

THE LEGISLATIVE ASSEMBLY OF MANITOBA
Tuesday, 8:00 o'clock, April 9th, 1963.

MR. CHAIRMAN: Item 10 -- passed.

MR. SHOEMAKER: Mr. Chairman, I made the accusation the other night that it appeared to me from the reading of the Annual Report of the Manitoba Crop Insurance Corporation that over 50 percent of the premiums paid by the farmers was required for the operating expenses of the corporation. I'm referring to Schedule 1. I would like to know whether I am correct in my assumption in that regard.

MR. HUTTON: Mr. Chairman, I suppose going by the Annual Report covering the operation in the year 1961-62 that the honourable member is right as he states it, that the administration charges were 50 percent of the premiums paid by the farmers. However, that situation changed somewhat in 1962-63 when the program grew and the farmers' contribution grew. As a matter of fact even on that basis, even on the basis that the Honourable Member for Neepawa wishes to assess the efficiency of the corporation, with \$684,000 paid in by the farmers by way of premiums, the figure that he has given for the cost of operation -- or administration costs, represents a little better than a third rather than the half that he speaks of.

While I'm on my feet, Mr. Chairman, I think I ought to say a word about the comments of the Honourable the Leader of the Opposition. I'm amazed that a man who holds himself forth to be an alternative premier -- or an alternative premier of Manitoba -- should be so naive as to suggest that Manitoba should go ahead and extend crop insurance across Manitoba at a time when we are bargaining with the Federal Government. I think that even he should be able to appreciate that if we were going to put any pressure on the Federal Government we had to withhold our crop insurance from the farmers in Manitoba if we were to lend any substance to the arguments that we used, that it was impossible for the province or any province to extend crop insurance to all the farmers that were in their jurisdiction.

I have never, and neither has any member of this government, ever permitted the Federal Government to hide behind the skirts of Manitoba's government. There was a time when other administrations did this sort of thing but we don't do that sort of thing here in Manitoba. We're elected to represent Manitoba and if we are going to put pressure on the Federal Government to extend crop insurance, it didn't follow that we should extend crop insurance on the financial resources of Manitoba. So maybe there was a little horse-trading in the remarks of the Minister of Agriculture to the public when he said we would not extend crop insurance; we wouldn't go any further. I admit saying it but, after all, sometimes one has to take certain stands if one is to represent the best interests of this province. I felt then and I still feel that Manitoba should not rush ahead with this program and take the onus off the Federal Government to make crop insurance available within a short time to all the farmers in this province and indeed in all the provinces of Canada.

I don't think there's any inconsistency in what I've said on this subject and what the Premier of Manitoba has said on this subject. We now have extended crop insurance to 30 percent of the farmers in Manitoba. The response of these farmers to crop insurance is gratifying. Last year almost 50 percent of the farmers who had the opportunity to insure availed themselves of this protection. It appears from the cancellations that took place this year that we're going to hold the majority of the farmers who insured with us a year ago and maybe add a little bit to it. Reports coming in from the new district that has been established indicates that even from this area, which is usually termed to be a pretty sure crop area in Manitoba, that the farmers are responding well to this program. We have indicated that if the Federal Government would underwrite, according to Manitoba's proposal, that we were prepared to extend crop insurance to all of the farmers in Manitoba in the next three years.

We have indicated that if we must go it alone then it's going to take a good deal longer, but Manitoba has been so far ahead of any other province in Canada on crop insurance in terms of experimentation and in terms of demonstration that it fell to Manitoba to echo a clarion cry to the other provinces at the Outlook Conference that they should take note of the facts that we have proven in respect to the effectiveness of this program in stabilizing farm income; in stabilizing the rural economy; in stabilizing the town economy; as a matter of fact, in

(Mr. Hutton, cont'd) stabilizing the whole Manitoba economy; that one can be proud to represent Manitoba and to have this message to tell across Canada. Far from being ashamed of our record in respect of crop insurance, it's one of the things that I am most proud of in the record of this government.

I'd just like to just review part of this paper that was presented at Ottawa. I was not able to present this paper in person but the Deputy Minister of Agriculture for Manitoba presented it on my behalf, and I would just like to indicate part of the argument to you. "In the past, Federal and Provincial governments have initiated emergency programs at the time of crop disaster which affects a large segment of the farming population. Disaster programs are expensive. The PFAA program paid out in excess of \$54 million in Western Canada in 1961 and approximately \$48 million of this came from the public purse. In Manitoba, the average award was \$276, with no one receiving more than \$800.00. The public purse cannot make contributions of sufficient size to be of much use to the individual. By comparison, the indemnity payments of the Manitoba Crop Insurance Corporation averaged \$760 per claim, but raised as high as \$5,800.00. The man who received a small indemnity had production very close to coverage, whereas the farmer who received a large indemnity, though hard hit, could be assured of being in a position to carry out spring operations. The average payment of \$760 is about three times that of \$276, but \$5,800 to the man who lost heavily is more than seven times the \$800 PFAA maximum. In terms of usefulness, payments of less than enough can be little or no better than none at all. In practical application then, crop insurance is much more than seven times as effective. Eight hundred dollars would not have benefited the latter case to any extent. Another weakness in the emergency program is that it is impossible to give assistance on small areas or spot losses. We're of the opinion that crop insurance is a logical approach for government assistance in times of heavy economic losses due to natural hazards. Crop insurance properly supported and administered will eliminate the emergency program. We are satisfied that it will cost the governments less and still be fairer and more useful to the individual. Such a program, because of the individual contributions in the good years, makes it possible to effectively bolster the economy of the disaster-hit farmer and the community around him." Then we went on to point out Manitoba's intention to extend crop insurance right across the Province of Manitoba within the next three years if we got Federal Government underwriting of the crop insurance program.

However this year, in 1963, we are increasing the existing program by 20 percent and carrying on in our program to eventually offer crop insurance to all of Manitoba farmers. There's nobody in this Assembly that's more anxious to see them have it, but I realize that if we try to extend it to too many farmers in too big a rush without adequate underwriting we can destroy the whole program, and I don't think even those farmers who are most anxious at the present time to avail themselves of this and who are denied it at the present time would want us to jeopardize the stability of the crop insurance program by trying to get it too soon. In this past year we had losses. For instance, crop insurance is available in Rosser and Rockwood; in West St. Paul and St. Andrew's, it isn't available. The farmers in all of those municipalities suffered dreadful losses from flooding this past year, and the one fellow on one side of the line fence has crop insurance coverage available to him; the other fellow didn't. I can think of another case where there was a terrible hailstorm out in the Killarney area, and the farmers out there were tremendously dissatisfied with the coverage that they got under PFA. Because of the nature of PFA and because of the regulations that govern its application, many of the farmers got \$4.00 an acre and others got \$2.00 and the farmers suffered equal loss, but because it is applied on a township basis, these inequities persist in its administration and there doesn't seem to be any real answer to ironing out those difficulties in the Prairie Farm Assistance Administration.

Crop insurance is the answer and Manitoba, even if we have to go it alone, over a period of time I think that we can extend it. But it's going to take a long while and I know that every year hundreds, yes and thousands of farmers in Manitoba, are going to experience losses by hail or by some other natural hazard, and we want to be able to give them the kind of individual coverage that will meet their needs. We will continue to press Ottawa for the implementation of financial arrangements that will enable us to do this in that three-year period, but if we aren't able to get Ottawa to go along with us, we'll just have to work away and extend this

(Mr. Hutton, cont'd) program slowly as we feel, as the Board feels, as the Government feels that the province can afford to, and it is a sound matter to do so.

I would remind the members in the Opposition when they talk about the Crop Insurance Test Areas Act and the crop insurance test areas program, that in the United States of America -- a very wealthy nation -- they have a crop insurance test areas program and that even today they have not extended crop insurance to all the counties -- all the states of the union. It is still an experimental program because you learn as you go along. We have learned every year and every year we introduce amendments to this legislation. This is going to go on for some time, I'm sure of that, because even though it has proven, as I said earlier, most acceptable to the farmers in Manitoba, we still find wrinkles in it and we will be finding flaws in this program for some time to come, but as we are able to ferret them out and to discern them, we will make the necessary amendments to make this program more effective to the farmers in Manitoba.

MR. MOLGAT: Mr. Chairman, I wonder if the Minister would table a copy of the report from which he read, which was a submission made to Ottawa, for the committee. In the report that the Minister read, Mr. Chairman, he clearly outlined, I think, the proper position, that is that in order to have a full scheme in the Province of Manitoba it requires federal assistance. This is what we've been saying all along from the very beginning. The difficulty here is that my honourable friend has not been saying that all along, although for the past two years he has. I am quoting now from the Winnipeg Tribune, Wednesday, December 13th, 1961. It says: "Hutton Says Better Backing Needed for Expanded Scheme. Provincial Agriculture Minister George Hutton has ruled out any expansion in the matter of the Crop Insurance Program unless the Federal Government comes up with a better method of backing it. Tuesday he told the Agricultural Bureau of the Winnipeg Chamber of Commerce that crop insurance couldn't be expanded to cover the whole province with the present system of federal guarantees for losses in the scheme. Unless the Federal Government makes changes in its Crop Insurance Act, all the western provinces, not just Manitoba, could not provide sound crop insurance, the Minister said." Then he goes on to detail more information on it. This year, or I should say in '62, there's a Free Press report on the 21st of December saying roughly the same thing. "The Manitoba Minister has ruled out expansion of crop insurance in this province unless the Federal Government is prepared to back it up."

Mr. Chairman, I submit that that is correct. Crop insurance is excellent. It does provide assistance, not only to the farmers but also to the whole of our economy, by providing a stabilizing factor. It's very important to our whole complex here in the Province of Manitoba. We have said all along that it required Federal Government backing. The difficulty is, Mr. Chairman, that my honourable friends over there weren't saying that prior to election. This is the real case where some people have been unrealistic and naive, not to say somewhat misguided. Back in 1958, and I'm quoting now from the publications that my honourable friends put out during the election campaign and here's what they were saying: "It is fully prepared to introduce a crop insurance program." No ifs, ands and buts; no test areas; no Federal Government assistance; this government was stating that it was fully prepared to do that. Our point is and we've said this all along, that it's unrealistic to attempt to do that on a provincial basis, that you require Federal Government assistance. This has always been our position and we still hold to it.

MR. FROESE: I would like to get a little more information regarding the Federal Crop Insurance Corporation in the United States. They have had a program there for some time and I wonder if the Minister could tell us whether there is any vital differences between our plan and the one in the United States. I would also like to know how the rates compare, whether our rates are favourable to theirs or not.

MR. HUTTON: Mr. Chairman, from what I know, the rates south of the border -- the premium rates are higher; the indemnities are lower than those in the areas adjacent in Manitoba. One conclusion I can only come to from listening to the Leader of the Opposition, Mr. Chairman, and that is that if the Liberal Government had remained here in Manitoba there would be no crop insurance to this date, because they wouldn't have undertaken it. This is what he has said. He didn't mean to say it, but he said it and when the heart is full the mouth overfloweth.

