON: Mr. Chairman, I have a matter I'd like to raise. It doesn't really come under this matter but I beg the indulgence of the Minister and the committee to raise this because I don't know where else I could raise it. The people that were flooded out by the Fairford River last year still have not been settled, not had their damages settled. I had a call tonight during our discussion, and as the Minister knows, this flooding took place a year ago and they're still concerned about not having a settlement made. Can't the Minister make some arrangement to send men up to make this settlement so we can get the matter cleared up? These people owe money for gas and other expenses they've had because of the loss they've had from the flood, and they're still waiting for their money. I feel some action should be taken and it should be settled promptly.

MR. ENNS: Well, Mr. Chairman, to the best of my knowledge these payments have been made. I'm aware, of course, that there is perhaps an area of dispute here as to the type of settlements that are being made, and of course, as is usual in this kind of a case where compensation is being paid, there may well be some people who are refusing the settlement that the province is offering because they feel in their opinion it's not just. This would be a reason for the delay. I wonder if the honourable member would indicate to me if this is the particular case. Does he infer that no cheques or no payments have been made within the area, or is he referring to the specific cases that both he and I are aware of where perhaps there's a dispute as to whether or not the settlements made cover the current, or last year's current losses, and whether there's some concern being expressed as to whether they'll cover losses that may be affected by last year's flood in the future?

MR. GUTTORMSON: Now there is an area dispute where some of them claim they want more damages than I think the government has agreed in the first instance, and also it's over the agreement that the government is asking them to sign which precludes them from applying for any damages this year on the basis of what was the flooding last year. Now I know the Minister will recall the discussions we had on this matter and a new form was drafted. Now I don't know whether the second form was ever submitted to them, or at least to all of them, but what's concerning me is that they've heard nothing from the department and I wish we'd send a man in there to negotiate so there'd be an understanding where they'd know where they stand. This gentleman that spoke to me tonight said that he hasn't seen any sign of anybody from the department for some considerable time, which I think is several weeks. Now this is the area I wish we could clear up. If we could have a man in there to negotiate, at least they would know where they stood, but not hearing from the department they don't know where they stand.

MR. ENNS: Well, Mr. Chairman, I'm prepared to take the matter under advisement. My understanding is, and I did meet with a representative group of these people in my office with the Deputy Minister and members from the Water Control who were also involved, my understanding is that a satisfactory form or release form was arrived at, and to the best of my knowledge the matter is in hand. However, if the member indicates that there's still some



(MR. ENNS cont'd.) . . . . outstanding accounts to be settled, I'll take the matter under advisement and see to it.

MR. GUTORMSON: Mr. Chairman, I'll give you the name of the gentleman who hasn't heard from the Department and he can deal with it. I'll give it to him afterwards.

MR. CHAIRMAN: Resolution 12--passed. Resolution 13 . . .

. . . Continued on next page

MR. MICHAEL KAWCHUK (Ethelbert Plains): Mr. Chairman, I would like to say a few additional words on the matter of crop insurance. It would appear that the Honourable Minister of Agriculture seems to be under the impression that the present Manitoba Crop Insurance Program in its present form seems to be quite acceptable to the farmers in Manitoba, and in particular he stated the other day that the farmers in the area west of Hamiota have been taking out crop insurance in its better form, that of the 80 percent coverage. I would like to cite to the Honourable Minister a portion from a thesis prepared by a gentleman by the name of Roger... and he has conducted a study among these farmers, and this is what he says the problem is with our present crop insurance program, and just for the record I'd like to read into it:

"The problem in this study arises from the differential in coverages by crop insurance and hail insurance, and the resulting differences in claiming for indemnities after crop damages from hail have occurred. Crop insurance in Manitoba is on an experimental basis and needs to be examined periodically as more experience is acquired in order to check the adequacy of coverage and fairness of the program. After five years of experience, sufficient data could be acquired to examine the adequacy of coverage by the Manitoba Crop Insurance Program for a specific hazard such as hail." (And that is one that we are dealing exclusively with here.)

"Hail insurance was available to farmers for a number of years and they became familiar with its policies. With crop insurance, however, unlike hail insurance, many farmers found that they would receive severe hail damages but would not be indemnified. The reason for this is that hail insurance pays indemnities on a percentage of damage basis, whereas crop insurance pays indemnities on the amount the total yield is below their total coverage. Crops may survive a hail storm to a degree that they do not qualify for crop insurance indemnities. For example, a crop damaged 20 percent by hail and yielding 20 bushels per acre would not qualify for crop insurance if the crop insurance coverage level was 14 bushels per acre. However, the same crop, insured with hail insurance for \$10.00 per acre, would receive an indemnity of \$2.00 per acre or 20 percent of the coverage.

"Another problem that arises with crop insurance is found in the method of adjustment. Where severe damages may not be indemnified adjustment for losses in the crop insurance is done by measuring the total yield after harvest and subtracting this yield from the average yield. Hail damage - unlike other hazards such as drought, which covers whole areas - are spotty; that is, a hail storm covers only a limited area and its boundaries are easily distinguished. Many cases arise where one crop of an individual farm is severely damaged by hail while another field of the same crop on the particular farm is not. The portion of the crop now damaged by hail will raise the overall average yield of the crop above the qualifying coverage level for crop insurance indemnity. For example, a farm with two separate 100-acre fields of wheat, insured with all-risk crop insurance at 14 bushels per acre, will have a total coverage of 2,800 bushels. Suppose one field is completely destroyed by hail while the other yields 30 bushels per acre, the total yield for the farm will be 3,000 bushels which is above the coverage level. In this example, the total loss is 3,000 bushels but no indemnity may be received from crop insurance. The same farm, covered with ten dollar per acre hail insurance, will receive an indemnity of \$1,000.00. In essence, therefore, the problem is one with the adequacy of coverage for hail damages by all-risk crop insurance."

