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CARROLL, Hon. J.B.	The Pas	Legislative Bldg., Winnipeg 1
CHRISTIANSON, John Aaron	Portage la Prairie	86-9th St., N.W., Ptge. la Prairie, Man.
CORBETT, A. H.	Swan River	Swan River, Man.
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DOW, E. I.	Turtle Mountain	Boissevain, Man.
EVANS, Hon. Gurney	Fort Rouge	Legislative Bldg., Winnipeg 1
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HAMILTON, William Homer	Dufferin	Sperling, Man.
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HARRISON, Hon. Abram W.	Rock Lake	Holmfild, Man.
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HILLHOUSE, T.P., Q.C.	Selkirk	Dominion Bank Bldg., Selkirk, Man.
HRZHORCZUK, M.N., Q.C.	Ethelbert Plains	Ethelbert, Man.
HUTTON, Hon. George	Rockwood-Iberville	Legislative Bldg., Winnipeg 1
INGEBRIGTSON, J. E.	Churchill	Churchill, Man.
JEANNOTTE, J. E.	Rupertsland	Meadow Portage, Man.
JOHNSON, Hon. George	Gimli	Legislative Bldg., Winnipeg
JOHNSON, Geo. Wm.	Assiniboia	212 Oakdean Blvd., St. James, Wpg. 12
KLYM, Fred T.	Springfield	Beausejour, Man.
LISSAMAN, R. O.	Brandon	832 Eleventh St., Brandon, Man.
LYON, Hon. Sterling R., Q.C.	Fort Garry	Legislative Bldg., Winnipeg 1
MARTIN, W. G.	St. Matthews	924 Palmerston Ave., Winnipeg 10
McKELLAR, M. E.	Souris-Lansdowne	Nesbitt, Man.
McLEAN, Hon. Stewart E., Q.C.	Dauphin	Legislative Bldg., Winnipeg 1
MOLGAT, Gildas	Ste. Rose	Ste. Rose du Lac, Man.
MORRISON, Mrs. Carolyne	Pembina	Manitou, Man.
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PAULLEY, Russell	Radisson	435 Yale Ave. W., Transcona 25, Man.
PETERS, S.	Elmwood	225 Melrose Ave., Winnipeg 15
PREFONTAINE, Edmond	Carillon	St. Pierre, Man.
REID, A. J.	Kildonan	561 Trent Ave., E. Kild., Winnipeg 15
ROBERTS, Stan	La Verendrye	Niverville, Man.
ROBLIN, Hon. Duff	Wolseley	Legislative Bldg., Winnipeg 1
SCARTH, W.B., Q.C.	River Heights	407 Queenston St., Winnipeg 9
SCHREYER, E. R.	Brokenhead	Beausejour, Man.
SEABORN, Richard	Wellington	594 Arlington St., Winnipeg 10
SHEWMAN, Harry P.	Morris	Morris, Man.
SHOEMAKER, Nelson	Gladstone	Neepawa, Man.
SMELLIE, Robert Gordon	Birtle-Russell	Russell, Man.
STANES, D. M.	St. James	381 Guildford St., St. James, Wpg. 12
STRICKLAND, B. P.	Hamiota	Hamiota, Man.
TANCHAK, John P.	Emerson	Ridgeville, Man.
THOMPSON, Hon. John, Q.C.	Viriden	Legislative Bldg., Winnipeg 1
WAGNER, Peter	Fisher	Fisher Branch, Man.
WATT, J. D.	Arthur	Reston, Man.
WEIR, Walter	Minnedosa	Minnedosa, Man.
WITNEY, Hon. Charles H.	Flin Flon	Legislative Bldg., Winnipeg 1
WRIGHT, Arthur E.	Seven Oaks	4 Lord Glenn Apts. 1944 Main St., Wpg. 17

THE LEGISLATIVE ASSEMBLY OF MANITOBA
8:00 o'clock, Tuesday, March 14th, 1961.

MR. SPEAKER: Proposed resolution standing in the name of the Honourable Member for Birtle-Russell.

MR. SMELLIE: I beg to move, seconded by the Honourable Member for St. James, whereas the Report on Financial Estimates of the Manitoba Hospital Services Plan indicates that the cost of hospital care in Manitoba is steadily rising, and Whereas the premiums charged to defray the cost of hospital care in Manitoba are already uncomfortably high, and Whereas some citizens of Manitoba have demonstrated willingness to invest in sweepstakes and lotteries operated elsewhere to support hospitals outside Manitoba, and Whereas the Criminal Code of Canada now prohibits the legal operation of a sweepstake or lottery in Manitoba, Therefore be it resolved that this House request the Government of Canada to amend the Criminal Code of Canada so as to allow the operation of a sweepstake or lottery in Manitoba for the purpose of paying some portion of the cost of providing hospital services for the people of Manitoba.

Mr. Speaker presented the motion.

MR. SPEAKER: Are you ready for the question?

MR. E. GUTTORMSON (St. George): Mr. Speaker, on a point of order, I don't profess to be an expert on the rules but it seems to me that I had a resolution requesting this government to reduce the premium and my resolution was ruled out of order on the grounds of anticipation. It seems to me that if my resolution was out of order, this one certainly is.

MR. SMELLIE: Mr. Speaker, this motion would have nothing to do with the estimates that are presently before this House. It wouldn't affect them because the Government of Canada couldn't possibly have this passed in time to affect this year's estimates.

MR. SPEAKER: The purpose of this resolution is an amendment to the Criminal Code of Canada as to allow a lottery, and apparently the purpose of the lottery is to reduce the cost of hospital services to the people of Manitoba.

MR. GUTTORMSON: That was the purpose of my resolution too.

MR. SPEAKER: I'm afraid I can't agree with the Honourable Member from St. George. It's quite in order to make a motion to reduce the hospital costs in Manitoba but your resolution dealt with a matter of anticipation and debate on the matter. The Honourable Member for Birtle-Russell.

MR. SMELLIE: Mr. Speaker, when it became evident last spring that some increase in the hospital premiums were going to be necessary in Manitoba, I began to give this matter some serious consideration. I must confess that I did have some doubt in my mind as to whether I should proceed with a resolution of this nature because of the objections that would be raised on moral grounds. After having considered the matter for some considerable time, I decided that if I backed away from this resolution for that particular reason I would be nothing less than a pious hypocrite because I, like most of the other members of this Chamber and the other citizens of this province, have indulged in small amounts of gambling. I have purchased tickets from various charitable and religious organizations in my community and I'm quite sure that other members of this House have also.

The problem so far as hospital premiums are concerned perhaps affect the people in the rural areas more than it does people in urban areas for this reason, that the majority of people in rural areas are self-employed; and being self-employed they will be paying their premiums in two installments every year where the individual who is employed by someone else, in most cases, will have his premiums deducted at source each month and he does not feel the pinch so much as the self-employed person. When I first considered this matter of a lottery or a sweepstake to assist in paying part of our hospital costs in Manitoba I realized, of course, that the Criminal Code of Canada made this impossible. The prohibition in the Criminal Code of Canada is, to my mind, relatively useless. It doesn't prohibit the playing of bingo or the conducting of raffles in certain circumstances and, in many instances even where they would be prohibited, people have been conducting such bingos and raffles with impunity. I think that any person who has ever been employed in this province as a salesman, and who has travelled about the province, has probably come back from each sales trip with as many raffle tickets in his pocket as he has orders. In addition to this, Mr. Speaker, we know that there are individuals, and I think quite a number of individuals in this province, who have been purchasing

(Mr. Smellie, cont'd.) . . . tickets on the Irish Sweepstakes and the sweepstakes offered in our sister Province of Quebec by the Army and Navy Veterans. Whenever we have a winner in one of these sweepstakes the news media in our province give wide publicity to this winning, and nobody ever complains that the newspaper or the television or radio are contributing to immorality in Manitoba. The funds which are invested in these sweepstakes are all leaving Manitoba, and so far as we Manitobans are concerned, I believe this to be a wasted opportunity. There is in our province today a popular demand for some form of legal gambling and we have, in fact, legalized some forms of gambling in this province. I understand that the Province of Manitoba at present places a tax on the pari-mutuel system at Assiniboia Downs which contributes some \$300,000 to the coffers of the province annually.

As I began to look at this problem I asked myself, if we did have the opportunity to operate a sweepstake or lottery for the Province of Manitoba, what would be the best form for it to take. I took the trouble to get in touch with the people who operate the Irish Sweepstake to get some information from them, and the information which they provided was quite interesting to me. The Irish Sweepstakes were started in 1930 because the Irish hospital system at that time was in very sad condition. Since 1930 they have operated three sweepstakes a year, and the net revenue to the Irish hospital system has been some 52 1/2 million pounds, or roughly \$147 million in the thirty years. This works out to approximately \$5 million per year. The Irish Sweepstakes are operated by a private corporation established as a government agency by a special Act of their Legislature. This corporation receives a fixed remuneration, which is settled by agreement with the Legislature and the corporation for each sweepstake. Their accounts are audited by a firm of private accountants appointed by the government. After deduction of the agreed charge to this corporation, the prize fund is split -- 75 percent for payment of prizes and 25 percent to the hospital trust fund. As I said, they hold three sweeps a year and each sweepstake is operated separately. The agency must provide a plan for the operation of each separate sweepstake and this plan must have the approval of the Minister of Justice before the tickets can be put on sale. The 25 percent that goes to the hospital trust fund is administered by a separate corporation that has nothing to do with the sweepstakes. They merely handle the funds delivered by the sweeps.

The Irish Sweepstake has enabled the Irish Government to have planned hospital buildings, TB services, cancer services, and medical research to an extent that they never would have had through taxation in that country. Most of these services are available only in Ireland, but I understand that the medical research has branched out much farther than Ireland and that grants can be obtained from the hospital trust fund for medical research anywhere in the world, provided they approve of the researcher. Similarly, in the United Kingdom, we have the government there in legalized gambling. The government in the United Kingdom, as you know, are operating the football pools. This too, I understand, has given the general revenues in the United Kingdom a considerable boost.

Supposing for a moment that this resolution passes unanimously, as I think it should; and the Government of Canada sees things the way we would like them to see it; then I would suggest, Mr. Speaker, that the government of this province must be prepared to step into this field immediately. If we are not prepared to step into this field immediately the other provinces -- I know that certainly the Province of Quebec are very anxious to get into this field -- and if too many of the provinces get into the field immediately, then the potential from such a source will be greatly reduced. In fact, the first government in the field operating a well-off organized sweepstake will have the greatest potential. This then brought to mind, if you are going to operate a sweepstake on what races would you run it? Immediately the thought occurred to me that we are operating two race meets each year at Assiniboia Downs and this has proved to be quite a tourist attraction and, in my opinion, Assiniboia Downs has not yet reached anywhere near its real potential. If a sweepstake were to be operated in connection with the race meets at Assiniboia Downs, I'm quite sure that the races there would have much wider recognition and would provide a much greater attraction to tourists outside of Manitoba. Such a sweepstake, Sir, would provide a legal outlet within controlled limits for the people of Manitoba, and elsewhere, to indulge in the gambling that they are already doing illegally and legally in other fields. It would also help to provide Manitoba with the cash for some of the worthwhile programs that the Minister of Health has in mind.

(Mr. Smellie, cont'd.)....I would suggest, Sir, that if this program or if our sweepstake here was only two-fifths of the size of the Irish Sweepstakes we could realize a potential of \$2 million a year. Many people have suggested to me that we would never raise \$2 million a year in Manitoba from this source; but, Sir, I never for one moment thought that we would sell all of the tickets for such a program in Manitoba. I can see no reason why tickets for a well-operated sweepstake in Manitoba couldn't be sold throughout the whole of this continent. I would ask you, Sir, to think of Manitoba and compare the purchaser of a sweepstake ticket, who purchases the same voluntarily, with the premium payer who pays his premium under compulsion; and I think that you will agree with me, Sir, that the purchaser of the ticket will be a much happier citizen of this province than the fellow who must pay a compulsory premium. I would respectfully request, Sir, that the members of this House give serious consideration to this resolution, and after serious consideration, they support it.