(Mr. Hutton, cont'd)

I would say again in connection with the rates as they apply to other jurisdictions, I believe that Manitoba's rates compare most favourably with those being offered in the municipalities in Saskatchewan adjacent to Manitoba. Just through conversing with the Director of Crop Insurance the other day, I gathered that the rates being offered in Saskatchewan were a little higher; their indemnities not quite as generous as those in Manitoba. However, our rates have been arrived at through very careful study. The Board has indicated at all times that they believe that they are actuarially sound and that, on the basis of a long-term financing of this program, that the premiums will indeed return the indemnities that will be paid out.

MR. MOLGAT: Mr. Chairman, would the Minister undertake to table a copy of the report that he read from?

MR. HUTTON: Yes, I will.

MR. MOLGAT: Thank you.

MR. SHOEMAKER: Mr. Chairman, referring once again to Schedule I of the Annual Report, the fourth item, Directors' remuneration, travelling and out-of-pocket expenses, \$6,715.03. Does this cover four directors only, or -- the Board consists of four directors and the Managing Director, am I correct in that?

MR. HUTTON: That's right.

MR. SHOEMAKER: Then the next item to it, Item No. 5, Travelling, \$14,060.99. I would be interested to know what that item covers. Then I would be interested too to know the rate of commission paid to the various selling agents and how the agents are selected. It appears to me in looking at an ad in the most recent issue of the Manitoba Co-operator of April 4th, 1963, that most of the agents listed in this advertisement are farmers, and if that is so, and while I've got nothing against the farmers, I know the Insurance Branch of this government more or less frowns on farmers becoming too involved in the general insurance business and it would appear that the crop insurance agency make it a point to appoint farmers as agents. I wonder if I'm right in that. And, Mr. Chairman, while I'm referring to this ad -- I don't know, perhaps I should compliment the government, providing of course that the ad didn't cost the government any money -- now there must be, oh I guess 20 different companies that apparently have co-operated with the government to put out a full page ad that I have before me here. I wonder, did this particular ad cost the government any money?

MR. CHAIRMAN: Item 11 -- passed?

MR. HUTTON: the farmers. That's why we make them agents for the crop insurance corporation. The other thing is they know what they're talking about. They understand the problems and when a farmer comes up with an argument on the advisability, on the value of crop insurance, it takes another farmer to answer him. So I might say that the crop insurance corporation is very partial to having farmers selling crop insurance, because it's only a farmer that really understands the impact of crop loss; it's only a farmer who really understands the operations of PFAA; and so I must confess that the crop insurance corporation, the Director and his staff, seem to be partial to farmers. I don't really blame them. The crop insurance agents are selected by the crop insurance corporation, by the Director and his staff, and I believe that the initial -- I believe that the initial discount that they work on -- or commission, is 15 percent for new accounts and 5 percent for renewals. I'm sure that it's 5 percent on renewals; I think it's 15 percent on the initial writing of the contract.

MR. SHOEMAKER: Mr. Chairman, the contracts are automatically renewed, are they not, for a term of five years unless the farmer cancels by registered mail or otherwise? Therefore, it would seem that in effect then the agent is receiving 35 or 40 percent for the term of the contract. Now I didn't get a reply from my honourable friend relative to the ad. Did the ad cost the government any money in consideration of the fact that 36 private companies that have featured this ad apparently -- 36 names listed here -- did the government have to pay in addition to the 36 contributors on this ad?

MR. HUTTON: I haven't seen the ad.

MR. SHOEMAKER: Well I'll gladly send it over, Mr. Chairman. Now another question that I would like to have answered. In the test areas, where my honourable friend has suggested that approximately 50 percent of the farmers in any given test areas make application for crop insurance, then it is quite conceivable that there would be small pockets all over

(Mr. Shoemaker, cont'd) these test areas where there would be uninsured farmers, and the pockets could conceivably be of a smaller size than would warrant contributions to or payments from PFAA. What arrangements are made for these small pocket areas to receive payment under PFAA?

MR. HUTTON: Well first I would like to answer the -- or try to answer this calculation that the Honourable Member for Gladstone has made on the proportion of the contract that is eaten up by insurance agent's commission. He arrives at a sum that I might expect my son to come to rather than a member of the Legislature. To suggest that because in subsequent years the agent receives five percent commission that this adds up in time to 45 percent, he seems to have neglected the fact that in subsequent years we also get the farmer's premium, and that in return for this five percent that the agent goes out and interviews each farmer each year and takes the seeded crop report and, in general, looks after that farmer's insurance needs. It seems to me that he doesn't -- he isn't willing to render unto crop insurance agents even that which he would be in favour of collecting himself. There is a lot of responsibility on the agent to keep his customers satisfied; looked after. Farmers don't sow the same crops on the same fields each year; they usually work on a rotation. They never have exactly the same acreage seeded. Some years they have wheat and some years they don't. Some years they seed quite an acreage of oats and some years they don't; and so the crop insurance agent carries quite a responsibility for looking after the patrons of the program and for keeping the program rolling.

PFAA, where crop insurance programs are in operation, operate as if the crop insurance program weren't operating at all. When they take the average or make a survey in a crop insurance test area, they make that test area on a township basis just as if there was no crop insurance program. If the average yield of wheat is under eight bushels per acre, that area qualifies and anybody in the area who is not carrying crop insurance and whose average yield is under eight bushels per acre of wheat qualifies for a payment from PFAA. Each farmer who delivers grain and who has a crop insurance contract receives a chit which is stapled to his delivery quota book, and when he makes his delivery they do not deduct -- his contribution is one percent contribution to PFAA. So far it has worked relatively smoothly.

MR. SHOEMAKER: Mr. Chairman, I suppose that the various agents, be they farmers or otherwise, are required to take out an insurance agent's license and write the necessary examinations that are required of all insurance agents. Am I correct in this assumption?

MR. HUTTON: I don't know.

MR. SHOEMAKER: Well I wonder if my honourable friend could find out for us. Then I don't believe that I got an answer to my question relative to Schedule I of the report for the travelling, \$14,000.00. What was that for? The directors or the adjusters, or --

MR. HUTTON: For the members of the staff who are doing field work, adjusting, etcetera.

MR. FROESE: Mr. Chairman, I would like to ask the Minister whether the government or the corporation has been considering insuring special crops in the south central area such as sunflowers and other special crops that we have?

MR. HUTTON: Yes, I think some thought has been given to it. We have extended crop insurance to the beet growers and I think until such time as we can extend crop insurance to a greater proportion of the farmers in Manitoba, that they might take it amiss if we increased our liability in respect to a given area -- other existing area rather than giving a measure of protection to a larger number of farmers in Manitoba.

MR. CAMPBELL: Mr. Chairman, this may have been covered earlier in the discussion, but I'd like to ask the Honourable the Minister if he has given the committee yet the experience so far as it's known to the department of this past year 1962. We have in the annual report the experience of the crop year 1961 ending 31st of March 1962. Now I realize that there may still be some matters outstanding with regard to the year 1962 because it would end only a week ago, but to the extent that the Minister has the figures, could he give us something approximating Exhibit "B" which is the revenue and expenditure items in the present crop report that he's laid on our desk.

MR. HUTTON: A total of 9,155 insurable farmers were offered crop insurance in 1962; 48.2 percent of these bought crop insurance. This amounted to 4,413 farmers. Total acreage

(Mr. Hutton, cont'd) covered by insurance contracts is 746,945 in 1962. Total liability is \$9.6 million as compared to \$4.1 the year before. Farmers' share of premium in 1962 was \$684,382.75. Total number of claims paid in 1962 were 755 as compared to 2,086 the year before. Total indemnity payments in 1962, \$5,522,727.35. The average claim in 1962 was \$680 as compared to \$760.50 in 1961. The highest claim paid was \$9,915.53. The cancellations in 1962 were 474 or 10.6 percent. The year before there were 10.3 percent. A total of 1,765 farm calls were made by 19 adjustors. Many calls were made because farmers did not fully understand the program and a public relations call had to be made. Also many farms had two, sometimes three adjustments which included pre-harvest and post-harvest adjustments, also adjustments for different crops. Maybe the figure that the Honourable Member for Gladstone was concerned about -- that large sum for travelling -- could be accounted for by this fact, that in 1961 there were 4,380 farm calls made by the adjustors.

MR. CAMPBELL: Mr. Chairman, I was wondering if the Minister could give us though, the premiums charged to the insured person and then the premiums charged to the government of Canada, then the total expenditures including the indemnities and then the profit or loss for the year, just following the outline of Exhibit "B" in the present crop report.

MR. HUTTON: The \$684,382.75 for the farmers and \$141,213.75 for Canada, which gives a total of \$825,596.00.

MR. CAMPBELL: the indemnities and the other expenses so that we'd arrive at the profit of loss?

MR. HUTTON: Oh, \$15,259.01 for cash discounts; interest on loans, \$37,364.11; and indemnities, \$512,974.37; for a total of \$565,597.49, which left a balance of \$261,811.76.

MR. CAMPBELL: Profits, this year -- profits.

MR. HUTTON: That's an excess of revenue over expenditure.

MR. CAMPBELL: Yes, thank you very much.

MR. HUTTON: \$261,000.00.

MR. CAMPBELL: Mr. Chairman, although there is no item shown under Crop Insurance for PFAA, and of course it's a federal program, I was wondering if the Minister would be able to tell us, just as a comparison, does he have the figures available as to how Manitoba stands now re PFAA as to totals paid in and totals returned to the farmer?

MR. HUTTON: I think we get a little better than a dollar out of every dollar that we put into it, even now. That, I believe, is about the situation. That's just an approximation.

MR. CAMPBELL: I realize that this is a federal program and that we can't expect the Minister to keep the books on that account, but I recall that years ago the figures ran something like this: That for every dollar that Saskatchewan had paid in, that is that Saskatchewan farmers had had deducted from their grain, something in the neighborhood of \$3.00 had been returned to them; for every dollar that Alberta farmers had contributed, something very roughly in the neighbourhood of \$2.00, or thereabouts, had been returned to them; whereas Manitoba in those years had got back, I think it was less than 50 cents; but -- my honourable friend who spoke over there will have to make his contribution once again, I didn't hear him -- but later, I know that that situation changed in Manitoba. Is it a fact that now we are getting approximately dollar for dollar, because I think that's important in considering crop insurance.

MR. HUTTON: I think that we likely are. However, Manitoba farmers get 80 cents, or get a dollar back for every 80 cents they put in in crop insurance. Not only that, the indemnities that are available under crop insurance are much more realistic in terms of present-day farming crops.

Another great advantage in crop insurance, and probably the one that is most appealing to our farmers, is the flexibility of the program. They don't have to have their neighbor sharing their misery -- or a great number of their neighbors sharing their misery before they are able to utilize the protection. I think this is probably the cause of the greatest amount of discontent of the farmers with PFAA. So often when they are in need of help they find that it is denied to them because they weren't one of many, like the penny; they were one of a few.

While I am on my feet I would like to answer the question raised by the Honourable Member for Gladstone. The Crop Insurance Act is specifically exempt from the requirements of The Insurance Act. Agents are trained by the Agency and require no other license.

