

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Tuesday, April 8, 1969

MR. SPEAKER: Order please. The Honourable the Minister of Finance

MR. EVANS: Mr. Speaker, I beg to move, seconded by the Honourable the Attorney-General, that Mr. Speaker do now leave the Chair and the House resolve itself into a committee to consider of the supply to be granted to Her Majesty.

MR. SPEAKER presented the motion and after a voice vote declared the motion carried and the House resolved itself into a Committee of Supply with the Honourable Member for Souris-Lansdowne in the Chair.

COMMITTEE OF SUPPLY

MR. CHAIRMAN: Order. Page 4, Department III. Department of Agriculture. General Administration.

HON. J. DOUGLAS WATT (Minister of Agriculture) (Arthur): Mr. Chairman, I want to thank members of the committee for the warm round of applause and I would like to assure the members of the committee that it is not my intention to take up too much of the time of the committee with my estimates. However, I hasten to assure members of the committee that since I have managed to extract - what is it? - \$9,943,019, out of the Provincial Treasurer, that it is my intention to fight for every nickel of it, including my salary. I think I should say ladies and gentlemen, or members of the committee, that before I begin my remarks I would like to direct a few remarks to the members of my department and to say something about the dedication and the work that they have done in the interest of agriculture in this province, and particularly I should mention the work that they have done in the past five months since I came in here. In fact, I think it might be appropriate, Mr. Chairman, if I offered sympathy because I should point out that the Directors and the members of the Department of Agriculture have been conducting a crash education program with myself as the pupil. I can quite imagine the frustration that they must be in when they go home some nights after - particularly the last while trying to school me in the estimates. -- (Interjection) -- Let them speak for themselves.

While I'm talking about the department, Mr. Chairman, I would like to point out to members of the committee that we have a distinguished gentleman up in the gallery tonight; a gentleman that is known to most of you in this committee, affectionately, and well known by most of the people in the province of Manitoba. I'm referring to Dr. Bell, formerly Deputy Minister of Agriculture, who is up in the gallery with us tonight.

It is a pleasure for me to have this opportunity to introduce the estimates of the Department of Agriculture. Agriculture in this province continues to be the most important primary industry and provides an expanding base for further activity in manufacturing and the service sectors of our provincial economy, and in spite of the adverse weather conditions in 1968 the estimated growth product from agriculture in this province is approximately \$475 million. Here I would like to compliment the farmers in the province of Manitoba for facing again adverse conditions and problems which have beset agriculture throughout the years. I think I would like to further compliment the farm people in Manitoba for developing the kind of modern agriculture we have today. It is an industry which has adjusted well and rapidly to the wave of new technology which has been characteristic of the agricultural industry throughout North America.

I think I should say that we have been assisted by research and new technological advances particularly in the area of production and it has gone far beyond the research that we have done in marketing. I am sure that most of the farmers realize that they have done their share insofar as the economy in the production of this province and that we should be working towards more research, more stability in the area of marketing. As a provincial department of agriculture we have the responsibility to do everything possible within our jurisdiction and financial capacity to assist farmers in the province to improve their income position. Responsibility for agricultural matters under our constitution as you know, is split between the provincial and the federal governments and as a provincial government department of agriculture, we have therefore the added role of influencing national agricultural policy in the best interests of the farmers of this province.

You are familiar with the broad range of successful agricultural programs carried forward by this department. The soil and feed testing programs, the livestock development

(MR. WATT cont'd) . . . programs, the farm management training programs and the youth and adult education programs continue to provide a most useful service to the people of the province, particularly to agriculture.

In introducing the estimates for my department I do not intend to go into detail on the many programs which we are making available to the farmers of Manitoba. There are, however, some comments that I would like to make with regard to certain developments which are taking place. The crop insurance program since it began in 1959 has proven to be a most meaningful program in terms of providing stability to agriculture production in this province. This program is now available to farmers throughout the entire province and it is now available for a total of eleven crops. During 1968 coverage was extended to include rye, rapeseed and mustard. In 1969 coverage will be available for sunflower, field peas, and in the House yesterday I indicated that we would be going forward with a crop insurance program for potatoes. The details of this program I will make available as my estimates go on.

Further, my department through the Crop Insurance Board will in 1969 conduct a test area, that is in improved practice farming. It will provide for increased coverage to those farmers in the test area who are prepared to conform with the recommendations by the soil testing branch insofar as fertilizers are concerned, with field spraying and with the general farm improved practices considered by the department.

Earlier in the House I had announced the commencement of a new credit program in this province which is aimed to make much needed short and in-term credit more readily available to farmers in the province. Our role in this program is to induce private lending institutions to take a more active part in extending credit to farmers in Manitoba. This program is just getting under way and I am optimistic that it will do much to assist the development of the agricultural industry by providing farmers with the kind of credit that is necessary to operate under today's conditions. This credit program is a first in Canada and it's patterned along the line similar to a general program that has been used for some time in the United States and with proper direction we may expect a market expansion in the agricultural industry.

I am pleased to say that I have included sufficient funds in this year's budget to complete the third phase of expanding the facilities at the Agriculture Extension Centre at Brandon. The various courses which have been offered to the people of western Manitoba, and in fact of the entire province, have proven to be extremely successful and it is my hope that the new facilities which are now being completed will permit this program to expand to provide the kind of education programs which are so much in demand.

Among the new developments to which I would like to make reference is the development of a modern mail-in form account system. This program has been developed by both the provincial and the federal representatives and I am pleased to say the staff in my department have played a significant role in the development of this program to this stage. The system is under test with a limited number of farmers this year and it is my understanding that it will be widely available to farmers for their use beginning in 1970.

As indicated in the Speech from the Throne, I will be introducing legislation relating to resource conservation. The intent of this legislation will be to provide the measures whereby we may be able to assist municipalities who want to undertake measures to control serious soil and water erosion problems within their districts. The details of this legislation will be available at the time the bill is presented.

My department continues to be responsible for the administration of the ARDA and FRED programs in the province. As you know, most of the funds except Highways and Education for the FRED program in the Interlake are included in our estimates. Programs, however, which are supported by these funds are carried out by the representative departments which are involved in the FRED programs. As far as ARDA programs are concerned, the funds for these programs are to be found in each of the department estimates which are involved under this program.

At the present time, as called for in the federal-provincial agreement, the FRED program in the Interlake is being reviewed. This review is being done in consultation with the people of the Interlake and will lead to renegotiated agreement for the remaining period of the 10 year plan established in 1967.

Having outlined just a few of the things that our department are doing and having pointed out that it is actually in effect a service to agriculture, I think that I should mention here, Mr. Chairman, that probably one of the greatest challenges that meets the agricultural industry and

(MR. WATT cont'd) the total agricultural community of the province, is that of a co-ordinated effort between the service people, between the supply people, between the manufacturers and the processing people and the producers, and I think if ever there has been a handicap in agriculture throughout the years or if there's one that you could point your finger to as resulting in retarding our industry in the province, it is a lack of understanding between those segments of the agricultural community. And as I have been saying, Mr. Chairman, for the past five months that it has been my honour to be Minister of Agriculture, that I believe that when we succeed in drawing these different segments together that they may understand what agriculture production and processing and servicing is all about, that it will lend itself to an expansion of the agricultural industry in this province that may have never been developed in any other area in this Dominion.

I think Mr. Chairman, this will complete my remarks at the moment. I will endeavour to answer any of the questions that honourable members may possibly have to ask me during the next hour or so. If I can't answer them I think I've got some people up here that probably will have the answers for you. Thank you, Mr. Chairman.

MR. CHAIRMAN: The Honourable Member for La Verendrye.