MR. J. M. HAWRYLUK (Burrows): Could the honourable member tell me what portion of the take taken every year goes to the hospitals, to the prize winners, and to the overhead expenses. Have you any idea?

MR. SMELLIE: According to the Free Press, only one-eighth of the total take goes to the hospital trust fund. I have not been able to confirm any of this information. The information that came from the Irish Hospital Trust Fund doesn't give any information at all about what the fee is that's allowed to the Hospitals Trust Fund. All they say about it is that it was set by agreement with the Irish Legislature and the Hospitals Trust Fund Limited.

MR. J. A. CHRISTIANSON (Portage la Prairie): Mr. Speaker, I feel that I should say one or two words in this debate before the matter goes to a vote. I am probably being very presumptuous in thinking that I am the only member who is going to say anything, but it certainly seems to me very poor comment on the thinking, on the moral thinking if you like, of the times that a resolution like this should come before this Legislature. Now I agree, and I realize that this is quite true, that there is an awful lot of gambling done. The Honourable Member for Birtle-Russell, in fact, assisted a very worthy enterprise in the city of Portage la Prairie just recently by purchasing some raffle tickets from me. But I submit, Mr. Speaker, that that was not a gamble for him. He wasn't gambling at all. He was making a donation, and I am sure that this is exactly what he thought when he parted with those few hard-earned pennies that he gave me in return for the tickets. Now I may be judging him harshly, but I think that I am not being too generous either when I say that he was making a donation, and in most cases this is the way raffles are treated. There are a few that hand out terrific prizes. There was another member of the Assembly going around selling tickets for \$10.00 and I bought one of them, but I didn't buy it with the idea of winning. I bought it with -- this certainly may seem strange to all the members present but I would only say this to them, that I have bought far too many tickets and I've gambled too often in my time to have any confidence at all in winning. I know that there is no easy way out -- there is no pie in the sky. You've got to work for everything you get; and if you don't work for it, usually you don't get it.

Now he has said that there is a demand in Manitoba for legalized gambling, and I suppose there is a small demand; but, Mr. Speaker, I submit that that demand is far more vocal and far more pronounced among a few than it is amongst the majority of the people in the province. It's very interesting when we look back to the furor that was raised over the extension of horse racing in Manitoba a few years back. It's very interesting to note that one of the chief antagonists of this extension was the Retail Merchants Association. Why? Because the merchants in Winnipeg feel very strongly the presence in Winnipeg, in Manitoba, of the horse races as they go on. When you look at the total amounts of money that are wagered at those horse races you realize that the \$300,000 that the province gets out of it is a pretty small percentage; that somebody else is making an awful lot more money out of this so-called sport of kings than the Province of Manitoba. I regret, Mr. Speaker, that the Federal Government saw fit to legalize gambling on horse races in Canada because I don't think it has done anything for the moral fibre of our citizens or for the general welfare of our people.

Now he's mentioned the Irish Sweepstakes, and I think the figure he quoted was \$5 million a year on the average. Well this is probably a good figure but Ireland, of course, distributes their tickets far and wide. They have been in the field for some 30 years and I think they have a good lead on everybody. I am sure that he, in all seriousness, can't suggest that if this were

(Mr. Christianson, cont'd.)....legalized across Canada that Manitoba would be able to get the jump on anybody and that we would, in fact, raise any amount of money by doing this. All we would be doing would be contributing to a general lowering of the moral fibre; we would be helping to promote the feeling that somehow, somewhere, there is going to be something for nothing. Mr. Speaker, I heard somebody say the other day that the thing that's wrong with this country is that too few children — pardon me I've got that wrong — too few adults and not enough children believe in Santa Claus. I suggest, Mr. Speaker, that this type of resolution, this extension of legalized gambling in Manitoba should be turned down by this Legislature; in fact, we should be examining very closely the gambling that is presently going on.

MR. SPEAKER: Are you ready for the question?

MR. LISSAMAN: I move, seconded by the Honourable Member for Swan River, that the debate be adjourned.

Mr. Speaker put the question and after a voice vote declared the motion carried.

MR. SPEAKER: Proposed resolution standing in the name of the Honourable Member for Rhineland.

MR. J. M. FROESE (Rhineland): Mr. Speaker, I beg to move, seconded by the Honourable Member for St. Vital, that whereas the income of the farmers has been declining the last number of years; and whereas it is apparent that greater economic difficulties are facing the farmer and farm families today; and whereas the farmer has no protection from having his homestead sold for taxes when unable to pay the same; Therefore be it resolved that this House give consideration to the advisability of bringing in legislation whereby all resident quarter-sections of land occupied by the legal owners are forever exempt from seizure for any tax or fee emanating from any government body within or under the jurisdiction of this Legislature for any cause whatsoever.

Mr. Speaker presented the motion.

MR. LISSAMAN: Mr. Speaker, do you know where a fellow could pick up a nice quarter-section of land?

MR. SPEAKER: My answer is yes. Are you ready for the question?

MR. FROESE: Mr. Speaker, first of all I would like to thank the Member for St. Vital in accommodating me in being able to bring this resolution before this House. The matter contained in this resolution has been occupying my mind for a considerable time. After all, we are facing more serious periods economically in Manitoba and across Canada and I feel that this subject is quite timely and that it should be discussed. We know that the cost of living is going up and has gone up over the last number of years. This does not only apply to the rural areas, it applies to all the people in Canada. The cost of farm machinery has been going up by leaps and bounds over the last number of years. Every spring when the farmer goes out to buy some new machinery the dealer will tell him that costs and prices have gone up. This also applies to other equipment and to cars as well. Then also in the matter of farm help, wages are going up which in the end reduces the cost the farmer has to pay and narrows the margin as far as his earnings are concerned. There are also various other matters such as medical bills, drugs, and so on, where the cost is increasing. Were it not for the props that we have today such as the Family Allowances, Mothers Allowances and Old Age and Blind Persons Pensions, I'm sure the situation would be much worse than it is today and we would be in a serious depression.

I would like to read from the book, *The Economist versus the Bank of Canada*, written by Scott Gordon. On page 15, I'd like to quote one paragraph and it reads this way: "At the present time the difficulties of the Canadian economy are more serious than at any other period since the end of the war. The difficulties have not come without warning. We are now in our fourth post-war recession. If we examine the three previous ones, in 1948-49, 1953-54 and 1957-58, we find that each period of recession was deeper than the preceding one and that each period of recovery was more short-lived and less complete than the preceding one. In short, we have been progressively less and less successful in controlling recession and combating unemployment in Canada. The present recession will very likely be the deepest and perhaps will be the longest since the end of the war." That just goes to substantiate what I've already said. The situation that we're in -- we find that we get into recessions faster and it takes us longer to get out of them and they get worse each time.

Now in considering this resolution, naturally I looked for any act that would contain any protection for the farmer in any way, and I came across The Debt Adjustment Act which was

(Mr. Froese, cont'd.). . . . passed in the 30's to help farmers at that time from complete ruin, and I find that much and many sections of this act are now defunct and outdated. Many of the sections are no longer applying either. I feel that the provisions are very much inadequate to deal with a situation when it comes along, and I'm sure that if things go along as they are doing at present, we will find ourselves in a bad situation. I think the act needs revision very badly and, in administering the Act, there's a lot of rigmarole and with a lot of effort wasted in its administration. I'm sure that if any of the members will check, they will find that that is the case.

I would also like to bring to the attention of the members, a recent article that appeared in the Free Press Prairie Farmer on March 8th, and I would like to read it to you. "Farmers charged for violating the Municipal Act. A total of 44 farmers and elevator agents from Stanley Rural Municipality in Saskatchewan" -- here I might point out this is Saskatchewan, not Manitoba, because I come from the Stanley Municipality in Manitoba and this applies to Saskatchewan -- "have appeared in Court recently to answer charges under The Rural Municipalities Act for having sold grain beyond their per acre exemption without applying payment to their municipal taxes. In the case of the elevator agents, they were charged with having made payment to farmers for delivery of grain over the exemption amount without having checked for exemption certificates. Under The Rural Municipalities Act, a farmer is allowed to sell a specified amount of grain under a per acre exemption before having to apply anything to his taxes. Once his taxes are paid, he is supplied with an exemption certificate which he can produce for the satisfaction of the elevator agent. Mind you, all elevator agents are provided with a list of those whose taxes are not yet paid." This is happening in Saskatchewan and I hope the day never arrives in Manitoba when such a situation develops here, that our people will be delivering their grain to the elevators and not being able to get the money for it; that it will have to go direct from the elevator to some source for payment, especially on taxes.

The amount and the size of the amount for taxes very often is very small compared to the investment the farmer has in his properties, and to go ahead and to have to lose his properties for that amount, I think is very unfair. Presently the municipalities, so to speak, hold a club over the ratepayers head in that he has to pay or his land will be sold for taxes. Here, with this resolution, it does not take away from the municipalities the right to take the normal procedures and go through court proceedings in order to collect the taxes, which is, I think, the way it should be done, especially in cases referring to the portion of the land that is owned by the farmer and used for residential purposes. I'm sure people will pay their taxes, if and when they're able to. Should there be any liens placed on the properties, naturally if a sale is made, it would have to be cleared up if it wasn't cleared up prior to that; or in the case of an estate, if the man went into estate, naturally it would be cleaned up at that time as well.

I know that there are a number of reasons why farmers are unable to pay taxes at given times. Sometimes it's because of quotas; other times it would be because of poor crops, probably flooding, and so on. Then, also, I think farmers are quite right in paying their other bills first, especially grocery bills, food bills, clothing and so on, the general requirements of the family and so on. I feel these take first priority and, as such, should be paid first of all. While I was also referring to The Debt Adjustment Act, I think there are sections which need revival. If we get into serious times, I think that the act as a whole should be reviewed and put in such order that it would accommodate the farmers in Manitoba. I think that was all I wanted to say at this time. I'll be having some further things to mention later on.

MR. E. I. DOW (Turtle Mountain): Mr. Speaker, being associated for the past quarter of a century and more with municipal work, and being still very much interested, I don't like the statement that was made that the municipalities hold a club over the taxpayers; and I don't like the idea that more exemptions should be applied in the municipality. For years the municipalities of Manitoba have been asking and requesting that even the Crown land of the province come into a tax-producing area, and for us in this House to accept the resolution now extending exemptions on farm land, I know it would be in disfavour to most municipal men. For the information of the House, I can truthfully say -- from again down in the Garden of Eden, the southern part of Manitoba where we look after our people -- that in 25 years' experience I have yet to hear of a farmer or an urban dweller being dispossessed of his house through tax fail. I think this would be just an agitation to invite the type of people, that maybe

(Mr. Dow, cont'd.)....you wouldn't want to have residing in your area, to become squatters on quarter sections of land and live there for all time if we ever considered this type of resolution.

MR. F. GROVES (St. Vital): Mr. Speaker, I think perhaps I should explain my position as the seconder of this resolution. I agreed with the honourable member that I would second this resolution in order to accommodate him, as he said. I did so because I feel that any member of this House who has some subject, that he considers important enough to have debated in the House, should not be prevented from doing so merely because he hasn't got a seconder for his motion. The member understands, I hope, that I do not agree with this resolution and that I do not intend to vote for it.

MR. PAULLEY: Mr. Speaker, I just want to say a word or two in connection with this resolution. I think of all the resolutions that have been placed before this House this is one of those that we must consider as being sort of ridiculous, and I say this in all deference to my honourable friend the member for Rhineland. Now let's take a look at it. "Whereas the income of the farmers has been declining for the past number of years." I don't think there's any disagreement at all with that. "Whereas it is apparent that greater economic difficulties are facing the farmer and farm families today." I don't think there's much opposition, Mr. Speaker, with that. As a matter of fact, we of our party have before the House today a resolution dealing with stabilization and parity prices for the farmer of Manitoba that gives consideration to this very fact. "Whereas the farmer has no protection from having his homestead sold for taxes when unable to pay the same." It may be. We of our group have in the past suggested, not particularly in connection with the question of taxation on the farmers home quarter, we have suggested that the legislation of the Province of Manitoba should be expanded so that in times of adversity the farmer of Manitoba should have his home quarter protected from seizure for non-payment of mortgages, and the likes of that, in order that he may be on his feet.