MR. CHAIRMAN: Item 10 -- passed. Item 11 -- passed. Item 12 --

MR. MOLGAT: Mr. Chairman, Under 11, there was some discussion the other day about loans to cattle marts and cattle auctions. Did I understand the Minister correctly to say that they would consider such loans?

MR. HUTTON: Yes. We are amending the Act. We are amending The Agricultural Credit Act. It will be introduced to the House this session.

MR. MOLGAT: I think there's a question arises there, Mr. Chairman, insofar as the cattle marts, that is re some bonding. Difficulties have developed, particularly at the Pipestone mart for example, and I think the Minister has been requested to either introduce legislation or make some arrangements whereby there would be a protection for the farmers who do put cattle in there. Can the Minister tell us at this time whether anything will be done in this regard?

MR. HUTTON: I am sorry, Mr. Chairman. I misunderstood. I thought he was asking me a question in respect to the loans for the beef cattle, and he is talking about the auction marts. There is legislation under The Livestock Marketing Act. We have not implemented the legislation by way of regulation. There is still some matters that we are not prepared to act on, but provision is made there for bonding, for licensing and so forth for these operations. This will be acted upon shortly so that these provisions will be available to the auction marts and, of course, to the patrons patronizing them, in the near future.

MR. MOLGAT: This is protection insofar as bonding. Will that be passed at this session of the Legislature, because I believe there's one of the co-operative marts of beef -- that is the voluntary groups organized -- there are three of them in the province now and one of them is, I think, contemplating selling out unless the legislation comes through very soon. Would it be at this session?

MR. HUTTON: I think that if you will recall, there were amendments made to the Act last session and that it only requires the implementation of regulations to implement that legislation.

MR. SHOEMAKER: Mr. Chairman, on Item 11, it shows the debt servicing charge as being slightly over \$1 million, and then immediately below it the figure of \$641,000 recoverable from the Manitoba Agricultural Credit Corporation. Does this represent the difference in the cost of getting money -- the cost to the government of money and the percentage that it is loaned at. That is, Mr. Chairman, I suppose it's quite true that the government would have to pay about 5 1/2 percent for money and then they turn around and loan three-quarters of it, I believe, at four percent. What is the cost to the government for the loss in interest, if you want to put it that way?

And then too when I'm on my feet, Mr. Chairman, the Farm Union brief suggests that there has been a general tightening up of loans under the Manitoba Agricultural Credit Corporation, and in looking at page 161 of the Annual Report of the Department of Agriculture we find that there were as many applications withdrawn nearly as there were loans approved, and that seems to be an alarming figure. The total loans approved were 1,390 and applications withdrawn, 1,064. I wonder if the Minister could explain why there would be such a huge number of applications withdrawn, and whether the Farmers Union are correct in their charges that there is a general tightening up of credit under this Act.

MR. FROESE: I have one or two questions. I notice that there is a considerable amount of prepayment made. Last year this amounted to \$196,000.00. Could the Minister tell us, is there any penalty connected with prepayment? And on the matter of prepayment, are these payments applied against the next ensuing year's payments that they would be required to make?

MR. HUTTON: There is no penalty for paying us money. We love to take it back. We love to see the farmers being able to make enough money to be able to make prepayments. They are not unusual.

I don't think that the Credit Corporation is any tougher today than they were at the outset. They have always had a relatively large number of withdrawals and there are always quite a number who, for some reason or other, don't qualify. I think that many of the people who put in an application for a loan change their minds. You know, maybe it's not a bad thing that they don't make these loans overnight. We don't get our service speeded up so they can take out \$10,000 -- an average of \$10,000 loan, without thinking too much about it. Some of them go home and think about it and then decide that maybe they aren't going to borrow \$10,000, or an

(Mr. Hutton, cont'd) average of \$10,000, and so they change their minds. Others, because -- and for many reasons, not just because they fail to qualify because of lack of security, many of them fail to qualify because the proposal they make to the Agricultural Credit Corporation is not a very sound one and they may be discouraged for that reason.

However there are -- and there's no denying it, but I don't think that it has gone up significantly -- the Credit Corporation is making loans, loaning the taxpayers' money to farmers who can show that by getting this money they are able to improve their position and to establish themselves on an economic basis with a good prospect of making a living for themselves and repaying the money over the term of years, whatever it is, that they have selected to repay the money on. We haven't had all the money, as I said the other night, that we could have loaned. However, I don't think that anyone has suffered in Manitoba because of the lack of money. We have tried to meet all the legitimate demands on the Credit Corporation and maybe sometimes they had to wait a little longer than they might have liked to, but as I say, every aspect of that part of the operation isn't a bad one. I think that about covers it.

MR. SHOEMAKER: Mr. Chairman, I didn't get a reply to the cost to the province or the loss in --

MR. HUTTON: That's it.

MR. SHOEMAKER: Oh, that is it. All right, thanks very much. Now on page 162 of the Annual Report it does appear that there were less loans approved in 1962 than in the two years previous by quite a large number -- 443, 1960; 554 in '61; and 393 in 1962. It does appear too that the Farm Credit Corporation of Canada has liberalized their plans considerably in the last two or three years, which has made it much easier to obtain money from the Farm Credit Corporation than it is from the Manitoba Agricultural Credit Corporation. Just on Saturday last I had a farmer in the office who was turned down flat by the Manitoba Agricultural Credit Corporation in Brandon. In fact, to quote him, they said, "You'd better go home and tell your son to stay out of farming and get into something else." -- and they're a very respected and a very good farmer in the district. He immediately went down to the Farm Credit Corporation office and tells me that his loan is going to be approved. So it does appear that for some reason or other the farmers, by and large, are turning to the Farm Credit Corporation. In the case that I talked about it was a young farmer, probably 22 or 23, and it certainly would have been to his advantage to get a loan from the Manitoba Credit Corporation rather than from the Farm Credit Corporation by reason of the one percent lower interest rate. So I must conclude that I agree, to a degree, with the Farm Union people when they do express concern that there appears to be a general tightening up under the Act.

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

MR. CAMPBELL: Could the Minister give us a breakdown as between these two and tell us what the expectation is re grasshopper infestation in the coming year or the present year?

MR. HUTTON: Breakdown is \$25,000 for predator control and \$42,500 for grasshopper control. The possibilities are for a fairly wide infestation of grasshoppers; possibly not as concentrated as it was last year. The areas which have the potential for the heaviest infestation are not the areas which were the trouble areas last year, which goes to prove the point that "a stitch in time saves nine", and that where the farmers carried out -- even though they were faced with heavy infestations a year ago -- where they carried out adequate control programs they have reduced the probability of an outbreak in that area. However, grasshoppers are something like the weather; it's pretty hard at this stage of the game to anticipate just what the situation will be. However, we will be prepared to meet whatever time and the elements have in store for us.

I might say at this time that we have revised the assistance program on grasshopper control in Manitoba. As you know there's been a great deal of concern about the use of dieldrin in the control of grasshoppers. I shouldn't say the use -- the misuse. There's no concern where it is used properly but there have been the odd indication that it wasn't being used properly. For that reason we have revised our assistance program. We are doing away with the \$10.00 deductible. That, I'm sure, the Honourable Member for Lakeside will be familiar with. And we are going to pay our share of the cost, whether it is a \$2.00 amount or a five or ten, and we are going to contribute to a maximum of \$30.00 per quarter section of land. Last year, I believe it was last year, we amended it and we were going to pay the maximum of \$30.00 in the

(Mr. Hutton, cont'd) case of dieldrin and a maximum of \$60.00 per quarter section in the case of malathion. There was a great deal of dissatisfaction, however, on the part of farmers with the \$10.00 deductible. They didn't appreciate the higher ceiling, particularly on the malathion. They did object to the deduction of \$10.00 on dieldrin and \$10.00 on malathion. We are no longer going to pay any subsidy on the use of dieldrin and we have eliminated the \$10.00 deduction. We are paying a straight share of the cost to a maximum of \$30.00 per acre. I might mention too that there is a new insecticide out this year called dimethoate and it is about one-half the cost of malathion and is more effective in control and has the advantage of being a much safer pesticide to apply.

MR. SMERCHANSKI: Mr. Chairman, in reference to the use of the grasshopper chemical, the Honourable Minister says that a good percentage of it was misused and it's my understanding that --

MR. HUTTON: Mr. Chairman, I did not say that a good percentage is misused. I said there was a little misuse of it, enough to prompt us to take some action.

MR. SMERCHANSKI: My question, Mr. Chairman, is that there has been a great deal of concern in the province in reference to this chemical finding its way into the milk supply of the province and I appreciate what the Honourable Minister says about the alternative chemical that will be used for killing of these grasshoppers. What I'd like to ask the Minister is, what steps, if any, have been taken to try and do away with the present use of the chemical for the destruction of grasshoppers so that there would be a safeguard in the use of this chemical, so that there's be no possible chance of it finding its way into the milk supply of our province?

MR. HUTTON: Well, Mr. Chairman, I thought I just told the Committee that we were discontinuing our subsidy on this product and that we were making the subsidy more attractive on substitutes, dimethoate and Sevin, which are cheaper than malathion but which are much safer than dieldrin which really are based, as far as I know, as a product of malathion. In addition to this revision of our grasshopper control program the government is introducing legislation into this Session, and it proposes to take steps to control the use of these chemicals which if misused -- and I emphasize this, if misused -- are dangerous. Cars kill people but no one would seriously suggest that we junk all the cars and tear up all the highways because we kill people with them. Cars kill people because people misuse automobiles and highways. That's the biggest reason -- about 99 9/10's of it. If these chemicals are dangerous it's because people misuse them, and we propose to take steps to make certain, or as certain as we can, that there is a minimum of this misuse of these chemicals.

Let me emphasize that any evidence to date that has been brought to light by the Food and Drug people, for instance, does not indicate a widespread misuse. It indicates that it is time for wise men to take a warning and to act in time. This is a different thing than what the Honourable Member for Burrows has tried to indicate. I think it's very important that people don't lose their heads one way or another. I would hate to see the honourable members, or the citizens that we represent, try to get along if they eliminated all the techniques and all the advances of science and technology which carry with them a danger for those who use them but which have made life an awful lot easier and a lot more bountiful for a lot of people. But I'm not, on the other hand, arguing that we mustn't be ever aware of the dangers inherent in many of these techniques and devices, and that we should take every means to make sure that we enjoy the fruits without perpetrating on ourselves or others some of the bad effects that can come through the careless use of these same methods of modern production.

MR. SMERCHANSKI: Mr. Chairman, I appreciate that answer and I'm wondering what protection, if any, is being taken against a good percentage of our arsenic sprays such as the potato sprays and beet sprays -- a certain amount of overspray in this matter. Arsenic is something that, once it gets into the body, it just keeps adding on and you can't get rid of it. I am wondering if there's been any definite program or anticipated program of protection in reference to our arsenic sprays -- something along the similar line that the Minister had described with reference to the grasshopper control chemical.

MR. HUTTON: I would direct that question to the Minister of Health or the Federal Department of Food and Drugs.

MR. SMERCHANSKI: I asked that same question of the Minister of Health when his department was under consideration and, if I recall rightly, I think it was referred back to the

(Mr. Smerchanski, cont'd) Department of Agriculture, and that is why I bring it up at this time.

