

June 14/90

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Mr. Pringle: -- Thank you very much, Mr. Speaker. Mr. Speaker, it is again my honour today to rise in the Assembly and to table some 1,445 signatures from residents of Saskatoon. This totals 10,480 signatures that I've presented of residents who are opposed to the removal of the liquor store from Market Mall in Saskatoon to the new location. And, Mr. Speaker, that represents a resounding message of consensus from Saskatoon.

Some Hon. Members: mHear, hear!

INTRODUCTION OF GUESTS

Mr. Koskie: -- Thank you, Mr. Speaker. Mr. Speaker, it gives me a great deal of pleasure to introduce to you and to other members of the House some 48 grade 7 students from Wynyard. They're accompanied by their school teacher, Mr. Bill Kizlyk. Other persons accompanying the students are Nona Wasylenka, Diane Dalman, Sheila Thornton, Karen Doidge, Alan Brooks, and Rosanna Milsted.

Mr. Speaker, I will be meeting with the group following question period. I'd ask members to join with me to extend a warm welcome to the students from Wynyard.

Hon. Members: mHear, hear!

Hon. Mr. Martens: -- Thank you, Mr. Speaker. It's a pleasure for me to welcome to the legislature 23 students, grade 7 and 8, from the Vanguard high school. They are accompanied today by their teacher and bus driver: Mrs. Williamson; chaperons, Dennis Christopher, Martin Dykema, Marilyn Sawchenko, and Norma Rousseaux.

And I want you to know that I would have liked to have visited with you today. I have found out that I have to do estimates here after question period is over, so my friend, the member for Shaunavon, will look after you with pictures and things like that. And I just want all of the Assembly to join with me in welcoming you here today.

Hon. Members: mHear, hear!

Hon. Mr. Neudorf: -- Thank you very much, Mr. Speaker. I would like to introduce to you, and through you to other members of the Assembly, a group of students from the south-eastern part of my constituency, located in your gallery, and this is a group of grade 9 students from the Clavet composite high school, 39 of them, and they are accompanied by their teacher, Gail McVicar, Donna Massine, Joan Vanderloos; and the teacher aide, Jan MacEwan;

and chaperons, Mrs. Miller, Robertson, Cummins, and Spencer; and along with their bus driver, Greg Johanson.

I certainly hope that they have a good time here, that they find the proceedings informational and informative. And I would ask all members to join with me in welcoming these students from Clavet.

Hon. Members: mHear, hear!

Hon. Mr. Neudorf: -- While I'm on my feet, Mr. Speaker, I would also like to introduce to you another group of 47 students, grades 4 and 5, from the Prairie View Elementary School in Dalmeny, Saskatchewan, and they are accompanied by their teachers, Mrs. Berge and Mr. Mervin Driedger. I know Merv and I go back quite a few years and have been teaching in the same school in times past. And their chaperons are Mrs. Schierling and Mrs. Altroge.

And I might just indicate to you and to members in the Assembly, that there is a youngster here by the name of Gwen Katzman, that might arise some interest in members here. And I see also that proud papa is sitting in the back behind the rail here to witness his daughter's presence in the Assembly today. So I would also ask all members to welcome the students from Dalmeny at this time.

Hon. Members: mHear, hear!

Mr. Upshall: -- Thank you, Mr. Speaker. I would like to join with the Minister of Social Services in welcoming the group from Clavet. As you know, with the redistribution, Clavet will be in my now very large rural constituency. And so I look forward to meeting the teachers and the students as time proceeds and looking very much forward to representing them after the next election.

Hon. Members: mHear, hear!

ORAL QUESTIONS

Consensus Saskatchewan

Mr. Lautermilch: -- Thank you, Mr. Speaker. Mr. Speaker, my question today is for the Premier. Mr. Premier, I think it's become clear to all Saskatchewan people that Consensus Saskatchewan is falling far short of the vehicle which was to attract this flood of new ideas on where this province will be in the next decade and the next century.

Mr. Premier, so far it's held 60 meetings and is attracting an average of around 20 people -- in Saskatoon, 50; in Prince Albert, 12; in Moose Jaw, 10. Mr. Premier, I think you know what the problem is. And that is that after eight long years of your government, the people of Saskatchewan know you aren't listening any more, so they don't bother to tell you anything. Isn't that the truth, Mr. Premier?

Some Hon. Members: mHear, hear!

Hon. Mrs. Smith: -- Mr. Speaker, in reply to the member's comments and -- I would hope -- some concern, I think the process is a legitimate one, and in fact people attending the meetings have indicated. To date we have a total of approximately 13 to 14 hundred people that have taken the time to come out and to in fact go through a process. For large groups in dealing with very broad issues is very new to this province. We've often done it in education or in health, but, I think given the broad nature of the province, that has not taken place before.

We expect, Mr. Speaker, that we are going to be over the 2,000 by the time the meetings are completed. And I would invite the member in fact to take part in one of them. He will find that they are very open. They have been very positive. People have been very realistic, but they have also been very open to putting their vision out front as to where they see Saskatchewan going and the people of this province.

Some Hon. Members: mHear, hear!

Mr. Lautermilch: -- Mr. Speaker, I'll again address my question to the Premier. Mr. Premier, I think it's safe to say that everyone in this House and in this province feels that the members of Consensus Saskatchewan are sincere in attempting to do their job. It's just that everyone knows that your government wasn't sincere in giving them the job in the first place.

Some Hon. Members: mHear, hear!

Mr. Lautermilch: -- To quote Murray Mandryk from the Leader-Post when he was speaking about the 20 people that showed up in Fort Qu'Appelle, and I quote. He says:

Meanwhile, the consensus reached at this meeting seemed to be that no one was going to listen . . . anyway.

Mr. Premier, you've received a clear consensus -- 100,000 names on a petition opposing the dental plan and the changes to the prescription drug plan, but you didn't address those issues. You had a clear consensus with respect to privatization -- a hundred thousand people opposed privatization. How can you expect these people, Mr. Premier, to believe they're being listened to now when you wouldn't listen to them then.

Some Hon. Members: mHear, hear!

Hon. Mrs. Smith: -- Mr. Speaker, I think there's no doubt that a fair number of people have raised the concern of: will they be taken seriously? They have also stated, Mr. Speaker -- and the member should be aware of this -- the degree of cynicism and the level of cynicism as it relates to politicians, and I speak of all politicians on both sides of the House, remains very high with the people, with the public, with the people of Saskatchewan. I don't think that's unlike what is happening right across Canada.

I think, Mr. Speaker, it is incumbent therefore upon politicians, if they

care anything about the democratic system, in fact to be open to new ways within the decision-making process. He will also be aware, Mr. Speaker, that people in going through the process at the end have stated very positively that they are surprised by the open discussion and they have been pleasantly surprised at the non-partisanship and the hands off from government perspective.

Some Hon. Members: mHear, hear!

Mr. Lautermilch: -- Mr. Speaker, I'll address my question to the Deputy Premier. Madam Deputy Premier, the cynicism has been created by politicians like you and your ilk and the leader of this country, Mr. Mulroney. That's where the cynicism comes from.

Some Hon. Members: mHear, hear!

Mr. Lautermilch: -- Madam Deputy Premier, I want to give you an example of just how out of touch you are. On Tuesday, you put out a news release through information services quoting the executive director of Consensus Saskatchewan, Marine Perran, as saying the meetings to date have been very successful with people from all across Saskatchewan taking the opportunity to express their views on the province's future. The same day, Madam Deputy Premier, Carol Reiter, who chaired the Moose Jaw meeting said: "Is it just they don't care, or is it they feel it won't help? I just don't know." They don't know why they're not coming.

Madam Deputy Premier, you people have grown so out of touch you don't even listen to people when they tell you you're out of touch. I want to know if it isn't true that the people of Saskatchewan won't attend your meetings because they don't trust you and your government.

Some Hon. Members: mHear, hear!

Hon. Mrs. Smith: -- Mr. Speaker, I would like the hon. member to know that in fact the attendance of the meetings that are on presently are about where we expected them to be.

Now having said that, Mr. Speaker, I will say to the member, they were extremely low numbers in the very beginning. Now we estimated 25, 30 should be the average, and right now we are not . . .

The Speaker: -- Order, order.

Hon. Mrs. Smith: -- Thank you, Mr. Speaker. The attendance is not far off the projected figures when we looked at it.

Now, you know, you can laugh. You want to talk about the cynicism and the lack of credibility towards politicians. It's incumbent on both, both you and me, and all the others. Take a look at your front row; maybe suggest that to them.

Mr. Speaker, the . . .

The Speaker: -- Order, order. I'm going to interrupt once more. Each member will have the opportunity to ask their question. I see there are a good number very anxious to. If they wait their turn and allow the minister to answer this one, they perhaps might have the opportunity for the next question.

Hon. Mrs. Smith: -- Briefly, Mr. Speaker, the attendance has been where it was estimated we would finally average out at. I can only tell the member that. For example, in some meetings there have been 80, 70, 60 people _ higher than what the average was to be expected. And I've also said to him, we've had some very low turn-outs, very low. And that is of a concern. Now you can look at a lot of things. You can look at timing, you can look at seeding time. Maybe you can look at the process. We will be doing that when all is said and done.

But to date, I can assure the hon. member, for those people attending, they have been relatively positive with the outcome of the meetings and the process of the meeting while they were in it, Mr. Speaker.

Some Hon. Members: mHear, hear!

Mr. Lautermilch: -- Mr. Speaker, I have another question to the Deputy Premier. Madam Deputy Premier, you can't even organize your own members to come out to these meetings. They don't even trust you any more.

Some Hon. Members: mHear, hear!

Mr. Lautermilch: -- Madam Minister, another member of Consensus Saskatchewan, Jean Salter has stated: "I think it has become an agreement between our members that if (the government) doesn't listen, we're going to do something about it."

Madam Minister, even members of Consensus Saskatchewan don't trust your plans and they don't trust that your government will listen and they've set up a contingency plan.

Madam Minister, when this group reports in the fall, what will you do? Will you adopt their full report? Or will you take only those parts that agree with your philosophical beliefs and your preconceived notions? Or will you use their recommendations as campaign promises and treat them with the same contempt that you have all of your other promises. I want to know just what you'll do with their recommendations, Madam Minister?

Some Hon. Members: mHear, hear!

Hon. Mrs. Smith: -- Well I think the member from P.A.-Duck Lake has taken a lesson from the Leader of the Opposition and he wants it both ways. First he says there's nothing great about the process, there's no new ideas and nothing, and then he says I want to see the report and what comes out of it.

Mr. Speaker, the report will be made public. Any report coming out of Consensus Saskatchewan, I gave my commitment it would be made public. It

will be made public, Mr. Speaker. I expect that there will be an interim report, perhaps the end of July, early into August. And the government will respond accordingly at that time.

Some Hon. Members: mHear, hear!

Relocation of Saskatoon Liquor Store

Mr. Pringle: -- Thank you very much, Mr. Speaker. Mr. Speaker, my question is to the Premier, and I want to direct this to the Premier because the Deputy Premier has not been responsive in this situation. And the merchants of Market Mall in Saskatoon are watching and they want to hear from you, Mr. Premier.