However, we come to the main purpose of the resolution, "Be it resolved that this House give consideration to the advisability of bringing in legislation whereby all resident quarter sections of land occupied by the legal owners are forever exempt from seizure for any tax or fee emanating from any government body within or under the jurisdiction of this Legislature for any cause whatsoever." Mr. Speaker, sometimes we of our group are considered as being irresponsible insofar as dollars and cents are concerned. Sometimes we are accused, and in both occasions I say absolutely unjustly, but we are accused because of the fact that we do not have any consideration for the basic principles of the economic system under which we are operating at the present time. I appreciate the fact, and I'm sure that every member of this House does, that from time to time we on this side of the House do introduce resolutions and legislation that would change this principle that we hold so dear to us, or so many hold so dear to us. But I don't think, Sir, that at any time we can be accused of introducing a resolution of this nature. Because after all, what does it mean? It simply means, in the terminology of the resolution, that if any of us who happened to be on a home quarter of a farm simply refused to pay to the municipal authority a tax for our property, we would be ever exempt from the payment of that tax -- (Interjection) -- that's what the resolution says, Mr. Speaker. I'm only going by the resolution as we have it here before us, because it says, and I repeat for the benefit of my honourable friend the Member for Rhineland, that "all resident quarter sections of land occupied by the legal owners are forever exempt from seizure for any tax or fee emanating from any government body within or under the jurisdiction of this Legislature for any cause whatsoever."

In other words, if the cause is that the individual occupant, if he is the owner of this particular land, decides that because of the fact the baby needs a new pair of shoes that he's not going to pay for the municipal tax on this property, he is forever exempt from payment of his municipal tax. If, for instance, he owns an automobile for which a fee is demanded by the Legislature of the Province of Manitoba, if because of the fact that he doesn't feel inclined to pay this fee, which is within the jurisdiction of this Legislature and the authorities take the due course of law to assess this against his property, then forever he is exempt simply because of the fact that he did not pay this fee. In respect of hospitals and premiums wherein the Legislature prescribes that this can be an assessment against the property because of non-payment of fee, it doesn't matter what the economic situation of the individual concerned is,

(Mr. Pauley, cont'd.) simply because the individual concerned decides that in his opinion he's not going to pay this fee, then forever his property and him himself is forever exempt from the payment of this fee. So I say, Mr. Speaker, as far as I'm concerned we simply cannot accept the content of this resolution. I don't like to say to any member of this Legislature that any proposition that they bring before us is ridiculous. Of course in saying that, Mr. Speaker, I've often been accused of making ridiculous statements in this Legislature and I accept them, but I doubt very much whether at any time or on any occasion I have suggested anything as ridiculous as this, and I simply cannot accept it.

MR. H. P. SHEWMAN (Morris): Mr. Speaker, I agree wholeheartedly with the previous speaker. That part of that "therefore be it resolved — and its owners are forever exempt from seizure for any tax or fee emanating from any government body within or under the jurisdiction of this Legislature." Now we have been in this House interested in the Social Credit theory, and I'd like to ask the Member from Rhineland if this is what they're practising in B. C. and Alberta, because if it is, it's the first I've heard of it. He said any holder of a quarter section of land, and I have been told that there is about 26 or 27 percent of the small farmers in Manitoba that have a quarter section of land. All right, he suggested we exempt them because they're hard up and they're not able to pay; but he doesn't tell us what he's going to do with the farmer that's got 240 acres, just as hard up as the fellow that's got the quarter; of the fellow that's got 320 acres and maybe needs the money just as bad or maybe worse. He never mentions that. I guess this is really social credit theory. This is top form. It must be or it wouldn't be introduced in this House. Then he goes on to say, if I interpret this resolution in the correct sense and I think there is only one sense to interpret it in, that we're going to do away with the school tax on any land. There'll be no more schools possibly. And, according to the resolution, no drainage tax, Mr. Speaker; and we won't be able to build roads. Well, we heard of this funny money that the Social Credit are speaking about and practising and maybe this is their theory, and it's just as well it has come to light here. During elections I've never heard of this kind of a platform. Maybe the Honourable Member for Rhineland is preparing his platform for the next election, but I've never heard this mentioned, or read of any Social Credit theories such as this. So, Mr. Speaker, I'm violently opposed to this -- violently opposed.

MR. SPEAKER: Are you ready for the question?

MR. FROESE: Mr. Speaker,

MR. SPEAKER: The honourable member is closing the debate.

MR. FROESE: I'll move adjournment, seconded by the Honourable Member . . .

MR. SPEAKER: I didn't hear what you said.

MR. FROESE: I'd like to move that the debate be adjourned, seconded.

MR. LYON: Would the Honourable Member mind, Mr. Speaker, if I moved adjournment perhaps. — (Interjection)—Oh sure, as a convenience. I would move, Mr. Speaker, seconded by the Honourable, The Minister of Public Works, that the debate be adjourned.

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

MR. SPEAKER: Second reading of Bill No. 38, the Honourable Member for Selkirk.

MR. HILLHOUSE presented Bill No. 38 An Act to incorporate Association for Retarded Children of Manitoba, for second reading.

Mr. Speaker presented the Motion.

MR. HILLHOUSE: Mr. Speaker, the Association for Retarded Children of Manitoba is at present incorporated under Part V of the Company's Act, and the only reason why it's coming before this Legislature for a special bill of incorporation is so as to obtain powers which it could not obtain under Part V of the Act. The only additional power which it is asking for is the power which is now possessed by the Canadian Legion and by various fraternal associations of Manitoba; and that is the power of the provincial association issuing a certificate to local associations; which certificate, when filed with the provincial treasurer, or secretary rather, and the required fee paid, incorporates the local association as an incorporation. The main object of that is so that they can own land in the name of the incorporation.

MR. GRAY: Mr. Speaker, I'm not opposed to the bill. I think anything that could be done for retarded children is always welcome. The only thing I cannot understand is the reason why there should be a separate bill for an organization to look after retarded children and remove the responsibility from the administration. I think retarded children should be

(Mr. Gray, cont'd.) completely taken care of by the government, because that's a part and the major part of the welfares that the government is supposed to do and perhaps is doing. So with only this uncertainty I would support the bill, but I would like to be told why it is necessary to have a separate bill and a separate responsibility by an agency for retarded children whose responsibility is solely the government's.

Mr. Speaker put the question and after a voice vote declared the motion carried.

MR. SPEAKER: Adjourned debate on second reading of Bill No. 20. The Honourable Member for Swan River.

MR. A. E. CORBETT (Swan River): Mr. Speaker, I'm rising to speak on what has been a somewhat contentious subject. But before I deliver my august address to this assemblage I would like to digress for one moment and congratulate you on you occupying with your usual grace and dignity the position which you occupy. I'm sure that your friendly advice and dictums that you issue, which are sometimes disagreed with by various member around here, will be a great help to many of us members in this House in winnowing out the solid grain from the multitudinous amount of chaff with which this Chamber is deluged. I also wish to digress and congratulate the charming Lady Member from Manitou who has joined our ranks and I hope she will be with us for a long time. I'll now get down to business. Thank you.

Now regarding the subject matter under discussion. It would appear to me at times that the arguments presented on both sides, both pro and con, have quite a lot of resemblance to the childish arguments that used to say, "you did" and "I didn't", and "I didn't", "you didn't", but in most cases there hasn't been much of a logical or sensible nature presented in these arguments. I hope I'm about to present something that is both logical and sensible. I'm fairly well convinced that logic does not enter into this matter very much, and no matter how long this matter is discussed the opinions of the opposite side will not be greatly changed. But I would like to say it is my opinion the proponents of the colouring of margarine the same colour that has been associated for years with our top grade butter, are not too concerned with the superior edible qualities of margarine, but rather with being able to buy for one-half the price or less something that looks and possibly tastes very much like the creamery butter. That I think, is a self-evident fact. I do not take too much stock in the plaintive outcries of the housewives that a great amount of time and energy is consumed in mixing the colour into the margarine that is at present on the market. No appetizing meal can be prepared and served without a certain amount of effort being required to produce the culinary masterpieces associated with such a meal, and I cannot imagine that many cases of nervous exhaustion or physical disability will be greatly aggravated by extra effort required with preparing the margarine to substitute for real butter. Statements have been made regarding the detrimental effects of the use of butter on the health of our people, particularly in cases of heart trouble; and also statements have been read regarding certain brands of margarine that produced bad effects on several people I believe in Holland in Europe. I do not think either of these statements have any logical impact on the matter under discussion. As we all know well known foods such as sugar, salt, etcetera are prohibited in diets to combat certain diseases, and I think that the reported cases, I believe it was itch, among residents of Holland could have been caused by many other reasons than the ingredients of margarine. I'm quite fair about the matter; I'm not accusing margarine as the cause of itch, and I think that's very proper and right to do things impartially and not be unfair. But there's always the question in the development of synthetic products replacing natural produce that intensive investigations have to be carried on often for many years to eliminate any harmful qualities which may occur in the synthetic substitute which do not exist in the natural product.

Our great force engaged in scientific and technical studies have employed quite a good percentage of their numbers in discovering replacements for many of our natural products that in most cases were in short supply. Mark you that word "short supply", because this doesn't apply to the subject I'm discussing -- short supply for the needs of the world. These synthetic replacements endeavour to combine all the good qualities of our natural products and possibly in many cases produce an artificial product that costs less to produce and distribute than the natural product imitated. I'm not for one minute saying there is anything wrong with this but it is quite in line with the evolutionary advances that are being made by the people of the world. An analogy might be suggested in the tremendous development of chemical and mineral fertilizers

(Mr. Corbett, cont'd.)....which have done much to replace the natural fertilizers, a main one of which was the standard natural product of our main producer of our dairy products. There has never insofar as I know, been any question of the great superiority of our chemical and mineral fertilizers over the humble by-product of our beasts and birds, but lesser costs of distribution and handling have relegated the natural products to a more or less minor position. I'm not in a position to know whether the noble piles of rotting manure which ornamented many of the agricultural areas of eastern Canada, and some of the older settlements of Manitoba, are still a source of revenue to their owners or are just deteriorating into a useless pile of dust due to the intensive competition of the chemical and mineral substitutes.

Pursuing a little further along these lines I am sure some of our older members will remember the high speed silk trains which ran on special orders from Vancouver to Montreal and New York and the other eastern cities to deliver the raw silk, which was a natural product of the silkworms of Eastern Asia, rapidly and safely to our textile and clothing manufacturers of these Atlantic areas. This was a big import business which helped us balance our economy and I believe has now faded to a very small trickle. This change has occurred due to the scientific developments of producing from mineral basis the various synthetic substitutes of silk such as rayon, nylon and various other similar products. And I might mention the virtual stagnation of many of our coal producing areas owing to the scientific developments of the various fuels obtained from crude oil, and natural gas, but we should not forget that our oil and gas supplies -- I'm still talking about margarine, don't forget -- are still concealed in the bowels of the earth and may not be inexhaustible. It might well be that we might have to come back to utilizing our visible and what might seem our almost inexhaustible supply of natural coal in its many forms. I'm not criticizing these progressive developments but I'm merely pointing out a few of the tremendous changes that have occurred in our economy due to these students of synthesis discovering new methods of providing substitutes for many of our natural products. In citing these cases of virtual elimination of many of our natural products by synthetic or other substitutes I have merely wished to draw your attention that not all these products have been produced to make up shortages in our natural product, but in many cases have been inspired by the thought of material gain or profit in the manufacturing marketing of such substitutes.