MR. HUTTON: Tests are made by the food and drug people and I would expect the fact that we have not heard, or it has not been brought to our attention that there have been any incidents or occurrence of these residues, that it must mean that the situation is well in hand. I'm sure it would have been brought to our attention if the case were otherwise.

MR. SMERCHANSKI: Mr. Chairman, the situation is certainly not well in hand. There's a great deal of concern in reference to the use of arsenic sprays below the border. This is the biggest potato and sugar beet growing area possibly on the continent, if not in the world, and in the Red River Valley in North Dakota and Minnesota they're very much concerned about the arsenic sprays and the effect that the overspray of these arsenic solutions have in reference to the final product such as the potato chips or potato flakes that are produced from it. There is a great deal of concern.

MR. JOHNSON: I would just like to say that following the questioning of the Honourable Member from Burrows during my estimates in this matter -- while this does come under the over-all jurisdiction of the food and drug administration -- I have asked my department to get any information they could on the matter as I have indicated.

MR. CHAIRMAN: Item 12 -- passed. Item 15(a) -- Passed. (b) -- passed.

MR. MOLGAT: Mr. Chairman, I wonder if the Minister could indicate when we will be getting the Pembina River study report?

MR. HUTTON: It is scheduled to be completed in 1964.

MR. MOLGAT: Will there be any preliminary reports published before that, and any recommendation as to some preliminary works?

MR. HUTTON: I'm not anticipating so, because it is an international stream. I expect that after the report is in that, well I suppose we could make -- can come to our own conclusions of what is best for Manitoba, but any final recommendations would have to await the outcome of the consideration by the International Joint Commission of the studies -- that is for the development of the river.

MR. SHOEMAKER: Mr. Chairman, are we on the item now that we might discuss The Water Conservation Districts Act? I note on page 113 of the Annual Report that there is a brief account of watershed conservation districts and a report on the Riding Mountain Whitemud River Watershed. We have received a "nil" report this year from this branch and a "nil" report last year from this branch which indicates that we're not progressing very rapidly in this particular field. I believe, though, the Minister indicated last week that he intended to introduce legislation at this session of the Legislature that would amend this Act and make it a little more attractive for the municipalities in the areas. Am I correct? Did the Minister indicate that there would be an amendment to the Act at this session?

MR. HUTTON: Yes I did and, just by the way, I noticed that in the newspaper the account indicated that we were making an amendment to the -- or amending the programing of the Portage diversion to make it more attractive. Well I think that the story got a little bit crossed. I was talking to the Honourable Member for Gladstone at the time and I was talking about the Whitemud Watershed and our attempts to make that legislation more attractive to them. We also hope to make the Portage diversion as attractive as possible to the City of Portage la Prairie and the surrounding districts, but I'm afraid that the story that appeared left the wrong impression. Yes, we are introducing legislation or amendments again to try and make The Watershed Conservation District Act sufficiently flexible to appeal not only to those who are interested in the big projects, the central projects, but which will appeal to those people who are interested on the sub-watersheds on the tributaries to the Whitemud, and in a sense involve them in the overall planning of the watershed.

MR. SHOEMAKER: Mr. Chairman, I suppose then the -- of course it would be foolish to talk about proposed legislation -- but I suppose the equalization principle will still be in there that the entire area will have to share in the cost of each and every project that is carried out within the watershed. Now referring for a moment to page 100 of the Annual Report, headed Emergency Municipal Well Developments, I note that six wells were dug in 1962, municipal wells. Is there any proposed changes in this Act or section whereby an individual might participate? I understand that presently they're referred to as municipal wells and the request has

(Mr. Shoemaker, cont'd) to be made by the municipality.

MR. HUTTON: That program is discontinued. It was an emergency program in '61.

MR. SHOEMAKER: Oh, I see.

MR. SCHREYER: Mr. Chairman, the Minister will recall that last year we had discussion in this committee about the possible effects of the construction of the floodway on water supplies of the people living in near proximity to the floodway, and subsequent to that the Minister, I suppose at his direction, survey teams were sent out into the area adjoining the floodway sites and surveys were taken of water depth, water supply, etcetera. I wonder if the Minister has any report to make on that as to whether or not the survey indicates that the water supply will in fact be affected in some cases?

MR. HUTTON: A survey has been made, I believe, of every well east of the Red River. There's some indication by the survey that the massive withdrawal of water that is taking place from the ground water supplies beneath Metropolitan Winnipeg at the present time is causing a of the water level beneath this metropolis. We have found, although I wouldn't say that we have proven this at the present time, I think I can say that the evidence indicates this, that the massive withdrawal of water by the City of Winnipeg and the surrounding municipalities for industrial purposes, for purposes of air conditioning in blocks, and anything you can think of, is affecting the water supply in this area. If we had made a statement like this just a few years ago, I think few people would have believed this. This has happened in places in the United States where you have a heavy concentration of population and a heavy consumption of ground water supplies. Indications are that it is happening here. People in Manitoba I think will have to realize sooner or later that water is not "manna from Heaven", that there are no limitless amounts of it under the ground or above the ground, and that steps have to be taken even at this stage to make sure that we utilize these water supplies to their maximum. We will be in a position to measure any effects that the construction of the floodway will have upon the water supply of people east of the floodway and as yet the plans to offset any detrimental effects of the floodway have not been finalized. We are excavating in an area at the present time, and will be likely for the next couple of years, where the consideration of the effect of our operations on ground water will be minimum. However as we move into the Bird's Hill area, we are going to have to devise ways and means of dealing with the ground water situation there. I'm not an engineer. The engineers, I don't believe, as yet have arrived at a solution to it. I know that it is under constant study at the present time and constant consideration by the advisory board and also of the engineers on the project.

MR. SMERCHANSKI: Seeing that the matter of underground water supply has been mentioned for Winnipeg, I'm somewhat at a loss to understand how the Honourable Minister of Agriculture is able to tell us that there is a certain amount of concern in reference to the amount of underground water drawn out, and I would like to ask him whether he is referring to the underground water supply in the Winnipeg sandstone or in the dolomite formation underlying the city, because both have a very important impact on the amount of underground water that's available, and as I did not hear him mention the possibility of a false zone existing in the dolomite which would roughly parallel the east side of the Red River and where we have almost unlimited amounts of underground water supplies. I think that this is fairly well brought in in that one can drill a well in the Winnipeg area right down into the granite and find it completely dry and somebody a few hundred feet away can drill one and get all the underground water he wants. I find it rather difficult to reconcile the fact that there is some concern about our underground water supply that underlies the sandstone and the dolomite formation, and quite frankly I would appreciate if the Minister would be kind enough to tell us the section of the town that the underground water is rather on a low ebb, and is this something that has come to the attention of the department in the last year or so.

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MR. FROESE: Mr. Chairman, I have a few questions which I would like to direct to the Minister as well. One pertains to this Commission on the Pembina study. Are there any changes contemplated or are there -- has any change taken place in what was originally proposed by the International Joint Commission? Secondly, some government wells were drilled in the province and there was one drilled some six miles northwest of the town of Winkler which is a very good producer, and I would like to know from the Minister, does the Province intend to use this well to provide the Town of Winkler with water, or do they expect to drill new wells in the town for this purpose?

MR. HUTTON: The well that was drilled north of Winkler, as I understand it, was drilled by the PFRA. I am not an engineer and I don't think that it pays for a lay person to get into an argument with somebody who can blind you with science without necessarily knowing any more about the matter than you do. But I am told by the ground water engineers that to find a well that produces a given flow of water is only half the task. The next question that arises is how long will that well sustain that flow. And none of us -- as far as I can gather, none of the engineers, ground water engineers -- are too certain about the ability of the water carrying strata in the Winkler area to sustain flow, that kind of a flow, over a long period of time. The water that is there now, and is available now, is adequate and it is of good quality; but the experts inform me that if you draw on that underground reservoir too heavily your salts come in and you siphon off your fresh water and if you draw too heavily you end up with a salt water situation. I don't know what level the water is -- or what strata the water is carried in in this area, or at what levels it is being affected to the greatest degree. The area I refer to is St. Boniface where there is a heavy draw on the water; this seems to be the centre of the cone at the present time. It is as a result of the very extensive and detailed study of the wells and ground water in the area as a result of the construction of the floodway that has unearthed this evidence and which has prompted the engineers to suggest -- and I'm saying that we cannot prove this -- but it appears at the present time that there is reason to believe that the heavy demand on our ground water supplies is beginning to affect the ground water reservoir beneath this area.

It has been estimated that there is more water coming out of the ground in Metropolitan Winnipeg than there is coming through the aqueduct every day. This is a tremendous volume of water. Although if we remained a metropolitan centre the same as we are now, maybe we wouldn't have to take too much concern about it; but we anticipate that this metropolitan area is going to grow. People are talking about a population 50 percent larger 20 years from now -- by the turn of a century maybe a million people -- with maybe more than double the demands on the ground water resources. Last year the honourable member will appreciate knowing, we passed a piece of legislation known as the Ground Water Drilling Act, which gave us a measure of control over the drilling for water in the Province; which gave us the means by which we could establish data and information on our ground water supplies throughout the Province; and which gave us the means for carrying out investigations in specific areas. I only offer this information tonight to give the committee some indication that this concern for water -- I wouldn't say it was belated but I would suggest that it is timely.

MR. SMERCHANSKI: Mr. Chairman, I still quite don't get the significance, because quite frankly, in the past and up to the present, areas like the Canada Packers-Swift Canadian out in St. Boniface have had a great deal of difficulty in drilling wells to get a proper underground volume of water. But this is not unlike the fish story that the Bristol Aircraft ran into just north of Stony Mountain -- and this is a very interesting situation to just draw a parallel to what can happen. They were drilling for a well and they were down some several hundred feet and they couldn't get sufficient underground water, and then when somebody started to dig some foundation work at about the same time, at about 10 or 12 feet they ran into such a volume of water that they just couldn't possibly keep ahead of it, and in the same volume of water they had a certain amount of fish come up which were fingerlings of about 2 inches long, and I understand to this day they don't know where this water is coming from. So that, quite frankly, the underground water situation in Winnipeg -- in Greater Winnipeg -- seems to be in a very peculiar and unknown condition. This is due to a great deal of geological contortions below the city, and I think that as a suggestion -- mind you, the Honourable Minister of Agriculture certainly is acquainted with all the technical underground water engineers' studies and so forth -- but I think that a well guided, systematic study, in order to bring all these facts together, and I think that the

(Mr. Smerchanski cont'd) conclusion that one comes to, or will come to, is that there is certainly enough water if you know where to look for it in this area.