Mr. Premier, Saskatchewan people don't need it, but I want to give you one more example of where you people don't listen. I have presented in this House in good faith, 10,500 names of Saskatoon residents who are upset with your plans, sir, to move liquor stores from two malls to a new, yet-to-be-built mall.

Now ironically, the minister responsible is also the minister who's responsible for Consensus Saskatchewan. Ten thousand, five hundred names represents 10 times the number of names, the number of people who are participants at the Consensus Saskatchewan hearings -- the total number combined. Now that is a clear consensus of opinion and you're ignoring it, Mr. Premier.

Now my question is: given this issue and your Deputy Premier's pathetic response today, is it any wonder that Saskatchewan people have decided that you people never listen.

Some Hon. Members: mHear, hear!

Hon. Mrs. Smith: -- Mr. Speaker, as the petitions have been tabled in the House from the member from Saskatoon, I have in fact informed the Liquor Board Commission to make them aware that indeed these petitions were in the House.

The member from Saskatoon Fairview is asking for some political intervention in the decisions made by the commission. I am reluctant to do that, because for the first time in many, many, many years, Mr. Speaker, there has been no political decision made on where this liquor store is going to be.

Now, Mr. Speaker, the member from Saskatoon Fairview also knows that liquor board stores over the last 20 years have opened and closed depending on commercial development within Saskatoon, on residential development. Mr. Speaker, all of that is there. If the member would take the time to go over to the liquor board, as the member did from Saskatoon South, Mr. Urness was available for him to look at all the reasons why that they based their decision on, and I invite you to do that.

Having said that, Mr. Speaker, I will conclude with saying that I am not

without empathy for the people that signed the petitions, including, Mr. Speaker, those on the petition who said it's about time this store was closed.

Some Hon. Members: mHear, hear!

Mr. Pringle: -- Mr. Speaker, a new question to the minister, I guess if the Premier's not going to answer. I want you to know, Madam Deputy Premier, that when the delegation of merchants met with Mr. Urness and some of your cabinet colleagues, they could not get the answers to their questions. They are not satisfied with the answers. And that meeting offended them, and your letter to them further offended them. That this is a political decision, that's the problem.

Now this is more than a Saskatoon issue, Madam Minister. This issue speaks to the way that you people do business in the province of Saskatchewan.

Some Hon. Members: mHear, hear!

Mr. Pringle: -- And let me tell you this: the winning bid did not even meet the tendering specs. Now I know that you've never been too concerned about fair tendering, Madam Minister, but the specs clearly say that the new store is supposed to a free-standing building. But the design which I have here clearly shows that it isn't, and the forms are in Saskatoon for another mall.

So the specs are being violated, which is very serious. And this developer takes a mall . . . takes an anchor from two malls, puts it into another to-be-developed mall. Obviously the large walk-in traffic will move to the new location. My question is: wouldn't you agree that your actions are giving the new owners of the new mall an unfair, competitive advantage?

Some Hon. Members: mHear, hear!

Hon. Mrs. Smith: -- Mr. Speaker, this issue speaks to several things. It speaks to changes taking place in Saskatoon, it speaks to changes, Mr. Speaker, that have taken place regarding alcohol consumption, a decline of 17 per cent of alcohol consumption in this province over the past many, many years. It speaks to the issue of changing life-styles that both young and older people are involved in.

Mr. Speaker, it is an issue of the Liquor Board commission making a decision based on the various changes, and also regarding their financial situation. That information indeed has been shared at least with the member from Saskatoon South who in fact took the time to go over and look at that.

I would also say to the member, I am not aware of the person that received the award not following the specs. I'm not aware of that point. I am aware, Mr. Speaker, that through the Liquor Board commission, in fact all the points of criteria were met, including that this was the lowest bid, Mr. Speaker.

Some Hon. Members: mHear, hear!

Mr. Pringle: -- Mr. Speaker, new question to the Deputy Premier. Every time you people talk about economy and saving taxpayers money, taxes go up, Saskatchewan people pay, and the debt gets higher, Madam Minister. That's your record.

Well, Madam Minister, this is the third highest-by-volume store in all of Saskatchewan, so don't say it's not economically viable. But the important point is 10,500 petitioners are upset that you refuse to listen. You refuse to listen to the residents. Ninety small-business operators are upset because they're struggling and you refuse to listen.

Now you have a proven drawing card from two established malls and you place it into another mall that does not meet the specs and you should know that given all the publicity around this issue.

My question to you is: be honest with the public of Saskatchewan. Be honest with these 10,500 people. Be fair to the business people of the Market Mall area. And will you explain your actions to them? And I want you to know . . . I want to ask you clearly: will you reverse that decision today?

Some Hon. Members: mHear, hear!

Hon. Mrs. Smith: -- Mr. Speaker, this location for the liquor board store in Saskatoon was chosen through a public proposal call, a public proposal call. And I also want the member to know that was the first time in the history of the Liquor Board, the first time.

Interesting to note when our friend from Riversdale was the deputy premier, we had about 51 liquor boards go up but no nursing homes. Now I don't know what your difficulty is but I know what the difficulty with the liquor commission is, and they have declining revenues, Mr. Speaker, declining revenues with declining alcohol consumption.

Someone over there, Mr. Speaker, is going to have to make some business decisions. They have done that outside of any political interference and the rules have been followed. The lowest bid, the best tender considering location was what was accepted, Mr. Speaker.

Some Hon. Members: mHear, hear!

Rafferty Dam Project

Mr. Lyons: -- Thank you very much, Mr. Speaker. Mr. Speaker, I direct my question today to the Premier. Mr. Premier, there is a consensus growing in this province, and that consensus is that your government has made a political fiasco out of the Rafferty-Alameda project.

Some Hon. Members: mHear, hear!

Mr. Lyons: -- Mr. Premier, even members of your own caucus and former

cabinet ministers now say that you and your government should halt work on the Rafferty-Alameda project. My question to you, Mr. Premier, is this: when the people of Saskatchewan, the courts of Canada, and even your own caucus and cabinet colleagues tell you that you are wrong, when will you, as Premier of this province -- who wants people to believe that you believe in consensus -- listen to the consensus and stop work on Rafferty-Alameda? When will you do that, Mr. Premier?

Some Hon. Members: mHear, hear!

Hon. Mr. Hodgins: -- Mr. Speaker, I think the time has come that the issue of the . . . Mr. Speaker, I think the time has come that the whole issue of the Rafferty-Alameda projects in southern Saskatchewan receive some fair analysis and some objective comments.

Mr. Speaker, this is the first opportunity . . .

The Speaker: -- Order, order. I realize that there are many comments that could be made. However, you'll have your opportunity to ask the questions. The ministers have the opportunity to answer. Give them that opportunity.

Hon. Mr. Hodgins: -- Mr. Speaker, this is the first opportunity that I've had to respond to this issue since becoming Minister of the Environment. Mr. Speaker, I've done a great deal of study of this particular project. And, Mr. Speaker, this issue has been very confused. There are a lot of uncertainties.

Some Hon. Members: mHear, hear!

Hon. Mr. Hodgins: -- And, Mr. Speaker, I would say confused purposely by the NDP and I want to set the record straight today. And I ask for your attention, Mr. Speaker.

Mr. Speaker, the opposition would make the case that this particular project has not received enough study. They would make the case, Mr. Speaker, that proper processes were not followed. Mr. Speaker, I am here to tell you that after thorough review with myself and my departmental officials, I will tell you the process that was followed from a Saskatchewan prospective, Mr. Speaker.

Were the rules followed to the letter of the law? I say yes, they were. The opposition makes a great deal of talk about independent inquiries and public meetings. The question is, did this go through the process? Was there public meetings and were they fair? Did the people have a chance to speak? Yes they did, with a public inquiry, independent, with three well-known, good people from this province -- a lawyer, Mr. Speaker; a farmer, Mr. Speaker; and another individual well respected.

These people went through the Saskatchewan law, the Saskatchewan process, and as far as Saskatchewan goes, Mr. Speaker, this project was deemed acceptable. Now, Mr. Speaker, the NDP confused that . . .

Some Hon. Members: mHear, hear!

Mr. Lyons: -- Mr. Speaker, I'm directing my questions to the Premier of this province. And, Mr. Speaker, while I appreciate the passionate defence of the project by the Minister of the Environment, this goes to the heart of the personal as well as political credibility of the Premier of Saskatchewan.

Mr. Premier, you've heard the response of the Minister of the Environment. Your member from Turtleford, your former cabinet colleague has said publicly, I've always felt an environmental impact assessment should have been done for the project; I think we should follow our own rules.

Mr. Premier, are you supporting the Environment minister who's saying, that minister is confused? Are you accusing the member of Turtleford being confused? Or are you purposely refusing to deal with this issue, sitting there, not answering the question because you and your own government have been caught . . . you have been caught in a confusing manoeuvre to ram this project down the throats of the people? Is that the way out of it, Mr. Premier of Saskatchewan?

Some Hon. Members: mHear, hear!

Hon. Mr. Hodgins: -- Mr. Speaker, I just want to confirm, Mr. Speaker, that from a Saskatchewan perspective, from our assessment legislation initiated by members opposite, it was followed to the letter of the law complete with a public inquiry in the province of Saskatchewan. And I will table these reports if the hon. members' memories are that short.

Mr. Speaker, the members are now confusing it with federal legislation, federal issues, at a time, Mr. Speaker, when all of that is changing, when there is uncertainty with respect to federal legislation. Mr. Speaker, the people in Saskatchewan cannot do a federal environmental impact assessment. Mr. Speaker, the federal government by their own admission, recognizing the importance of the environment, recognizing the uncertainty of the legislation, said: province of Saskatchewan, we as the federal government made an error; we did not interpret these guide-lines appropriately and there will be further federal studies.

For the hon. member however to suggest that there was one iota of impropriety when it comes to Saskatchewan environmental laws and legislation, that's wrong, Mr. Speaker. That's wrong. We did every study; followed to the letter of the law. And it was the federal government admittedly on their own that said the federal law applies.

Some Hon. Members: mHear, hear!

Mr. Lyons: -- Mr. Speaker, I'll direct this question once again to the Premier of the province -- very short and very direct. Mr. Premier, are you saying that the member from Turtleford, Colin Maxwell, is lying and that you're right? What's your response? Is that what you're saying . . .

Some Hon. Members: mHear, hear!

The Speaker: -- Order, order. Now the hon. member is aware that the rules do not allow members to say indirectly . . . to say indirectly or suggest indirectly what they do not allow the hon. member to say directly.

Order, order. Now hon. members know that this is the rule. They know that. There is no room for argument about it. I'm bringing that to attention once more of the member for Regina Rosemont. I would expect him not to use those tactics in the future.

Hon. Mr. Hodgins: -- Mr. Speaker, I want to make it abundantly clear: there is provincial legislation and provincial studies that we do as a province and that we have done. We can't do any more studies, Mr. Speaker; we can't go through that process any more. We have followed that. To be clear, provincial governments do provincial studies; federal governments do federal studies.