Getting back to the subject of margarine now -- or what I believe was originally called oleomargarine -- was first put on the market in a big way during the first world war when trade dislocations put butter in short supply particularly in the war-torn areas. Insofar as Manitoba and Canada are concerned butter has never been in short supply except in unnatural conditions created by the country being at war, and any concessions made to the manufacturers and distributors of margarine cannot be justified by assuming that the manufacture and sale of margarine are replacing a natural product that is in short supply. This is definitely not a fact in Canada. Our department of Industry and Commerce have with considerable success concerned itself very much with the encouragement of new industries to establish themselves in our province and I am sure that allowing margarine to be colored the recognized color of our first grade butter will have quite a discouraging and possibly a very damaging effect on an old established industry in which quite a large segment of our population are making their living and contributing in no small way to the health and prosperity of our province. So why should we on one hand strive for new industries, while on the other hand we are asked to pass legislation which will seriously affect an old established industry? The labour force engaged in the manufacture of margarine which at the present time is confined to a few, I believe two, of our larger meat packing plants, constitute a very small percentage of those employed in the dairy and butter business in our province. A number of the various brands of margarine on sale in our stores are not even produced in the province. According to statistics available, something in the neighborhood of 40,000 people in our province are directly concerned in the production of dairy products and this represents approximately \$13 million worth of new wealth produced almost entirely from natural products. The Leader of the CCF party this afternoon mentioned a figure quite regularly of 30,000 unemployed, and anything that would affect the welfare of the 40,000 people engaged in dairy products manufacture might have a slight bearing on increasing the number of these unemployed, but I'm not emphasizing that point.

Arguments have been submitted that greater production of margarine would be of great benefit to our agricultural communities by increasing the demand and sale for many of our

(Mr. Corbett, cont'd.)oil-producing seeds. I believe this to be a fallacious claim as the only seed producers of oil grown in any quantity in our province, that is rapeseed, sunflower, soybeans, have no difficulty selling their product readily for a good price to be used in other channels than making margarine. I've been led to believe that rapeseed oil is not too adaptable for the production of margarine -- and rapeseed is really getting to be one of our important crops in northern Manitoba and also in northern Saskatchewan -- but very little of this particular crop is being used in the production of margarine. Any argument implying that our agricultural prosperity will be greatly enhanced by allowing the yellow color of margarine is in my opinion to say the least, rather fanciful. Investigations have never proved that great fortunes have been amassed by anybody connected with the butter and dairy business, particularly by the base producers; but the amount of money spent by the manufacturers of margarine in advertising through all the various mediums would certainly cause one to believe that there must be lucrative returns for the manufacturers of this product. It cannot be denied that a large part of our dairy products are produced on our so-called marginal agricultural land and that a large segment of our population eke out a reasonable existence on land not too well suited for straight grain growing; and the mainstay of their existence is the butter and cream produced on these lands. Anything that is done legislatively to imperil these people's existence by making it easier for the synthetic product to replace our natural product is doing a great disservice not only to the people involved in the production of cream, milk and butter and livestock, but to all the people of our province.

In summing up, I would again like to emphasize the fact that while I do not decry the fact that scientific substitutes are replacing many of our natural products, or that this is a bad thing for the world, but there is quite a doubt in my mind that our natural logical thinking has kept pace with the technical development, and maybe we are too prone to embrace all the new technical developments that may seriously upset our way of life without giving sufficient study to the impact they may have on our way of living. I have no quarrel with the manufacture and sale of margarine, but I do seriously disagree with those users and manufacturers of margarine who wish us to pass legislation allowing them to slavishly imitate in the colouring of their product, the colour that for many, many years has been used in establishing the highest grade of butter, and I feel that this will have, to say the least, a very disheartening and harmful effect on a very important segment of our population.

MR. SMELLIE: Recently at a gathering in Brandon in this province, I heard the Premier of Saskatchewan say that it was congenitally impossible for a politician to say a few words. I now hope to prove that he was wrong. If anyone has any serious interest in my views on this matter I would refer them to Hansard of last year -- but there are one or two minor points which I would like to clear up at this time.

We have in this province some 25,000 farm families that enjoy an income of less than \$2,000 per year. Most of these people depend on the production and sale of cream for a large part of that income. The Honourable Member for Wellington has told us about the thousand letters that he received -- well I don't think I received quite a thousand but then I didn't go out and advertise for letters. The letters that came to me came to me unsolicited and everyone of them, except a few that I will tell you about later, contained an earnest plea for aid for people who earnestly believed that their livelihood will be affected by this Bill. I must confess that I too, had some letters as the Honourable Member for Wellington indicated that were not signed, and I must confess too that they were not exactly complimentary. I would recognize too, the dear little old lady who phoned one day at noon last year when I was out to the Conservative committee rooms and she asked for me; the lady in the committee room said, "I'm sorry he's out to lunch" and the dear little old lady said, "Well it doesn't matter tell the blankety, blankety, blank to drop dead". I do wish that these people had given me their names so that I could discuss the matter with them either by letter or personally, but as they have not seen fit to give me their names I will treat their message with the same contempt.

It has been suggested that butter should be advertised, but nobody suggests who should do this advertising. I would draw to your attention Sir, that we have three manufacturers operating in this area of margarine; but we have over 60 manufacturers of butter. These butter manufactures are all small concerns Sir, or the majority of them are, and if they advertise butter by their own brands they are only advertising a very small section of the dairy industry,

(Mr. Smellie, cont'd.) whereas the three major manufacturers of margarine can advertise by name brand products that apply all across Canada. Surely it's not suggested that the primary producers of butter-fat, the small farmers, are the ones that should be doing this advertising. I would also like to draw the attention of the House to the fact that the margin of profit in the manufacture of butter is infinitesimal compared to the margin of profit in the manufacture of margarine. Because of these reasons I am asking the honourable members of this House to reject this bill as they have done in the past, but before I sit down Sir, I would like to make a plea to the farmers of Manitoba. I would like to ask the farmers of Manitoba too, to accept some responsibility in this matter. The biggest part of our problem is the price variation between butter and margarine -- and we must recognize that the price of butter is held at an artificially high level by a price support -- and I would earnestly call upon the farmers of Manitoba through their farm organizations to give serious consideration to this problem, and I would suggest to them that it's possibly time that they should request that this butter price floor be varied. They cannot expect the Legislature to protect the interests of the dairy industry forever. I am quite willing to hold the line so far as I am able, for as long as I can, but I think the agricultural industry in this province must recognize that this cannot be held forever and that they must accept some responsibility in this matter themselves.

MR. CHRISTIANSON: Mr. Speaker I agree in large measure with everything that the two gentlemen have said previously, and I too sympathize with the farmer, especially with the dairy farmer, the small family farmer who is doing his best to maintain his way of life in the face of the changing circumstances that we live today. My earliest boyhood recollections, Mr. Speaker, are intimately associated with this industry, and I have been doing business with farmers for many, many years and I value highly the integrity, the independence and the industry of the dairy farmers -- the people who go out and milk those cows morning and night and turn the crank on the cream separator and deliver the cream to the creamery -- because those people I have found in the course of my business career to have been the most dependable, by and large, of any group of farmers, and I certainly would not want to see margarine coloured to imitate butter exactly. I don't think that this would serve a useful purpose to the margarine people, to the consumers or to the dairy industry, but I wonder if the dairy industry and the farmers themselves quite realize the damage that they are doing to their own public image by this continuing debate that has been raging here for lo these many years regarding the colouring of margarine. It seems to me that the farmer is being put in the role of the colossal lobbyist, the all powerful group who is holding down that poor downtrodden underdog, the margarine producer, the margarine manufacturer, and the unwitting victim if you like, is the poor housewife. I think that a lot of housewives feel this way about it and I think that the farmers are doing themselves a great disservice by letting this thing go on year after year -- not to mention either the terrific publicity that margarine gets every year by this debate in the House. Now I disagree too, with the method of subsidy. I think that it's reasonable to conclude that the reason for the terrific increase in sales of margarine and the decrease in butter sales in the past few years has been the price spread between margarine and butter. I don't think that anybody would argue that, and the last speaker made a very strong plea to the farmers to recognize this fact. I think the consumers are being asked to subsidize butter in too many ways; they're being asked to subsidize it when they buy the butter in the store; they're being asked to subsidize it with tax dollars when they pay the storage bills on the -- I think it's 14 million pounds of butter that are in store in Manitoba today -- I think 70 some odd million in all the province -- and also when the mountains of surplus get too large, some of it has to be disposed of at terrifically cut-rate prices, usually to other countries, and I don't think the consumers should be asked to subsidize this one product in all these many ways. I believe Mr. Speaker, that there is a way out of this impasse; I believe that there is a compromise that can be arrived at that will be satisfactory to both the butter interests and to the margarine interests, and above all to the housewife, and I would respectfully urge Mr. Speaker, that all the members of this Assembly vote for this measure at second reading and let it go to committee, and let this thing be thrashed out in committee once and for all, so that this matter will be forever disposed of from the floor of this House.

MR. WRIGHT: Mr. Speaker, I would like to say a few words on this resolution and I sincerely hope that they will show a different approach to the matter. I would like to approach this as a matter of principle -- as a matter of conscience. Now matters of conscience are not

(Mr. Wright, cont'd.) decided by who benefits or who gets hurt but whether a thing is right or wrong. Is it right to allow colour to be used to enhance the appearance of soft drinks, jams, toothpaste, candies, cleaning tissue, cheese, feminine faces and butter, and then deny this right to the manufacturers of margarine? I believe this is wrong. This is a form of discrimination and a discrimination increases as more people use margarine, and of course as the trend continues, for more rural people to move into the urban areas. The Honourable Member for Swan River said that logic does not enter into this debate in his opinion. We were sent, the other day, a letter from Bowsman, Manitoba -- every member of the Legislature, I take it, received one -- and it's addressed to the Honourable Premier and Honourable Members of the Cabinet, Members of the Legislative Assembly, Parliament Buildings, Winnipeg. Enclosed is a resolution that was passed at a joint meeting of the members of the Manitoba Dairy and Poultry Co-op, the Manitoba Farmers Union, the Swan Valley Milk Producers Association and representative of one of our large creameries here in Winnipeg, Mr. Speaker. They are asking that this resolution be presented to the members of the Legislative Assembly. I am only going to read the first whereas. It says, and I quote: "Whereas the present bill before the Manitoba Legislature to colour margarine yellow is a legalized attempt to place a fraudulent product before Manitoba consumers." Mr. Speaker, I object to that because a material or product is not fraudulent unless it is being sold in place of butter and I don't think this is the case. I think it's well advertised; it's certainly better packaged in a more colourful way, and I object to this attempt to call it a fraudulent product. It has been claimed

MR. CORBETT: You'll admit it's a synthetic product; it's not a natural product?

MR. WRIGHT: I'm glad the honourable member asked that question, Mr. Speaker, because I think he has his terms mixed up when he's talking about a synthetic product. The ingredients of margarine are just as natural as the elements that go into butter, whether it's sunflower seed oil -- and I might remind the honourable member that in the City of Winnipeg right now there is a margarine being sold by a very reputable company at 50 cents a pound made from pure corn oil. Now if that's synthetic I'll eat my hat. (Interjection). Now it has been claimed that yellow colour is the trademark of butter and this I reject. Is red the trademark of a fire-truck? If butter didn't have colour in it to enhance its appearance, there may be some claim for this. It's true that many people in the sub-marginal areas rely on the cream cheque in order to exist, but that's not the fault of the people who can only afford margarine. Many of the people who rely on the cream cheque cannot afford to buy the product they produce, and they too use margarine. The Honourable Member for Birtle-Russell was talking about the number of people it would hurt, and I want to remind him Mr. Speaker, that there are 63,000 people in the Greater Winnipeg area that are earning less than \$3,000 per year. Let's not worry too much about the margarine interests, let's worry about some of the people on low incomes and many, many people who are getting the disgusting low wage in Manitoba of 66 cents an hour. It's a well known fact that butter cannot be produced in Manitoba as cheaply as New Zealand where they have green grass all year around, and it may well be that we're trying to produce a commodity here that is not economically sound to produce. Should we not be more interested in why some of our farmers are so dependent on this cream cheque, because I don't know of a harder way to make a living. We hear a lot today, Mr. speaker about physical fitness and our experts tell us that it is necessary to maintain a diet rich in proteins, yet I know of many children and adults too who are not getting enough milk and cheese, two of our best sources of proteins. Would it not be more sensible to explore thoroughly the possibility, with government assistance if necessary, of producing dairy products just as necessary and certainly more competitive than butter.