The other question that I would like to ask the Honourable Minister is that I read with interest last year's report to this Committee in reference to the Water Control on the Assiniboine River, and one of the things that puzzles me, and I would like to ask the Honourable Minister is, if any action has ever been taken on the Souris Diversion System. This is not a new name; this is something that some of our initial engineers in the country when they first came into the Province of Manitoba, took a good hard look at. And I am referring to the fact that some place below Virden the Assiniboine can be taken into Oak Lake and then it could be brought from Oak Lake down to Plum Creek into the Souris and from the Souris into the headwaters of Pelican Lake, and I think that this would do a tremendous job in two ways. It would be a very effective and satisfactory control in times of flood on the Assiniboine River; it would be a terrific control and effective measure in reference to pollution on the Assiniboine, and would give us effective control in reference to water conservation so that places like Brandon or Portage as they grow would have a sufficient water supply. And above all, there is one thing that I would like to point out and that is that the natural sandy exposed areas in the vicinity of Oak Lake, and which are so prevalent in their exposures in the waters that drain into the Assiniboine and the Pembina River system, they offer an exceptional and a wonderful water storage which would give us a permanent water storage with a natural hydrostatic head which would feed a lot of our proposed irrigation into the Morden area and into the area South of Portage, and I think that as suggested in the annual report there is some reference to a study that has not been completed in reference to the International Joint Commission and in particular on page 110. And the last sentence in the paragraph reads that "the control schedule calls for completion of the detailed feasibility report by June 30th, 1964." I think that it might be advisable if we took a good hard look at some of these feasibility reports because there is another important item that is going to come up very shortly, and that is that with the South Saskatchewan Reservoir Development, there is a possibility that inasmuch as they can take water and put it into the headwaters of the Assiniboine, they can equally as effectively take it away from the headwaters of the Assiniboine. I think that this is something that should be given serious consideration because we may find that we do not have as an effective control on the headwaters of the Assiniboine as some of our previous studies have shown.

I also would like to bring to the attention of the Honourable Minister that -- in particular on page 113 there is a prediction on the flood level in Winnipeg, and we find that the prediction is approximately 100 percent in error. This is, of course, natural because you never know the amount of water that will be coming off the watershed; you don't know whether it's going to be a wet spring or a dry spring; you might get rain at the time of excess flows, and all these make predictions very difficult. What I am trying to draw to the attention of the Honourable Minister is this, that if our flood predictions are 100 percent in error, some of our water flows at excess maximum capacity that have been taken, and on which some of our feasibility reports have been based on, these too have a great deal of error. The calculations were all electronic calculations which were perfectly all right and correct, but the conclusions that were drawn were not drawn with a good practical conclusion, and I would caution that we go slow on this whole matter of dams, diversion schemes, because there are other methods in which we can improve the over-all water situation in Manitoba both at the times of flood and from surface flow as well as underground flow and I think that this is going to be not only important but a vital step in the development of our Manitoba area and in particular that area lying south of the Assiniboine clean up to the International border.

I only mention a few of these items because I have found no reference to them in any of the studies. I have tried to acquaint myself as ably as I could with what has been said about the floodway controls and the various diversion ideas put forth and I cannot see where some of these items have been taken into account, and I for one would bring it to the attention of the Honourable Minister and I certainly would suggest that we take a good hard look at this because this involves millions of dollars and it's so easy to make an error, especially if the figures which we are relying to be 100 percent correct, could be, and are in some instances, 100 percent in error, then our calculations are wrong and our conclusions can well be wrong. I leave this and I would again like to find out from the Minister if anything has ever been done in reference

(Mr. Smerchanski cont'd)to the Souris diversion system and taking into effect the possibility of natural sand occurrences on the surface and using these as a water storage reservoir, because they are all located at a very much lower elevation than the water that can be brought in from the Assiniboine River. Especially in the area of Oak Lake these sands are exposed and they would be an excellent reservoir and they outcrop again south of Carberry and north of Morden in the hills and there is a direct geological relationship between these formations and I think that a great deal of common sense can be applied to using this natural method of having a long term water conservation that can really add substantially to the availability of water for irrigation in this area without having to spend great sums of money on dams and diversion projects.

MR. HUTTON: Mr. Chairman, I find it hard to believe that a knowledgeable and able gentleman, the Honourable Member for Burrows, would suggest that the dozens of engineers and able people approached a study of Manitoba's water resources without taking into consideration any studies, even of a preliminary nature, which had been made over the course of history in this province. There have been a good many proposals put forward. There was the diversion of the Missouri into Manitoba and cut again. This thing has fallen into disuse, because as I gather, and I think a natural state of affairs, our U.S. friends are not too kindly inclined to see the waters of the Missouri diverted into Manitoba, even if they anticipate getting most of them back.

The development of the Souris River is an integral part of the water control program of this government. The Blind Souris that he refers to has been investigated at great length. The main stem of the Souris has been investigated at some length. The North Antler has been investigated at some length. The Gainsborough has been investigated at some length. It is anticipated -- we have applied to the Federal Government to have a large reservoir -- I think if I remember correctly, 25,000 acre feet -- constructed on the Antler River. This is above Melita close to the International Boundary. This will increase the minimum flow on the Souris River from 8 cubic feet per second to 42, which is a pretty substantial increase. Following that, the plans are to develop the Gainsborough. Following that the plans are to develop the main stem. The reason that the Blind Souris has been rejected is that it has been studied and it was found that from the economics of a situation its cost would be out of proportion to the benefits that you would derive. Construction is starting on the Oak Lake Dam and diking system this year which will conserve the waters of the Pipestone and give us substantial storage there, not only for recreation in that area, but we anticipate enough water to serve the wild life interests and to have downstream benefits. Every foot of water on Oak Lake means 11,000 acre feet of storage which is not any mean amount of storage. The Pembina River is under investigation at the present time at a cost of some \$300,000, and Pelican Lake and Swan Lake and Rock Lake -- all of these lakes are being investigated, their potential for storage, either as lake storage or alternatively the potential for a huge reservoir in that general area is being investigated; and again the potential for a reservoir at the Pembalier site at Walhalla is being investigated.

Now I submit, Mr. Chairman, that the Province of Manitoba, when this examination has been completed, will have spent something over a million dollars in studying its water resources -- over a million dollars -- and that in addition to that one could add the substantial moneys that have been spent from day to day in the operation of the old Water Resources Branch in Public Works and now the Department of Water Conservation. And I suggest that even if the program that we have isn't perfect, I suggest that it's time that we do something, and that if we sit around and wait until everything's perfect we'll all go down the river in a boat and maybe we won't have any boat, maybe we won't have any oars. There's a time to study, to think things out; there's a time to act; and it's long overdue that we do something.

In 1950 we had a flood in Manitoba of historic proportions and by 1968 if we're lucky we'll have a floodway built, which is 18 years, which is a generation. How much longer should we take; how many more years does the honourable gentleman from Burrows think that we ought to take in making up our mind what we ought to do? The people on the Assiniboine have been suffering for years, either from flooding or no water. I'm not submitting that the idea that we have is perfect, but what I do say about it is this, that not one of the projects that we are carrying out today is going to stand in the way of improving our water control program tomorrow, and

(Mr. Hutton cont'd) this is the important aspect of any water control program, to plan it so that you can build on it, to lay the foundation today so that you can build up tomorrow -- and fifty years from now they'll still be building -- and the things that we are doing in Manitoba today are not going to stand in the road, are not going to make it impossible to do all these other things. It's possible to divert the Saskatchewan through the Qu'Appelle into the Assiniboine; it's still possible to lift the Assiniboine onto the escarpment; it's going to be possible to lift the Assiniboine waters onto the ridge and run them down to Morden. All these things have been anticipated but I suggest that we can't sit around any longer. Twenty years is a long time and by the time the major works have been completed on the Red River and the Assiniboine River almost twenty years will have gone by. How long does a man have to wait if he's going to wait for the Liberals?

MR. SMERCHANSKI: Mr. Chairman, I agree in part with the Honourable Minister and then I also disagree with him just equally as strongly. By the fact of his own remarks he seems to be somewhat confused or says yes and no at the same time. If there is a study of the Pembina River system being made now and if it is under investigation for potential storage and alternative reservoirs, this is fine; but what I would like to point out to the Honourable Minister of Agriculture is that if this river basin is under investigation now, I don't think that he is in any position, nor his engineers are in any position to say that it is not practical to move the Assiniboine through the Souris into the headwaters of the Pembina, because possibly these investigations that are being made now might come to that conclusion. Secondly, it would be possibly more practical -- and this is what I tried to bring to the attention of the committee -- that a constructure like the Shellmouth Dam -- yes, this is a construction that is a very worthwhile construction and this is a piece of construction that is going to be very beneficial to the people on the Assiniboine River; but then by the same token, something that was said the other night to the committee in reference to the Portage Diversion, I -- and then of course, the implication of the additional channels for irrigation which will be based on part of the Portage diversion scheme to be relayed to the south of the Assiniboine River -- I say let's have another good look at it because if you're going to spend all this money of 6, 7, 10, or 14, or 16 million dollars, sure maybe we've been waiting 10 or 15 years, but by the same token that doesn't mean that we should go out and spend money haphazardly on a control that we might come up with a feasibility study on the Pembina River system that might make these controls unnecessary. It is a matter of precaution; it is a matter of good solid engineering thinking, and I don't think that my Honourable Friend the Minister of Agriculture is completely right in that they acknowledge they're out of proportion, because there was a map and a certain amount of studies prepared by the Department of Industry and Commerce in 1959 and 60 which does show the topographical structure of the area in this same vicinity that lends itself to a good solid practical engineering suggestion that the diversion of part of the Assiniboine waters could be made through into the Souris and into the headwaters of the Pembina on a practical basis. And to just say that the economics are out of proportion I cannot agree with it. The Minister still has not answered the potentialities of the sand formation in the vicinity of Oak Lake. Now there is a difference at Oak Lake between the Assiniboine and Oak Lake of something like about 16 or 17 feet and I am very much appreciative of the fact that one or two feet makes a terrific amount of so many acre feet of water reservoir capacity and this is all the more reason why in the vicinity of Oak Lake the sandstone should be given the opportunity to soak up more water and more reserves which would give a natural type of hydrostatic head into the sandstone formations that occur farther down in the middle part of the province south of the Assiniboine and we would not have to spend as much on channels and irrigation ditches.

MR. HUTTON: Mr. Chairman, is that it seems preposterous to me that we should talk about diverting the Assiniboine into Oak Lake before we have a dam at Oak Lake; that we should talk about diverting the Assiniboine into the Souris before we have built any major reservoirs on the Souris. I think that we ought to develop what we have there, the potential we have there, and then we'll start digging rivers from one river to the other. They coin the phrase, they call it the Liberals, what was it they called the floodway -- "engineering buffoonery." I think we've been listening to some tonight.