And this was a survey made in the Birtle-Russell area, and this is what the study reveals is the problem with our present crop insurance program.

Similarly, in our own area, and in particular that north portion of my constituency where crop insurance was made available for the first time in the year 1967, many farmers are quite dissatisfied with the plan in its present form, and I have numerous requests that we have hail damage as a separate clause included in our crop insurance program, and if I may be permitted to continue reading some of the alternatives proposed in this study, and again for the record: "The random sample survey in the Russell and Silver Creek municipalities failed to reveal any individual farms with crop yields reduced by hail damage below the coverage level of 13.5 bushels per acre for wheat. However, the 1964 all-risk crop insurance premium rates is based on the 35-year period. The yield variability between farmers may have been caused in part by hail damage in the areas studied prior to the year 1960. The premium rates for the proposed crop hail insurance program constructed by adding the all-risk crop insurance rate and the loss cost ratio for hail damages may in effect be over-charging the farmer. The risks responsible for the variability of yields between farms are indiscernible. Therefore, the

(MR. KAWCHAK cont'd) ...portion of the premium of all-risk crop insurance that may have been the result of hail damage on individual farms cannot be discovered from the present structure of the all-risk crop insurance rates. The portion of the all-risk crop insurance premium rates attributable to the risk of hail may, however, be estimated from actual experience with an insurance program of this type.

"The Manitoba Crop Insurance Corporation has had several years of experience with an all-risk crop insurance program, and may be in a position to determine the ratio between indemnity based on losses attributable to hail damage and indemnity paid on losses due to other risks. The all-risk crop insurance premium rates may be adjusted to cover all risks except the risk hail by subtracting the percentage of all loss or indemnity attributable to hail damage. In the proposed crop hail insurance program, the added risk of separating hail coverage is expressed in the loss cost ratio mentioned previously. Thus the structure of the premium rate of Option 2 for the proposed crop hail insurance program is equal to the summation of the adjusted all-risk crop insurance rate and the loss cost ratio for hail damages. Hail rates given in Table 6 are composed of the loss cost ratio and administration expenses. Administration expenses are shared by the provincial and federal governments. Only a slight increase in expenses is assumed for the proposed crop hail insurance program since facilities exist for the present Manitoba Crop Insurance. Therefore, only the loss cost ratio for hail damages is added to the adjusted all-risk crop insurance premium rates for the total rate on the proposed crop hail insurance program. It may be determined from the average percentage administration cost included in the premium is 30 percent, leaving 70 percent of the basic hail rate to cover the indemnity paid for hail losses.

"In order to examine the feasibility of the proposed crop hail insurance program, an example used in the discussion of alternatives (1) and (2) is continued here. To calculate the premium rate for alternative (3), the adjusted rate for the all-risk portion of the insurance is assumed to be \$1.02 per acre. This rate covers losses due to all risks except the hail risk. The costs to insure the 100 acres of wheat are \$102.00 for the all-risk portion of the insurance, and \$42.00 for the hail portion. The hail rate is 70 percent of the basic six percent rate. The level of coverage in alternative (3) is \$1,687.50 for all-risk other than hail, and \$1,000 for the risk hail.

"The summary of the three alternatives considered is given in Table 9. Alternative (1) is composed of the present all-risk crop insurance and the present hail insurance. Alternative (2) is 80 percent coverage level all-risk crop insurance; while alternative (3) is the proposed crop hail insurance program." (And the 80 percent I'm referring to is now in effect.)

"The comparison of these alternatives is made to determine which alternative would give the farmer that crop protection with all risks, especially the risk hail, in consideration. The best alternative is determined for the five-year period studied in the Russell and Silver Creek municipalities. Alternative (1) permits a higher total indemnity than alternative (3) at a higher total premium. In the five-year period studied, however, the indemnity that each damaged crop qualified for, would have been the same with either alternative (1) or alternative (3). In the year 1961 damaged crops would have qualified for an indemnity from the all-risk portion of both alternatives. No hail damage was observed in the Russell and Silver Creek municipalities in that year and thus no indemnity would have been paid on the hail insurance portion of the two alternatives.

"In the years 1962 and 1964 inclusive, all crops damaged by hail did not qualify for an indemnity from the all-risk portion of the alternatives, but would have qualified for the same indemnity from the hail insurance portion of the alternatives. Therefore, it may be concluded that alternative (3) would have been better suited to the farmers' needs than alternative (1) in the Russell and Silver Creek municipalities for the time period studied.

"In circumstances other than those in the time period studied in the Russell and Silver Creek municipalities, a possibility exists where hail damage may be to the extent that a crop is totally destroyed; in such a case, alternative (1) would give a larger total indemnity than alternative (3). In view of this possibility, alternative (1) offers a better coverage if hail damage is to the extent that the average yield of the crop is brought below the coverage level of all-risk crop insurance by more than the increase in the premium of alternative (1) from that of alternative (3). This possibility may be very unlikely in the Russell and Silver Creek municipalities since cases were observed where crops were damaged by hail up to 80 percent, but failed to bring the average yield of the crops below the all-risk crop insurance coverage level.

(MR. KAWCHUK cont'd)

"Therefore, it may be concluded that the proposed crop hail insurance program is better suited to the farmers needs with the risk hail in mind than the 80 percent coverage crop insurance. A separate coverage for the hail risk under the all-risk crop insurance program is feasible from the standpoint of acceptance by the farmers in areas where the average yield of the crop is not dropped substantially below the average yield of the all-risk crop insurance for hail. An area such as this is in the Russell and Birtle municipalities of Manitoba."