MR. VIELFAURE: Mr. Speaker, first may I congratulate the Minister on his appointment to the Department of Agriculture. Certainly the honourable gentleman is well versed in farming, he's spent many years in this House and certainly his sincerity and his honesty will make him fit to do a good job as Minister of Agriculture and I certainly wish him the very best in his endeavours.

Mr. Speaker, it is the second year in a row that I congratulate the new Minister of Agriculture, and according to rumours, if I'm here next year, I might be doing the same again.

Mr. Speaker, Mr. Chairman, I should say, I certainly think that as the Minister said a few minutes ago, the next few years in agriculture are most challenging and certainly the Minister of Agriculture has a very difficult task ahead and a very important one. We read in different reports the changes that are to take place in agriculture. The TED Report tells us that in 1966 there were some 39,747 farm operations in this province that brought an income of a little less than \$400 million and that by 1980 this number will be reduced to somewhere around 20,000 farms with a target of \$800 million, so this is certainly a great change that is to take place.

I was interested in noting in the Country Guide a few weeks ago an article which was quoting some aims of the Department of Agriculture of the Province of Quebec and I should like to read here part of this report, and the main reason that I'm doing so I think the Province of Quebec is probably the most rural oriented province in Canada and the changes there that are going to take place are certainly similar to those in other provinces. And it says here: "Aim of the program in Mr. Vincent's words is to prevent the income of the average viable farm from falling to a point which will cause the best elements in our farm population to abandon agriculture. Mr. Vincent considers that about 36,000 of the province's 90,000 . . . farms are actually commercial operations. These and the farmers who have the potential to move into this category will be the focus of the department's program from now on. Mr. Vincent says farm people are accepting the prospect that non-viable farms must be abandoned and small ones must be enlarged. Mr. Lionel Sorel, President of the Union Catholique Des Cultivateurs which is the Farmers' Union of that province, agrees that farming should be like any other industry and that those who are not oriented to commercial production will have to go somewhere else. He says however that relocation is fine for young people but when a man gets over 50 or 55 he should be given the chance to retire early. If people are young enough to be re-oriented let them go, but if they are 50 or 55 it is cheaper to help them. In discussions of rationalization of the farming industry, Mr. Sorel favours efficiency but tempers it with humanity. Farmers have to change, but he says they should be given the change gradually."

Now my reason for quoting this report, and certainly the TED Report says something similar, is that we have to face the fact that with the changing of technology, with the changing of farm practices, certainly many of our farmers will have to change their way of life, and certainly it's not their fault if this happens and we all have a responsibility to help them in either continuing as they wish to or helping them relocate if such is the case. Because even though these changes take place, we have to have agricultural policies that will be beneficial to those farmers who will be willing to continue to change with time, but however many of them will not.

(MR. VIELFAURE cont'd)

I think, Mr. Speaker, that the greatest challenge for the Department of Agriculture for the Minister is actually to find markets for our production. I think the efficiency of the farmers in this province is something that we can be proud of; they certainly haven't lacked in production. However, to find markets for the products is a different story, and certainly this is the most important task as far as I'm concerned that the Department of Agriculture should find itself. The trend in today's market changes so fast that it is certainly impossible for the farming industry itself to cope with the knowledge of the changes that are coming, and this in my opinion is where the Department of Agriculture can really be helpful to the farm industry.

I was reading in the Canadian Business not too long ago the changes for example in wheat production taking place in Mexico, and it says here: "Whether we produce for" -- I'm sorry, I meant to read the report of the Task Force. I happen to have before me one of the working papers of the Task Force, and on Page 9 of this report -- and my reason for reading this is showing the happenings in other countries in which we have enjoyed markets in the past. "The Soviet Union is the world's largest wheat producing and consuming area, normally producing as much as Canada, the United States, Australia and Argentina combined. The important point to be noted is that a 15 percent change in Russian wheat production is equivalent to the total Canadian wheat exports." So one can see the impact that such changes can have on our exports, and certainly somebody has to take notice of what happens elsewhere, the trends that are developing, the demand for the different products that will be needed in the future, so that our farmers can find the market for their product.

However, Mr. Speaker, I'm not a pessimist. I think Manitoba is well placed for diversification; we are in the centre of the continent. We have in this province the facility of some of the world's best stockyards, packing plants, which facilities certainly make us one of the number one producers of meat, not only in this country but on the American continent. We depend a great deal on our exports, of course, but if we can translate our grain production into meat and find the necessary market outlet, I think this can mean an improvement in the economy of our province.

I would like -- the Minister mentioned a few minutes ago that the Agricultural Credit Corporation had just started its work. I would like him to give us some report as to the number of loans that have been made so far. Personally, I've had very few comments from the farmers as to how this is working with them as far as permitting them to make new borrowings. I would like the Minister to tell us how the new re-financing is done in those cases where a farmer has to make a new loan to pay off what he's got with the Farm Credit Corporation if he wants to borrow for long-term financing.

I hope the Minister will give us some idea of the new vet facilities that are to be built for this province. I feel very strong on this point. There are many demands, I'm sure, to have the facilities elsewhere, however I would strongly urge on the Minister to make sure that the main facilities are left here at the university. I think this is the logical place. The major part of the needs for the vet facilities are around the City of Winnipeg within a radius of, I would say, 50 miles. The road patterns from everywhere else in the province are towards Winnipeg; the major feed companies, the major livestock stockyards and so on are all here in Winnipeg. I think there is indeed many many reasons why it should be there, and certainly the Minister hasn't told me it would not be, however there are rumours that it could be going elsewhere. I certainly do not want to deny to other people in the province the facilities -- they should also have facilities of that kind -- however, I think the main veterinary and laboratory facilities should be in Winnipeg and I certainly ask the Minister and plead with him to make sure that this is left where it is now, but improved of course.

Mr. Chairman, another point that I found of interest is that in Manitoba here we so far have had the best income per acre in Manitoba, and I'm quoting here from Page 50 of the TED Report which says: "Manitoba has a higher value of production per acre than either of the other two prairie provinces. Gross farm income per acre in Manitoba averaged \$19.30 an acre from 1963 to 1967 compared to \$14.90 in Saskatchewan and \$14.50 in Alberta. Gross farm income for improved acre was \$29.60 for Manitoba, \$29.40 for Saskatchewan and \$26.40 for Alberta. Total net income per acre also placed Manitoba ahead of the two prairie provinces." Again my main reason for quoting these figures is that in my opinion, with the right directives from the Minister of Agriculture as far as markets are concerned, we have here all that we need to be a province that can enjoy a better economy for our farm population.

(MR. VIELFAURE cont'd)

Mr. Speaker, again on the reports of the changes that are to take place in Manitoba in farming, I think the Minister of Agriculture should indeed co-operate most closely with the Minister of Social Services and the Minister of Industry and Commerce as far as helping to rehabilitate all these people who will have to leave the farm at an earlier date than they would like to. I am one myself that has been brought up on a small farm and I know how one can enjoy this type of living. However, at this period in our history, because of technological changes, one practically has to either get a bigger holding, improve his equipment and so on, or it's just not viable. So it will certainly be a problem in many of our rural areas for these people to rehabilitate. However, I think there are possibilities of different kinds, with the co-operation of the Minister of Health and Social Services, and certainly the Minister of Industry and Commerce. Although this is not really within the Department of the Minister of Agriculture, I think that we have to have indeed a great deal of co-operation with the Department of Industry and Commerce as far as financing small businesses in rural areas. This could be brought up on the Department of Industry and Commerce, but it seems to me that it is always very difficult for small businesses, or even farmers who are getting together to start businesses that have to do with farming, to get loans from Industry and Commerce. And certainly I want to plead with the Minister of Agriculture to intervene, as far as the rural areas are concerned, to make sure that they are given the attention that they should get from these departments.