MR. SMERCHANSKI: Mr. Chairman, I also appreciate the remarks of the Minister, but I would draw to his attention that this is not buffoonery. I happen to be a responsible individual

(Mr. Smerchanski cont'd)and I know something about engineering facts. I also know how engineering surveys are conducted and I know what kind of conclusions are drawn in reference to these surveys, and to have a responsible Minister of Agriculture tell me that it's buffoonery, all I can say it's unfortunate that this is his approach on it. Also, it would be very fortunate if the Minister would stick to his facts. When I'm suggesting the diversion of the Assiniboine River into the headwaters of the Pembina, I am making this suggestion in the light of his own remarks that there is a feasibility report and that there is a study under investigation at the present time in this area, and therefore to put words, or to take his own remarks and say that simply to put the floodwaters into the Oak Lake is not very practical. Certainly it's not practical, certainly you can't do it, and I agree with him, but I don't think that a responsible individual such as the Minister of Agriculture should come out and make light of the fact when this is a fact, and I think that the members of this committee are responsible enough that this is a concrete suggestion, this is a practical suggestion, and this is a good idea, and that it merits a great deal of consideration; and whether the Minister of Agriculture likes it or not, it is still a good practical approach, and I don't think it's any buffoonery. Quite frankly, I wasn't a member of this House last year, and I'm not interested in what went on, all I want to do is that if public money is being spent, I would like to contribute something to make sure that it's being spent wisely, and that it is spent properly. I don't think I'd be honest with myself to sit in this chair and not bring to the attention of proper authorities where certain amount of moneys could be saved and where good practical sound engineering programs could be instituted that might save us a great deal of money.

MR. SCHREYER: Mr. Chairman, after the argument dealing with proposed projects of such grandeur my questions will sound very trivial, but I want to clarify two points pertaining back to the question I asked earlier. I take it that the ground water supply survey was an extensive survey. I would like to know if the report -- I'd like to have this clarified -- is the report finalized or not yet finalized?

MR. HUTTON: Not yet finalized.

MR. SCHREYER: I would take it that in a few months it will be and at that time will it be possible to obtain a copy of that report?

MR. HUTTON: I think that when the report has been compiled and conclusions arrived at that we can make it available.

MR. SCHREYER: Mr. Chairman, I'm not sure if I understood the Minister correctly when he said that it's possible that in certain areas, certain structures of the floodway, for example Bird's Hill, that the water supply of the people there might very well be effected. Now he said, and this is the part I'm not sure about, he said something to the effect that the engineers are now studying ways and means of compensating in cases where the water supply is affected. Now, I don't know what kind of compensation there can be other than financial compensation in case they have to relocate their wells, and in connection with this point, I think I recall the Minister saying to the Member from Portage la Prairie a few days ago, the Member for Portage la Prairie made reference to the fact that the diversion, the proposed diversion might jeopardize or do some damage to the water supply system of Portage la Prairie, and they were concerned about it. And the Minister said, I believe, well this is a provincial project and if the water supply system were damaged the province would assume responsibility for it. I believe he said it; I think I can find it in Hansard. The point I'm making is that if the province assumes responsibility in the case of their work in the diversion near Portage it would seem no more than fair that they come right out and declare as policy that there will be compensation paid to those living along the Red River diversion, the floodway, who's water supply is similarly affected.

MR. HUTTON: The reason why we carried out the investigation to determine the present circumstances with regard to ground water supplies in case there is any ill effect as a result of the excavation, we want to know the extent of our responsibility. When I referred to the engineers taking compensation, these compensating measures, I was referring to engineering measures because we would prefer -- except in an utter extremity -- to take measures now to safeguard the ground water supplies rather to see them depleted and maybe permanently damaged for the future. So that on two counts we are trying to prepare ourselves first of all engineering-wise to take what steps we possibly can to minimize any detrimental affects of construction of the floodway channel; secondly, to be in a position to recognize our responsibilities

(Mr. Hutton cont'd) for any damage that might arise.

MR. PAULLEY: Mr. Chairman, this is a point that I think I originally raised, as far as the area east of Transcona, Bird's Hill area some two years ago I believe, and this to me was a worrying possibility in the building of the Red River floodway. Now what the Minister has said may sound very nice, that the engineers at the present time are surveying the question of water levels etcetera, and then the Minister went on to say, however, that they'll be in a position to know whether or not from their studies the extent of any possible damage to the wells in the general area -- if I understood the Minister correctly. But to me Mr. Chairman, this isn't sufficient. What the Honourable Member for Brokenhead wants to know, and what I want to know, is irrespective of what surveys are taken by the engineers of his department insofar as the water tables are concerned, what we want to know, notwithstanding this, if these levels are affected as the result of the building of the Red River floodway, what compensation is going to be made insofar as the farmers in the area, the people in the area, are concerned whose wells may be affected. This is the question that we are asking of the Minister, and it appears to me, Mr. Chairman, that it doesn't matter what engineering surveys or studies have been made or are going to be made, if as a result of the excavation in the floodway the water level in the wells in the area are affected, engineering studies will not eliminate the obvious, if these water levels are affected. What we want to know -- because the Minister is fond of using sayings, I'll use one, "The proof of the pudding is in the eating thereof." It is. And if as a result of the floodway -- notwithstanding engineering studies -- the water tables in the wells in this area are affected -- and they will be whether there's engineering studies or not -- if they are going to be affected, then what compensation is going to be awarded to the people. Now what I'm thinking of in terms of compensation, Mr. Chairman, is not necessarily in dollars and cents but assistance or compensation in finding alternative levels or tables of water. If, for instance, a well is say 30 feet deep now and it becomes affected at that level as the result of the excavation of the floodway and it's necessary to go down to 100 feet or any amount -- any depth -- in order to obtain water to carry on the operation in that area, what is the government going to do if these things happen? Now I know the Minister can say to me, Mr. Chairman, well it's all right, if it happens we'll take a look at it. But I think the question should be answered now because it is likely to happen and I think from the remarks of the Minister this evening that there is some fears or apprehensions that this will happen in some areas along the Red River floodway.

MR. HUTTON: Well, to be forewarned is to be forearmed -- to be prepared is to be forearmed. We are hoping that by taking comprehensive measures now to try and determine the problem before we create it, we may to a large extent be able to offset so that we don't affect the water tables. If, however, there is a detrimental effect on these ground water supplies then we are in a position to determine the extent of the effect of the excavation upon the ground water supplies. Any measures that are taken by the government to compensate these people will be in relation to the percentage of damage that is done so that it is difficult -- it is impossible for me tonight to indicate to the committee what measures will be taken. On the other hand, if we hadn't apprised ourselves of the existing situation, what a hopeless situation we would have had if we were to start to get complaints because we wouldn't have known what the situation was prior to the construction of the project. But we will be in a position, having ascertained what the present situation is, we will be in the circumstances where we can determine our responsibility for ground water supplies during and following construction, and to take appropriate steps to deal equitably with these people. I can't tell you right now what form that compensation would take.

MR. PAULLEY: very fine, Mr. Chairman. One of the things that many people in Manitoba admire the Government of Manitoba for -- the present government -- is because of its public relations policies, particularly at election time. Now what I am trying to get from the Minister is a little bit of public relations following an election. Because I think this is most important. I don't think that it's good enough for the Minister to tell us tonight that we are taking these surveys and assessing the situation so that if it happens we'll be able to arrive at some degree of compensation. I think in the interests of good public relations -- now, I'm going to say this and I don't think the Minister will quite admire me for saying it -- but I think that insofar as the whole construction of the Red River floodway was concerned, the

(Mr. Paulley cont'd) expropriation of property and the likes of that -- I have said this before and I'll repeat it again this evening -- that insofar as the public relation element in this whole deal, the government has failed badly. It failed the people in this area in its public relationships. We've argued this dozens of times before and it is not my purpose now to rehash the comments of my honourable colleague from Brokenhead and myself in respect to the Red River floodway. But I do say to the Minister --(interjection) -- Pardon? Yes, and I will admit, Mr. Chairman, that there was a vast improvement -- there was a vast improvement in the job that was done as a result of the criticisms of the Honourable Members for Brokenhead and for Radisson. It wasn't prior to that, but I will admit that we did have some influence on the Minister and his department as a result of our airing certain facts of this whole case that had to be brought before the committee. But I am suggesting -- pardon?

MR. HUTTON: I'm not entirely hopeless then.

MR. PAULLEY: No, no, no. I've never said, Mr. Chairman, that the Minister is entirely hopeless -- not entirely. But I would suggest to him, Mr. Chairman, that it isn't enough to say in respect of this water table business that we are discussing at the present time -- I think that what the Minister should say insofar as his department is concerned to the people in the area, if as a result of the building of the floodway you can rest assured that we will make alternative provisions for adequate water supplies to the equal that you are enjoying at the present time. Now I think that if the Minister would do this it would be a good public relations gesture on the part of the government and the minds of some of the people in the area, who are concerned about this, would be -- their fears would be allayed.

MR. FROESE: Mr. Chairman, while we are on this subject I think I should also mention one other matter because in the Town of Winkler we have a few industries and in the late summer and early fall when these industries operate, such as the cannery and the potato plant there, they use a lot of water, and at the peak of the season some of the other wells get dry because there is so much water removed from the larger wells, such as the CPR well which is being used, and I am just wondering if the town will now get water through this government plan and if there's a concentration of wells in a certain locality, whether some of the surrounding farmers will not be without water. The people in the town naturally will get water through the distribution system that is being set up but the farmers -- the surrounding farmers are left out and they can be in trouble because of this. I am just mentioning it because there is a good possibility this is going to happen.

MR. CHAIRMAN: Item 15. Passed.

MR. SMERCHANSKI: No, Mr. Chairman, I have one more question under the Water Control and that is in reference to the ground water level. The mantle of soil in this area and especially in the area that the Red River floodway is going to go through, has an average thickness of something between 60 and 70 feet. In the annual report of the Department of Agriculture, in the Birds Hill area there is going to be a depth of some 65 feet. Now this is definitely going to interfere with the ground water level and I feel that no matter what type of studies are being made at the present time, that this is a matter of grave concern because this is something that you just cannot replace mechanically because as I say, especially in that area you have an underground that strikes approximately northeast and if this zone is interfered with in the underground water, and as it will, because 65 feet and that throws you within a matter of 5 or 10 feet, and the pressure that is in existence at the present time in this area -- that is in the area of Springfield and North Transcona -- this is definitely going to affect the ground water level and I am just most anxious at this time to really know what steps are being taken to project and make sure that this ground water level is not interfered with.

MR. HUTTON: Well, I haven't got the answer to that question. The engineers are still working on it. I understand that there are measures that can be taken, that you can route and slow up what in effect is a dam -- it is quite a costly operation, but I understand that that is a possibility. However, as I've said earlier, this whole matter is under study by the Advisory Board, on which are some pretty competent engineers, and I expect by the time that we get around to excavating in that area where we are going to affect these ground water supplies, that decisions will have been made as to how they are going to deal with it.

I would like to point out to the Honourable Member for Burrows, when I made that remark about engineering buffoonery, he shouldn't feel too badly because he was being put in a class

(Mr. Hutton cont'd) with some pretty distinguished engineers -- the best in North America as a fact.

MR. SMERCHANSKI: Mr. Chairman, I really again say that I only hope that you, Mr. Chairman, realize that I am not as senior or as competent an individual in this committee room as some of the older members of the committee and maybe I haven't got around to the act of being smart about matters, because certainly this is the last I'd want to be, and I certainly don't intend to be rude or speak roughly to any other member of this committee. But I again would like to point out that the matter of water level in this area should be given very serious consideration because when you start talking about grouting soil, all I want to bring to your attention is the benefit that was derived from the potash mine in Saskatchewan where they spent something like \$5 million and lost one year's time to try and grout an area approximately 20 feet by 20 feet. This just gives you some indication of the fantastic or colossal engineering problem that can be encountered and this was encountered with the best of engineering knowledge, and the best of engineering guidance, but just unfortunately it happened, because this happens even in the best of laid plans. And I say this, as far as grouting ground water in that area in the type of soil there is that you will not be able to hold that grouting within a ten or fifteen foot mantle and you could develop a situation that I venture to say the best engineering brains, not only on this continent, but on the European continent, because we had to bring German specialists in grouting in Saskatchewan to grout the potash mine before we could proceed with the mining of potash, and I again just make this as a matter of observation that this is of a very serious nature and should be given very close control because the best of engineering brains cannot foretell what will happen, and when you talk about grouting in soil this is a very very risky business at best.