The Honourable Leader of the Opposition said last year that anyone who voted for the colouring of margarine was an enemy of the small farmer. Well, Mr. Speaker, I am going to vote for the colouring of margarine, and if my vote puts me in that class, then I can see I will have plenty of company; the company of many in this House who have voted against some of our resolutions which, in my opinion, affected the small farmer in a much more vital way than the colouring of margarine itself. Most people believe that butter is pricing itself out of the market; that it should not be three times the price of margarine. If we really want to help the small farmer, let's change the form of subsidy to the producers of butter and make it competitive. Dean Waines as Commissioner of the Margarine Enquiry Commission had this

(Mr. Wright, cont'd.) to say, and I quote; Mr. Speaker; "There is no significant evidence to suggest that factory colouring similar to butter would have any appreciable effect on the consumption of butter or margarine today. The conclusion being that the factory colouring of margarine itself will have no appreciable effect, or at least at most, only a slight effect on the sale of margarine. It follows that factory colouring similar to butter will have no appreciable effect, or at most a slight effect on the economic status of a dairy and edible oil industry." He goes on further to say, Mr. Speaker, and I'm quoting again: "This suggests the magnitude of the decline in the relative importance of agriculture in the total provincial economy. The Dairy Industry represents about 10 to 12 percent of the agricultural economy of the province and the butter segment of the dairy industry at farm values, represents about 6 percent of the farm economy or about 6 percent of 20 to 25 percent of the whole provincial economy. 1.5 percent of the people of the total provincial economy should not have the right on this matter of principle to ask this Legislature to continue the ban on the colouring of margarine.

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MR. HUTTON: Mr. Speaker, I beg to move that the debate be adjourned, seconded by the Honourable Member for Pembina.

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

MR. SPEAKER: Committee of Supply.

MR. ROBLIN: Mr. Speaker, I beg to move, seconded by the Honourable Minister of Agriculture, that Mr. Speaker do now leave the Chair and the House resolve itself into a committee to consider of the Supply to be granted to Her Majesty.

Mr. Speaker presented the motion and after a voice vote declared the motion carried and the House resolved itself into a Committee of Supply with the Honourable Member for St. Matthews in the Chair.

MR. CHAIRMAN: Item 15 (b) 1.

MR. WAGNER: I have been asking the Honourable Minister, twice I believe, if he can make any comment or statement on Fish Lake and Dennis Lake drain. And also if the Icelandic River will be proceeded with in 1961.

MR. HUTTON: Mr. Chairman, I am counting on the Icelandic River being constructed or reconstructed this coming year. In respect to Dennis and Fish Lake areas we have not as yet made a decision as to what we are going to do. It's a big question and the answer isn't easily arrived at. The honourable member I think knows the difficulty of the situation and the problem of arriving at a solution which can be at all justified on a cost-benefit basis. I'm afraid he is going to have to be patient for a little longer before he gets an answer. I just wanted to point out, Mr. Chairman, that when I arose to adjourn the debate on margarine I was torn between two desires: one was to end the debate on margarine, or contribute towards bringing the debate to a close on margarine; and the other was to finish my estimates, and I thought we would try and get through these estimates tonight.

MR. E. GÜTTORMSON (St. George): Mr. Chairman, last night the First Minister ended the debate and as a result of what he said the newspapers described him as being at his oratorical best. Unfortunately, Mr. Chairman, a lot of questions were left unanswered and some of his statements can be challenged. He referred to my statement of having lost his bargaining rights as being ridiculous and he scoffed at them. Well, Mr. Chairman, I'm not the only one who thought he lost his bargaining rights. We refer to Hansard of July 7th, 1959 on page 689. The Honourable Leader of the CCF was questioning the then Minister of Agriculture, The Honourable Errick Willis, regarding the financial assistance expected from the Federal Government. And I'll quote Mr. Willis: "and while I disagree with what you have said, nevertheless his words will be there and they speak for themselves, for both of us in that regard. But in a project in which it is anticipated the Federal Government will pay a very large share, I think it would be folly for us to start in a big way on that project before we had consulted with them. They would say to us on that basis, you apparently have the financial ability to proceed with what you have started, so we will be very happy to let you proceed by yourselves and consequently I think your position is greatly weakened because of that. Therefore, before we make any major start in regard to it we will definitely have to sit down with the Federal Government and discuss it." Now, Mr. Chairman, the First Minister said last night that, and I'll quote his remarks in regard to this he said, "When we've done that, then we decide how the costs are to be shared, and I don't make any apology for the attitude that the government has taken. Some people say that that undercuts our bargaining position. Well I think that takes -- I wouldn't say a pretty low -- but I would say it's a rather shallow assessment of the feelings of responsibility, a rather shallow assessment of the policies which we expect national or provincial governments to follow. Sir, a very shallow assessment indeed. I do not think that the position of the Province of Manitoba is hindered in that respect because of what has taken place, because I believe that the matter is going to be settled not by what I said in this House -- the matter is going to be settled as to the cost division between the two governments on the basis of some argument and some logic and some reasoning." And then in another part he says: "I have much higher regard for the statesmanship of the people of Ottawa regardless of what political party may be in office there than to think that."

Then last year, Mr. Chairman, tenders were put out for the Fairford Dam, and after they had been out for the required length of time they closed, and there was quite a delay

(Mr. Guttormson, cont'd.) . . . before a contract was awarded on this project. Because I was very interested in this project as well as many other people of my area I tried to find out why the contract had not been let on the Fairford Dam so I inquired from people who knew. I was told the contract had not been awarded because it would damage the government's position in getting a fair deal from Ottawa, and the minute that Ottawa consented to share the cost of this project the Minister of Agriculture announced that the contract had been awarded to a contractor from Steinbach. This rather contradicts the statement made last night by the First Minister regarding his bargaining position. He said in his statement last night, that for every dollar spent we're getting an insurance policy that's worth three. I challenge the First Minister to prove to the members of this House that this is a correct statement. How does he arrive at the fact that the people of Manitoba will get three dollars worth of insurance for every dollar spent? I think he owes it to the people of this province and the members of this House to show how he arrived at that figure, because as I said before we have every reason to believe that this project will cost well in excess of two hundred million dollars and it may reach three hundred million dollars, because the government was never provided with an accurate figure what the cost of this tremendous project would be.

Last night I suggested that Mr. Jack McDowell a member of that commission who wrote a minority report should be brought before a special committee to let him present his views to us and let us question him on it. This project is of such magnitude that I think it certainly warrants it. No reference was made by the First Minister or the Minister of Agriculture in regard to this suggestion, and I'm going to make it again tonight, that he should let Mr. McDowell appear before a committee and let him tell us why he thinks this is not a good idea. He said that -- as I understood him, and he can correct me if I'm wrong -- that they discussed this matter with the commission and they had thought it was a good idea. Why didn't the First Minister, if this is true, not let Mr. McDowell express his views to the government. I think it is only fair that if they wanted to listen to one side of the story they should have heard Mr. McDowell's views as well -- but to my knowledge Mr. McDowell has never been consulted by the government for his views on this very important subject. The Premier says it is not a question of city against country. This is a statement I agree with wholeheartedly. But I'm not so sure that the Minister of Agriculture agrees with him on this. He says here: "when we've done that," and I'm taking just part, "then we decide on how the costs are to be shared, and I don't make any apology for the attitude the government has taken. Some people say that that undercuts our bargaining positions." I'm reading the wrong section, I'm sorry. Here's what Mr. Hutton says: "and it seems to me that if we who represent rural Manitoba want to see those developments take place in rural Manitoba that's going to make it strong and virile in the years ahead, then I think we should think twice about condemning a project which is going to safeguard the property, and not only the property but the future prosperity of Greater Winnipeg. We're going to need some help on these other projects and we want that help a great deal." Now I don't think the Minister had any right to threaten the country members with disagreeing with this just because it's a city project. I oppose it because I don't think it's practical. I'm not averse to the government spending money on the Red River in a practical manner. There's no doubt in the world in anyone's mind that the Red River certainly needs a lot of work on it. Look at the river bank all up and down the river on both sides in dire need of shoring. Look at the report by the diver that shows the depth of the Red River at Lombard Street is only 12 feet. Anyone will realize that the rubbish in the river at that point is impeding the flow of the river. There's no question about it, because downstream and on either side of it the river is 24 feet, 26 feet -- that silt and rubbish at Lombard Street is causing a tremendous impediment of the flow of the river. The Minister last night agreed with me when I said that Winnipeg could control the Red River if it rose to the height of 1950. What height is this diversion intended to protect the City of Winnipeg from? I don't think anyone knows here. In regard to Mr. McDowell's report, the Premier said that point by point was taken and they were disregarded. However I noted that one point wasn't disregarded. Mr. McDowell, in his report, he suggests, he listed out the suggestions where Mr. McDowell mentions about financing, about using the tax free bonds, because when he was in Ottawa with the provincial conference he suggested that the Government of Canada allow provinces to use tax free bonds. I would urge him again to let Mr. McDowell appear before this House and discuss this matter,

(Mr. Guttormson, cont'd.) because Mr. McDowell was a member of that commission. The Premier said last night "we are accepting this recommendation because the Royal Commission recommended it and we're going ahead with it." The Minister has had other Royal Commission reports where there was unanimous report and up to this time he hasn't said whether he agrees or disagrees with it. He also says that he's quite prepared to go to the people on this subject. Well I challenge him to go to the people on this thing because the people of Manitoba are not the fools he thinks they are, and if this diversion is ever constructed this white elephant will be regarded forever as "Roblin's Folly".

MR. ROBLIN: Well Mr. Chairman, we have our lighter moments in this House and I think the last few minutes have been some of the lightest moments that have come to my knowledge for some time. I'm not going to be able to accept my honourable friend's challenge to prove to him anything about the flood aspect of this problem we're discussing now because I really don't think that I could. I have to admit right now that he's impervious to any aspects of reason that I could present to him in this matter because if he reads the report of the Royal Commission and still comes to the conclusions that he does then I must confess that there's nothing much I can do about it. The only thing is Sir, that he's really asking me to do a double job because he wants me to try and convince him that what he said the first time was right, and that he's wrong now, and I should try and persuade him as to what's what, because when he first entered into this interesting debate some little while ago, he was more than satisfied with the government policy. He said, and I'm quoting what he said; "I've been accused by members across from criticizing the plan that is the whole of this operation; if they'd been listening to what I said, I said I was very pleased when I heard the First Minister's announcement." And he goes on to say: "I'm all in favour of this plan; I want to see it go through and if the government proceeds with it I'll congratulate him."

MR. GUTTORMSON: The Fairford Dam.

MR. ROBLIN: No, that wasn't the Fairford Dam. Well, we've been waiting a long time for our congratulations, and I really don't think we're going to get any from the honourable gentleman. Frankly I'm just as pleased, because you know if he says we're right I think we should take a very close look at whatever the operation is. If he believes it's the thing to do, then it arouses some skepticism in my breast.

MR. GUTTORMSON: The Fairford Dam.

MR. ROBLIN: No it's not the Fairford Dam and my honourable friend knows perfectly well it isn't the Fairford Dam. I'm just going to say this to him, that I don't think he's open to conviction. I'm not interested in his challenge. If he wants to thresh the old straw all over again let him do so but for my money, as far as he's concerned, it's "sound and fury" and he knows what that means.

MR. GUTTORMSON: I asked the Minister to explain how he arrives at a three to one benefit. Tell us?