Mr. Chairman, it is obvious in the study made, that this hail clause is feasible and is desirable insofar as the farmers are concerned, and I am sure, if my honourable friend the Minister of Agriculture is sincere in helping the farmers in their present cost-price squeeze, that he will do everything within his power to have this program implemented and be ready for the farmers of Manitoba to participate in in 1969. I trust and hope that the Honourable Minister of Agriculture will take this under advisement, discuss it with his colleagues, in whom he said he had great confidence and upon whom he had called on many times to help him with the agricultural policies while serving as Minister of Agriculture on a part-time basis. I know from my own experience that it is most unacceptable. In most cases what happens, the farmers take out a Manitoba Crop Insurance policy and then turn around and have to buy a hail policy from private insurance companies.

MR. ENNS: ... if I may be permitted to answer in a few sentences what the honourable member has read in great detail to us. Really, he's just pointing out the two philosophies involved in insurance: hail insurance insuring from the top down, crop insurance insuring from the bottom up; in other words, insuring the out-of-pocket expenses of the farmer. Now the question of justification is very simple: where does the government step in with a program? It steps into a program where no program exists.

Hail insurance has been with us, has been with us, and has served us reasonably well. I'm open to suggestions, as is the Manitoba Crop Insurance open to suggestions, of greater coverage, greater inclusion, but I make that one observation. This government steps into an area which did not exist - that is, all risk insurance from the bottom up; and I don't mind at all; in fact the honourable member gave me an opportunity to reiterate what I have already read into the record of this House, the fact that I as your Minister of Agriculture can today guarantee, up to a maximum every week, a farmer in Manitoba up to \$30.50 maximum yield per acre, or \$21.84 for barley, or \$20.80 for oats. It makes me very proud. I'm possibly the only Minister of Agriculture in Canada can say that for all his farm constituents, and I have this government, my former Premier and this administration and the imagination of this administration to thank for that. I recognize the input that is there with the Federal Government in the subsidization of premiums, and we subsidize the administration costs.

But, Mr. Chairman, this is the kind of program that my honourable colleague the Acting Minister of Agriculture suggested the other day, that we farmers don't necessarily want or need the grovelling handouts of subsidy programs, we want the opportunity to help ourselves, and we have no better example than this program here, successfully subscribed to by some 50 percent of our farmers to the tune of some \$34 million, which has put this province far ahead, far in the vanguard of crop insurance in this country, and I submit to the Honourable Member from Ethelbert's query as to whether or not this program should be expanded; I think it should be expanded every year in different directions, to include more crops, to readjust our upward ceilings of payment to the best actuarial experience that experience can make possible. -- (Interjection) -- Well, if that's the hail insurance policy, I know the honourable member has a resolution on this matter before the House and I'm prepared to speak to it as are other members of my Party. We'll be happy to debate that particular question as that arises. But I take this final opportunity to, first of all, not only commend the Manitoba Crop Insurance, the directors, the managers, the agents who sell this crop insurance -- it's a very real and a very realistic program that this government is offering to the farmers of Manitoba, to take away, to alleviate some of the vagaries of agriculture as brought about by drought, flood, grasshoppers, or you name it.

MR. FROESE: Mr. Chairman, I think I'll be brief... The matter of crop insurance has been discussed from year to year since it was instituted here in Manitoba, and during the first number of years we were operating in the red. However, this situation cleared up after some years, but it seems to me the actual number of farmers percentage-wise is not increasing. It is barely holding its own. When we look at the reports here we find that the number of

(MR. FROESE cont'd)...insured farmers was 12,745, and when we look at the number of insured farmers that insured wheat acreage, it was 11,780, and this seems to be very stable and it only represents about between 20 and 30 percent of the farmers in Manitoba. The rest do not take the insurance, and why not? This is the question. And when we look at the federal or the Prairie Farm Assistance Act under which Act one percent is deducted from your grain that you deliver at the elevator, if you do not have crop insurance the deduction is being made. So in any given year, when a farmer sits down before he puts in his crop, if he decides the acreage that he is going to put in wheat, whether he's going to be better off insuring with the provincial crop insurance for less costs, well he'll do so. On the other hand, if it works out the other way round that it's better, he'll take the other course.

But I think we should have a third alternative, and I am sure that the government would have some influence on the federal authorities because they had influence when they brought in the Act in the first place, and that is that we should have a privilege of the farmers writing themselves out of both programs if they so desire. Now they can write themselves out of one program but immediately they are in the other one. There's no way of escaping either one. They have to pay up and do either one, and I don't like this closed shop idea. We should have a third alternative; that is, to be free for those that want to be free in this matter.

When you look at the acreage, here again the number of acres insured in total was 1,921,000; wheat acreage, 1,303,000; and when you take a look at the flax, well there you only have 233,000 acres insured but you have a much smaller acreage of flax too, but as far as Manitoba is concerned, we have probably the largest acreage of flax of the three prairie provinces and we are the major producer of flax in Canada, therefore only a small portion too of the flax actually grown in Canada is insured.

I also would like to touch briefly on what the Honourable Member for Ethelbert Plains said in connection with hail. Many of the farmers would appreciate a clause whereby they could insure hail through the Crop Insurance Plan. I know that we have a number of insurance companies that are operating in this field and they're quite welcome to do so, and generally I do insure some acreage, and this is the case with many farmers. They will probably insure part of their crop but not necessarily all of their crop. And I am not one that will object to having hail insurance included here although I also feel that the private companies should have a chance to operate in the field as well; but, as I said, I wouldn't object to having it included if some people desire it.

But my main point is that the program as it is is not completely acceptable; otherwise we would have more people join it and participate in it. The Honourable Minister says that he can insure any crop to \$30.00 but he doesn't say that there are extra charges when it comes over and beyond, I think it's between \$20.00, \$21.00 and \$22.00 on a wheat acre; that if you want additional insurance, raise it to \$30.00, there are considerably extra charges involved and that the rate goes up very fast. I think this should be pointed out so that we're not misled in this matter.