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MR. CHAIRMAN: The Honourable Member from Lakeside.

MR. CAMPBELL: Mr. Chairman, I was not going to deliver my few remarks on this subject until we reached the item 17, thinking it to be more appropriate there, but the Minister has mentioned, and others have too, the works on the Assiniboine River and I simply have to once again make my small contribution to this discussion by brief reference to the Portage la Prairie diversion, because if I understood the Minister correctly, he said there was not a single thing in the present program that wouldn't fit into a long-term and improved program in later years. It seems to me that the Portage diversion does not come in that category, because we're talking here -- and I know the Minister like the rest of us is interested in conservation as well as control -- and I reiterate what I have said on previous occasions that in my opinion, I don't pose as an expert, the Portage la Prairie diversion apart from the embarrassment that it will be to the government and its engineers and all the rest of the administrative people due to the dislike of a lot of the area there for the proposal, and apart from the damage that it will cause to individual farmers there, both important things -- that in addition to those, that this is not water conservation. In fact in my opinion, it is the reverse of water conservation, because the figures that the honourable member for Portage la Prairie gave a few nights ago when discussing this matter of saying that he had heard it said, that in an average year that a large amount of water evaporated off the surface of Lake Manitoba -- that is correct; and the figure that he tentatively gave is correct according to the Lake Winnipeg and Lake Manitoba control investigation, because they established to their own satisfaction and by quoting other experts, that Lake Manitoba loses through evaporation an average of 2 feet of water every summer, and that is a tremendous amount of water. I know, because the Honourable the Minister and I have discussed this on former occasions, I know that his answer to me in this case has been and likely will be, "oh, but that evaporation is going on anyway," and of course that is true, but my point of view in dealing with this matter is that we are talking about a given amount of water coming down the Assiniboine River. The question is, what to do in the way of conservation -- and I'm not at the moment speaking about flood control -- but from the point of view of conservation, what to do with that given amount of water that is coming down the Assiniboine River. Now is it better to put it in a series of dams or two dams, some number of dams, or is it better to use the Portage diversion and take it out onto Lake Manitoba? My submission is that Lake Manitoba is the worst place to put it from the standpoint of water conservation because when you put it there, you expose the whole surface to the 1800 square miles or whatever the area of that lake is to that evaporation. Now it's true that that evaporation is going on anyway, but it's not going on with regard to that water coming down the Assiniboine River until you take it out to Lake Manitoba, and my belief is that from the standpoint of conservation it is much better to put it in dams along the Assiniboine River. I've always felt that the engineers could have come up with a series of smaller dams rather than the big dams, but regardless of whether they're big dams or smaller ones, I'm convinced that the evaporation is a great deal less and consequently the remaining volume of water is a great deal more if you put it in dams rather than running it out to Lake Manitoba.

Although the Minister has never been adverse to dealing with these questions I don't think he has ever given a satisfactory answer so far as I am concerned to that question. Now it's true that I do not like the diversion per se. I don't like the idea. I don't like it going through the farm lands there and I agree with many others who have suggested there will be some difficulties in getting it into the Lake. But that's not the point that I'm talking about at the moment. I'm asking about the question of conservation. I'm asking the Minister if his experts can clear up for me, or if he can from his information, this question of loss of water. I maintain with him, because I know that he is interested in conservation of water -- he mentioned tonight again that we're going to have to in this Province of Manitoba give consideration to the long-term program regarding the conservation of water -- I approach this question in addition to the others from the standpoint of conservation and I maintain that on that basis alone that it is justified to make some further expenditure if it's necessary in order to deal with dams rather than diversion.

I must say, Mr. Chairman that I'm not sanguine regarding my chances of convincing the Honourable Minister because I have made those attempts before, but I would like if possible to convince other members of the committee and get them to at least see the point that I'm trying

(Mr. Campbell, cont'd.) . . . to make, but while making it, I would like to ask the Minister a further question in addition to commenting on this suggestion that I have made on several other occasions that he might give us some indication of what is proposed in the way of changing the plans, that he still maintains he has, to proceed with the diversion to make it more acceptable to the community of Portage la Prairie and surrounding district.

MR. HUTTON: Mr. Chairman, I'm only too happy to speak on this question of evaporation. In the first place I think I should make it clear that although the evaporation on Lake Manitoba, or from Lake Manitoba, is a foot and a half to two feet, this is a situation that only arises when there is no inflow to the lake. Normally the mean evaporation, that is the difference between the inflow and the evaporation takes place is six inches on Lake Manitoba, that's the mean evaporation. On the average there is six inches more water goes off the lake by way of evaporation than comes into the lake during the year. Now, the Honourable Member for Lakeside says that if we stored that water on the Assiniboine in reservoirs that we would not lose as much water as if we took it out and put it on top of the lake. Let's just say that the amount of water that comes down the river in spring would put six inches on the top of Lake Manitoba. There is not going to be one drop more water go off that lake than would go off it if we didn't put it there, except in that the circumference of the lake would be larger if it was six inches higher. But I was interested in this and I had the engineers do a little calculating to see whether the surface area of the Shellmouth reservoir, the proposed Holland reservoir plus the existing surface of Lake Manitoba would be larger than if we were to put say six inches of water into Lake Manitoba. The fact is, that you'd lose more water if you dammed the Assiniboine waters and created new lakes than you would if you put it on top of Lake Manitoba, an existing body of water, where your losses will remain constant. If you create further surfaces of water you will lose further water through evaporation, so that actually if we put the water from the Assiniboine on the top of Lake Manitoba, we will end up losing less water through evaporation than we would if we created new lakes on the Assiniboine River. I don't know whether the honourable gentleman will believe me, but it I think would be substantiated by engineers.

The Assiniboine River diversion at Portage la Prairie fits into the long-term plans because if we built a reservoir and stored water upstream we would create a demand for that reservoir over a period of years -- and I have gone through this argument before -- when we reached a point where the demand for that water required that we held a maximum amount of water in that reservoir, that reservoir loses most of its potential for flood protection. So therefore you need the Portage diversion. Now the question arises, which do you build first? Which comes first, the hen or the egg? At the present time the greatest need on the Assiniboine since we are building the Shellmouth reservoir, the greatest need is for flood protection. The Shellmouth reservoir will give us all the water we need 'till beyond the turn of the century. We need flood protection on the Assiniboine. Therefore, because it costs much less money to construct the Portage diversion than it does to build a further upstream reservoir to give comparable flood protection, therefore it is economically more feasible to build the Portage diversion today, and when we are nearing the time when we're going to require more water on the Assiniboine then to proceed, if necessary, to build a dam, or dams, upstream for water conservation purposes. In all likelihood, however, to serve the needs of the Assiniboine valley when the Shellmouth and the reservoirs which are to be built on the Souris -- when these have been exhausted to meet the water requirements of the people in the Assiniboine in all likelihood we'll divert some of the South Saskatchewan into the Assiniboine by way of the Qu'Appelle valley for the simple reason that you can get more water at less cost than you can by just building a reservoir upstream from Portage.

But even if we go to the time, let's look ahead to the time when we need it. You still go upstream and you build your reservoir. You build your reservoir at Holland or wherever it may be, and your Portage diversion sits there and when you get a combination of a wet fall and your reservoirs are full and you want to hold the water there because you don't know what next year's going to be like and you've got a lot of people downstream who want that water for irrigation purposes and so you hold those reservoirs full; if you get a flood in the spring you can let it go downstream and it can be diverted by that diversion into Lake Manitoba. And so it remains an integral part of your water control and your conservation program. In the meantime -- I've mentioned this before -- by harnessing the Assiniboine to Lake Manitoba, together with the

(Mr. Hutton, cont'd.) . . . Shellmouth reservoir and your upstream dams on the Souris, we will have the water on the Souris and the Assiniboine that we need; we can remove practically all of that water at Portage or above Portage and we can use Lake Manitoba as a storage reservoir to supplement the flows in the lower Assiniboine. In addition we should, in the future, harness Lake Winnipegosis and control our water up there because that is a lake which has in the past been subject to the wild fluctuations that Lake Manitoba has, first claiming the grazing lands of the ranchers and then finding its way back far below the mean level; if we could hold the mean levels in Lake Winnipegosis we could feed that water into Lake Manitoba as it is necessary; we could control our flows; we could control these waters, and I suggest that for the next half century the measures that we have proposed on the Assiniboine, that we can have lots of water, and it isn't going to cost us too much -- it isn't going to cost us too much. We can afford to do it; we must do it.

MR. CAMPBELL: Well, Mr. Chairman, I guess that it's good that I prefaced my remarks by saying that I didn't expect to convince the Minister because it's very evident that I haven't done so, and I must report to him that he certainly has not convinced me either. I think it's impossible for him to expect to convince anyone with the argument that he has just used because I don't know how to make it any plainer than the way I have expressed it. My honourable friend says that the only difference that the water coming down the Assiniboine would make would be perhaps -- take for the sake of discussion, 6 inches -- the only difference that that would make in the evaporation would be if it happened to extend the boundaries a little bit wider, make the area a little greater. I do not consider those factors to be important; I'm not trying to argue on those at all. The point that I'm arguing on is that nature for thousands of years at least has not intended the Assiniboine to go into Lake Manitoba. Maybe it did at one time, in the glacial age or soon afterwards, but for thousands of years it has decreed that the Assiniboine is going to by-pass Lake Manitoba, come down here to join the Red and Lake Manitoba has been supplied by the Whitemud and Winnipegosis and one other river up there. And of course when you take off the amount of water that's running in from those tributaries into the lake then the evaporation -- the net result is less than the figure that I mentioned, but the amount of evaporation is there just the same, it's there; it's partly compensated of course by the fact that this water runs in, but the evaporation is there. And I'm talking about the Assiniboine River water that's coming down here, be it a lot or be it a little, it's at least coming down the Assiniboine and instead of letting it come along down here or put it in dams or anything else my honourable friend says no, we'll shoot it out to Lake Manitoba -- and I say shooting it out there you're getting the very worst place of all for conservation.