There are also areas, Mr. Speaker, in rural Manitoba where farmers have enjoyed a way of life that they do enjoy, they do like, and even though many of us - and the experts say it doesn't bring in the income that it should have - but these people in those areas enjoy it, they would be willing to continue the way they have done, and their major problem in many areas is drainage. Certainly governments today operate on a cost-benefit ratio, and I don't question that as such, however we have spent indeed a great deal of money for drainage in areas where the land is of a much higher value, and when it comes to cost-benefits and you want to do some drainage programs in those areas where land is not worth as much, it is very difficult to equate a 1 to 1 ratio. However, I think we have reached the stage in our province where we have to look more at the individual, the human being who lives in those areas, and certainly in my opinion it is the responsibility of government to provide for a special fund for special areas for special drainage programs where these people intend to continue living. I have some in my own area and I certainly think that they have been demanding and certainly deserve that the provincial government give them this kind of assistance. They are not asking for subsidies, they're just simply asking to be given the opportunity to have their land drained just as it is done in areas where the land has a greater value. This is a matter I know that is between the federal and the provincial government. It's not totally a provincial responsibility, however the initiative I think should be taken by the provincial government, especially the Department of Agriculture, to make sure that we do give these people the services that they are asking in order that they can continue to maintain a way of life that they have enjoyed, and whether we agree that they should change, whether we think they should change, if it is in their opinion that in those areas they would like to continue to farm the way they have in the past, I think we should provide them with all the facilities that are possible.

As far as markets are concerned, again I think that in most cases it is the responsibility of the federal government to find markets for many of our products. However, there again I think the provincial government, the Minister of Agriculture, should not wait for these programs to be announced but should plead with the government to try and maintain as much stability as possible. Temporary subsidies are tolerable, but efficient production is more important than production by subsidy.

I was very interested in reading the report on Agricultural Research and Experimentation. I think there is indeed a great deal of work being done in that department. I would like the Minister to tell us some of his plans for the future. I think that these experiments, when checked with actual production and consultation with the farmers in actual practise, can indeed provide us with a terrific amount of information for the future. I was pleased to see some of the projects that are mentioned on Page 79 of the annual report and I think they can provide us, through their experience and their experimentation, with a great deal of information, not only as far as production is concerned but also as far as marketing is concerned.

(MR. VIELFAURE cont'd)

So, Mr. Speaker, these are some of the remarks that I would like to make at this time, and again I would like to say that in my opinion the next few years are indeed some of the most important and some of the most challenging that any Minister of Agriculture ever has had in this province.

MR. CHAIRMAN: The Honourable Member for Brokenhead.

MR. USKIW: Mr. Chairman, I too want to congratulate the Minister on his appointment. I know that the Minister has a very large task before him and certainly I don't want to, at this point, suggest that I can expect that he's going to be in a position to solve all things overnight and that all things will be well before very long. I know that he will have problems for a long time to come in that this industry indeed is an industry that is changing very rapidly, and because of that fact and another, we have to make the necessary adjustments from time to time.

The Minister in his opening remarks this evening indicated that it is still the basic industry in Manitoba, the most important, and that it also provides for the best base for other development, namely manufacturing and industrial development generally speaking, but it is still the base in that we have a large part of our economy based on either the supply of products to the farm community or in the processing of farm products. So that almost in the total sense Manitoba's economy is oriented around agriculture and therefore we must recognize that we must make sure that the industry does flourish and that the benefits will accrue to all in the industry and that none shall be in a position found wanting in terms of their capacity to produce and in terms of the rewards for that production.

Mr. Chairman, I think that is something that has largely been overlooked over the years. We've always recognized that farmers had a great capacity to produce but were not always adequately compensated for that type of production or for their efficiency, that quite often that the increase in the efficiency of the rural people of Manitoba was not necessarily an increase to their incomes or to their standard of living but usually was siphoned off to the consuming public and the service industries built around agriculture. I think that this has been always the centre of our debates in this Chamber, Mr. Chairman, and probably in Ottawa. It's the question of who gets the benefits and who ought to get the benefit, Mr. Chairman, and I still bemoan the fact, Mr. Chairman, that it is indeed recognized that two-thirds of our producers are in a category that don't have an adequate return for a decent livelihood for themselves and their families.

Now I know that it's quite true that we can not with any kind of imaginative program solve the problems for all of the people in that category, Mr. Chairman, but I do think that for a good percentage of that two-thirds, that had we developed decent agricultural policies at the national and provincial levels over the years that we wouldn't have such a glaring situation of rural poverty in Canada today and indeed in Manitoba. I'm sure that the Minister is not going to quarrel with me on the question of how much rural poverty we have; I'm sure that he has seen and believes the statistics that became known to all of us in recent months. The Task Force and the Farm Congress in Ottawa, a very short time ago did reveal some very glaring things in terms of farm income and farm problems and I'm sure that the Minister is not going to accuse me of exaggerating that particular situation. I'm sure that all members of the House are aware, as they have been over the years, that the farm income position always remains critical. I think it's probably true that that has been said in this Chamber every year for many years back and that this year is no exception because I simply feel that we ought to remind members that we have not solved the problems that beset the industry.

Mr. Chairman, one of the main items that the Minister touched on in his remarks was the fact that production seems to be outstripping our marketing ability, that we have not dwelt sufficiently in the area of marketing research as compared with that of research geared to production, and that that is perhaps one of the reasons we find ourselves in somewhat of an income dilemma as far as the farmers of this province are concerned. Now I want to say in that connection, Mr. Chairman, and I'm sure the Minister will recall that I have been one that has always bemoaned the fact in this Chamber that we have not developed adequate marketing policies. There are two areas, Mr. Chairman in marketing development; one has to do with the foreign field and the other has to do with the domestic level. Now we recognize that where we are dealing with the export field, the foreign trade, that this is largely a matter for the Federal Government, the Government at Ottawa; but we must also recognize, Mr. Chairman, that all provincial governments have responsibility in bringing pressure to bear on the

(MR. USKIW cont'd) . . . senior governments for certain pieces of legislation or action that ought to be taken to promote the best interests of trade and indeed the export of agricultural commodities.

Mr. Chairman, when I talk about the export position of our farm commodities I want to say that I don't believe we have thoroughly explored the possibilities in that field because I recall only very recently that the firm of Hedlin and Menzies have made some remarks to the effect that Canada has lost some grain sales in the Central European area, due mainly to the fact, Mr. Chairman, that the people in that part of the world have changed their diet to some degree and that they've gone largely into a beef diet or a lot of beef or meat consumption and that they have switched from buying wheat to buying feed grains in order that they may feed their livestock to supply this new demand.

Now, Mr. Chairman, the reputable firm of Hedlin and Menzies has researched this and they have concluded that the United States has taken that market away from us and that had we been on our toes a little earlier in the game that we would have not lost the market; we may have transferred from wheat to barley or oats, but we would have not lost the export market in terms of the amount of grain shipped to Europe. This is an area that concerns me, Mr. Chairman, because we can't afford to fall behind to be on the tail end of the trail all the time in the fields of marketing. We ought to be prepared, Mr. Chairman, to see the changes appearing before us or in fact to see them coming long before they arrive so that we can properly adjust our production in line with the changes that we see coming ahead. It's in that connection, Mr. Chairman, that I think a lot could be done in the field of marketing although I recognize that it is a federal responsibility. I think that a proper marketing research team could project world needs in food, world changes in food and could project for the benefit of the producers in this country just what area of production should be increased and what should be cut back and so forth.