The comments that the hon. member referred to are not at odds one iota from our position that we have always taken, Mr. Speaker, and that is the following position: the federal law, when it comes to environmental impact assessment, is unclear, uncertain. That's why the federal government is initiating, probably this very day or in the next few days, brand-new federal legislation, because it was unclear. It had never been interpreted before in the courts.

A decision was made, Mr. Speaker, and we will stand by that decision. And we will apply, Mr. Speaker, one test, one severe test of common sense, and common sense says, Mr. Speaker, we've done our homework and done it well as a province.

Some Hon. Members: mHear, hear!

INTRODUCTION OF BILLS

Bill No. 46 -- An Act to amend The Statute Law

Hon. Mr. Lane: -- Mr. Speaker, I move first reading of a Bill to amend The Statute Law.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

ANNOUNCEMENTS

Media-MLA Ball Game

Hon. Mr. Swenson: -- Mr. Speaker, before orders of the day, with leave, if I could make a statement to the House on an event what occurred last night.

Leave granted.

Hon. Mr. Swenson: -- Thank you, Mr. Speaker. It's a pleasure for me to rise in the Assembly and report on an annual event which has occurred for the last 10 years between . . . it's the game between the MLAs and the

media.

The Speaker: -- Now ministers . . . or members rather, and while members might be exercised for whatever reason, but the hon. member for Thunder Creek is attempting to address the House and I believe we should give him that opportunity.

Hon. Mr. Swenson: -- Thank you very much, Mr. Speaker. I would like to report to the Assembly, Mr. Speaker, that a ball team made up of all members of the Assembly -- all part of the Assembly -- played the media last night. And I'd just like to run through the roster for the information of the Assembly.

The hon. members from Moosomin, Saskatoon Eastview, Redberry, Regina Wascana, Thunder Creek, Wilkie, Prince Albert, Cut Knife-Lloydminster, Shaunavon, and Shellbrook-Torch River participated in the game. It as always, Mr. Speaker, was another hard fought battle with the members of the Assembly eking out a 15 to 14 victory before a crowd which was less than full.

The associate minister of economic development and diversification led the attack for the MLA team with a tape measure home run that is believed to have landed in a "different area." The Minister of Energy and Mines, and I am proud to report, anchored the defence and on one occasion, leaped high into the air, to steal a single from the media causing one journalist to remark that was the furthest anything related to SEDCO had gotten off the ground in some time.

Fine performances were also turned in by the Minister of the Family, and the members from Wilkie, Saskatoon Eastview and Prince Albert. Leader-Post reporter Mark Wyatt helped the media rebound from a nine to two first inning deficit by hitting a two-run homer. And more importantly, he contributed with a managerial decision to pull starting pitcher and CKRM reporter, Art Newton, who throws strikes, Mr. Speaker, about as well as he shops for ties.

Unfortunately for the members, CKCK reporter Peter Main kept the game close. They did have some terrible defensive problems with Chris Wattie, a little problem with no-stick-em-in-the-glove.

As always, Mr. Speaker, the member from Shellbrook-Torch River who also serves as your deputy, umpired the game in a -- and this is the press's opinion -- brutally objective fashion, although I've heard others describe his performance simply as brutal. But certainly, that wasn't the opinion of members.

After the woeful start by the media, Mr. Speaker, they fought back and tied the game in the fifth inning and it remained that way until the bottom of the seventh inning when the member from Shaunavon, who also turned out to be the winning pitcher, hit a two-out single to score the winning run.

And I'm pleased to tell you, Mr. Speaker, that the game also helped a good cause because both teams have promised to donate \$5 to the Children's Wish

Foundation for each run they allowed, and a cheque for \$135 will be turned over to the charity in the next few days.

The press have promised, Mr. Speaker, revenge. And on behalf of government members on the team, we have promised that we'll all be sitting here next year in the Assembly to accept the challenge. Thank you.

Some Hon. Members: mHear, hear!

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure

Agriculture and Food

Ordinary Expenditure -- Vote 1

Item 1

Mr. Chairman: -- Would the minister introduce his officials.

Hon. Mr. Devine: -- Thank you, Mr. Chairman. I would like to introduce to my colleagues in the legislature, Mr. Stuart Kramer, who is acting deputy minister of Agriculture; Mr. Henry Zilm, who's assistant deputy minister of Agriculture; Mr. Wes Mazur, who is director of administrative services branch; and Mr. Norm Ballagh, who is president of the Agricultural Credit Corporation of Saskatchewan. These and other officials will be present during the estimates to provide as much information as we can, Mr. Chairman.

Mr. Upshall: -- Thank you, Mr. Chairman. Mr. Chairman, I will be making a few remarks at the outset of this estimates before we get into detailed questioning of the minister. I just want to lay out to the Assembly some of the facts and figures that are related to the agricultural crisis in Saskatchewan today.

Now as you know, there are a thousand farm families that leave the land every year in Saskatchewan and are not replaced. At the end of World War II there were about 125,000; now there are 60,000 and dropping by a thousand every year. Between the census years of '81 and '86, the number of farm families in Saskatchewan had declined from 59,000 to 54,000; the number of corporate farms have increased. Realized net farm income has been dropping and the farm debt now totals almost \$6 billion, a third of that debt carried by all Canadian farmers. Saskatchewan is indeed in a tough situation.

In 1982 when this government took office, as I said, there was \$3.9 billion of debt and now near 6 billion. ACS (Agricultural Credit Corporation of Saskatchewan) and FCC (Farm Credit Corporation) hold about half that debt, Mr. Chairman, approximately \$3 billion. And these two public-sector farm lenders are the most difficult for all farmers to deal with. The Premier

and the ag credit corporation and the FCC have hauled more Saskatchewan farm families into court and stripped them of their land and assets and livelihood than all the other private-sector lenders, banks, and credit unions combined.

Census data tells us that in 1981 the farm population in Saskatchewan was about 180,000, and by 1986 it had dropped to 161,000 -- a tragic drop in the population of rural Saskatchewan.

(1445)

And as a result of foreclosure actions and voluntary transfers, the agricultural lenders now hold somewhere between 850 and a million acres of Saskatchewan farm land. The Farm Ownership Board says that 854,000 acres of farm land were held by lenders as of December 31, 1989. And of that, the farm credit corporation has about 563,000 acres.

Now, Mr. Chairman, of that total acreage that's held by banks, the FCC, they had 121,000 acres just three years ago -- the Farm Credit Corporation. I just want to do a little bit of a run-down for the Premier.

In September 1988, Farm Credit Corporation portfolio in Saskatchewan had 521 parcels of land; in September '89 they had 877 packages of land; 288,000 acres in 1988; 478,000 in 1989 -- or the difference between 1,800 quarters in 1988 and just about 3,000 quarters of land in 1989.

And while they were acquiring land, they were also selling off land. So you see, Mr. Chairman, this Farm Credit Corporation, along with the banks and other institutions, are not being stopped; in fact leading the way in driving farmers off the land.

As I said, Mr. Chairman, even with the large volume of sales, Farm Credit Corporation had repossessed 563,000 acres as of March 31 -- over half a million acres taken out from under Saskatchewan farm families by the Tory government. And the FCC and ACS are still doing more foreclosures, and the banks are doing their part as well.

The banks are doing their part as well, Mr. Speaker, but I'll tell you, they're doing their part, and while they're doing their part, taking land out along with FCC, they're also making drastic contributions to the Tory party funds. Over 10,000 notices of foreclosure have been sent out.

An Hon. Member: -- Does he have to read the speech?

Mr. Upshall: -- If the member for Weyburn would care to listen he might respond to some of the tragic cases that we are seeing in Saskatchewan. And I understand, Mr. Chairman, why he is chirping from his seat because he doesn't like to hear some of these numbers.

For eight years they've been saying that they're handling the farm situation so well. And no, Mr. Chairman, Mr. Member, I do not like reading speeches, but these numbers are very important. And if you would sit and listen to them, you maybe respond in a manner better than you have

responded to date.

Some Hon. Members: mHear, hear!

Mr. Upshall: -- I'll carry on, Mr. Chairman. Over 10,000 notices of intent to foreclose land or seize machinery, crops and livestock have been served on Saskatchewan farmers by lending institutions. That's Farm Debt Review Board figures of April, 1989.

And there are some of the percentages, Mr. Chairman, in some of the areas of Saskatchewan I'd like to quote to you. This is the number of foreclosure notices compared to the number of farmers in the RMs affected. And there will be an argument probably from the opposition as to say: well the number of farmers aren't really true because there can be more than one notice sent per farmer. Well I understand that. The numbers are still alarming.

Municipality of Surprise Valley, south-east of Bengough, 36 per cent; Grassy Creek, which is over by Shaunavon, 35 per cent; Fillmore, 34 per cent; Gull Lake, 46 per cent; Beechy, 49 per cent. That's number of foreclosure notices sent out to farmers compared to the number of farmers in these municipalities.

As I say, in Beechy about one in every two farmers sent a notice of foreclosure. Togo, out in the Kamsack area, 48 per cent; Venn, up in my area, 53 per cent; Lakeside in the Quill Lake area, 51 per cent; Barrier Valley over by Archerwill, 45 per cent. And it goes on and on, Mr. Chairman.

The worst one being Meadow Lake, where 71 per cent of the farmers were sent notices of foreclosure -- 71 per cent of the farmers, as it relates to foreclosure notices. And that's an alarming number, Mr. Chairman.

Now these farm families are taking . . . their lives are being taken away from their farms, and this government's standing there and doesn't do anything about it. In fact ACS is toughening up its actions against farm families. In 1988 ACS took 620 farmers into court. In 1989, 1,142 more legal actions were started. And remember, there were 2,500 files placed with the law firm in Regina instructed to take action last year. Quite a record of achievement, I do say.

The result is that over 10 per cent of Saskatchewan farmers have been involved, Mr. Speaker, in formal debt review process in the last five years -- 10 per cent of Saskatchewan farmers -- through either the provincial Farm Land Security Board or the federal Farm Debt Review Board. And there is no slowing of this action. While Alberta and Manitoba experience reductions in the number of applications to the Farm Debt Review Board from '88 to '89, Saskatchewan increased by nearly 20 per cent.

Bankruptcies in Saskatchewan, Mr. Chairman, totalled 152 during 1989 -- the highest figure since 1971. As we all know, bankruptcies and farm . . . farms and bankruptcies is only an indicator of the plight that's out there because bankruptcies is not a common road farmers take when being forced

off the land. And the result of this in rural Saskatchewan, Mr. Speaker, 24 rural hotels were either closed or possessed in 1988.

And now I want to tell you, Mr. Chairman, the bankruptcies have increased and they're jumping up in staggering figures. In fact from 1987 to 1989 they're nearly doubled. In 1981 Saskatchewan had 19 farm bankruptcies. In 1989 there was 152.

Interest expenses for Saskatchewan farmers, Mr. Chairman, in 1989 was \$473 million. And the interest rate continues to climb in the Farm Credit Corporation. The hardest hit group were those young farmers, the one-third of the farmers with the lowest equity levels and the group that carries 70 per cent of the debt.