MR. KAWCHUK: Mr. Chairman, I just wanted to reply to what the Honourable Minister made -- the remarks he made, in replying to mine, and the Honourable Member for Rhineland has already covered the fact that there are only 45 percent of the farmers in Manitoba participating in this program, and I think the Honourable Minister of Agriculture would have to agree with me that most of these policies are taken out on a partial basis. That is, they're not insuring all their crop. They're simply taking out crop insurance to circumvent contribution to the PFAA. I would like to also leave one point clear, that I have great respect, and I commend the directors of the Manitoba Crop Insurance and the agents and the justice we have throughout the province. I think they're doing a marvellous job under the limited legislation that they have to work with.

Now, insofar as the proposed changes, I would like to ask the Minister to state to me clearly: what is the stumbling block in this respect? Because I have a letter here from the Honourable the Minister of Agriculture, J. J. Greene, and he says in his last paragraph: "The changes of crop insurance legislation were made as a result of farmer representations and our desire to provide the most useful type of crop loss protection. I will be pleased if you will let me have your comments with respect to the operation of the crop insurance program from time to time, so that through the continuous efforts of farmers, farm organizations, federal and provincial governments, we can continue to improve this important service to agriculture." And I'm sure that the Honourable Minister is aware that under this sharing arrangement we

(MR. KAWCHUK cont'd)... have with the Federal Government, it would certainly be a step in the right direction insofar as the farmers of this province are concerned. You are alleviating the cost-price squeeze by providing this hail insurance in conjunction or under our present Manitoba Crop Insurance legislation whereby the farmers can have a tremendous saving by not buying through insurance policies.

MR. SHOEMAKER: Mr. Chairman, I have always maintained that too much of the premium that the farmer pays is taken up with administration costs. -- (Interjection) -- It isn't, eh? Well, according to Page 22 of the Annual Report it looks as if about 30 percent of what the farmer pays is taken up in administration, because the farmer paid last year, according to the report, \$1,756,000 of which \$505,000 - or well over a half a million dollars - was taken up in straight administration. So that's 30 percent of every dollar that the farmer pays in premiums is used up in administration. And then in addition to that, I guess, Mr. Chairman, part of the administration costs above that, above that figure, is paid by the Federal Government. Isn't it 50 percent of the administration costs? -- (Interjection) -- Pardon? Not 50 percent of the premium isn't paid by the Federal Government - 20 percent of the premium.

MR. ENNS: Twenty-five.

MR. SHOEMAKER: Twenty-five percent of the premium. Well, it doesn't cost the province any money to collect the 25 percent of the premium so you've got to attach all of your administration costs to the premium collected from the farmer. It doesn't cost a red cent to collect the premium from the Federal Government. So it looks to me as if something is out of line here. And if the administration costs could be reduced, then the rates could be reduced accordingly - the premium rates. And speaking about rates, I have been in the insurance business for about thirty years myself and I am still unable to comprehend -- I'm referring, Mr. Chairman, to Page 152 now of the Annual Report of the Department of Agriculture. Previously I was referring to the Annual Report of the Manitoba Crop Insurance, but I'm referring now to Page 152, and when my honourable friend says that he can stand up in this House as the only Minister in Canada and say that he can guarantee every farmer in Canada \$30.00 and some odd cents per acre, now having said that can he please turn to Page 152 of the Annual Report and show me how he has arrived at the \$30.00 per acre, and can he also tell me what the premium would be dollarwise on the \$30.00? It should be fairly simple if you have the formula.

Now I'm referring to risk area No. 6 because that happens to be the area in which I reside. And just use the top figure only; that is, the soil productivity rating of 90, coverage in bushels 14.5, and the premium rate \$5.25. Now do you apply that to the dollars or the bushels? That's what I want to know. And show me the premium in dollars, and then also the soil productivity rating of 10 with a coverage of 2 3/4 bushels, what the premium would be to cover the 2.75 bushels. Can you kindly do that for me? And then I'd like some explanation as to why 30 percent of the premiums paid by the farmer is used up in administration costs.

My honourable friend the Member for Ethelbert Plains has raised this point that the Manitoba Crop Insurance Program will never do the job that it was intended to do until it does afford some better kind of protection as respects hail insurance. Now one of the reasons, one of the main reasons that more farmers have not bought Manitoba Crop Insurance, is - why do you think, Mr. Chairman? Simply because in all of those areas in the province where hail is the number one peril, where it's the number one hazard, the farmers buy hail insurance and not crop insurance. That's the whole secret in a nutshell. Living at Neepawa, a great deal of the area immediately around Neepawa the hail rate is eight percent, which indicates they get hail pretty frequently there. Now, if they want to put on \$20.00 an acre of hail insurance full cover at eight percent, it costs them \$1.60 an acre, or \$160.00 for 100 acres, so it's pretty expensive coverage. But because in that area hail is the number one hazard and the farmers have to make a choice between (a) buying hail insurance; or (b) crop insurance, they'll buy hail insurance. Naturally. Because hail is the number one hazard or peril. Why wouldn't they? This is one of the reasons that the Honourable Member for Rhineland I think said 45 percent of the farmers are only buying crop insurance.

Now I still think that it would be possible to have a policy that could be offered to the farmer that would embrace full cover hail insurance and a deductible crop insurance. Maybe the farmers wouldn't buy it; maybe the premium would be so high they still wouldn't buy it; but I still say that with all the computers and the scientists and engineers that we have today, it would be possible to devise a policy that could be offered to the public. Whether they would buy it or not I don't know. That would remain to be seen.

(MR. SHOEMAKER cont'd)

And so, Mr. Chairman, I will look forward to having a word of explanation from the Minister on the points that I have just raised.