But we must also recognize, Mr. Chairman, that there is another side to the coin and that is mainly that we find that because of the hazards of the game, because of the fact that the weather conditions throughout the world, not only in Canada but throughout the world, quite often reflect changes in agricultural production from time to time and from one commodity to another and that we ought not always to take the viewpoint that where we have a surplus of a given commodity, if that commodity is storeable, that it indeed is an over-all surplus for all time because it's been proven to us time and again over the decade, Mr. Chairman, that for example the grain situation has been one of short supply and surplus, short supply and surplus, and that really on the over-all picture if we level it off, we would agree that we did not really have a surplus situation other than from time to time but that in fact the total production was eventually consumed and that we should not be concerned with having sometimes an overabundance of agricultural products. That, Mr. Chairman, to me represents a much healthier situation in the world than it would if we had an under supply of that commodity, and I'm looking at it from the humanitarian aspect if none other, Mr. Chairman. We ought to recognize if we have an overabundance of a given commodity at any one time that it ought not to be the sole responsibility of the producer to bear the total cost of storing that abundance, of making sure that it is ready for the market whenever the market is available. I think we must recognize that because of the high cost of production today that not very many producers are indeed capable or able, Mr. Chairman, to carry on large surpluses of any commodity for any length of time and that the nation has a responsibility in this area, and this is where we enter into the development of national policy, national guidelines for agriculture and some responsibility on the part of government. To date Mr. Chairman, we have never truly had what we might call a national farm policy and it is in this connection, Mr. Chairman, that I feel that governments both federally and provincially have failed the farm community of Canada and indeed the farm community of Manitoba.

The idea of setting up a marketing research branch of either the Department of Agriculture at the federal level or the Department of Trade and Commerce, Mr. Chairman, would be, in my opinion, a sound one, providing there was some real initiative behind this type of an idea, providing the government really wanted to do something positive in the sense of trying to direct the whole industry. The idea's a good one and I feel that the present government ought to be pushing Ottawa along this line so that the farm community across the country as a whole, covering all our commodities, would have some semblance, some idea of where they ought to be going in relation to the changing patterns throughout the entire world.

I just want to point out one more thing in that connection, Mr. Chairman, and that is that if we recall the Japanese at one time were pretty well on a strictly rice diet, a few decades

(MR. USKIW cont'd) . . . ago prior to the Second World War, but the fact of the American occupation for example changed their whole diet situation, their eating habits were completely revolutionized. Mr. Chairman, had we had the proper research done in the marketing area of agricultural products at that time we probably would have jumped in there much sooner than we did and we should be promoting specific products which we have in abundance and in surplus. If we don't have a ready market for a specific commodity, Mr. Chairman, let's promote, let's develop a market. Let's offer some incentive for people to get into the usage of commodities which we have in abundance, instead of saying, well, there is no market but some day maybe some country will want to have a need and we will be ready to ship it. We should be there to change their - maybe to even attempt to change their food habits, to talk them into it, to put on a sales program, something that the private enterprise system is very capable of doing, Mr. Chairman. This is something that we ought to be doing, so that when we know we are going to face a problem of surpluses that we tackle that problem meaningfully so that it does reflect in the over-all benefit to the agricultural producers of this country and indeed the Province of Manitoba.

The Minister went on to say that he is proposing or will introduce changes in the crop insurance legislation, Mr. Chairman. I want to say that I'm pleased to see that he is including other commodities, namely potatoes. They do represent a pretty substantial amount of production in Manitoba as I understand it today, something like 30,000 acres, and I was indeed looking forward to legislation of that type. In fact I have a resolution on the Order Paper as you may recall, Mr. Chairman, requesting that that be done. I'm very happy to see that the Minister is proceeding in that direction.

I do want to say that I am still unhappy that the Minister has not seen fit to provide extended coverage under the crop insurance program to provide for hail insurance on individual field basis, something comparable to what the private industry is providing today. And the reason I say that, Mr. Chairman, is that I don't think that because of the rural income situation that we should allow any inefficiencies in the servicing of the farm community and that it is a fact Mr. Chairman, that we cannot buy a complete package insurance policy today if we want to deal with the Manitoba Crop Insurance Corporation; we cannot get full coverage and that we do have to go to outside people, to the private industries for additional insurance protection, and it isn't necessary, Mr. Chairman. It should be possible for a farmer to decide to buy the complete package from the Crop Insurance people without having to pay the fees for the various salesmen and officers of a multiple insurance agency system that we now have. In my opinion if there's any way of cutting down the inefficiency it should be adopted and this is one particular area that we could improve for the benefit of the farmers in this province.

I am not overly pleased with the new credit legislation, Mr. Chairman, because it does not provide anything substantial. The provision as I understand it will be for the benefit of those people who cannot obtain any credit and I question the amount of activity that we're going to find in this area. I question the number of people that are going to apply for this kind of credit, and if indeed it does become meaningful at all, Mr. Chairman, I question the idea that government should provide any guarantees to the financial institutions without getting some concession in the interest rate. I think if we are going to have government backing to the private industry that is going to supply credit to our farm community, that we should have a bit of recognition from them for this, and that it should be reflected in a reduced interest rate for the people that are going to be in the business of borrowing this kind of money. So, Mr. Chairman, I have great reservations in that particular area.

The ARDA and FRED programs are still within the Department of Agriculture. In that connection, Mr. Chairman, I want to say that I am not completely happy with the way in which they have proceeded to acquire certain holdings, certain holdings in particular in the areas which have been flooded by the lakes in Manitoba and the Red River, in the sense that it isn't a complete program; it does not provide that the farmer that is going to sell to the Land Acquisition Branch under this program is going to dispose of all his holding. In many cases the amount that is purchased simply puts the farmer in a position of not having an economic unit left in which to operate and that if this is at all a meaningful program, if it's at all a program of rehabilitation, Mr. Chairman, then it ought to take the position that the farmer probably wants to relocate his whole operation, that if he has a half section of land he doesn't want to sell a quarter section, he wants to sell it all or nothing at all. That is the only way he can relocate his operation, Mr. Chairman. I feel that the government could have gone a lot further in that particular area and

(MR. USKIW cont'd) . . . provided some real solutions to those people caught in this kind of a situation.

One of the things that I want to draw to the Minister's attention is the fact that we do have the TED Report, Mr. Chairman and I didn't hear from the Minister whether or not he is going to make any recommendations on the question of the feed mill policies of the Canadian Wheat Board or the question of freight assistance on feed grains to eastern Canada and I suggest that since the TED Commission recommends that we should take another look at that, I would hope the Minister would give us some indication as to whether he is prepared at all to make a statement of what government policy is going to be with respect to that area. I hope that this report isn't going to be one of those documents, Mr. Chairman, that is simply going to be placed on the shelf to collect dust forever after, Mr. Chairman, as many reports do. I hope the government takes full recognition of some of the recommendations, and if not anything else, at least undertake some studies and some research into the feasibility of implementing some of the things that are suggested in the report.