MR. ROBLIN: The honourable member is able to read as well as I.

MR. GUTTORMSON: That's just it. I can read and the Premier apparently can't, because he's afraid to face this subject. I say show us how you arrive at a three to one figure.

MR. ROBLIN: It's in the book.

MR. HUTTON: Mr. Chairman, the Honourable Member from St. Georgeis as confused about the method of calculating cost-benefits as the Honourable Member for Gladstone-Neepawa was about the calculations in respect of crop insurance.

MR. GUTTORMSON: Why don't you answer the question? I say how do you arrive at a three to one figure? — (Interjection) — I'm not passing. I want to know, because this is too important — you try to sidestep the question. --(Interjection)-- No, Mr. Chairman, I'm not ready to pass.

MR. CAMPBELL: Mr. Chairman, did we have a report on the -- I'm sorry that I had to be out for a little while - did we have a report on the project that I mentioned last evening-- Holland Dam etcetera. We've had those put on the record have we?

MR. HUTTON: No, I. . . .

MR. CAMPBELL: Oh, I'm sorry.

MR. E. PREFONTAINE (Carillon): Mr. Chairman, I do not want to enter the debate but in defence of my friend for St. George, I think the ratio has been mentioned as four to

(Mr. Prefontaine, cont'd.)....eleven, and with the interest rate rising -- I understand that, I read in the Tribune, I suppose they can calculate, that the ratio has changed from four to eleven to about four to ten or something like that. That's not one in three. One in three would be four in twelve and I think there's something in the argument that has been brought forward by the Member for St. George, that the Premier had no real justification to say that the ratio is now one in three. It's not one in three, not quite; it might be one in two and a half.

MR. GUTTORMSON: Mr. Chairman, would the Premier answer my question? Will he consider bringing Mr. McDowell before a committee of this House?

MR. ROBLIN: We've had one Royal Commission. That's enough.

MR. GUTTORMSON: In other words you oppose bringing Mr. McDowell before a committee of this House? Is that your answer?

MR. ROBLIN: Is that your question?

MR. GUTTORMSON: Is the Premier afraid to answer my question? Is he opposed to bringing Mr. MacDowell before a committee of this House?

MR. ROBLIN: I just don't think you're worth bothering with if you want to know my candid opinion.

MR. GUTTORMSON: You're afraid. You can see the crimson rising along his chin. He's just a little bit worried about this subject. I've asked you, - why don't you have the courage to answer the question? Are you opposed to bringing Mr. McDowell before this House?

MR. ROBLIN: Mr. McDowell is a good friend of mine; he's already told me exactly what he thinks of the Royal Commission.

MR. GUTTORMSON: And he's discussed this with you?

MR. ROBLIN: He certainly has.

MR. GUTTORMSON: Mr. Chairman, I would like to ask the Minister if he could give us the costs of a different project, the channel of the Fairford River and the cost that his department is paying on the control dam.

MR. HUTTON: Well the cost of the Fairford River channel and control structure is estimated at \$550,000; and the breakdown if I'm not mistaken is approximately 50-50. It seems to me that the, and I'm speaking from memory here, that the contract for excavation amounted to something like \$264,000. I can't remember the contracts offhand for the control structure. Of course the honourable member realizes that there is a topping over that structure for the highways and they take that cost, but the total cost of the excavation and the control structure is estimated in the neighborhood of \$550,000. There's no use taking these figures down because they're just off the top of my head but they're not far off.

MR. CHAIRMAN: (3) (a) - passed.

MR. MOLGAT: On the subject of the Fairford Dam, could the Minister tell us what is the intention of the government insofar as the level of Lake Manitoba is concerned. The Royal Commission report on the subject stated that the works which they recommended would enable the branch to keep the level between 811 and 813 as I recall it. Now that is of course a fair variation. I appreciate that there are many factors coming in this, rainfall, inflow and all the rest of these things, but this is of major concern to the people who are making their livelihood along the lake and I'm sure the Minister is fully aware of the problems. Some want it kept at the lower range, others want it kept at the higher range. This does affect the decisions of a number of them as to what course they will take; whether they will continue ranching in certain areas or attempt to get other land, and so on. Could he tell us at this time what the intention of the government is in this regard. Is it the middle of the range, the bottom, or the top?

MR. HUTTON: Well very simply, it boils down to this: that you can't guarantee to keep the lake at any given level. The reason they say, 811 to 813 is because they know that with a new channel and the new structure, they can keep the variations of the lake within a two-foot range and that's the best that the engineers will guarantee. Now if you're going to keep in within a two foot range it means that you try to keep it somewhere in the middle, knowing that it can never go higher than 813 on you and it won't go lower than 811. It's a fact that in the past we could always keep water in the lake but you can never get it out of there when you have a heavy inflow. When the channel is completed the capacity will be seven times what it was before the construction, so that it gives us -- that's at 812 -- and as it goes higher its capacity increases out of proportion with the level of the lake, so that there's no use

(Mr. Hutton, cont'd.) . . . in my saying that we are going to keep it at either 811 or 813. The structure will enable us to keep it within the range 811 to 813.

MR. GUTTORMSON: Mr. Chairman could the Minister indicate whether the project is going along at the expected rate and when does he expect it to be completed?

MR. HUTTON: I guess I should add a word here, that in the past the lake has gone as high as 815, better than 815. This won't happen again. The channel is completed to the control structure I understand and the control structure is about 90 percent complete -- that is the foundations -- and the completion date for the structure is April 15th. The downstream section that is to be excavated is being postponed until next fall and the completion date for excavation is now December 15th, 1961. The excavation and the new control structure will permit a flow five times greater than what was available last year. The excavation that has yet to be done will give us another twofold flow. The level of the lake at the present time is 812.4, and as soon as the control structure is completed the Copper Dam will be taken out this spring and the water permitted to flow through it, with a capacity of five times what it was last year. That's the situation.

MR. GUTTORMSON: Mr. Speaker, could the Minister indicate why the government decided to postpone the excavation downstream until the fall?

MR. HUTTON: Because it can only be undertaken under the most adverse conditions. There is a great deal of ice on top of the soil; there is a lot of stone and the type of soil when it is frozen is something akin to concrete and it seemed inadvisable to compel the contractor to complete the contract at this time of year when it can be done much easier when freeze-up comes. We feel there is adequate capacity in the channel now to handle any waters that may flow into the lake, because the channel as constructed -- as designed and constructed is capable of handling the flows from the Assiniboine River if it is decided to construct the diversion from the Assiniboine to Lake Manitoba.

MR. GUTTORMSON: Mr. Chairman on the excavation downstream -- has the contract been awarded; is this part of the other program? So the same contractor who does the channel between the control structure and the lakes will do the same work? Thank you.

MR. N. SHOEMAKER (Gladstone): Mr. Chairman, you will be happy to know that there are two subjects that I do not intend to talk about because we have been discussing them off and on for the last six days: one is the Winnipeg floodway and the other one is Crop Insurance, because it's quite evident now that the Crop Insurance Plan was not designed to pay for more than ten percent of the hail losses, so we'll leave those two subjects alone, and talk about a subject that we in the electoral division of Gladstone have been talking about for at least five years and we haven't settled yet. And to support that statement I would like to quote a statement made by this government and commend the Honourable the Minister for a brand new publication that's just been put out entitled, "A Look at the Watershed Conservation Districts Act and the Whitemud River Watershed." I went down to the publication branch the other day and asked them for all the information that they had on soil and water conservation and I got in total four publications, Mr. Chairman, and each and every one of them touches on the Whitemud River Watershed. That is understandable because it is the only one that has been talked about for five years, but I would like to quote you Mr. Chairman, what they do say on the first page, and it is excellent and I quote: "Introduction--Five years of talking, negotiating and planning will culminate within the next few weeks when councils of the 17 rural municipalities and towns in the Whitemud River Watershed area decide for or against the formation of a central water control and conservation authority. Until 1958 formation of one central authority to administer control of all drainage, water conservation and land management programs in a watershed area was merely an ideal. Municipalities and towns had to be content to try to overcome their local problems individually within their own limited resources. In 1959 the Watershed Conservation District Act was approved by the Manitoba Legislature providing the legal framework for the idea to become a reality. It must be realized that, especially in the case of the Whitemud River Watershed area the idea for a broad watershed authority originated with a number of foresighted individuals who realized that little could be accomplished by separate action. The Watershed Conservation Districts Act is thus not a piece of legislation passed by a remote governing body to be forced upon the electorate, but rather the demands of the electorate set down into a concrete workable form. The Bill is

(Mr. Shoemaker, cont'd.)....intended to provide the local people with a legal means of combating a situation, leaving the decision-making and planning in their hands, with technical assistance and grants provided by the province. The Watershed Conservation Districts Act is a legal document; it is of great importance to councils and taxpayers alike when considering formation of a watershed conservation district that a brief explanation of the act is written. In the following pages such an explanation is presented in a question and answer form."

Now Mr. Chairman this is an excellent publication because it is full of questions and answers, and I say that the bill itself is a pretty good bill and I know the Honourable Minister knows that I know that, for he and I both attended two or three different meetings together. I am fairly happy with the provincial and federal grants that are outlined in this publication and are made available to the various watersheds. I think they are about the maximum that anybody could expect, but I know in attending and listening in on several of these meetings that have been held in the last three or four years, and particularly in the last six months, that the municipal men have certain reservations as regards it. Now it appears to me in listening to the men voicing their opinions at these meetings that they are afraid of an increase in taxes--the people of this province have become very, very tax conscious. I spoke on this subject before, Mr. Chairman and I blame this administration for the fact that they have become tax conscious because we were led to believe that the load would be taken off the backs of the municipal taxpayers and so on and so forth. We know now, particularly since we got our 1961 school budgets that that has not developed; in fact there has been an increase in most cases. There has been an increase in Manitoba Hospital Services premiums and the people no longer will believe that you can extend services and reduce taxes at the same time -- it just can't be done. So that when they are looking at this new legislation before them on the Whitemud River Watershed they know that if there is any work intended to be done, that they are going to have to pay at least a portion of the bill. Now personally I know that that is so, but I am afraid that when the proposal is presented to the 17 municipalities concerned that they won't all vote in the affirmative. I have before me the last issue of the Neepawa Press, dated Friday, March 10th and in bold headlines it says, and I quote: "Watershed Fate Known in 60 Days." Well I suggest to you Mr. Chairman, that there should have been a question mark after the headline, because they still won't know in 60 days. Mind you, they have to submit their by-law to the government in 60 days as from March 1st -- I believe that that is a fact -- but to quote from the Neepawa Press, it says, "the fate of the proposals for a Whitemud River Watershed District should be sealed within the next two months. The proposals have been formally presented to the 17 municipal councils involved and they each have 60 days in which to pass by-laws approving or disapproving them. If approved by enough of the councils involved, not necessarily all of them," that's in brackets, "the district would begin operation on January 2nd, 1962 and would be the first such district established in Manitoba. The legislation under which the proposals have been draughted involves work done by men from this area appointed by a number of concerned municipal councils to the Riding Mountain Whitemud River Watershed committee. The legislation is in fact being modified in accordance with several recommendations that grew out of meetings of councillors from some of the various municipalities involved. The date for starting the operation is one recommendation of the committee; and another was that the maximum limit of taxation for the district be reduced to five mills." Now, Mr. Chairman, I understand that there will be legislation brought in now and apparently some of the provisions of the bill has already leaked out. But what I am concerned about, and I know what concerns a lot of the municipal men is, what will this government do if, we'll say eight out of the seventeen municipalities, send in affirmative by-laws or proposals, and seven turn it down, or eight, or nine turn it down? All of the municipal men have been looking very closely at Bill No. 8, Section V, Sub-section 1, where it says, and I quote:"Where a by-law has been passed by the council of each included municipality as provided in Section IV, the Minister may submit the matter of the establishment of the district to the Lieutenant-Governor-in-Council and subject to sub-section II the Lieutenant-Governor-in-Council may by Order-in-Council establish the district and the board having jurisdiction in respect thereof."