I'm just reading this out, Mr. Chairman, just for the benefit of the Premier who thinks he's doing so well and doing all he can to help Saskatchewan farmers, a Premier who's had eight years to tackle the problem. And instead of tackling the problem, Mr. Chairman, what he does is blame the rest of the world for the fact that Saskatchewan farmers are being devastated.

Land values have been dropping. In fact between 1984 and '89 the province of Saskatchewan experienced the largest farm land drop in all the prairie provinces. During that time, farm land values declined by 38.4 per cent in Saskatchewan; Alberta, 28.8; in Manitoba, 24.8. And the Canadian average was 29 per cent. The steep decline of land values has had adverse effect upon many farmers' ability to borrow, particularly the small farmers with the significant debt. Applications for government guarantees of operating loans through counselling and assistance for farmers are up 20 to 30 per cent.

And it goes on and on, Mr. Speaker. Land tenure. Number of farms having total ownership declined from 3,135 in '81 to 2,900 . . . or 29,000 rather in 1986. So you see that there was . . . 1981, the level of farm land ownership was 66.1 per cent, involving 43 million acres. By 1986 it had declined to 61 per cent and 40.8 million acres.

And the point here, Mr. Chairman, is, and Mr. Premier, that during those five years, approximately two and a half million acres of land changed hands from that of owned to rented status or, to put it in perspective, an amount equal to two and a half times what the land bank ever owned. Just think about it. When these people were hollering about land tenure and now land tenure is going the way they said it shouldn't go. And what are they doing? Absolutely nothing.

Property taxes have increased, and I'll tell you, Mr. Speaker, property taxes have increased far more dramatically than any of the other taxes, rural property taxes.

This government set up many, many agencies, many agencies that they said were going to help farmers, and they have totally failed. They have hacked and slashed the post office system, supported Ottawa in this attack on rural communities. We have seen time after time issues like freight rates,

issues like Canadian Wheat Board, issues like two-price wheat, issues like backing out of their commitment to long-term support programs.

Every time the farmer turns around, this government and the federal government, Mr. Chairman, is taking more money away from the farmers. And they stand up, as was announced today, and said, aren't we good guys; we're giving you \$5.50 an acre -- when it was about half of what the farmers and farm groups were asking for.

Mr. Chairman, I could go on and on, but I just want to say that there are many, many issues that I will be putting forward today for the Premier to answer. He has destroyed the basis of Saskatchewan agriculture simply by sitting by, doing nothing, but rhetorically saying that he's the best Agriculture minister that ever came to this province. But I think some of the facts, some of the facts speak for themselves, Mr. Chairman.

An Hon. Member: -- He's never said that; I said that. He's never said that.

Mr. Upshall: -- Well all his colleagues say it's so.

But I want to talk today, Mr. Chairman, about some of the cuts that have come forward, supported by this government, come out of Ottawa. The Farm Credit Corporation is one of the areas that I'd like to cover, Mr. Chairman. You will have seen: October 27, 1989, Farm Credit Corporation interest rates went up; December 28, 1989, they went up again; February 3, 1990, they went up again.

You know it's interesting, Mr. Chairman, you get the press releases coming out of the Farm Credit Corporation and it says: news, subject, from the Farm Credit Corporation, lending interest rates, March 23, 1990, the rates went up. And here's another one, March 30 -- say that's only about six days apart, or seven days apart -- subject, from Farm Credit Corporation, interest rates, interest rates went up again. April 12, 1990 -- not very long after that -- interest rates, Farm Credit Corporation interest rates went up again. April 27, 1990, from the Farm Credit Corporation, subject, interest rates, interest rates went up again.

Now, Mr. Chairman, I would just like to ask the Premier why, in light of all the facts and figures that are available and some of which that I have put forward today, why you would stand idly by in your negotiations or in your so-called close contact with Ottawa and allow the federal government and your friend, Brian Mulroney, to increase Farm Credit Corporation interest rates faster than the Bank of Canada rate? Can you answer that, Mr. Minister?

Hon. Mr. Devine: -- Mr. Chairman, farm families in the province of Saskatchewan have suffered from high interest rates for a long period of time. They particularly suffered a great deal in the late '70s and early '80s when interest rates got as high as 21 or 22 per cent. And that, coupled with land bank, really had a damaging effect in twofold.

One is it raised the cost of servicing debt, on top of the land bank that

drove up the price of land, and the price of land went up . . . I believe, Mr. Chairman, if you go back and look at it, the price of land more than doubled during the period of the . . . when the land bank was going and bidding, driving up the price.

Now it is true that the price of land has settled down again. We have always said it was support from the rural municipalities, from farm organizations, and others, that we should do whatever's possible to protect farmers against high interest rates. We offered a major program in the face of the vacuum that was there in 1982. When interest rates were 21 per cent, we stepped in and we said, for farmers it'll be 8 per cent.

(1500)

At the same time we said that we would do other things, as opposed to land bank, to help farmers own their land. And we went into the market-place and put the provincial treasury between the banks and the farmer and protected the farmer against this devastation of high interest rates. We did the same thing in every year since that, and I have substantial numbers to show that the province of Saskatchewan has taken high interest rates on when interest rates were very high and supported by the NDP. And I say that, with the greatest respect, because they never did anything about them. They must have at least thought they were all right because they didn't step in.

We have always stepped in and defended the farmer. As you know, today, only in Saskatchewan can you get zero per cent interest rates in the livestock industry -- zero. Now I say that -- again with the greatest respect to any legislator across the country -- and I believe in the United States and perhaps in the world, I don't know any farmers that got zero per cent interest rates like you do here in Saskatchewan in the livestock industry.

Now we have stepped in and said, for our farmers -- and we want to encourage the diversification, balance the grain and the livestock industry off -- we should encourage the use of that feed grain in value added, and encourage the grain industry to grow but put it into as much processing and manufacturing as possible.

And so the hon. member asks about farm credit -- I don't run farm credit. But what I do run and have some responsibility for, I'll say that we'll make a significant difference.

So we have put an interest rate relief package before the farmers of this province that is, I would think -- and we can compare it -- the best in the country and certainly much better than was here in our jurisdiction prior to 1982.

Let me add today, just for the hon. member's information in case he didn't catch the news release, we have announced a \$277 million payment to farmers today. It's going to all the farmers. It's on the basis of cultivated acreage. It will amount to \$5.50 an acre and that will be \$5 to \$6,000 per farmer, on average, across the province of Saskatchewan.

I want the hon. member to know that it is endorsed, Mr. Chairman, by the major farm organizations, and if he would allow me, I will just provide you with the names of the organizations because they've worked very hard with us in lobbying the federal government. They've met twice with us now. They met with me yesterday and provided me with the advice.

But this is endorsed -- this payment and the mechanism for the payment. I mean we would all like more money. But notwithstanding that, this was endorsed by the Saskatchewan Wheat Pool, the Saskatchewan Association of Rural Municipalities, the United Grain Growers, the National Farmers Union, the (Saskatchewan) Canola Growers Association, the flax growers association, the Western Canadian Wheat Growers Association and the Saskatchewan Pulse Crop Development Board.

And on the method that we calculated this for 1989-90 crop year . . . that was the mechanism used in Alberta as well as in Manitoba; plus these farm organizations saw it as reasonable, and it's \$277 million that will be out largely before the end of July.

I point out to the hon. member that we have spent, along with the federal government now, literally billions of dollars. And a good part of that is in at interest rate protection right down to zero, right down to zero.

We first went in with the production loan program which was a billion dollars, and we locked it in at 6 per cent for three years -- tremendous impact on interest rate protection when interest rates were running anywhere from 10, 12, 15 per cent. And in this case now we have a combination of programs. And our seeding program is out there that will provide some cash benefit relief because of the high interest rates. So I can list a large number of programs if the hon. member wants me to; I certainly will be more than happy to.

But I just make the point: I haven't at any time endorsed high interest rates. I don't believe in them. I've done everything physically and financially possible to keep interest rates down for farmers and for home owners and for people in this province.

And if you would allow me one more position here, the new instrument that this legislature just passed, the community development bonds, means that rural communities -- and farmers are rural communities -- towns, villages, smaller cities can now get access to processing, manufacturing, tourism, environmental projects to diversify their towns and villages at zero per cent interest rates, Mr. Chairman. And no place else in North America will you find a financial instrument that allows rural people to get access to capital building and a guarantee so there's no risk, at zero per cent interest rate.

Now the hon. member mentioned interest rates. He at least has to acknowledge zero per cent for the livestock industry, zero per cent interest rates backed by the government so they don't have to pay any interest at all in community development projects. And, Mr. Speaker, at the protection of interest rates for home owners, for farmers, for small

business, a combination of things now that will be the best interest rate protection that you can find any place in North America, as far as I know.

And if the hon. members has got better ideas of how that . . . or better comparisons, I would certainly encourage them to bring them forward if they have suggestions on how you might lower interest rates lower than zero, Mr. Chairman, lower than zero. Because unequivocally, unequivocally, if you want to avoid the high interest rates, Mr. Chairman, then you must design new instruments to get in the way of that bank and get in the way of those international high interest rates. And we have done both in terms of the livestock industry and Community Development Bonds so small business, farmers, communities, rural municipal organizations, community development organizations, rural development corporations, can all, Mr. Speaker, get access to an instrument that says their money is guaranteed. They pay no interest, and they can develop and process the manufacturing in the province in Saskatchewan, particularly in rural areas where farmers live and dominate the community.

So I have a long list of programs that I'm sure the hon. member will want me to go through. I won't right now. But from 1985 to 1989 plus the 1990 estimate plus what we've just done will amount to a little over \$7.6 billion from the federal and provincial governments, and in the neighbourhood of 1.2 billion just looking at our own operations. So I would be more than glad to go through the list for the hon. member.

As he mentioned interest rates, we deal with interest rates in a substantive way, and compared to what was done before or interprovincially, Mr. Speaker, I think that we say that it's not perfect, but it's been a tremendous amount of money put up to back these operations and some new instruments, financial instruments that have not been used before that allow people to have access to capital without borrowing and without paying interest rates. And that's very important, Mr. Chairman.

Mr. Upshall: -- Mr. Minister, let's get something straight here. You and I have gone through this process for -- what is this? -- the third year now. Every time we come before this legislature, you tell the same garbage -- how wonderful you're doing by giving farmers money. Well look around and open your eyes, Mr. Premier. Do you not see the farmers leaving the land? Do you not tally up the foreclosure actions? Do you not see the stress and the grief that you're putting these people through? And you stand in your place and saying you gave them \$7 billion. Well, Mr. Minister, it's not working.

And I want to just make a couple of comments. The farm groups -- and we'll get to your \$5.50 an acre program shortly -- the farm groups supporting it: what else are they supposed to do? They're all telling you it was half of what you should have got, and you stand in your place saying, look how great I am; the farm groups support me. Well what kind of an answer is that from a Premier who's watching farm families fall off the face of this land? It's pretty hypocritical, I would say.

And you talk about land bank and the old lines from 1982 where the land bank drove up the price of land. Well, Mr. Minister, did they drive them

up in Alberta? Did they drive them up in Manitoba? Don't give me that argument. I mean that was Tory rhetoric and it worked for a while, but farmers out there know the facts.