One of the areas that I feel that the government has neglected over the last year, Mr. Chairman, and I know that I have mentioned this on a number of other occasions but I'm going to mention it again, is in the lack of recognition of its responsibility to the total community of Manitoba, and I'm talking in terms of the fact that government is not proposing to do anything to offset some of the costs that were placed on the producers of farm commodities in Manitoba as a result of the weather situation of last year; that the government has completely neglected that area; and when I say that it's a problem for the total community I say it because it's an economic one, Mr. Chairman, that it isn't only the producers that have suffered the income losses as a result of those conditions but it is indeed the whole economy of Manitoba and that the businessman in the towns and cities is going to feel the pinch, and is probably doing so today, Mr. Chairman, the same as is the producer. That we should have had some program to alleviate some of the increased costs as a result of the bad weather situations of last year and we should have provided some form of assistance to those producers of at least those commodities, Mr. Chairman, that were not insurable under last years program. There are a number of commodities, Mr. Chairman, that one can name and I'm sure I don't have to remind the Minister of that. I can appreciate his position in holding fast on the idea that where's there's an insurable crop and the farmer chose not to insure it that he took the risks, and this may be so. But, Mr. Chairman, not all producers were in that position of growing an insurable crop and where this was the case I think the government should have bent a bit and asked Ottawa perhaps to participate in some form of assistance, whether it be acreage payments or what have you to alleviate the situation that those people find themselves in now. And I suggest, Mr. Chairman, that it is not too late to do this; that these people are going to feel the pinch now, in that they have to go into a new crop year, they have to purchase new seed requirements, they have to buy their fertilizer and their fuel and so forth, that there is still time to do something about it and I would hope that the Minister would recognize that this is so and that he would announce to the House that he is prepared to do something to alleviate the situation.

The main point I want to raise with the Minister this evening, Mr. Chairman, is Manitoba's position with respect to the over-all policy development in agriculture in Canada. A very short time ago we had the National Farm Congress, we had the Federal Task Force on Agriculture convening such a conference to study the problems in agriculture across Canada and to bring together into convention people that have an interest in agriculture, whether they be producers of agricultural products or whether they be the industry that services agriculture or otherwise; and that it was a large convention, Mr. Chairman; there were many papers presented at that convention.

I want to remind the House, Mr. Chairman, that for a number of years this government has suggested to this House that they have asked the Federal Government of Canada to call a conference on agriculture for the development of a national agricultural policy. And I want to - I can't quote it, Mr. Chairman, because I don't have it before me - but I recall the former Premier, the Honourable Duff Roblin made a lot of fuss about the need for an agricultural conference and that he was really unable to do much for the farmers of Manitoba unless he could get the co-operation of the Federal Government and that he was patiently waiting, Mr. Chairman, for the Federal Government to convene such a conference, and that he was quite prepared at that time and the government was quite prepared at that time, Mr. Chairman,

(MR. USKIW cont'd) to go to that conference in earnest to try and resolve some of the problems that are besetting agriculture in Canada as a whole. This had to do with development of national marketing boards development with research policy, development with marketing policy abroad and many other problems related to agriculture. Mr. Chairman, I recall the Honourable, the former Premier of this province, state in this House that he was getting very impatient that Ottawa was not convening this conference, that it was a sad thing that Ottawa was neglecting the farmers of Manitoba and of Canada. And I want to suggest, Mr. Chairman, that in fact we did have this conference now and it was Ottawa that called it only two or three weeks ago. And my honourable friends on that side of the House, Mr. Chairman, didn't present any position papers. Mr. Chairman, I don't know to this day what position our government took at that congress. I had attempted to get some of the information from the Honourable Minister through a series of questions, Mr. Chairman, and the only thing that the Minister has indicated that his participation was, was that he was Chairman of one group or committee or something of that nature, and I thought that in his remarks this evening, Mr. Chairman, that he would indicate to us more fully just what role Manitoba played at that conference. What was the position of Manitoba to the problems of agriculture? Do we have a position, Mr. Chairman? I fail to see where the Minister has enlightened the House, Mr. Chairman, and for that I say that I have to chastize the government for, after calling for such a conference for nine or ten years, Mr. Chairman, and now having had the opportunity to do something at a conference that was convened to deal with these problems, they have failed. Mr. Chairman, I would like the Minister to tell us just what his role was and what we can expect out of that conference that was held in Ottawa about two weeks ago. Thank you.

MR. CHAIRMAN: 1(a) passed . . .

MR. WATT: Maybe I'll say a few words, Mr. Chairman. I think I should say that I appreciate the remarks of the honourable members who have spoken thus far and I just want to answer a couple of questions that were asked.

The Member for La Verendrye asked if I could give the Committee a statement insofar as the number of loans that had been made thus far by the Credit Corporation or the banks and backed by the Credit Corporation. It would be a little early to give any figure really on this. I have been around to a few of the banks and there is interest. Naturally of course the rural bank managers are not completely aware of what in total is involved here. They've been studying it. But quite a number of loans have been made and I think it would be too early to come up with any figure on it at the moment.

In respect of the construction of the agricultural service centre for diagnostic veterinary lab and feed testing and soil testing, I'm quite aware that there are quite a few members impatient, quite a few people in the province, to find out exactly where this lab is going to be built and I'm quite aware of course, that there is a wide difference of opinion right within this Committee where it should be built. There's a considerably wide area of opinion as to where it should be built of people outside of the committee. I just want to point this out to members of the committee that in moving to construct this service centre it's an important move insofar as agriculture is concerned, it's not something that we're building for today or for tomorrow or for next week, but it's something that will be here for the next 50 years or beyond that, it's a service area that will play an important part in the agricultural industry in the province and I think that it's something that warrants considerable thought before decision is made, but I can assure my honourable friend that soon I'll have the answer for him, if that helps any.

The Member for La Verendrye of course has mentioned drainage down in his area and I think I should point out to the honourable member that actually we have been doing a lot of draining throughout this province. We have been stalling water conservation until such time as we could get a least over the hump insofar as drainage is concerned. I believe that considerable work has been done down in his area, areas that he's referring to, and I believe there still is work there to be done. We are progressing with this and we are moving now towards water conservation in other areas of the province where they haven't probably got a drainage problem but are badly in need of water conservation.

The Member for Brokenhead in his remarks has asked for the answers to a few things here. Cost, I believe, of drying grain which has been discussed in the House. I want to point out to the honourable member that insofar as the cost of grain drying is concerned I haven't been approached by a single farmer in the province who has indicated to me that he felt that he needed or should get assistance, financially, to dry his grain. And at this point, Mr.

(MR. WATT cont'd) Chairman, I think that we're getting pretty well on in the grain drying. As far as Manitoba is concerned I think that I could stick my neck out and say that I doubt if we will lose very much grain, if any, through the lack of drying. And I think that this probably applies up in the constituency of Ethelbert Plains that we've heard considerable about during the session.

The Honourable Member for Brokenhead has gone to quite a length to chastize me in my position or lack of position insofar as the Congress in Ottawa is concerned. I would like to point out to him that I'm quite aware of the fact that the former Premier of this province, and the former Minister of Agriculture, George Hutton, did promote and ask for and agitate for and press for such a Congress to be brought about. Subsequently a Task Force was appointed to study agriculture in the provinces, to study the possibility of setting up a national policy. That Task Force work has not been completed, they have presented position papers at the Congress in Ottawa a few weeks ago. There were some official papers presented at that time but by and large the Congress was called to discuss the position papers as presented by the Task Force, and most of the work that was done at that congress was actually in groups in workshops, which representatives from my department attended all workshops. There will be further meetings held. The Federal Minister of Agriculture at the outset of the meeting proposed that we having considered the work in the workshops and the position papers presented by the Task Force, that a meeting would be called later this spring, probably some time later in May. A meeting that would be attended by the Ministers of Agriculture from all provinces and their Deputy Ministers, at which time we would propose to present a position paper to the Minister of Agriculture in Ottawa. And from there we would go to the June convention, the annual convention of Ministers and Deputy Ministers, and the position papers would be further considered there in the light of the reports thus far from the Task Force. I think probably that official papers that were presented by the other provinces were ad hoc actually, that had not that much meaning insofar as a national agricultural policy was concerned. I don't think that a Congress of this type at it's first meeting would expect that there actually would be definite results that would give us any direction in where we might be going, but I think that we can look forward to the meetings that will take place in the future as a result of the opening meeting of the Agricultural Congress in Ottawa, that it will bear fruit as far as national policy is concerned.