Now we would like to know now what the government intends to do. Surely he doesn't expect that, he isn't optimistic enough to expect the whole seventeen of them will pass a favourable by-law. That would be too much to expect. Because after all is said and done the only

(Mr. Shoemaker, cont'd.)....talking point that you have to certain of the municipalities -- and this includes some of the towns, particularly in Neepawa -- I've been trying to sell them on this idea and I think I'm a bit of a salesman, and this is a hard one to sell -- that the only selling point you've got is that the businessmen in the town will benefit as a result of the creation of this watershed, because of a healthier agricultural economy. I believe that it will, but that's a hard thing to sell a businessman on. It's a hard one to sell. But I would particularly like to know now what does the government intend to do when the by-laws are in his hands not later than May the 1st next. Now, Mr. Chairman, I will eagerly await an answer to that.

MR. HUTTON: Mr. Chairman, the honourable member would like to know what I intend to do. I can't help, and he may think that I'm being rather unfair, but I can't help but wonder what he's been doing. He talks about being a salesman. Well if he tries to sell a watershed up there on the same basis as he tries to sell crop insurance in this House, it's no doubt there's some indecision amongst the local people as to whether they want to go into this or not. He says that the local people are concerned about the possibility of an increase in taxation. I don't doubt that at all. But it seems to me that if the honourable member would talk as much about the watershed in his constituency as he talks about it in the House, we wouldn't be worrying about the question of whether nine are going to vote against it, or eight are going to vote against it, or seven are going to vote for it. I think that the local people have done us in the Province of Manitoba a tremendous benefit. I'm not going to thank their member in the same way. It's true we've attended meetings together. I was never impressed with the enthusiasm that he displayed. He always had an interest, yes. He asked a lot of questions and he knew the answers to them before he asked them. Well maybe he can justify that by the fact that he was trying to make the people aware. But I'll tell you what's happening in the rest of the province. At the present time we have resolutions from two municipalities in one watershed and a verbal request upon a visit to my office from the other municipality concerned. We have in fact 26 rural municipalities who are interested in establishing a watershed conservation district. Five of them, five of them, five areas where it looks as if a watershed is going to be established. They haven't been canvassed; and no one has gone to them. But they have caught on to this idea and they see it as a solution to their problems.

I was quite interested in a criticism of the Honourable Member for Brokenhead brought against the government for a lack of leadership in the field of drainage. He pointed out that certain inequities existed in the field of taxation where two farmers were benefiting from the drainage that was supplied by a drainage maintenance area -- one man's taxes where he was paying the drainage district levy, was substantially higher than that of the other who might be just across the fence. This is one of the reasons for introducing this legislation; and we did it almost two years ago. It's done. It's an accomplished fact. I can't understand the Honourable Member for Brokenhead bringing such a criticism unless he happened to be out of the House when that legislation was passed. After all it isn't the business of this government in this country to impose upon the people of the province something that they don't want. It is our business to give leadership; which we are doing and which we are not afraid to do. But we're not going to tell people that they have to do something. This is still Canada and let's still leave something up to the good sense and judgment of local people. But we've made this other program available and those who are responsible in other areas have looked it over and they like it. They think it holds out the possibility of finding a solution to their long standing problem. The chief of these of course, in many of the watersheds is the fact that they never had the opportunity to control the water in the upstream end, where they could put in reservoirs or dams. It always got down into the flats and spread out and it was a matter of trying to control it where they had the least advantage over the water. This is a good program.

The Member for Gladstone-Neepawa mentioned the grants. I should think that he'd be satisfied with them. They're the most generous grants in Canada -- the most generous grants in Canada. I am most encouraged by the interest that the people have shown. I can't answer the Honourable Member for Gladstone-Neepawa. I would hope that he takes every opportunity to urge the people to go into this. We urged the people to go into it. We're not going to make them go into it, however. But we are not afraid to recommend this as a means of dealing with their water control problems. I can only say this insofar as the results of that vote. That if there is any indication that it can be introduced successfully, I think you can trust this govern-

(Mr. Hutton, cont'd.)ment to have the leadership to go ahead with it. However, there are considerations to be taken and I think that I should leave that thought with you. That we are not here to impose our will on the people of Manitoba.

MR. CHAIRMAN: (c) (4) - passed?

MR. MOLGAT: Mr. Chairman, before we leave this item I want to object to the statement that the Minister made about my colleague the Member for Gladstone-Neepawa. I know he can do that very well for himself, but maybe he's a little reluctant to do so. The Minister seems to assume that we're supposed to agree with everything that he does in this Legislature and if we criticize any of his stuff then he says you're not out selling my programs. We're not here to be selling your programs. You go out and sell your programs. The Honourable Member from Gladstone-Neepawa has been working on this program, and a lot longer than you have, might I add. He had an interest in this thing before you did, and I happen to know that, because I'm in that same watershed. I've been attending meetings of that group a long time before you showed any interest in it. I'm not blaming you. It wasn't your responsibility. But don't come along and toss it at us and say we have no interest in this program, because we've been working on this for a long time. And we're certainly going to stand up here and criticize any part of it that we think isn't right. If you think that when we criticize you, that it's because we are opposed to all your projects, that isn't so. But if there is something wrong with them, we have every right to say it. And that's exactly where we're going to say it here. And if there's something to be said out in the area where it belongs, we'll say the same thing there. This business of getting up every time that we say anything about your programs and saying, "Ah, you're not out there, you're holding it back," and so on. So much nonsense! Now this program has a lot of good in it and we have been trying to get it over. For once my honourable friend is absolutely correct when he says: "the people out there are worried about what it's going to mean to their taxes." What concerns us right now is we have a problem along that slope of the Riding Mountain. We've got a problem all through that watershed. We are most interested in seeing this thing settled so that the people in the lower reaches of the watershed aren't having water sent to them by the people in the upper reaches. And this means co-operation from all of us who are involved in this, the municipalities, those of us who are members in the area and the Provincial Government. Now the attitude that my honourable friend takes isn't the co-operative attitude that I think is necessary in this case and I object to the statements made that we are holding it up or that my honourable friend is holding it up -- because that is not so.

MR. HUTTON: Mr. Chairman, I want to assure my honourable friend from Ste. Rose that I am not afraid of any criticism that he can throw across here. My skin is quite thick enough to deal with it -- to turn it aside. I think that the point you have been trying to make is, as usual, about two miles off target. The Honourable Member for Gladstone-Neepawa was greatly concerned that I should tell him what I would do in a hypothetical case; and I think this is not the time to determine what I will do or what the government will do. This is the time for him to put all the pressure he can on, and he says he is in favour of it. I am not criticizing him for being in favour of it. What I am saying is that if he is so much in favour of it, don't worry about what the government is going to do if certain circumstances take place, get busy and sell it and then we won't have to worry about these certain circumstances. I have a feeling that he is trying to throw the responsibility for the establishment of this district over onto the Minister instead of taking it as the leader in his community; and that's a justifiable charge to make in view of the fact that he was asking what I would do if such and such and such were the case.

MR. MOLGAT: Mr. Chairman, I disagree completely with that charge when the Minister changed his mind again and made a statement right now. That isn't quite what he said when he made his first statement. The fact is that my honourable friend has been working on this, and all of us have who are concerned with it, and I certainly will not sit here and let him tell us that we are working against this thing as he is intimating. I'll repeat to him -- when you say that you prefer to take the criticism, well then just take it and quit trying to pass it on to other people when it belongs on you.

MR. M. N. HRYHORCZUK, Q.C. (Ethelbert Plains): Mr. Chairman, maybe we have a thing or two that the Minister will acknowledge as fair criticism. We've heard quite a bit

(Mr. Hryhorczuk, cont'd.) about flood damage and rightly so, and my constituency I think is just as subject to flood damage as any in the Province of Manitoba. In fact, we have a great deal of it. I'm not so much worried at the moment about flood damage as I am about lack of water and shortage of water in certain areas. It would appear that -- past records show that we get cycles of wet and dry weather and I'm really concerned with the fact that we may be getting into a dry cycle at this very moment. I know that down in the northern part of Manitoba there are many areas that are short of water, both for house use and livestock. There was a project started up in my constituency in the Duck Mountains in 1956 which was both flood control and water conservation and this was at the headwaters of the Pine River. In 1956 the Federal Government and the Provincial Government entered into an agreement whereby Canada agreed to pay 50 percent of the cost of certain construction. Now at the headwaters of the Pine River the engineers found that they could store just over 5,000 acre feet of water, which is a lot of water because the river in itself is not as large as the Assiniboine or the Red. It's a small river. Two dams were constructed in 1956 and 1957. In 1958, some work was done in the way of access roads to the proposed dam sites, and I notice in the Annual Report of the Department of Agriculture and Conservation for the year ended March 31st, 1960, that there was further work done in making the roads leading to the remaining three dams. Now according to the report, on page 88, there was \$27,919.04 spent on the Pine River Headwater Storage Project; but that was on the construction of an access road. In 1960, to the best of my knowledge, no work was done on these dams. The weather was favourable; working conditions were favourable; and I would like to remind the Minister that in this particular part of the province that there are times when you can't work in there because of the condition of the soil. In 1960, as I said before, as far as I know, nothing was done. I would like to know from the Honourable Minister as to whether we can expect this work to be done or if any work is going to be done in connection with this project in 1961. Now this is one place that the situation is ideal for storage of water at the headwaters. The agreement has been reached with Canada; work has commenced, and I'd say about 50 percent of the project is complete, but it in itself is insufficient. I'd like to know why nothing was done on it in 1960. I would also like to know what we can expect to have done in 1961.

MR. HUTTON: The Pine River Headwaters Storage Project in the Duck Mountains -- this is carried on on a co-operative basis with the Federal Government -- this work; and we have made provision for the construction of two earth filled headwater storage dams for 1961. As you know, this is part of a program in that whole escarpment -- an experimental program that is being carried on between the Federal and Provincial Governments. Last year two dams were built on the Wilson Creek in the Riding Mountains and this coming year there are two more planned for the Pine Creek. I don't know just offhand why they didn't carry out a program in 1960. It's possible that Canada might not agree -- this is one of the things, because these projects are agreed to by both the Provincial and the Federal Governments; and making that agreement for this year, it's quite possible that the Federal Government didn't agree to do it; but there is some work scheduled for 1961 -- two dams.

MR. HRYHORCZUK: Can I assume then, Mr. Chairman, that this work will be done and that the approval of the Federal Government has been received for this work.

MR. HUTTON: We have some indication that they'd be prepared to go ahead this year. It isn't finalized, but we have money in the estimates for it.

MR. HRYHORCZUK: Well, Mr. Chairman, is it necessary to obtain the approval of these projects in piecemeal? The whole project was agreed to in 1956.

MR. HUTTON: Yes, but there must be agreement. The agreement in principle is there but the agreement in detail is reached through negotiation between our Water Control Officers and those of P.F.R.A. on the recommended projects.

MR. HRYHORCZUK: Yes. But this whole scheme, Mr. Chairman, was for five dams at the headwaters of the Pine River and was certainly on the recommendation of the engineers. The province and the Federal Government must have agreed on the construction of the five dams to make the project complete. It wouldn't stand to reason if they did part of it and left it because one or the other backed out of the scheme. I think that once the scheme was approved and agreed upon, I don't see why we have to go to the Federal Government every year for approval of continuation of that particular scheme in order to complete the project.

MR. HUTTON: It's a matter of schedule.