So, Mr. Premier, let's get the record straight here. I am going to go through several issues in these estimates, issues that relate directly to agriculture, to farmers having to pay more money out of their pockets. And you can stand in your place if you want and tell them how much money you're giving them, but you have not addressed a debt restructuring problem, you have not addressed a farm income problem, and you dropped your land transfer program.

So when it's all ended up, we're going to tally up and just see how much you have done for farmers in dollars and cents.

The land values have dropped -- \$18 billion worth in 1984 to 13 billion in 1988. They dropped 40 per cent in that period of time. A farm valued at half a million dollars in 1984 is now only worth \$350,000.

Mr. Minister, the banks are taking back land. In January 1987, as I said before, lending institutions had acquired title to 121,000 acres of land. And by February 1989 it had gone up to 628,000 acres. The farm families leaving the land. The packages. Farm Credit Corporation -- 18,000 quarters in 1988 they held, and 3,000 quarters in 1989 -- in one year almost doubling.

And you say you're not responsible to the Farm Credit Corporation. That's a nice song and dance for you to say that. But then you turn around and say, look how great I am; I've got all this money out of Ottawa. Well you can't have it both ways. I mean either you do have influence over Ottawa or you don't. So if you're taking credit for getting farm aid money out of Ottawa, then you've got to take some responsibility for Ottawa pushing up the interest rates. And I say that you have made very little if any representation to Ottawa to keep Farm Credit Corporation interest rates down.

So, Mr. Minister, I ask you: Farm Credit Corporation is acquiring land, as is your ACS. Can you tell me precisely, Mr. Minister, what you have done, what representations you have made to Ottawa and table those, as to trying to convince them to drop the Farm Credit Corporation interest rates?

Hon. Mr. Devine: -- Mr. Speaker, we'll see if we can find some of the newspaper headlines when I met with both the federal Minister of Agriculture, the banking associations in Toronto and locally here, as well as the farm credit people in Ottawa. And I personally met with the financial officials. I met with the chairman of the Bank of Canada, Mr. Crow, with respect to interest rates.

I have led the discussion with respect to all the first ministers, let alone the Agriculture ministers, on an assault against interest rates. And I'm sure that we can pull together a series of public headlines where I have taken the position and lobbied the federal government, lobbied the chairman of the Bank of Canada, lobbied the bankers, lobbied FCC --

locally, nationally, with respect to interest rates, Mr. Chairman.

And we will certainly be prepared to go dig up the appropriate headlines where in fact we have made this. And the media has attended a good number of them where we have said the interest rates are too high, where the bankers and farm credit and other people have reduced it.

I've just been to the SARM (Saskatchewan Association of Rural Municipalities) not that long ago and said, would you please give us any indication of how you would like to see us operate ACS. Consider yourself on the board of directors of the Agricultural Credit Corporation of Saskatchewan. Make your recommendations what we could be doing with respect to interest rates; restructuring, how we should do it.

Certainly, Mr. Chairman, every single opportunity that we have had to lower interest rates, encourage federal government, the banks, the chairman of the Bank of Canada -- I mean you can't get it any higher than that when it comes to interest rates in this country. I've met with, personally sat with the Finance minister, Mr. Mike Wilson, Mr. Crow, and myself for hours, representing farmers, representing Westerners, and representing the premiers, talking about interest rates and the dollar and the concerns that we have.

So the hon. member I'm sure will know that there have been many, many sincere representations by me and by my ministers to help lower interest rates. And in event that we were still unable to do anything with respect to lowering them, we stepped in, Mr. Chairman. And that's the point I want to make to the hon. member. The things that I'm in control of, we just said we'll exercise our power. We have zero per cent interest rates for community development, we have zero per cent interest rates now for the livestock industry, and interest rate protection packages for farmers all across the province of Saskatchewan.

We've had to put our treasury at stake. And at the same time, I'll say to the hon. member, we're prepared and have got over \$7 billion out of the federal government in cash to Saskatchewan alone that they can apply to any expense that they have. Whether it's chemicals, whether it's interest rates, whether it's any particular input that they have, they can apply the \$7 billion.

And that's taken a fair amount of effort, granted, and he will, I'm sure, agree. It's not enough. Perhaps it's never enough. But it's 7 billion more than they had before, and it's a considerable amount of money compared to the kind of money that other provinces and jurisdictions have received over the last five or six years.

(1515)

Mr. Upshall: -- Well, Mr. Minister, I realize that it's easy to get a newspaper headline saying that you're opposed to high interest rates. In fact, when you met with Mr. Crow, you came back home and the interest rates went up.

I don't understand how a good lobbyist would have that happen. And, Mr. Minister, you realize that because of those Farm Credit Corporation hikes, that means, and if you listen, \$35 million a year out of Saskatchewan farmers' pockets.

And I want to ask you, Mr. Minister, one simple question. You claim and have claimed for credit . . . taken credit for every payment that came out of Ottawa as far as a cash grant program. You have taken credit. And if their headlines also read, Premier Divine . . . or I'm sorry, the Premier . . . I apologize, Mr. Chairman, I shouldn't have . . . the Premier of Saskatchewan goes to Ottawa and gets so many million dollars for farmers. Okay.

So let's assume that you did do that. Okay. I don't believe that you had a whole lot to do with it, but let's assume you did. But if you take credit for that, then, Mr. Minister, can you explain to me how you square that with saying that you have absolutely no influence over the Farm Credit Corporation that is taking \$35 million a year because of higher interest rates, out of Saskatchewan farmers' pockets?

Just stand up and explain to me how on one hand you have total control over the federal government, claiming that you're getting the money out; and on the other hand, you say you have no influence when it comes to Farm Credit Corporation interest rates.

Hon. Mr. Devine: -- Mr. Chairman, I'm going to go dig up these figures, if I can find them. But I want to point out to the hon. member that from what I recall of my conversations with FCC, most of the bad loans in FCC in the province of Saskatchewan were taken out during the NDP administration from 1978 to 1982. And they got people caught in a situation where land values were going up very rapidly in 1978 to '82 -- very rapidly, stimulated by the land bank purchasing in the market. Land values . . . and if you go back and check it, they went up very, very, very rapidly. That government program in

there, buying land on behalf of the government, forced the prices up.

At the same time, Mr. Chairman, then the interest rates went way up to 21 per cent, 22 per cent, and that's what caught most people. And FCC records today will show you that the majority of the arrears in the Farm Credit Corporation of Saskatchewan occurred as a result of the farmers getting trapped from 1978 to 1982.

Now, Mr. Chairman, when we came in -- and we certainly ran on it -- we said no more land bank speculation in the market-place driving up the price of land unfairly, the government competing against the lonely farmer. No more of that. And we will walk in with 8 per cent money for young farmers, not 21 per cent, and we'll help them buy the land at reasonable prices.

Now the hon. member says, well the price of land has come down a bit. Well, Mr. Speaker, if it'd just come back down to where it should have been without the land bank, we'd have far less foreclosures in the province of Saskatchewan -- far less, Mr. Speaker. And the hon. member, he mentions Manitoba and Alberta. Manitoba and Alberta have not had the land bank

influence. And there are farmers . . . we had land go from \$150 an acre to \$1,000 an acre in this province, and in good part because of the land bank. And the farmers know that.

At the same time, it went up to 21 per cent interest rates and not a dime from that minister of Finance at that time who's sitting across there, represented the riding from Humboldt.

Farmers today will tell you that government speculating in the land industry drove those prices up because you never knew when the land bank and the government were going to come out. I believe Gordon MacMurphy was the minister of Agriculture, and he bragged about the government going in there and making money speculating in land. He said we bought it at \$150 and it's up to \$500; the interest rates are going up and look at the people under the pressure; we'll be able to buy more land. He was all across the province of Saskatchewan. And then what did he say? And we won't need to diversify; this province can live on wheat alone, he said. Well that'll ring in my ears as long as I live, Mr. Chairman.

The fact that FCC's problem, in the majority today, initiated in 1978 to '82 -- and I believe the figures will verify that -- confirms the fact that if that side of the House when they were in power would have been reasonable for farmers, lowered the interest rates, put their treasury to the back of the rural communities -- we wouldn't have half the debt problem today, not half the foreclosures, not half the bankruptcies. Farm credit would be better off; everybody better off; the credit unions would be better off. And they know that.

They know any time a government gets in there and speculates and farm lands against ordinary farmers, that you're going to hurt the farmer. Now that's a fact. You can't deny it. It's history, and farm credit numbers verify it. And I'll just say to my hon. friend, in Alberta they just backed right out of the Farm Credit Corporation and they've replaced it with provincial programs.

We've largely done the same. And I will tell you, that if the farm credit is in trouble today, it's from 1978-82 and that responsibility in large part is because of the land bank and 21 per cent interest rates, both as a result of the NDP administration.

Now that's history. They might not want to talk about other jurisdictions but that's what had happened here in the province of Saskatchewan. If the price of land is coming down now, well, it's coming down to a point where it should have been without the land banks speculating against farm families.

Mr. Upshall: -- Mr. Minister, just to help you prove your point, I would appreciate you supplying me with those figures to prove your point. Could you do that for me?

Hon. Mr. Devine: -- I said to the hon. member, I will go retrieve and gather the information with respect to farm credits arrears, and from what I recall, most of the arrears are from that period -- the significant

arrears -- and I'll get the information for the hon. member.

Mr. Upshall: -- So you're going to provide me with a list of those accounts that are in arrears today, that are as a result of what you say were high interest rates in the early '80s. I appreciate that. And when do you think you could provide me with those, Mr. Minister?

Hon. Mr. Devine: -- Mr. Chairman, I don't run farm credit here. I will get the information from farm credit and I will ask them for it. But their arrears and the information that they have will have to come from them and I will endeavour to get that information.

Mr. Upshall: -- Well I'll be waiting with bated breath, Mr. Minister, because I don't believe that you could substantiate that.

You know you can stand up here, and it doesn't bother me one bit when you run at the land bank or high interest rates in 1982, because I've been out in rural Saskatchewan a fair amount, not only living in rural Saskatchewan but visiting many areas of this province. And you know it's funny, Mr. Minister, I don't hear those arguments any more. Oh I heard them in the early '80s, from '82 maybe to '84, '85. But I don't hear those arguments from farmers any more because that has passed.

That is passed and they know what the problem is now. The problem is now that you, your government and the federal government, are not able to manage a situation that is changing the face of rural Saskatchewan. Now either you don't want to do it or you can't do it. It doesn't matter.

It's the fact the farmers are saying to me now . . . They're not talking about land bank driving up -- oh, you might hear the odd Tory hack saying it -- but that argument, I would count on one hand in the last six months how many times I've heard that argument. And believe me, I've been at many, many meetings talking to many, many people. So you can say it as many times as you want in this House, because it simply, in today's terms, is irrelevant.

So let's get talking about relevant issues here, talking about Farm Credit Corporation interest rates. Now, Mr. Minister, I want to talk . . . I got a little article here from the Western Producer of October 12, '89. And the headline is: "Farmers (Bankers) want FCC's role changed", and I just want to, Mr. Chairman, quote from this article. It says:

The Canadian bankers' lobby is urging the Conservative government to end Farm Credit Corporation's role as a direct farm lender.