..... Continued on next page

MR. CHAIRMAN: The Honourable Member from Rhineland.

MR. FROESE: Mr. Chairman, I wish to congratulate the Minister on his appointment and on his bringing in the estimates of the agricultural department his first year, and I do hope he will do a job and that the industry will be more successful in the coming years, because we see a number of clouds on the horizon and the farmers are experiencing difficulty in many fields.

I do not propose to go over the whole waterfront because many of the things have already been said on past occasions in connection with agriculture, but still I feel that it is essential that we discuss certain matters probably in greater detail and also discuss matters that we feel are urgent and that this government can tackle. I listened with interest to what the Honourable Member for — Springfield is it? — Brokenhead said. I was detained earlier in the evening and I missed the Honourable Minister's remarks, however I will read up on them in Hansard so that I'll know what he did say on introducing the estimates as such.

Last year this House passed a new Bill, namely the Agricultural Credit and Development Act, and the old bill was repealed, the Manitoba Credit Corporation. We now have this other Bill in its place and I feel we made a very bad trade. I feel that we were much better off with the former corporation than with the new one, at least by the way it looks at the present time. We are now limited to one source as far as credit is concerned for the young farmer to get established, to buy a farm, and also for older farmers to acquire additional land. They now have to go to the federal agency for assistance, and if they do not meet the requirements they have no other place to turn to. Before, we had the provincial organization and you had credit unions which would carry them temporarily, and in the meantime they were able to work out a long-term program whereby they could then proceed and make arrangements and later on provide long-term financing. This is now a very limited source when you're tied down to one source, and at the same time it has become much more costly.

Under the provincial plan, young farmers could receive loans at very reasonable costs, in fact they were subsidized to a certain extent. This is all by the boards now. In its place we now have this new credit and development Act and I feel that probably very few farmers will take advantage of it because of the restrictions that are tied in with it. We now know that if a farmer goes to the bank and wants to borrow money under this Act that he will have to get all his requirements, credit requirements from that very bank that he will be dealing with. He will no longer be allowed to go to another financial loan institution for help. He has to have all his apples in one place, and I don't think this is quite fair when you tie a man down to one single source of credit, because the Manager of that institution might not look too favourably on the individual's case and thereby he might be restricted.

Then too, it will be more or less on the short term credit only; the long term credit is no longer there from the provincial source. Also, the lower interest is gone so that we now have this other one in its place and it doesn't nearly meet the requirements and the privileges that were obtainable under the former ones. Then, too, I find that the farmer who wants to borrow under this Act has a lot of forms to file, and this thing in itself will deter many farmers from using this type of credit unless they're in such a dire need that they just have to get it from that source.

Then too, interest rates are very high. I tend to agree with the Honourable Member from Brokenhead that certainly we should have tried to make a deal. If you're going to guarantee losses under this Act, which means that they will guarantee 10 percent of the aggregate amount of loans outstanding, never in the history have the banks collected that much under the federal program, so that we're really guaranteeing all losses that the banks will have under this program. And yet, what are we getting for it? I think we should be bargaining for a better deal and get a lower rate of interest for the farmers of this province under this legislation.

Then too, has the Government of Manitoba ever contacted the federal authorities in connection with obtaining funds from the Bank of Canada? Here again I feel that why cannot the provincial governments have access to the Bank of Canada? This source should certainly be made available to the provincial governments through their legislation. Certainly this could be put to much greater use and to much greater advantage. I certainly will fall off on this; I'm not satisfied with what we're doing in this program and I think there's room for a lot of improvement and that improvement should be made.

As far as the ARDA and the FRED programs, here too I would like to hear from the Minister as to what this year's program entails. What is being planned for this particular year?

(MR. FROESE Cont'd.).... What are we going to do there? What improvements will be made? Are they of a nature that progress will be able to continue after the money is spent? After this whole program that we've embarked on is completed, will further progress continue? Is this of such a nature that by that time progress will be assured for the Interlake, because we're spending a lot of money in the Interlake area, money that is being provided by the taxpayers of Canada to the federal government and it should be spent wisely.

Then too, I feel that we're spending a lot of money up north, as far as Manitoba is concerned, and we're spending very little in the south. I think this is wrong. I feel that we should be spending more money in the south because that's where more of the money is coming from, and surely enough we should have better services and more services in the south.

Crop insurance has already been mentioned and I'm just wondering whether this year the corporation will not be insuring much less under its program because of the tight money situation. Farmers find it difficult to meet their bills, and if they have not experienced any losses over the past number of years I think many of them will think twice before they do insure and that we could probably see that we will have less people subscribing to crop insurance in the coming year. I don't recall getting a report. Has the report been tabled - the Crop Insurance Report? I think in other years we've been getting a separate report from this corporation as to their experience during the past year. I recall when it was first implemented, the second year of its operation we had very severe losses and it took us - what was it? - four or five years to recuperate from those losses. We were in the black and I think it hit us again. What is the situation today as far as last year's operation? Are we in the black or are we in the red again? - (Interjection) - Pardon? Pink? I wonder to what category the pink belongs in this case? - (Interjection) - They're blushing eh?

I note that the government intends to add some further crops under this program and that potatoes is going to be one of the crops. Is buckwheat to come under this plan too? Will farmers be able to insure for their buckwheat crop under this program this coming year, because I feel that this is one crop where we need insurance because it is subject to frost, and you just need a very very light frost and your whole crop is gone, is shot. Therefore, I feel that this is one crop where we need the insurance, because in a year like this many farmers will go into buckwheat because of other crops being in surplus situation, that they will turn to other crops in order to get the cash and buckwheat has been one crop that did do fairly well last year. It didn't do so good the previous year, but this is one crop that is very susceptible or subject to frost, because in normal years you seed it late, you seed it late because you get better yields if you do seed late, and therefore you have this hazard. If the government is not proposing to insure this particular crop this year, I feel that they certainly should give consideration to bringing it in next year, but I feel it should be brought in this year.

Another matter is the Vegetable Marketing Commission, and I didn't have all my notes with me. I intend to go into this matter much more fully in another opportunity that I expect will be granted later on in the estimates. But on this new commission, how was the sale made and how was the commission re-established? Were all the assets just transferred from one corporation to the other, and was the matter of investment that this government had in the previous commission, was this a factor in re-establishing the new one? Was pressure put on because of this investment that the new commission was established, because we know that at last year's session that a report was made that a plebiscite had been held and the growers did not vote favourably as far as the government was concerned because it set up certain stipulations and these were not met. Therefore, I would like to hear an explanation from the Minister on this. How come they decided against what they had previously set up and voted on and now just shoved it aside and went ahead and established a marketing board? I will certainly have further remarks in connection with that particular subject.

One further matter, and I touched on it I think at the time of the Throne Speech debate, and this has to do with licensing of varieties of seed and grain and the various agricultural crops. The way it is handled now, I think that the practice has been that the federal authorities licence any new varieties. Why cannot the provincial government licence some of these crops on their own, because certainly at various times you will have certain varieties being bred and they will be superior in Manitoba. They might not be as good in other provinces or other locations but they perform very good in Manitoba. Why cannot we go ahead and proceed and licence them ourselves? Why can we not establish a licensing agency in Manitoba? I think this is essential. I think we should have control over this matter provincially. I don't think we should

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(MR. FROESE Cont'd.)... let the federal authorities have complete jurisdiction in this field. I feel that we should have more to say on this matter. Last year we spent - what was it? - \$15,575 under seed variety multiplication, testing and special crop trials; this year it's up \$125,000. This is I feel a very niggardly amount for the total production of crops in Manitoba in the amount that we are spending under this item, and when I said before that we're spending a lot of money up north and very little down south, this is the one thing I referred to, that we should have more research and more work done in this area. We should spend more money in this way so that we could develop new and more special crops.