MR. USKIW: Mr. Chairman, we talk a lot these days about efficiency as being one of the answers and solutions to the problems in agriculture, one of the solutions to the cost-price squeeze, and I for the life of me, Mr. Chairman, cannot understand an administration that is professing to have this viewpoint and at the same time suggest to this House that farmers ought to be dealing with two insurance agencies to get full coverage. It just doesn't make any sense. Why should I, the farmer, or anyone else have two insurance salesmen to pay, have two insurance adjusters to pay, maintain a multiple system of insurance offices and branches? It just doesn't add up when you talk in terms of efficiency. I just don't believe that it adds up, Mr. Chairman, to have two insurance people call on my door to sell me crop insurance. What kind of efficiency are we talking about?

The Honourable Minister is quick to point out that many farmers aren't utilizing the most efficient methods in production and therefore they find themselves in difficulty. But here we have a government that is refusing to enunciate policies which in effect would give the farmers greater efficiency in the crop insurance program. I just can't rationalize this kind of approach, and I would like the Minister to stand up here today and tell us why it is that we can't broaden our crop insurance policy. What is the stumbling block? Surely he must have an answer as to why it can't be done. There must be an answer. Who is preventing him from doing it? These are the two points that I want to make, Mr. Chairman. Is there someone with a big stick who says: "If you do, look out." I'm wondering about that.

The other day we had an example in this Legislature of something like that when we dealt with The Presumption of Death Act and there were exceptions made to certain insurance companies. Is this the case this time, Mr. Chairman? I would like to know, because if it is, if this is the only stumbling block, well then I think that the Minister ought to be candid enough to tell us so, if he feels that he is encroaching on other people's territory.

Now, Mr. Speaker, with all due respect, if the Minister of Agriculture is consistent in his philosophy that farmers must become more efficient and that we must assist them in becoming more efficient, then he must take a positive stand on crop insurance. He cannot adopt an attitude of sort of "I don't care; they can resolve it themselves or we have private insurance carriers that will look after the problem for them." -- (Interjection) -- No, I am not Joe Greene at all. But, Mr. Chairman, I would hope that the Minister of Agriculture, before his estimates are through, would indicate to me and to members of this House just who it is that is applying pressure on him to prevent him from introducing amendments, or whether it is something of a nature which we can't cope with, whether he can't amend legislation for some reason or another. I would like to know. In his rebuttals to date he hasn't told us why it can't be done, and if there's a technical point here, well let's have it. I'm not sure that there is. This is all I have to say at the moment, Mr. Chairman.

MR. FROESE: Mr. Chairman, before the Minister replies I would like to get another word in. The Honourable Member for Brokenhead apparently doesn't believe in a choice. There are some countries that do not offer a choice and maybe that's what they're after. I would like to bring in one item in connection with the costs. The Honourable Member for Gladstone mentioned the high cost of operating the scheme, and surely there are ways and means of reducing the costs. One would be the matter of storage. The costs of measuring all the bins this summer that contain storage grain will be immense and large, and here is where something can be done, and I mentioned this in the House the other day. If we were not bound to quotas, if the farmers could deliver the grain, certainly the costs could be reduced, I think, by one third anyway, if not more, because this is what it's going to cost just to measure up his bins and calculate the amount of wheat stored by the farmers that carry crop insurance; and this is one thing that we should try and avoid. This is an unnecessary cost. If we didn't have these quotas we could do without it.

And I would once more suggest to the Minister to seriously think about providing inland storage so that the farmers could deliver their grain to these points, sell it, and not have to store it indefinitely. This would give them money in their pocketbooks and their hands, and they could pay their interest charges so that these would not add up as the years go by, and at the same time we, as farmers, would not have to carry this large carry-over.

But, Mr. Chairman, there is another thing that should be mentioned, and I feel that the

(MR. FROESE cont'd)... Federal Government and the Canadian Wheat Board purposely do not sell all the grain that they can sell in a given year. They want a carry-over. They want the farmers to carry over a full crop year's supply so that they can meet the obligations under these long-term agreements, and this is why even in years when we have large sales they want large carry-overs, and this is wrong. They should not put the burden on the farmer, on the Canadian farmer, to carry the costs of this carry-over and to store it. Surely we know that a car manufacturer wouldn't want to build us a year's supply of cars and store them. This is unheard of. This is not logical. Why is the farmer being made to go in with this? This is, in my opinion, very wrong and here is one area where we can reduce costs and we can reduce the costs of this crop insurance scheme in this way.

MR. USKIW: Mr. Chairman, I wonder if I might ask the Honourable Member for Rhineland what he meant when he said that I don't believe in a choice.

MR. FROESE: Well, yes. You mentioned that we shouldn't have duplication of insurance adjusters and all this; insurance agencies and so on. Well, if we want a number of companies to sell the insurance, they will all have to have their own offices and therefore you will of necessity have a duplication of these facilities. And this is one thing you objected to. So this would mean -- naturally lead to the conclusion that you only wanted one agency and therefore no competition, and this is what I drew from it.

MR. USKIW: Mr. Chairman, I didn't suggest that at all. I simply said that we ought to have a choice, either a publicly-sponsored program or a privately. We could choose either; we could choose both. There's people buying more than one insurance policy today from the private sector. There's no reason why we can't have both.

MR. CHAIRMAN: 13--passed.

MR. SHOEMAKER: . . . if my honourable friend is going to teach me how to calculate the premium and how much I get for the premium paid. I've got my pencil and paper all sharpened up here waiting for the reply.

MR. ENNS: Well, Mr. Chairman, I hate to disappoint the Honourable Member from Gladstone. I'm always happy to jump up to my feet and respond to the Honourable Member from Brokenhead. On one particular point the Member from Ethelbert Plains raised, I'd like to point out to him as I pointed out earlier, there are only some 2,000 farmers who have bought partial coverage, which refutes, I hope, should refute the claim that he has made several times in the House that Manitoba farmers buy coverage only to evade the PFA levy. Two thousand and there's some over 14,000 farmers that have purchased life insurance.