They would like to see the crown corporation reduced to a support role for the banks, providing loan guarantees for risky borrowers and selling research and land appraisal services to private lenders.

Private lenders would service "commercial", low-risk farmers without fear of competition from the public sector lender.

The FCC would be confined to delivering government subsidy programs for

marginal operators, beginning farmers and bank customers who become financially shaky before they can pay off their loans.

And it goes on to say:

They told the government the 30-year-old FCC is no longer needed to serve the farm community as a front-line lender to commercially-viable farmers.

And that's what the Canadian Bankers' Association is doing with regards to lobbying the federal government.

Now, Mr. Minister, it appears that their lobby is working very well, because Farm Credit Corporation just a year or so ago was given a new mandate and it was to act like a bank. It was to act like a bank. And that's why the Farm Credit Corporation interest rates are going up, because your influence in Ottawa is being overridden by the bank's influence.

And maybe we should just take a look at one reason possibly why. I have a list here of corporate donations to the federal Progressive Conservative Party, and if you flip through this list, Mr. Premier, you'll see that the Bank of Montreal, 1988, gave \$80,000 to the Tories. The Bank of Nova Scotia gave \$80,000. The Banque Nationale du Canada gave \$45,000. The Royal Bank gave just over \$80,000 in one year to the Conservative Party. I ask you, Mr. Minister, do you think that has any reflection on the fact that the Farm Credit Corporation interest rates are going up so drastically?

Hon. Mr. Devine: -- Mr. Chairman, I haven't got all the FCC numbers here but I've got some interesting information from agricultural statistics 1988 that I want to leave with the hon. member because he questioned the correlation between the government speculating in farm land and whether it raised the prices.

If we look at from 1949 to 1971, the price of land ranged from about \$20 an acre to \$59 an acre. The land bank was introduced in 1972 if I recall, and land went from \$60 an acre to \$117 an acre within three years. And most of the land bank's purchases in the province of Saskatchewan incurred between 1978 and 1981-82, and land went up a hundred bucks an acre in four consecutive years from \$198 an acre in '78 to \$241 an acre in '79 to \$332 an acre in 1980 to \$382 in '81 to \$413 an acre by 1982. That's when the land bank was on a roll. We'd never ever in the history of Saskatchewan, going back as far as you want to find, saw anything parallel it. In 1982 after we brought in our program and said no more land bank speculation, no more land bank speculation, and lower interest rates the land started to drop, 413 to 405, 393, 332, 282 and by 1988 it was down to \$259 an acre, Mr. Speaker.

Now if you want to track, Mr. Chairman, if you want to track the trouble that farmers got into, when you get land going up 100 bucks an acre and interest rates going from 14 per cent to 21 per cent, and you want to find out about a correlation of how you get farmers into trouble, Mr. Speaker, the correlation in the province of Saskatchewan between land bank speculation and prices and correspondingly farm trouble is very, very

interesting to say the least, Mr. Chairman.

I think, Mr. Chairman, I've got their attention when you start to go back and you look at the numbers when the land bank was initiated and really on a roll, you find in the province of Saskatchewan farmers were forced to pay \$100 a year more every year in four consecutive years. As a result of the land bank, Mr. Speaker, that's when farmers got into trouble. We inherited that and that's why we put our shoulder to the wheel and made sure that we protected farmers against high interest rates.

Now it's not easy to repair the damage that was caused by a big government coming in and speculating against farmers. I mean, the people opposite worry about multinationals, how about the government in competing against farmers buying farm land? Any time, Mr. Speaker, you take the government competing against ordinary farm families, Mr. Speaker, you're going to end up in trouble. This documents it in spades. In fact if you ran a correlation, you'd find the number one irritant and the number one cause of the concern in the province of Saskatchewan was a result of the land bank speculation plus high interest rates, 1978 to 1982, Mr. Speaker.

Mr. Upshall: -- Mr. Minister, I won't spend the entire time on this, but it's just interesting . . . just for a moment, could you tell us, and as I asked before, how the land prices in Alberta and Manitoba, which were going up equivalently as fast as Saskatchewan, how the land bank affected those land prices? In light of your argument that the land bank was what drove it up, could you just explain, Mr. Minister, how that relates to the other provinces where land was going up equally as fast?

Some Hon. Members: mHear, hear!

(1530)

Hon. Mr. Devine: -- I just want it on the record, Mr. Chairman, just so we know that these . . . the NDP record on land bank is obviously there -- and they are all now nodding their head. They want to bring land bank back to the province of Saskatchewan. They've acknowledged it. They're standing up for it. They're defending it here in the legislature, Mr. Speaker. And if that's their farm policy, I'll take it. If you want to have a farm policy . . . And I'll show every farmer in the province of Saskatchewan how the government raised the price of land and then forced them out with 21 per cent interest rates so the government could buy more of it, Mr. Speaker.

Let the record show, the NDP support land bank, they want to defend it, and they'd bring it back in if they ever had an opportunity. I'm glad they've made their position clear.

I know what caused those problems in agriculture, and it was land bank. If they want to initiate, fine; at least it's on the Table, Mr. Speaker, and the public knows, the gallery knows, and every farmer in the country will know the NDP plan. The NDP plan, Mr. Speaker, is to bring land bank back to speculate against farm families, force them out of work. Mr. Speaker, it couldn't be any clearer. Thank you for the admission.

Some Hon. Members: mHear, hear!

Mr. Upshall: -- My only regret, Mr. Premier, is this couldn't be piped into every farm home in Saskatchewan.

Some Hon. Members: mHear, hear!

Mr. Upshall: -- Just to see how rational that you make arguments.

Now, Mr. Minister, you still haven't answered my question. Now do you deny that land prices were going up equally as fast in Alberta and Manitoba during those years that you mentioned?

Hon. Mr. Devine: -- Mr. Speaker, the opposition is always asking us to talk about Saskatchewan, and when you beat them on an argument, now they're running to Alberta, they're running to Alberta, and they're running to Manitoba.

Mr. Chairman, they have never defended an agricultural policy in Alberta in their life and they never defended it in Manitoba. In fact the Manitoba government, the NDP government in Manitoba lost because the rural members said no more NDP because the NDPers don't like farmers, they don't understand rural people.

Well, Mr. Speaker, let me just point out, the hon. member is afraid to talk about Saskatchewan. So what was it like in North Dakota? How about New Zealand? Do you want to talk about New Zealand? We're talking about the province of Saskatchewan, Mr. Speaker. These figures that I have here are about Saskatchewan and the best correlation you'll ever see, as you've never seen land values jump in the history of this province like they did when land bank was introduced.

And in Saskatchewan, Mr. Speaker, it was statistically so significant that now he's got to run to Alberta to say, well can you find me numbers, Mr. Premier, in Ottawa? Or can you find me numbers, how about in the Appalachian Mountains of the United States to see if there's some other thing they can compare it about. We got the comparisons here, land bank speaks for itself. It hurt farmers here, it drove up the price of land, and with 21 per cent interest rates that they did nothing about, that's when most of the hurt was generated in the province of Saskatchewan.

Mr. Upshall: -- Well, Mr. Premier, it is obvious that your argument doesn't hold any water, because if you were willing to relate it to the neighbouring provinces here, you would just see that it absolutely had nothing to do with them, because they were going up equally as fast. And besides, Mr. Minister, land bank held a million acres. That's about 2 per cent of the total cultivated acres in Saskatchewan, and you're blaming the 2 per cent on the whole fact that the land prices went up. Well, Mr. Minister, it simply does not hold water.

Mr. Premier, the Farm Credit Corporation should be a major instrument of lending in this province and in Canada. One way they could do that, in

years gone by up to date, if Farm Credit Corporation was serious, if you were serious about making representation to Farm Credit Corporation, they could be lending out money at 2 or 3 per cent below what they could purchase money for. This is local farm policy, Mr. Premier. You should be making representation to Ottawa to say that Farm Credit Corporation should be putting money out. As a policy, they should be lending out money at 2 or 3 per cent less than what they get it for.

And I'll tell you, Mr. Premier, they would spend less money by doing that than they wrote off for the last couple of years in bad debts -- money that the Canadian taxpayer picked up and Saskatchewan taxpayers picked up. The farmers would be able to keep their land and eventually purchase it from Farm Credit Corporation.

If you had a design, if you were making good representation and lobbying well in Ottawa, you would be putting these arguments forward. And the result would be that Saskatchewan farmers would be able to use Farm Credit Corporation as a prime lender. It would get the monkey off your back from ACS as well.

So, Mr. Premier, can you tell me, have you made representation to Ottawa, asking them to use Farm Credit Corporation as a prime lender at rates that are 2 to 3 per cent less than what they can borrow it for?

Hon. Mr. Devine: -- Well, Mr. Chairman, I don't know why the critic for Agriculture in the province of Saskatchewan wouldn't be talking about Saskatchewan policy and Saskatchewan instruments and Saskatchewan mechanisms and maybe some of the things that he might have to offer.

He talks about other governments. He talks about the federal government. I mean I obviously don't represent the federal government but I have lobbied. I can bring all kinds of things forward here that will show that I've lobbied even the governor of the Bank of Canada and several others, Mr. Speaker.

But he always avoids talking about Saskatchewan. Let's talk about Saskatchewan and let's talk about the history of the land bank and land prices. Let's talk about since land bank and land prices. Let's talk about our interest rate packages versus his. Let's talk about all the programs with respect to the kinds of things that he could do versus what we can do here.

If he wants to speculate about his ability to have an impact on Chairman Crow, governor of the Bank of Canada, or about the federal Finance minister, if he thinks he's got some way to lever them, let's hear about those. But if he doesn't, then let's talk about Saskatchewan policies and Saskatchewan programs.

We've got \$7 billion from the federal government into Saskatchewan for farmers in the last five years, and we've initiated our own programs. So I'd be glad to go through all those with him. I'll just say to the hon. member . . . I mean if he represents agriculture as a critic, why doesn't he speak about Saskatchewan agriculture?

Mr. Upshall: -- Well, Mr. Premier, Mr. Minister, if you're trying to say that the effects of Farm Credit Corporation don't affect Saskatchewan agriculture, then I don't know where you've been.

And it's awfully interesting, you don't want to talk about anything federally that relates to Saskatchewan agriculture when you know you're in a bind on it, but when it comes to talking about your so-called great efforts in Ottawa to get money out to Saskatchewan farmers, then you want to talk about it all the time.

Well you can't have it both ways. And I'm going to be talking about the federal government because you and the federal government are tied in hand in hand with the destruction of Saskatchewan agriculture. The federal government has played a very important role. And as I said, \$35 million a year because the Farm Credit Corporation rates increased.

And I'm going to talk about another federal program, Mr. Minister -- a program that you, as a result of your cheer-leading and your travelling around this country promoting free trade, relates directly to -- and that is the two-price wheat system.

You will recall your support . . . I recall well your support for the free trade agreement -- you know, that great agreement that has resulted in some 165,000 jobs lost in the manufacturing sector; great effect on the hog industry or the countervail that's been put on.