I attended the Manitoba Agronomists Conference - no, not the Agronomists Conference - a certain Agricultural Conference at the University one day earlier this year, and at that meeting various varieties were discussed and any new varieties being licensed, but then I looked at the table and I saw that we're now down to one variety of Durum for Manitoba. Mr. Chairman, this is very poor indeed. We go across the line and you have three or more varieties of Durum grown across the line in North Dakota, and very good varieties. They sell their Durum to a lot of different countries and it's acceptable to them, yet we will not recognize those varieties in Manitoba. Why not? Why cannot our farmers seed the same varieties that they use, and certainly when we're down to one variety and the Stewart 63 is not performing well at all. I've grown it; many farmers in our area have grown it and the yield is disappointing. The yields of the varieties grown in North Dakota are much better and why cannot we accept them? This is why I feel that we need our own provincial licensing agency so that these varieties could be brought in and could be produced here in Manitoba, because we're letting a market go by the boards, that of Durum wheat, just because we do not have the proper varieties to grow in Manitoba. This is a market that has been established, we've been able to deliver Durum all these years, and now we're down to one single variety as far as growing Durum in Manitoba. This is a shame and we should definitely make improvements along this line. I feel that we should recognize the varieties being used across the line and have them brought in.

I took another look at another crop, and that is rye. The only rye mentioned here is a fall rye and no spring rye is mentioned. Mr. Chairman, we have a very good variety of spring rye in my opinion but there's no seed around. There was one farmer that had an ad in the Manitoba Co-operator two weeks ago and he was flooded with requests. He was the only producer apparently that had any seed of the spring rye "Prolific", and when farmers called him he'd already sold out; he had a very limited amount. We're establishing industries in Manitoba who will need this product, who want this product, and we're unable to produce it because the shortage - or no seed available. I think surely enough if these companies are coming in, these breweries are coming in, that we should have been on the alert two years ago in making sure that adequate seed supplies would be on hand for the farmers to produce this crop, because here we are over-producing in other areas, the farmers are looking for a grain to grow, and this is one that there is a need for and now we can't even grow it. This is also a shame, in my opinion, that we haven't got a spring rye in Manitoba - not available. The spring rye "Prolific" is a good variety, it produces well, but there are no stocks. Why wasn't something done? Why weren't our people in the department who are responsible for this, see to it that the seed would be there. Surely enough they must have known when these industries were brought in that requirements of seed would be necessary and essential.

I will have other matters to dwell on a little later, but I would briefly like to mention credit unions. Credit unions are under the Department of Agriculture and the total amount that we are going to spend is \$159,106 during the coming year, and of this amount \$20,000 is going to the Manitoba Marketing Board, so that the actual amount spent on credit unions will certainly not be very large. I recall when the government took over the matter of auditing credit unions some years ago, and then later on also bringing in legislation whereby certain credit unions of a larger size, if they took on independent auditors, chartered accountant audits, that they would then be relieved by 50 percent of their fees. How many credit unions do we have today that are having outside audits and that are now just paying half the normal fee? I think this would be interesting to know, because I have in years gone by repeatedly asked for a chartered accountant to head the auditing branch. I don't feel that I will again be dwelling on that point so much because I think it's self-explanatory that this should be a must.

However, I would be interested in some other matters and that is will we be having legislation brought in amending the Credit Union Act as far as increasing the rate of interest that may be paid on share capital? Right now we're limited to six percent, and this is a very

(MR. FROESE Cont'd.)... severe restriction due to the fact that other financial institutions are not restricted in the amount that they may pay, yet the credit unions are and this really puts them at a disadvantage. Then too, what has happened in recent years because of this restriction, many of the - well I shouldn't say many - but I know of a certain number of credit unions that will advise their members to transfer their shares to deposits in order that they can escape this restriction, because there are no restrictions on the amount that you can pay in deposits. But it weakens the structure of the organization, and in my opinion it weakens its borrowing powers, because when you reduce your share capital of an organization and put it in deposits, this means that the organization is subject to greater demands, deposits can be withdrawn any time whereas you have some control over share capital. Therefore, we have seen switches, almost 90 percent in a certain credit union, going over from share capital to deposits. Mr. Chairman, this is very bad in my opinion. This should not happen. This should not be caused to happen like we're causing it now because of the restrictions that we have in our Act.

Then too, I feel that credit unions should be allowed to declare a dividend interest twice annually, that they need not wait till the end of the year before declaring a dividend. As it is now, you can only declare a dividend after the year is ended and you have had your annual meeting, and the annual meeting decides on this. I feel that the Act should provide that we could declare dividend on share capital at least twice annually. This would probably have an effect on the reserves, because you're also required to set aside 20 percent of your net earnings to your statutory reserves, and this is giving you quite healthy reserves in many of our unions at the present time. I'm not so sure that you need all of this and that you could get by by declaring a dividend at, let's say, every six months, and then you would just be setting half the amount into reserves than you normally would.

I attended the conference or the annual meeting of the Credit Society just recently as well as the Credit Union League, and the Director of Credit Union Services reported to these meetings. He reported a number of new ideas that they were considering. I hope to raise them later on when we discuss the estimates in greater detail and bring some of these points forward. I certainly take exception to the matter of interest accrual and so on, because this has brought some of the unions into trouble over the years and I think this is something that we should avoid at all expense, or at all possibilities.

Mr. Chairman, I will have more things to say, but for the time being I think I'll wait for some answers.

MR. CHAIRMAN: The Honourable Member for Gladstone.

MR. SHOEMAKER: Mr. Chairman, I would like to take this opportunity of congratulating my honourable friend on his appointment to what we consider to be the most important post in the Cabinet, because I think every politician past and present and future will - in Manitoba that is - will argue that agriculture is the backbone of our economy. I know the former Premier used to say this on many occasions and I think this is one of the areas on which there was some agreement.

Now I listened quite carefully to try and find out what my honourable friend's philosophy was in respect to what we farmers call the family farm, and you will recall that Mr. Hutton always predicted that the family farm was here to stay and that the field factories and the corporate farms were not in his books. Now I would certainly like to hear what my honourable friend has to say in this regard. Does he believe that the field factory or the corporate farms are a threat to the family farms and if not, then we should have some explanation.

In United States it is quite evident that they see the corporate farm as a real threat, and down there apparently they are implementing certain legislation to curtail the expansion of the corporation farm. Now I don't know the form that it is taking but there's no question about it, they are working towards this end. I have before me a very recent article headed: "American Farm Groups Trying to Stop the Growth of Corporate Farms." According to the TED Report, our farm numbers are going to diminish by at least - by at least one-third by 1980. Now this does not necessarily mean that we will have more corporate farms, but it may mean that the farm units will become more economically sound. I would like to hear what my honourable friend has to say in this whole area.

Mr. Chairman, I think it was the Honourable Member for Brokenhead that had something to say about crop insurance - well indeed other members did as well - but you will recall that for the last five or six years, in spite of my occupation being the insurance industry,

(MR. SHOEMAKER Cont'd.).... I still say that the Manitoba Crop Insurance program will never do the job that it was intended to do until it provides hail coverage on an individual farm basis. You will recall, Mr. Chairman, that I have been saying this for years. I recall when one or two of the members on the other side - and I think you, Mr. Chairman, probably said that that would put me out of business. If you didn't say that one of the other members did, and I said, well that was my business and I thought that I -- I still think that I can get along without the hail insurance business if it means a better deal for the backbone of our economy. And I don't see it as being a very difficult thing to do. I can't see it as being a very difficult thing to do. True, it may be necessary to offer two types of contracts to the farmers, one offering hail coverage at a slight - slight increased premium; and the other type of contract as it presently covers the perils that are embodied in the program. So I would certainly like to hear what my honourable friend has to say in this regard.