To the Honourable Member from Gladstone's query as to the administration costs, no part of the premium paid by the farmer goes to administration. This is borne -- this is the area of subsidy that the Government of Manitoba and the Government of Canada participates in.

Now if the honourable member wants to get me into an arithmetic game, I'd have to admit to him that I'm not a student of mathematics. I think earlier in the Session when I repeated these figures I qualified them somewhat by saying that they were the maximum figures available under the top soil zones at the maximum coverage, that is the 80 percent that's available. These are the actual figures. Now you deduct the premium, the cost for them \$3.00, \$4.00 per acre. The point that I was trying to make, Mr. Chairman, the point that I was trying to make, Mr. Chairman, is that we have an effective floor price with respect to our cereal crops. That's the only point that I'm trying to make and I won't -- I know that there are many, there are six, seven, eight soil zones. The actual figure varies with the different soil zones; the actual premium varies with the different soil zones, with the different crops grown, with the different coverage bought for it; but I was only trying to illustrate this particular point.

Now the Honourable Member from Brokenhead asks me for a firm, for a clear statement on hail insurance. I come back once again to the answer that I made to the Honourable Member from Ethelbert Plains. No. 1 - the government's responsibility was, it recognized its responsibility; it responded to it, when we incorporated our all-risk crop insurance program. This was an area that nobody was in, nobody was covering. It was an area that was justifiable for the government to get into and to provide this basic form of coverage. I would suggest to him that if he follows the evolution of the crop insurance program it has changed every year, and it will continue to change every year, because any program that's associated with agriculture should change every year because agriculture is changing every year. And I hope before too long we'll have his potatoes and his spuds covered under our Manitoba Crop Insurance Program, as we will be adding different crops to it, extending different kinds of



(MR. ENNS cont'd.) . . . . coverages to it and taking a real hard look at whether or not hail insurance should be covered under the program. As I indicated, this is a resolution before the House and we're certainly prepared, the members of this House are certainly prepared to discuss that matter; the point, though, being that hail insurance was available to the farmers of Manitoba whereas this all-risk wasn't.

Hail insurance employs a different philosophy towards crop insurance. It insures from the top down; all-risk insurance from the bottom up. Now you can argue this ad infinitum but I know the honourable member is familiar with the program. I won't say categorically that the Manitoba Crop Insurance Corporation won't ever get into hail insurance coverage. We are in hail insurance coverage right now to the extent that it's included in the all-risk program, and whether this should be extended is a question that we're certainly open for consideration. But with respect to the point — the central point being, though, it's an area that is now being reasonably adequately covered by the private sector and you have to seriously question whether or not: is it the aim of government to move into all those fields that are being serviced presently or is it the aim of government to step in those fields that have been left for some reason, either because of the economics of it or the other problems that the private insurers have not gone into it?

MR. USKIW: What about the duplication?

MR. ENNS: Well what about the duplication? I suggest that in certain areas the competitive features of choice are those that provide the most economic programs that we have in this country. I only close by saying that the program is one of our more successful ones. I know that certainly one member in this House, whom I like to refer to as the father of crop insurance in this province, the Honourable Member from Morris, has every reason to take pride and pleasure in seeing the development of this program as it proceeds and continues its benefits to the farmers of Manitoba.

MR. SHOEMAKER: I still have not -- I will not press for a formula for arriving at the premium. I guess what I'll have to do is write the Corporation . . .

MR. ENNS: Take out an insurance policy.

MR. SHOEMAKER: Take out an insurance policy and find out. But being both a salesman and a consumer, I generally inquire what the cost is going to be of the shoes before I buy them. Now I know some people don't but I do, and I would still like to know how much I'm going to have to pay before I sign on the dotted line.

Now, Mr. Chairman, just for one brief second I would like to get back to the relationship between the administration costs and the premiums paid by the farmer. Is it a fact that the \$505,000 shown on Page 22 as administration expenses charged to the Government of Canada and Manitoba (see Schedule (i)) is 50 percent of that figure recovered from the Government of Canada? Is it a fact that the Government of Canada, through our tax dollars, pay half of the commission paid to the insurance agents in Manitoba? Well this — it looks — it isn't. Well, what portion of the \$505,000 shown as administrative expenses is paid by the province? What's the division between the province and the Government of Canada on that figure?

MR. ENNS: Mr. Chairman, I don't have that specific information before me. My understanding is that the Government of Manitoba bears the full administration charges with the Federal Government's participation being 25 percent of the premium, which is based on the actuarial figures that experience has found necessary to charge.

MR. SHOEMAKER: . . . what it says in the report. And here's, for my honourable friend's information, the crop insurance for Manitoba. The Crop Insurance Corporation of Manitoba distributes a nice little green memo book for the farmers to write down their crop yields, etc., etc., and the blank pages that are reserved for memos is prefaced by an outline of the crop insurance plan, explaining it in some detail. And on Page 2 under the heading: "Here's How the Plan Works", farther down, "Operates on a sound basis" and then under a heading that's underlined . . .

MR. ENNS: . . . permit me to just interject for one moment. In the midst of my papers I've come across one other little bit of information and I read it to him. "The Government of Canada provides financial assistance for this insurance scheme by contributing 25 percent of the necessary premiums and 50 percent of the administrative costs. The Government of Manitoba contributes 50 percent of the administrative costs. The amount of your premium has been reduced accordingly." This is a little statement that comes at the bottom of every Manitoba Crop Insurance Corporation form that's given to the farmers when they're

(MR. ENNS cont'd.) . . . . asking for coverage. So it would appear that the administration costs are shared 50 - 50 and the Federal Government shares an additional 25 percent of the premium costs. And they do this in a form of over underwriting.