Now as far as the level of the lake is concerned, we have the dam now at Fairford; I'm glad we have. I was always an advocate of that. As a matter of fact it's when I was sitting away over there in one of the back benches that I proposed a resolution that there should be a dam constructed at Fairford because we folk at the south end of Lake Manitoba had been bothered by recurring high water and low water over a period of years. In the time that I have been a member of this House I have had petitions come to me on two occasions asking for the Lake to be lowered; I have had petitions come on more than two occasions asking for it to be raised. The obvious answer is control -- and that's the answer for so many of these questions -- control. Don't run the water off when it's high; don't try to build it up when it's low, as separate measures. Have control features built in that will control it at all times as far as possible. And then you have to, of course, take into account the natural different flows of water from year to year. But we have the control measure at Fairford and to the extent that that kind of work will save the situation we can control the lake reasonably well -- not completely, even at that because Lake Manitoba is a shallow lake; it's so shallow that there isn't room for an undertow on it and when you get strong prevailing winds from one side or another it will pile up at one side and it will spill out and the prevailing winds in the summer time, and the time that you get the strongest ones in this country, are usually from the west and the southwest and it has a tendency to pile up over there and put more out the Fairford Dam, even though the logs are in, than the experts may expect. But there's a measure of control, a good measure of control. We can now prevent it from getting too high and to the extent that there is reasonable water coming down its natural tributaries we can prevent it from getting too low. But I still say -- not with any hope of convincing my honourable friend -- but I still maintain that if we're

(Mr. Campbell, cont'd.) talking conservation of the water coming down the Assiniboine River, the worst place to put it is on the top of Lake Manitoba.

MR. HUTTON: I'd just like to say this, Mr. Chairman, that the degree of evaporation is directly related to the surface of the body of water that is exposed and if you have two bodies of water and their area is greater than that of one you will get more evaporation off those two bodies of water than you will off the single one.

MR. CAMPBELL: Not at all Mr. Chairman, not at all, because if you spread that same amount of water, and we're talking about the same amount of water, that amount that's coming down the Assiniboine River, a comparatively small amount compared with Lake Manitoba it's true, but if you're talking about that amount of water, if you spread it over the 1,800 square mile surface of Lake Manitoba, of course you're going to get a lot more evaporation than if you have it in a couple of deep reservoirs.

MR. GUTTORMSON: Mr. Chairman, when the Minister speaks about using Lake Manitoba as a reservoir, to what level is he prepared to let the water go? (Interjection) -- When the Minister speaks of using Lake Manitoba as a reservoir, to what level is the Department prepared to let the water go? To what height -- I mean if

MR. HUTTON: depends upon the rate of inflow into the lake.

MR. GUTTORMSON: Rate of inflow? I don't see what that's got to do with it. I mean the people around Lake Manitoba are concerned with the level of the lake and are you going to let it go to 813 or are you going to let it go to 812 1/2 -- this is what I'm talking about.

MR. HUTTON: If the rate of inflow into the lake was heavy and the lake were rising we would increase the rate of flow out of the lake. If the rate of inflow into the lake were light and the water level in the lake were dropping we would cut down on the flow of the water going out of the lake in order to keep the mean level.

MR. GUTTORMSON: Oh, but you're not answering my question. I want to know to what level you'll let it go. Would you let it go to 813 or not? The rate of inflow and the rate of outflow have nothing to do with it. I want to know to what level would you let the water go.

MR. HUTTON: The engineers endeavour to operate the control structure so that it never goes above 813 and it never goes below 811. You can't just hold it at 813, you've got to know what the flow of water is coming into the lake and the rate of rise in the lake level and judge yourself accordingly. If you wait 'till you get to 813 you'll never catch up if you have a heavy inflow.

MR. GUTTORMSON: No, but if you let it go to 813 you're going to flood all the farmers around Lake Manitoba, because the mean level of Lake Manitoba for the last 40 years is 812 and if you let that water go 813 you're going to flood all the farming areas around the lake as the Minister well knows. This is of grave concern to the farming people around Lake Manitoba because -- particularly when you get high winds -- that wind drives the water inland, and goes over the bank and has no way of getting back, and if you let that water go to 813 you are inviting a lot of trouble for the farmers. That's the point that we're concerned with. That's why I would like to know what level you're prepared to let that water go to before you stop it.

MR. HUTTON: We endeavour to keep the level of water in the lake between 811 and 813. This recommendation was arrived at after very extensive meetings and investigations by the Lake Winnipeg and Lake Manitoba Board. They met with all the various interests around the lake and as I recall -- I haven't read the report for some time now -- but after carrying out these extensive meetings and discussing it with all the interested groups, they came to the conclusion that the lake should never go above 813, it should never go below 811, and we endeavor to control it in that manner -- with some hope of success -- I should say, with a full hope of success.

MR. GUTTORMSON: Do I understand the Minister correctly then, that if they're using the lake as a reservoir they're prepared to let it go as high as 813?

MR. WRIGHT: Mr. Chairman, I speak not as an expert on these matters but as one who would try to calm the ruffled waters here. I would like to put on record for the benefit of the committee a report given by Professor Kuiper on December 20th, 1961. I think we all agree that that's probably one of our better authorities. The title of this article was "Water Supply for South-Central Manitoba". I would like to put the last portion of it on the record here where he says, "the Portage Diversion is primarily a flood control project and by far the most

(Mr. Wright cont'd)economical of the three. In addition the Portage Diversion does the following: (a) It makes it possible to replenish Lake Manitoba during low flow years so that Lake Manitoba may become a water supply reservoir for Greater Winnipeg. (b) The diversion of selected flows from the Assiniboine River into Lake Manitoba would make it permissible to pump the flow from Lake Winnipegosis into Cedar Lake for the purpose of increasing the power output at Grand Rapids. And (c) The Portage Diversion canal could be used during low flow periods to pump water from Lake Manitoba to Portage and from there into the water supply canal for south-central Manitoba. In whatever direction the water development in Manitoba will move during the forthcoming decades, it is strongly believed that the Shellmouth Reservoir and the Portage Diversion will perform a beneficial function and will enhance the possibilities of further development." I put that on the record, Mr. Chairman.

MR. SMERCHANSKI: Mr. Chairman, I would like to possibly make an observation with all the experts getting into it -- and I don't propose to be an expert on it -- but the fact of the matter is that under normal conditions -- and all these reports that are written are based under normal conditions -- and once you encounter abnormal conditions you're in real trouble and don't ever kid yourself. The thing is, look into the West Hawk Lake or the Whiteshell Lake in the Lake of the Woods area and you will notice that with all the dam controls and with all the engineering skills -- and these are only small bodies of water -- we have experienced floods on these lakes, the kind you've never seen before. And you might ask yourself how come with all the engineering knowledge and control of water that this takes place. This takes place under abnormal conditions, and you work these things out under normal conditions and in theory they're perfect; in practice -- again under normal conditions -- they're perfect. But I say to you this, that if you have high rain conditions and unusually high winds and if that Lake Winnipeg -- or Lake Manitoba rather -- is at about 812.5 or 813 feet, your Fairford spillway will not take that excess water, and if you're going to drain additional water at a critical time through the Portage Diversion you're inviting a great deal of trouble and you will find that those controls will contribute very little to the type of flooding that you originally had on Lake Manitoba. And I still point out that it is these things that will happen under abnormal conditions that have not been considered and that there is a great deal of error and a great deal of question as to how authentic these engineering conclusions have been made based on these facts, and this should be observed very carefully. And I'm not saying this as a matter of political expedience or because one party said this or another party said this -- but these are actual facts. When you start to deal with these studies of reports under normal conditions, it's one thing; but under abnormal conditions, it's another. This is when we get into trouble. And this is where the Portage Diversion -- I appreciate the advantages of it, I appreciate the disadvantages of it, and I again say that there is very good reason why we should proceed slowly on these things and not make big errors in them.

MR. HUTTON: Mr. Chairman, I take some exception to the approach of the Honourable Member for Burrows. Now, as I understand it he's a professional man, and when a professional man stands up in the Legislature and calls into question the findings of top qualified men in their field, he wants to know what he's talking about. He suggests that this -- he leaves the impression with this committee that these projects were built to deal with normal conditions. They were planned to deal with the worst conditions that we have experienced. Now if he calls that normal, that's his interpretation. I fail to comprehend -- unless he has some very substantial evidence that he's prepared to lay on the table here -- I fail to comprehend his approach in this committee -- to stand up in his place and to call into question the ability, the qualifications of the best engineers that this province could get its hands on to carry out these studies, and to suggest that they are miles out in their calculations is a serious charge to bring. Now I submit that he should either put evidence on the table here that proves conclusively that these men are as inept as he says they are, or else he should withdraw some of these extreme statements that he is making. After all, these men are men who have built some of the outstanding water control works in North America. He's not talking about some undergraduate engineer who made some quick calculations on his cuff and then made recommendations to the Province of Manitoba. He's talking about the best in the business. There are none better in Canada than the men who made these recommendations and made these studies, and with the exception of my honourable friend and some of his colleagues, I'm inclined to think that some of the water

(Mr. Hutton cont'd) . . . control engineers that work for Manitoba are about the best in the business, and I suggest they're not the kind of people who make the rough calculations that he refers to. And to suggest that normal conditions means an average summer or an average rainfall -- the Fairford Diversion was built specifically to handle the Portage Diversion in a year when the maximum inflow that we have ever experienced on Lake Manitoba was taking place. That is the condition it is designed to meet. I submit that if we ever get the kind of conditions that he's talking about we'll thank God for the Portage Diversion, because there won't be anything left if that culmination of projects won't handle it.

MR. SMERCHANSKI: Mr. Chairman, I again feel that the Honourable Minister of Agriculture is making a certain assumption and jumping to conclusions which I did not say. Now, being a professional engineer myself I have the utmost of respect for a qualified professional engineer, and I don't think that this is a court of law where I should have to bring any evidence to support my statements -- and as I have indicated before, I believe that some of these statements are correct and I am not making light of them and I certainly have not brought into any question the matter of professional engineers. But what I do point out to the Honourable Minister is that let us not talk about the Portage Diversion, let us not talk about the Fairford Dam, let us state in actual reality what happened on West Hawk Lake, which is a small body of water, where we have got excellent controls on the water level -- and I might ask him that these were designed and built for what is known as normal conditions, taking into effect the maximum flood conditions and the minimum flood conditions over a period of years from a recorded rainfall and then making your decision -- and I still say that this is under normal conditions. By the same token, last year in West Hawk Lake, with all these controls, most of the docks were flooded out and the water level on that lake rose to some three or four feet before they were able to control it, and all I say to you, as a responsible person is, the fact that there was an error created in this, this was done on a solid engineering basis, but unfortunately the conclusions that were drawn were in error, and because these conclusions were drawn in error -- and because they were in error, we had flood conditions -- and I say to you again that if you have -- I'm not in favor of these conditions, because this isn't what I would like to see -- but this condition could happen and I'm not questioning the study of the engineers. And if you talk to the engineers on the same basis they will agree with you that there is this possible error in their conclusion. I again bring to your attention that I am not questioning the matter of a professional engineer and I still say that I am correct in my statement.

MR. EVANS: Mr. Chairman, I move that the Committee rise.

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

MR. W. G. MARTIN (St. Matthews): Madam Speaker, I beg to move, seconded by the Honourable Member for Lac du Bonnet, that the report of the Committee be received.

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

MR. EVANS: Madam Speaker, I beg to move, seconded by the Honourable the Attorney-General, that the House do now adjourn.

Madam Speaker presented the motion and after a voice vote declared the motion carried and the House adjourned until Wednesday at 2:30 o'clock.