Mr. Chairman, we have not yet reached my resolution in respect to the tax rebate on granaries and maybe we won't reach it the way we spent all afternoon today on one resolution, and since we -- (Interjection) -- Yes, it was a good resolution - good resolution - it didn't pass but it was a good resolution. But if we're only going to pass one resolution a day and we had two private members days a week, they may never get to mine. But I think, Mr. Chairman, that you have some particular views on this whole field of tax rebate on granaries too, because I understand, Mr. Chairman, that you built one of these multi-purpose buildings this year and you're quite anxious to know the outcome of this resolution that I have before me. Now I appreciate that you're not in a position at the moment to speak, but when we get to the resolution I expect that you will make a very healthy contribution to that resolution. And I also expect that my honourable friend the Minister of Agriculture, who pretends to be the champion of the farmer, will get up and vote in the affirmative on this one. I think it is completely wrong to tell a farmer that he has to, or must build a portable granary in order to qualify for a tax rebate. Why should anybody tell me what kind of a bin that I'm going to build to store my own grain in. It think it's absolutely ridiculous, however I will have an opportunity, I hope, to make further comments on this at a later date.

Now, Mr. Chairman, we have spent considerable time in the last two or three weeks I guess, or probably longer than that, on this whole area and field of fertilizer. You will recall yesterday -- (Interjection) -- We're knee deep in it, Mr. Chairman - knee deep in it - but while we may have shovelled a lot of it around, we have not yet settled the issue. My honourable friend yesterday, when I asked him on the Orders of the Day whether he was aware of the fact that it was now possible for Manitoba farmers to buy fertilizer from a dealer in the States and pick it up in Brandon, he said that he thought that that was good. Well it's good to the extent perhaps that it's possible to do that, but to me the whole principle is wrong. I mean, why should I be able to make a purchase from a dealer across the line and pick up a product in Brandon for three-quarters of the price that I have to pay to my next door neighbour who is a dealer in Manitoba? It just seems to me to be wrong.

My honourable friend the Member for Portage la Prairie, who raised this issue as a grievance motion the other day, what he was saying was this, that in consideration of the fact that the Brandon plant - and happy we are to have the Brandon plant - but in consideration of the fact that \$5 million of the taxpayers' money was given to the plant - and without any strings attached, it was an outright gift of the taxpayers' money - a further 28 million or something like that borrowed from the Manitoba Development Fund to make a total of 33 million the total cost of the plant, but in consideration of that contribution by the taxpayers of the province, we had hoped that benefits would accrue to the farmers of Manitoba. Now it could be argued perhaps that the farmers, by virtue of the fact that it's a very very competitive business at the moment, that is the whole industry of fertilizer, that the farmers are getting a good deal. But they're not getting as good a deal apparently as the farmers across the line, and I'd like to have my honourable friend elaborate on this particular point. I realize that when we were discussing this matter before the Orders of the Day it was most difficult and nearly impossible for my honourable friend to answer to the extent that he can at the moment, and we look forward to having him comment on this particular subject.

I believe it was the Honourable Member for Rhineland who questioned the assets and liability of the Manitoba Agricultural Credit Corporation. Now it may be contained in the annual report but I don't think it is, because the annual report that we have - and incidentally if the Honourable Member for Rhineland believed that we didn't have one, well I have one dated

(MR. SHOEMAKER Cont'd.).... March 31, 1968, and I suppose that's the last one that's available - but I don't think that it does contain the information that my honourable friend was asking for, and that is what position is the corporation in at the moment, what financial position are they in; have we lost any money on its operations and so on. These are questions that I think need to be answered.

Now in another area similar in nature to the price differential in fertilizer is the question of tractors being imported from Great Britain. What is the story on that? Is it possible to buy tractors from Britain for two or three thousand dollars less than you can obtain them for on the Canadian market, or is it all newspaper propaganda? I would like to have my honourable friend comment on that. -- (Interjection) -- Yes, my honourable friend for Turtle Mountain wants to know how the blueberries are getting along, and I notice in the ARDA year book there's a small report on Blueberry Research Project. What page? It's not even numbered here. I don't know whether they grew enough last year to make a good blueberry pie or not, but it's in the middle of this book here. Mr. Hutton used to tell us about the strawberry experiment down in - next door to the blueberry patch. I would like to hear how both of these projects are getting along.

Mr. Chairman, I'm sure that the Honourable Minister will recollect some correspondence that he and I had back about November in respect to land clearing, and while I could comprehend his two-page answer to me -- this letter is actually from A. A. Watkins, Chief, Land Clearing Section -- while I could comprehend the import of it, I was certainly not satisfied with the content of it. -- (Interjection) -- Pardon? Well, it is simply this, and no doubt my honourable friend the Member for Ethelbert Plains has run into the same situation, but last year, and I suppose again this year, certain federal money was made available for land clearing by the farmers, I think to the extent of \$4.00 per acre. The Westlake Land Clearing Assistance policy is a five-year program to provide incentive grants at a rate of \$4.00 per acre to farmers developing new land in the Westlake project area. Now this particular farmer came in and made application on November the 14th last to clear 100 acres of land, and to hopefully get a \$400 grant to assist him in clearing the land. Well, briefly, they told him he was out of luck for this year. So then I requested that the inspector go out, inspect the land, approve the application so that it could qualify for the '69 grants. They said it can't be done. Well, he wants to do the land clearing, or he did want to do the land clearing in December, because he thinks, and most farmers I think will agree with him, that the best time to clear land is when there's frost in the ground and they shave the trees off right at the ground level, but they wouldn't do that for him.

Now it seems to me there's something drastically wrong with a program of this kind if it does not meet the needs of the farmer, and I would like to have my honourable friend comment on that and inform the House the extent to which the program will be enlarged for 1969. It's apparent from this letter that the 1968 quota was limited to 12,000 acres and that the quota was filled up early in the year. Well why -- (Interjection) -- I can't hear what my honourable friend, ...

MR. ENNS: It was a successful program.

MR. SHOEMAKER: It was a successful program. It was too successful. Well, then if it was too successful, let's double it for '69 or triple it if necessary. That's all I'm saying. Triple the quota and triple the amount of assistance to about \$12.00 an acre and let's pay more than lip service to the depressed farmer. And you only have to read the Target Report to tell the House the extent to which we farmers are depressed. No need to take our word for it, it's all in here. It's in the book.

Mr. Chairman, I believe that you will want to move, or someone will, that the committee rise, so in consideration of the time of day -- (Interjection) -- Carry on for another couple of minutes? I'm getting lots of advice to my right and left here. Mr. Chairman, I look forward with great interest to comments that my honourable friend the Minister may have on all these various subject matters that I have raised, and don't let us get by his salary tonight.

MR. LYON: Committee rise.

MR. CHAIRMAN: Committee rise and report. Call in the Speaker. Mr. Speaker, the Committee of Supply wish to report progress and ask leave to sit again.

April 8, 1969

IN SESSION

MR. M. E. McKELLAR (Souris-Lansdowne): Mr. Speaker, I beg to move, seconded by the Honourable Member for Winnipeg Centre 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 Minister of Finance, 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 o'clock, Wednesday afternoon.