I want to ask you, Mr. Minister: can you tell me how much money went to Canadian farmers as a result of the two-price wheat system in one year? Let's take the year, the last year it was in effect.

Hon. Mr. Devine: -- We'll get that information for the hon. member, Mr. Chairman.

I will say at the same time that farmers in western Canada were increasingly having a concern about that program because it was on domestic sales. And Ontario producers were producing most of the domestic market. And if it was, say, a couple of hundred million dollars a year, you would find increasingly the domestic market was being supplied by Ontario people because they weren't exporting at all, so they would get the benefit out of it.

The second thing is that when you look at percentage of income associated with various kinds of payments, that you'd rather see it coming out of the taxpayer than you would the consumer -- particularly for low income people, Mr. Speaker, they need the benefit. So just if you were a compassionate person, you would like to see the more wealthy subsidize and make those payments as opposed to low income people pay it for bread.

And third, if you take even the last payment that we've just received in Saskatchewan, \$270-some million, compared to the two-priced wheat, I mean, there's no comparison. We are getting more money as a result of the lobby that we're doing now than we ever did as a result of the two-priced wheat

which was largely moving towards Ontario producers because they were producing for the domestic market, Mr. Chairman.

Mr. Upshall: -- Well, Mr. Premier, I do have some of the figures come out of the federal minister's office. And just for your benefit . . . I've heard that argument about eastern Canada that you've given and your colleagues have given so often. It is totally, totally untrue and misleading.

In the last two years that the two-price wheat system was in effect, Mr. Premier, there was a total of about \$435 million as a result of approximate consumption of about 2 million tonnes of wheat. The figures speak for themselves, showing that 87 per cent of that money came to western Canada. So don't give me this argument about eastern Canada getting all the benefit. Of course they received some benefit. But 87 per cent came to western Canada, and about another 87 per cent, or I should say 87 per cent of the 87 per cent that came to western Canada came to Saskatchewan.

In fact the figure on the two-price wheat system for Saskatchewan, in one year it was a loss of about \$127 million. That's over half of what the federal pay-out was, in one year. So don't give me that garbage about eastern Canada benefitting, therefore the two-price wheat system had to go. You know that is an untrue argument and you know that that was simply a sales pitch that you put forward to sell the free trade agreement.

Mr. Minister . . . (inaudible interjection) . . . My figures . . . One member asked where I got my figures from. Come from the federal minister's office. Now, Mr. Premier . . .

An Hon. Member: -- Well why did you ask the question then?

Mr. Upshall: -- I'd written a letter. I asked the question because I just realize . . . This proves the point. I mean the Premier of this province, the Minister of Agriculture, just gets up and says off the cuff that this two-price wheat program benefitted eastern Canada much more than it benefitted western Canada -- unsubstantiated, untrue -- when the facts speak for themselves.

Now maybe you can answer this question, Mr. Premier. Do you have any idea . . . Now let me back up a step. The federal government said that they were going to . . . at first they said they were going to make an annual payment to compensate for the two-price wheat after the free trade agreement kicked in. And then they said, well they were going to make a one-time, one-year payment.

Mr. Minister, can you tell me how much money the federal government put in, in total, to the Canadian Wheat Board to compensate western Canada for the loss of the two-price system?

Hon. Mr. Devine: -- Mr. Chairman, the argument that the Ontario producers were not increasingly receiving the benefit from domestic sales is not valid, because they were. Our percentage of the total grain crop is very large and we were receiving less and less of the percentage from the

two-price system, because in Ontario they were producing for the domestic market and they were increasing their amount coming to them as a result of the fact that they just sell into the domestic market and don't export. So they were moving on a line that would allow them to take more and more and more of the two-price system as a result of the fact that they recognized the flaw in the two-price mechanism. And they were moving that way.

Secondly, the hon. member fails to recognize and he has never acknowledged the fact that the federal government has since 1985 contributed in the neighbourhood of \$7 billion to Saskatchewan -- not million, not hundreds of millions, but \$7 billion, which is a significant amount of money.

(1545)

So he asks if they ever contributed in the place of this, have they ever backed up. Well, first of all, they back up the wheat board; and secondly, they've backed it up in terms of cash that they have spent here in the province of Saskatchewan, including today another \$238 million -- not to anybody else, but to Saskatchewan alone.

Now you didn't get that out of the two-price system -- not at all. That was a direct result of farm organizations working with the Government of Saskatchewan, lobbying the federal government and saying, this is what we need because of some cheating in other places, particularly in the United States and in Europe, which you have never fought against, as a matter of fact. I mean you just think that, well, the more cheating we all do, the better it would be.

But frankly I'm of the other view. I'd like to have your support and the support of this legislature saying we want a solution at the General Agreement on Tariffs and Trade and the MTN (multilateral trade negotiations) that's going on now, and stand in your place and say, I think we should have a framework where we all stop cheating and get the price of wheat up.

It'd be much more interesting, Mr. Chairman, if we could be arguing about the price of wheat rather than government subsidies. I mean all the opposition can talk about is government subsidy, government subsidy, government subsidy. How about the price of wheat? Wouldn't you like to get the price of wheat up there 5 or \$6 in the market, and then allow people to get their money from the market? There isn't a farmer any place who wouldn't rather get it out of the market-place.

And the NDP say, well we'll know how to fix the price of land; we'll initiate a land bank. I believe that the Leader of the Opposition has said that he would reinitiate the land bank. The members from P.A. have said that they would start the land bank.

That's the new answer for the government to come in and grab up farm land and that will be the government's solution to the price of wheat. The price of wheat should go up to 5 or \$6 a bushel, then people could make a living. And we wouldn't have to spend all the time in this legislature arguing about farm subsidies if we can get other people off of farm

subsidies and stop the cheating. The price of wheat could go up and farmers, I'll tell you, farmers in this province and probably across western Canada would rather get their living out of the market-place than they would the post office or the government in its hand-outs and other things.

So all I can say is that in place, in place, okay, of government subsidies, if you can get the price of wheat up, and I could get your support and we could get the support of all of this legislature to have a solid representation in Geneva and in Brussels to stop the international cheating, then we would all be much better off -- better for the taxpayers, better for the farmers. Everybody would feel better.

Now if I can get your assurance that you would back this administration in that kind of an exercise and not just talk about, you know, government buying farm land and government subsidizing, then I would say, Mr. Chairman, we'd make a lot more progress here in the legislature and certainly for the farmers.

Mr. Upshall: -- Well I was wondering if you had any thoughts on my question. We have just determined that your rhetoric was not true -- misleading. I asked a question about the fact that \$127 million was lost to Saskatchewan farmers because of the loss of the two-price wheat system. I asked you how much money the federal government put in as they promised they were going to put some money in to the Canadian Wheat Board pooling system to compensate for the two-price wheat. And I get some more rhetoric about trying . . . what you were trying to do instead of the two-price wheat system was a government subsidy.

And I agree with you. Farmers want to get paid for their product. The two-price wheat system paid them for their product. And what did you do? You did away with it. You did away with it -- 120 . . . 87 per cent of the money came to western Canada. About 54 per cent came to Saskatchewan -- \$127 million.

Well I wrote a letter to the federal minister just to ask him how much money he was putting into the Canadian Wheat Board for the two-price wheat system. And do you know what he put in? And I'm quoting:

All payments have been completed. The total amount paid was about \$87 million, of which about \$66 million was paid to the Canadian Wheat Board on behalf of wheat producers in the Canadian Wheat Board area.

So that generous friend of yours in Ottawa put in \$66 million in one year -- in one year -- to compensate for about \$240 million annually coming to western Canada. And you're satisfied with that? Well I'll tell you, Mr. Premier, I'm not satisfied with that.

Some Hon. Members: mHear, hear!

Mr. Upshall: -- So I would just like you to explain to me how the fact that we have lost \$240 million roughly to western Canada, \$127 million of which came to Saskatchewan. Can you explain to me how that system is better now

than it was when we had the two-price system.

Hon. Mr. Devine: -- Mr. Chairman, let me start again for the hon. member. We just received a cheque here today for \$238 million from the federal government to the province of Saskatchewan, to the farmers, and only people here -- not shared with anybody else. Topped up by the provincial government, it's \$277 million. Now that's just one of several cheques that have been written to the province of Saskatchewan in the last few years. Now that comes from the taxpayer, not the poor.

That leads to my second point. When you charge Canadian consumers more than a product is worth in the general market, you are going to hit the low income people the hardest. If you take it from the taxpayer -- if you pay income tax and you buy, then you tax from those that have money and you redistribute that. And that's what you saw today.

The federal government said, here's \$238 million from those that pay tax, the wealthier, going out across to the province of Saskatchewan to the farmers.

Now you go back and say, well, but I would rather charge more for the consumers in Canada for wheat; and all those low income that you're supposed to represent, that you have a heart for, you'd say, well, to the poor, you pay more for wheat and the rich guy down the road, you don't have to. Now I don't think that's fair.

Now if you start looking at these . . . and the hon. member mentions the tax reform, and isn't there a cheque going out to low income people? Have you remembered that? Now you start putting all of these things together, Mr. Speaker, I think it says something about the criticism opposite.

First of all, I would rather they do whatever they could with me and with all members here to get the price of wheat up so we wouldn't have to be talking about government subsidies and programs, because the farmer would rather get it from the market.

Secondly, to be perfectly fair, don't charge the poor. Don't charge low income; don't charge people who are single parents; don't charge those who are perhaps less educated, less fortunate, or those that live in rural areas that don't have access to various kinds of things. You would charge them more and I don't think that's a fair argument. That's why I've always come back and said, tax if you must; then redistribute. But don't tax the poor. They're having a tough enough time as it is.

Thirdly, the question that I run into, talking to wheat pool members and wheat growers and others, and it's a fair debate about the two-price system and others, is that their concern on this problem was the domestic market was increasingly going to be very attractive for Ontario people and their share was going up and our share was going this way.

Now eventually that's going to lead to Ontario people producing as much as possible for the domestic market, capturing a higher percentage of the benefit than they deserve, while western Canadians who grow most of it but

because we have to export, we don't get that benefit, and on top of it, the benefit's coming from the poor. We said, put those two together and there must be a better way. Let's design a long-run income program so we can take crop insurance and we can take prices and we can put the two together and forecast some income. And that's what we're working on today with farmers and farm groups and governments right across the country. Let's not tax the poor. Let's design a mechanism that is long run and fair.

In the interim, the federal government has come up with, again let me say, not a couple of hundred of million but \$7 billion recently in the last few years, and just today another \$238 million for the province of Saskatchewan alone. Now that's a substantive amount of money, significant, historically, comparatively in history or interprovincially.

And if you ask me, have they contributed? Well my goodness, any fair-minded individual will tell you they have really, really contributed money, and not by taking from the poor but indeed by taxing those that have it and redistributing it here to the farmers when we've had some difficult times.

So I can justify modifying this mechanism that was not fair, and the movement was going to Ontario when it should have been coming here. And wheat producers that have looked at those trends would know that that was a dangerous trend.

Mr. Chairman: -- Why is the member from Yorkton on his feet?

Mr. McLaren: -- I request leave to introduce some students, Mr. Chairman.