MR. SHOEMAKER: Am I to assume then, Mr. Chairman, that 50 percent of the \$505,000 shown on Page 22 of the Annual Report is recoverable from the Government of Canada? And then, if I am to assume that, then 50 percent of the agents' commissions are being paid for by the Government of Canada.

MR. ENNS: . . . premiums have been reduced accordingly.

MR. SHOEMAKER: Pardon me?

MR. ENNS: And the premiums have been reduced accordingly. That is, the premiums charged to the farmers under this plan.

MR. SHOEMAKER: But it strikes me, Mr. Chairman, that it's rather odd that the Government of Canada would be paying 50 percent of the premiums, or the commission that I would collect on from selling insurance. But I guess that that's what they're doing. But I wonder, I wonder whether or not the administration costs could be reduced if the Government of Canada would increase their contribution to the premium and say to the provinces: "We'll pay no part of the administration costs." Because I have found over the years, if somebody will pay half of my expenses I'm not half as careful with the expenses, and I suggest that it might be better for the taxpayers by and large and collectively if the Government of Canada would make a greater contribution premiumwise and say: "We'll pay no part of the administration costs."

MR. CHAIRMAN: 13--passed. Resolution 14--passed . . .

MR. MOLGAT: Mr. Chairman, on Resolution 14 there's been a good deal of discussion but I'd like to check with the Minister one specific item. Does he plan on making changes in the Agricultural Credit Corporation, removing it from its present area of coverage? In other words, the long term mortgages mainly for the purposes of either buying additional land or transferring land to a son or -- in other words the main purpose for which it has been used.

MR. ENNS: Mr. Chairman, I've answered that question several times in the House. I would have to indicate to the Honourable Leader of the Opposition in like manner that he is anticipating legislation. The House will be informed in due course of any changes that are planned with respect to the Manitoba Credit Corporation.

MR. MOLGAT: Mr. Chairman, it seems to me that while we're on the item though, it would be a much better time for the Minister to indicate what he intends to do. There are rumors all around the province now that the Minister is going to do away with the long term loans under the Farm Credit Corporation, and if he would indicate to the House at this time, we could have a discussion on the matter now, because there are some problems in the field of credit right now in agriculture. The Minister undoubtedly is as aware as any of us the problems on some of the farm improvement loans; the fact that the loan regulation is still there but at the present rate of interest that very few loans are in fact available to the farmer, and this is creating a problem in the short term field. Now it may be that this is where the Minister intends to move - I don't know. But the problem does exist.

Secondly, a problem exists at the moment in the Interlake area where the government have been encouraging under both ARDA and FRED the development of larger farms and the extension of new farms, in fact, to make the area more productive. But, as I understand it, the Agricultural Credit Corporation still considers the Interlake area as not being a desirable one in which to lend money; and so we have a conflict. On the one side the government is saying, through two agencies, ARDA and FRED, we must get the Interlake more productive; we have to get larger farms in the area; we have to make economic units for the people who are in the Interlake area in order to have them productive - they are presently, in too many cases, on small lots and not earning enough money to really carry on a proper farming operation. On the one side the government says that, but on the other side the agency which should be supplying the money to those who want to expand their operations says that we won't lend in that area because we don't consider that the productivity of the land is sufficient. Now what is the answer of the Minister?

MR. ENNS: Well, Mr. Chairman, I am sure that we will have ample time to have the very widest discussions on the matter of agricultural credit at the time that I, as I've already indicated, introduce the amendments that I've referred to, amendments that relate back to the reference made to farm credit in the Throne Speech.

MR. MOLGAT: If the Minister then won't give us what he intends to do, will he tell me what the policy is insofar as lending in the Interlake area by the Credit Corporation? Is it correct that they are most reluctant to lend in that area where on the other hand he is encouraging farmers to expand their operation?

MR. ENNS: Mr. Speaker, I'm fully aware of the particular problem in the Interlake, not necessarily restricted to the Interlake but generally to that kind of land; that is, in its raw state you might say, the present credit policies are basically land-based credit policies. You can borrow up to 65 or 80 percent of the value of the land. Some of this land in its state that the Honourable Leader of the Opposition referred to, either in the Interlake or the west lake area, is maybe worth \$7.00, \$8.00, \$10.00 an acre. Eighty percent of that isn't a great deal when you regard that it costs anywhere from \$30.00 to \$35.00 an acre to develop it. I have instructed the Credit Corporation, and they have taken this approach, to change their regulations with respect to this kind of land and making it possible for the Credit Corporation to loan upwards to 150 - 180 percent of the present value of the land; in other words, to free up more money, money that is loaned more on the potential of the developed lands in these particular areas. I'm not completely satisfied that our present orientated farm credit is really geared up to do the job in those particular situations. I know they have made a very serious attempt at meeting these specific problems, but these are some of the problems that we have within our organization, the credit being based largely on the value of the land, and as the honourable member knows full well, that in many instances we're talking about potential value of land and not real value of land that an agency can attach or put firm securities against, based on the marketability of this land in its present form. We have in the current year made efforts in this direction, as I've indicated. We've allowed, or asked the Credit Corporation to make special regulations as it relates to this kind of land, and that is the current policy as it stands right now.

MR. MOLGAT: Mr. Chairman, over and above the amount that they are prepared to lend, though, against the value of land, there's the additional problem that there is a reluctance on the part of the Credit Corporation to become involved in loans at all in that type of area, and I'm sure that if the Minister will produce figures showing where the loans have been made in relationship to the requests, that this will prove out that there are very few loans being accepted and passed through in those areas of the province which - call them marginal if you will, but which are nevertheless important areas from two standpoints. One, they are basically our cattle-producing areas. These are where the majority of our calf-cow operations presently are. There are some obviously in other areas but these are the basic, the ranching areas. This is the type of really, pretty well the only type of agriculture that can be conducted at this stage in those areas.