MR. MOLGAT: Mr. Chairman, the Minister mentioned two of the dams on the Wilson Creek. Now that was part of a project begun some time ago in conjunction with P.F.R.A. and is a trial project on the eastern slope of the Riding Mountains. Now we've always been plagued with the same trouble in that area and it boils down to co-operation with the Federal Government. The Riding Mountain National Park is their responsibility and I know that they are very reluctant at all times to let the provincial administration enter, and we have always had to work very closely with them. Now this pilot project has been in operation there -- it's gone on now for two years and I would like to know from the Minister whether he has a report as to what has been found out; what the success of it is so far; and whether further work will be undertaken. At this stage, as he knows, and I am not pretending that it was intended that this would be a solution to the problem, it's strictly a trial, but the problem continues. This winter, for example, the springs in the Riding Mountain National Park have kept on running all winter and at least two cases, on creeks on the east escarpment, the water has been flowing down out of the park, then when it reaches the municipal lands and levels off it floods right into farmyards and farmlands. There is at least two farmers who had to vacate buildings this winter because of this flooding problem. This has been taken up with the drainage maintenance people, and their reply is that they can do nothing inside the park. I would be very interested in knowing what progress exactly is being made there on the Wilson, on that pilot project; what hopes there is for further work; and whether we can actually get arrangements with the federal to permit us to undertake the works that are required.

MR. HUTTON: I was over the project this past fall and there has been a lot of experimental work in riprapping of the slopes of the creeks where they run through the shale banks; and there's been a moving of the channel to get them away from the shale banks. They have several devices for measuring the flow of water and so on, and it's a matter of getting information in an effort to pin down the cause of the heavy run-offs. Some of the people, I think probably a majority view, that a great portion of the run-off water is contributed by a small proportion of the watershed. They have enclosures and enclosures which measure the effect of the browse of the wild animals. In addition, this year they have built two dams which will control the run-off from the area which is now suspect as to the contributing of more than its fair share of the total run-off, and the experiment is going to be continued next year. As I understand it, it's apparently a long term thing. I know that they consult with outside experts in an endeavour to get down to the root of the trouble, but anyone who has visited the area and seen the problem realizes the magnitude of the task. It's not going to be an easy answer to find but we're still grappling with it and the program on the Wilson Creek will continue in 1961.

MR. MOLGAT: Mr. Chairman, I appreciate quite what the Minister said. I'm very familiar with the problem. I, too, went over the area this year to see what was being done. However, the work that is being done there, as he knows, is of no immediate assistance. Now I appreciate we have to get this information, but has he any idea when there will be a result from this work. I understand that when this was started it was the result of some investigations conducted in the United States by our own drainage maintenance people who came out with this suggestion. After having had many years of surveys by the P.F.R.A. and suggestions including channels 30 miles away at Lake Manitoba and other channels north of Lake Dauphin and so on, and having analyzed all this with our own provincial people, came out with the particular suggestion which is being investigated now. But when can we hope that some conclusions will come out of this? When can we hope that some works will be undertaken to solve the problem? When can we expect that some of the other creeks which are causing just as much trouble as the Wilson, in particular, will have some studies undertaken on them or some works undertaken on them? What is the possibility for the people who are in constant danger because of this particular problem?

MR. HUTTON: Well I suppose that the answer is in the lap of the Gods, so to speak. If, as a result of the building of the dams for instance we could see a material benefit, then it would pay possibly to -- not possibly -- in all probability it would pay them to invest in a large number of headwater earth dams. However, as I understand it, the engineers have examined all the possibilities short of finding an answer in the headwaters themselves; and the answers that they have at the present time aren't too practical. One of them is to put in a

(Mr. Hutton, cont'd.) . . . big detention basin at the foot of the mountain and let the water rush out there and drop its silt and go on. The trouble is that the area that you take is the area that is now damaged by the flood waters and then all you'd do is spend millions of dollars and take out that valuable farm land that at the present time is vulnerable to these flood waters. So that doesn't look like a very practical or feasible proposition. And then you go on from there, and it seems to me that in talking to the engineers that we've got to live with it at the present time; do the best we can in keeping our channels clear; and hope against hope that without too much delay our experimentation pays off.

MR. HRYHORCZUK: Mr. Chairman, the people in my area as well as in other parts of the Province of Manitoba are going into livestock more and more, but some of them are running into the difficulty of water supply. Until the present time, the only place that these people could get water was to make dug-outs and catch the run-offs, and the P.F.R.A. until recently didn't cover that part of the Province of Manitoba. Now are there any new developments where the P.F.R.A. will come in and assist the northern portion of the province as well as the southern part of it?

MR. HUTTON: The P.F.R.A., I expect this coming year, or at least I understand although I've had no official notice from Ottawa, is going to be extended to all of Manitoba and their work, or the benefits of their programs will be available in all areas. Of course it's a little bit early to say because there hasn't been an official communication other than the notification, that everyone receives pretty well, that there was going to be a new policy in regard to P.F.R.A. boundaries. Beyond that I can't give you any definite answer.

MR. HRYHORCZUK: The province has no program of assistance in that regard has it? To assist the farmers in paying the cost of excavating dug-outs? Has the province a program?

MR. CAMPBELL: Mr. Chairman, I think the Minister was going to get some information on the questions that I asked last night.

MR. HUTTON: Well I gave the report on the Fairford Dam to the House -- the progress that has been made.

MR. CAMPBELL: Did you mention the Russell Dam?

MR. HUTTON: No, I didn't mention the Russell Dam or the Holland Dam, or the Portage diversion.

MR. CAMPBELL: It's just as well if you don't mention that.

MR. HUTTON: I can venture before the session is over that either the Premier or myself will be giving a report to the Legislature on the policy that we intend to follow in regard to water control on the Assiniboine River. A study has been completed. I have made provision that the report will be available for all the members of the Legislature. It has not been available even for study by the government and I do expect that it will be made public before we adjourn the House. I think that about covers the Assiniboine. Were there any other points? I don't recall if there were.

MR. CAMPBELL: Those were the ones that I was asking about particularly and I believe the Fairford Dam and the extra capacity there have already been covered because I came in when that was being discussed so that's quite satisfactory, but there's one other matter that I didn't mention last night but that I think the House would be interested in. This may have been covered as well. The honourable members have been speaking for some time with regard to watershed areas and water conservation and control. I was wondering if any report had been given regarding the program for getting water to villages and towns. I understand that water has now reached Gretna and Altona. What about some of the other towns and villages that were inquiring? What is the report on that particular item.

MR. HUTTON: That is really a capital item. I have no objection however, to giving it if you'll pass my estimates by 11 o'clock.

MR. CAMPBELL: If the Minister prefers to leave it until the time of capital that's quite agreeable as far as I'm concerned.

MR. HUTTON: You won't commit yourself to letting me out of here tonight?

MR. CAMPBELL: Pardon! As far as I'm concerned Mr. Chairman, I think I've only one more matter to raise and I certainly have no wish to delay my honourable friend his estimates any longer. I think we've spent a pretty good time on them. I have noticed however in the report that's given regarding Water Control and Conservation in general, that I haven't

(Mr. Campbell, cont'd.) attempted to check the capital expenditures, but so far as the current ones are concerned, it seems to me that these have been considerably underexpended. For instance, I notice that on the item to which one of these applies -- the one on page 86 of the report -- that we voted \$193,000 and only \$98,000-odd was spent. And then on one of the other items. . . .

MR. ROBLIN: making up for it, don't worry.

MR. CAMPBELL: Yes, well I would expect so, but I was noticing that one of the other items that was VI - 15 (c) (4), actually the one we're on now I gather, that \$410,000 was voted and only \$187,000-odd was spent. And then I notice that in connection with the capital as well that there was a considerable amount underexpended. Now I'm not asking the Honourable Minister for details of that which after all is the work period of two seasons ago, but did the same thing carry through in this year that we're just ending, or was all of the appropriation spent and did we pick up and use some of the capital that had been left over?

MR. HUTTON: I'll just answer that. Of the \$410,000 voted last year for eight municipalities, \$350,000 was spent. No municipality was refused a grant. In fact the Honourable Leader of the Opposition knows that they despatched of that boundary drain, that Westbourne drain in short space of time this fall to the satisfaction of everyone. I must say this that we haven't been getting to all the problems as quickly as we would like to, but we've had an increase in the requests for surveys and so on, of 40 percent in the last year. We are putting on an additional survey crew in an effort to try and deal more efficiently with these requests. The drainage maintenance districts spent a total of \$787,000 and the grants were \$317,000. Compared to 1959 the grants were \$275,000. Actually we excavated eight and a half million yards of earth this year. It was a tremendous year for construction and, of course, nobody knows what next year will be. But we feel that there is room in the 400,000 for a 15 percent increase.

MR. MOLGAT: Mr. Chairman, before we leave this item, and I don't want to bait the Minister on this one, I quite appreciate that it is a very difficult problem. But I want to repeat again, last night we had quite an impassioned speech from the Leader of the House on the matter of flooding. There is a serious flooding problem on the eastern slopes of the Riding Mountain. There has been very extensive damage done in the past. We've been fortunate now since 1956, we haven't had any serious floods in there. But it can recur at any moment and this problem is urgent. The fact that works have been undertaken so far has provided no real assistance. Every year the province is spending more money in there cleaning out the same drainage. The municipalities are doing the same thing. This is a costly business on a yearly program at the moment. In addition to that there's always that possibility of a serious flood. Now I want to say to my honourable friends that they are after all the people who said they had the answers to all the problems, how quickly they worked on things and how they were the government of action, so on and so forth. I want to say this now. We have been patient, but if there are further troubles in that area and further serious flooding, this problem will take on very great urgency. It's important that the experimental work that's being done, and the pilot programs do come to some satisfactory practical conclusion in the near future.

MR. HUTTON: Mr. Chairman, I just want to point out to the Honourable Member from Ste. Rose, that his area is one that's interested in establishing a watershed conservation district, and I do hope that he will push it as hard as he can because we'd like to make available the benefits of that program. And I think that I would be remiss to the Premier of the Province and my colleagues if I didn't put on the record the grants that are available under this program. For engineering and other technical services of course, is 100 percent. For construction and reconstruction of Class A waterways 75 percent. For Class B waterways 35 percent. For the construction of dams, reservoirs and retention basins, on the first forty thousand of total actual cost the province will pay 50 percent. On the next sixty thousand of the total actual costs the province will pay 75 percent. And anything over a hundred thousand dollars of the total actual cost the province will pay 85 percent. And for maintenance, the maintenance grants are the same as those that exist in the drainage maintenance districts. And, of course, any time we can get the Federal Government to participate in our water control program, the bill is automatically cut in half.

MR. MOLGAT: Mr. Chairman, I want to assure my honourable friend that I am actively interested in seeing that this is done in the area and that I will go out to any meetings that are called and help him in selling the program. But, there's a program there that the municipalities cannot touch and that's the Riding Mountain National Park which is a federal responsibility. We can't enter in there and do any work. Anything that's done in there can only be done through the province itself and not through the municipalities. And that's where the responsibility comes on my honourable friend.

MR. FROESE: Mr. Chairman, I think there's another ten minutes left and I would like to know from the Minister just what is being planned in the way of water supply in the southern area. I know the Leader of the Opposition referred to this and that this matter is going to be further discussed apparently when capital supplies are going to be discussed, but perhaps he could briefly outline just what is being planned at the present time on the matter of water supply for our area.

MR. CHAIRMAN: Department VII - Attorney General

MR. ROBLIN: Mr. Chairman, I just want to give the committee notice that we will be calling the Department of the Attorney-General next but that following the completion of those estimates, we will be calling the Department of Industry and Commerce. As this is a deviation from the order in which they are printed in the book, I would be glad if honourable members would take note of that fact. I suppose, Sir, that I wouldn't be met with too much opposition if I were to suggest that the committee rise.

MR. CHAIRMAN: Committee rise and report.

MR. ROBLIN: Ask the Honourable Member for St. George if he agrees. I'm always interested in having his opinions. They're so valuable. We can do without the opinions. What do you think about it. You didn't even say a word -- (Interjections) -- ...why you're so silent.

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

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

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

MR. ROBLIN: Mr. Speaker, I beg to move, seconded by the Honourable Minister of Agriculture that the House do now adjourn.

Mr. Speaker presented the motion and after a voice vote declared the motion carried and the House adjourned until 2:30 Wednesday afternoon.