They are also problem areas for us from the standpoint of returns to the people living in those areas. When we speak of ARDA and the investments that ARDA are going to make, the investments of FRED, and this applies to areas, as the Minister well knows, that are not presently within the boundaries of ARDA and FRED, certainly the west lake area is identical both in economics, in topography, from every standpoint, to the Interlake area. Many of the fringe areas across the province are in the same category. Well it doesn't make any sense to be telling these people "you must change your method of operation; you have to increase your herd if you're going to be in business." And we know that that's the case. We know that today a rancher who some years ago may have been able to operate with a 50 cow herd cannot do so today. He simply bows to poverty on that sort of an operation. He has to increase but he can't do it unless he has . . .

(18 seconds recording lost at this point)

(MR. MOLGAT (continues): . . . to get involved in that kind of lending. I recognize that the risk is probably greater, but it doesn't seem to make sense to me on the one hand to be investing millions as we are prepared to do through ARDA and not give the people who want to improve themselves the possibility of doing so by having capital available to them for self-improvement.

MR. ENNS: Mr. Chairman, I recognize the shortcomings of the Credit Corporation in this particular area although they have made some particular steps to overcome them. I think the Honourable Leader of the Opposition though has put his finger on another matter, and that is the whole problem within part of these areas and why we're involved in a rural development scheme. Because in just as many instances - and I know the member knows this, the

(MR. ENNS cont'd.) . . . . Honourable Leader from the Opposition knows this - that in just as many cases it's a question of overcoming the attitude towards credit, the attitude towards credit in looking at it from the point of an investment and not merely as a debt, as an evil debt to be incurred. This is why the department, through the programs that we're engaged in, why we have laid special emphasis through our specialist staff, our livestock staff, our extension staff, and added to our extension staff to bring this very message to these people. In most instances you can't lay the fault entirely at the Credit Corporation because of a general reluctance on the part of the people involved in being fearful of looking upon farm credit or credit generally, if properly advised on and if properly managed, as an investment to their potential future and their potential prosperity.

MR. SHOEMAKER: Mr. Chairman, I noticed by the Annual Report that 155 approvals were made last year for a supplemental loan and 186 the year before, and then I believe that it records that several applications were received for a third supplement, that is they obtained one loan and the second one and then a third one. Now is it necessary when making application for a loan supplement, or a second loan, to go out again in the field and appraise the land for productivity purposes? Surely supplement loans could be made in the wintertime. In fact, Mr. Chairman, I guess the first resolution, or nearly the first resolution that I had on the Order Paper eight or nine years ago suggested that the Manitoba Agricultural Credit Corporation could easily make loans in the dead of winter when the farmer was not busy, because you have the assessment figures on all of the land, there is a relationship between the assessed value and the productivity value, and if there isn't then our whole basis of assessing is completely wrong. So I am asking my honourable friend whether or not they do extend second loans in the dead of winter, or third loans or fourth loans.

MR. ENNS: Mr. Chairman, every time I go to the bank and ask for an extension of my loan, my banker wants to know what debts my wife has incurred recently.

MR. FROESE: Mr. Chairman, when we discussed this item, the matter of crop insurance, on a previous occasion under the Minister's salary, the Minister was going to advise me in connection with second mortgages what the situation was. I hope that he has an answer. At the same time, I would like to ask him for instance if a farmer has made a loan from the Manitoba Credit Corporation and after several years has made a substantial repayment, does the Credit Corporation at that point, if the farmer requests, release some of the property that might be on the mortgage as collateral so that he can go elsewhere if he needs additional loans or would you then grant him a second loan under a second mortgage, or what is the situation.

MR. ENNS: The Credit Corporation does use its discretion in these matters. As a rule they hold the mortgages on all property but they try to use discretion in this matter and the best judgment that they can exercise.

MR. FROESE: Are second mortgages still made? Under the way the report reads it seems as though second mortgages were discontinued. Mr. Chairman, this is a question that was raised under the Minister's salary. He said he would reply to it. I would like to have a reply.

MR. ENNS: No, Mr. Chairman, as a rule second mortgages aren't made. There has been some instances under particular situations where a clear separation of property can be made, that under special circumstances some allowance has been made whereas some property in consideration for the retirement of debt can be freed up, but this is a matter of the management of the Credit Corporation. I can't really be more specific on it at this particular point.

MR. MOLGAT: With the increase that the Minister has recently put through on the interest rate, wouldn't it be fair that where a man comes in for an additional amount of money that he not be forced to pay the higher interest rate on the whole of the borrowing? After all, the Credit Corporation doesn't go in the market now to borrow the original portion that was loaned out. That portion was borrowed at the going rate by the government at the time that it made the loan. The only portion on which it pays any higher interest now is the additional loan. Now surely in view of the increase that he's put through it would be fair to give instructions to the Credit Corporation to accept additions to mortgages at the higher rate, but not put the rate across the whole of the mortgage.

MR. LYON: On the same land?

MR. MOLGAT: On different land.

MR. LYON: Oh, on different land.

MR. MOLGAT: No, this is where someone comes in and wants to buy an additional piece

(MR. MOLGAT cont'd.) . . . . of land. This is what we're encouraging people to do, but what we're telling them when they do that that we're going to force you to pay a higher rate right across the previous mortgage as well. You're simply discouraging people from proceeding with what you intended to do under the Act.

MR. LYON: Committee rise.

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

IN SESSION

MR. J. DOUGLAS WATT (Arthur): Mr. Speaker, I beg to move, seconded by the Member from Springfield, that the report of the Committee be received.

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

MR. LYON: Mr. Speaker, I beg to move, seconded by the Honourable the Provincial Treasurer, that the House do now adjourn.

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