Leave granted.

INTRODUCTION OF GUESTS

Mr. McLaren: -- Thank you very much, Mr. Chairman. It's my pleasure today to introduce to you and to all members of the Assembly 36 grade 4 students from St. Elm School in Yorkton and they're in the Speaker's gallery. And they're accompanied today by their teacher, Mrs. Jean Erickson and the principal of the school, Mr. E. Bialobzyski.

DWe welcome you to the Assembly today. These folks are from my home town, the city of Yorkton, and we hope you enjoy your stay and your observation of the proceedings here in the legislature. I'll meet with you a little later to have some pictures taken on the steps of the legislature and will provide you with some refreshments and answer any questions that you might have. So we'll do that just a little later on. So enjoy your stay, have a good trip home, and I hope you have a very enjoyable summer holiday as well. I'd ask all members to please welcome these students from Yorkton.

Hon. Members: mHear, hear!

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure

Agriculture and Food
Ordinary Expenditure -- Vote 1

Item 1 (continued)

Mr. Upshall: -- Thank you, Mr. Chairman. Well, Mr. Minister, your argument doesn't hold much water. I simply say one thing. You say that the two-price wheat system was costing the poor of Canada, therefore taxing the poor. Can you tell me, Mr. Minister, how much the price of bread has come down, how much the price of breakfast cereals have come down, since the removal of the two-price wheat?

I do a little bit of shopping in my local grocery store and I haven't seen any decrease in the price of those commodities. So where's the money going? I mean the millers have got the difference between \$7 a bushel that they were paying under the two-price wheat system and the \$3.69 -- or whatever it is, in that ballpark -- now. The poor have not benefitted.

But I'll tell you, there is a difference of \$280 million annually going somewhere -- \$280 million that were going to producers of this country, as I said, 240 of that coming to western Canada. And you're go on to some rhetoric about the taxing the poor. Well I'll tell you the price of bread and breakfast cereals have not come down.

And if you wanted a solution, I'll give you a solution. I've given it to you before. All you had to do was go down to Ottawa and recommend that they put all the domestic consumption into a national pool, sharing with the Ontario wheat board and the Canadian Wheat Board, so every farmer would be treated equally. That's all they had to do and the farmers would have benefitted from it.

But what we have now is a loss of \$240 million to western Canada, 127 of that from Saskatchewan, gone -- the producers don't get it any more -- every year. The people who consume those products are paying more, not less, and there's \$280 million going into somebody's pocket. And you allowed that to happen by negotiating a free trade deal that allowed the two-price wheat system in Canada to go.

Well I don't think that's very acceptable, Mr. Premier. And you can argue . . . give me all your rhetoric that you want, you know yourself that there is a substantial amount of money to the tune of \$280 million that is lining the pockets of those companies. And if you want to look at your little Tory contribution list, you will see that Nabisco foods, Nabisco Brands Ltd. put \$102,000 into the Tory campaign. I wonder if that had anything to do with the two-price wheat system going? They put in \$102,000. Weston put in about \$42,000.

I know who's benefitting from it and I know who's hurting from it. The consumers are hurting because the price of bread and cereals are still going up; the producers are hurting because they've lost that \$280 million.

So, Mr. Premier, I ask you: in those negotiations did you ever consider recommending to the federal government that they put the two-price wheat

system into a national pool, thereby every farmer benefitting equal, wiping out your argument for Ontario -- which is a weak argument, mind you, but wiping out that argument -- putting it into a national pool so every farmer would benefit equally from that? Did you ever consider that?

(1600)

Hon. Mr. Devine: -- Well, Mr. Chairman, the member opposite changes his mind every other day. He now wants . . . he's figured out a new proposal that could have been implemented a few years ago. I'll go back and remind him that he's best when he stands on his record on land bank and defends land bank as their answer to all of these problems. And we heard here today, as well as the Leader of the Opposition and all of the rest of the NDP say, the land bank where the government can come in and speculate on land against farm families is the answer. Now we've heard that over and over and over again, Mr. Speaker.

Then he goes back and then he says, now if you don't rearrange this two-price wheat, as unfair as it was, then he starts picking on the companies. Well why doesn't he go to the local Saskatchewan Wheat Pool and ask them about the margins in Robin's Donuts? Or why doesn't he ask them about the bakeries that they have in the west coast where they're taking grain and they know how to mill and they know how to make their products.

I mean if he wants to start picking on people, then pick on all those that are diversifying in the Saskatchewan economy. I've given them full marks for diversification. They're taking their grain and they're processing; they're taking barley and they're processing; they're taking feed grains and livestock and processing. Now they're moving into a feedlot almost in your riding where you've got the Lanigan feedlot and where they've got a combination of Mohawk Oil and the Saskatchewan Wheat Pool putting together processing and manufacturing.

Is he going to start picking on the margins now? Is he going to say, well all these companies . . . I mean if you get him cornered what does he do? He goes back to picking on. It's like he has to have a sustainable victim, always has to have somebody that he's got to pick on. Now come on, lets . . .

We're looking at higher priced wheat as the answer. We'd like to see that. We're looking at all . . .

An Hon. Member: -- You had it.

Hon. Mr. Devine: -- But if he says we had it, we had it from taking it from the poor; we're charging the poor more for food than they should pay. And he says, well \$280 million didn't bother the poor.

Well somebody had to pay it. Well I'll tell you who paid it. It's those that are in the market-place. And he says, well no, they didn't; it was all margins. Right? Isn't that what he's saying? It's all margins. And we've squeezed it out of the wheat pool and we've squeezed it out of somebody else. Well now nobody's going to believe that. I mean that's

back to 1917, you know, rhetoric about well there's a margin there somewhere; we've got to squeeze it out.

We deal internationally with companies and we deal internationally with countries. And we're trying to trade all over the world. We have to be fair. We're going to lay out these arguments to people all over the place. I would just say to the hon. member, we're prepared to put up a lot of money to protect people against high interest rates. We're prepared to make sure that the federal government can deliver cheques like it did today, Mr. Chairman, for \$238 million.

We're prepared to back farmers and defend them against high interest rates as we do here with Community Development Bonds and with zero per cent interest rates for the livestock industry and others. And we'll continue to do that.

Now all that the member opposite can go on is federal policies -- federal. Why doesn't he talk about Saskatchewan policies with respect to interest rate protection, Saskatchewan policies with respect to farm income programs, if he's serious about them. I mean he's going to go on the federal government all of the time on FCC and the wheat board. Fair enough, but that's federal. This is not the House of Commons. This is not the House of Commons; this is the provincial legislature.

So if he wants to go into those things then, fine, we can go off on tangents. If you want to get into specific points here, then we'll certainly be prepared to deal with them one at a time in terms of the provincial things that we have control over, Mr. Chairman.

Mr. Romanow: -- Thank you very much, Mr. Chairman. Mr. Chairman, I'm intrigued -- perhaps that's not the word quite that I have in mind -- about the Premier's proclamation that federal agricultural policies, or federal policies as they impact on agriculture in Saskatchewan, are somehow beyond the jurisdiction of this Assembly and his admonition to us that we should not talk about federal policies as they impact on agriculture, notwithstanding the fact, for example, that on free trade this Premier was the number one participant in the debate of the federal initiative on free trade and a number one advocate of free trade as it would impact on agriculture.

So I don't think the double standard that the Premier tries to impose upon us is going to wash. It won't wash in this legislature, that's for sure. He can continue to lecture us about this, but I can tell him that he may as well just sit back and enjoy it because we intend to keep asking questions that impact federally on agriculture provincially, just as he does, both positively and negatively, because he speaks to them. He addresses them at federal-provincial conferences. He speaks to them in this legislature. He speaks to them outside in the country. And we intend to speak to them.

And just on this point, Mr. Chairman, although I really want to get up to discuss the \$277 million which was announced today, I want to illustrate why my intrigue has risen more today, listening to the Premier as a result of this discussion on the two-price system of wheat, and federal policies.

The point that I want to make, Mr. Chairman, is that the Prime Minister of Canada and the Premier of this province tied the debate on the two-price system of wheat to the free trade debate. It was alleged in the course of the free trade debate that the two-price system of wheat, in one form or another, was going to be done away with because it might offend whatever the negotiation parameters were between the Americans and the Canadians on free trade.

And we were assured by the Premier of the province of Saskatchewan and the Prime Minister of Canada that if the two-price system for wheat was done away with in the context of the free trade deal, Canadian farmers, Saskatchewan farmers, putting it more specifically, need not worry; that it would be supplanted, the removal of that concept and principle, by some regular -- at least by implication that was the case -- ongoing commitments by the federal treasury to make up the difference. That's what we were told.

My colleague, the agricultural critic, the member from Humboldt, points out the fact that we were apparently not told the truth, because as the Minister of Agriculture Canada has pointed out in his correspondence to the opposition agricultural critic, the amount of money committed is about half . . . for one year.

What the Premier is endeavouring to do is to disassociate now and hope that we forget, that the farmers forget, the linkages of the debate on two-price system in free trade, and the assurances made to the agriculture community, that we disassociate that debate now. And what he seeks now to do is to argue a point of principle, namely that the principle of the two-price system for wheat is unfair, on his argument that somehow the poor pay more, notwithstanding the fact that the price of bread continues to go up, notwithstanding the fact that there is no tangible passing on, supposedly, to the poor, any of the savings which may take place.

But leave that aside for the moment. Leave aside for the moment, Mr. Chairman, and Mr. Premier, the issue of the two-price system of wheat being wrong in principle -- something with which we have grave reservations, obviously, with respect to your argument.

My question to the Premier is: today you make an argument against the two-price system of wheat apparently based on principle. Why was it that you and the Prime Minister of Canada and Mr. Mazankowski didn't make that argument on principle at the time of the free trade deal? Why was it that at the time of the free trade deal, you and your federal Conservative counterparts in Ottawa linked free trade and the two-price system abolition hand in glove as part of an assurance to the farmers of the province of Saskatchewan that they wouldn't suffer any economic income as a result of free trade?

Hon. Mr. Devine: -- Well, Mr. Chairman, I don't know how many years in my estimates that I have reiterated the same argument -- perhaps the Leader of the Opposition wasn't in the House at that particular time, but we could dig up Hansard -- and my arguments have not changed in principle for years

here, of the unfairness of charging consumers more than a competitive price is fairly obvious.

It's relatively more unfair for the poor to pay an artificial high price than it is for the rich. And my argument has always been, if you want to get money from the people, get it from those that have money and redistribute it. And I think you would agree.

Now the formula was biased in favour of Ontario farmers because it was for domestic grain that you had to pay the two-price wheat on, and they didn't export so they were increasing their production. And the farmers here were saying, well you know we got the lion's share now, but the slope of this line is not going the right way. It's a slippery slope. While we're getting less of a percentage and they're getting more, we should find a better mechanism.

Now the member from Humboldt says that he's figured out a better mechanism, fair enough. But let me also point out, when he's looking at this mechanism, what was at stake as well is the kind of economic activity that we've seen organizations like the Saskatchewan Wheat Pool go into since the change in the trade agreement between the United States and Canada. We see more processing and more manufacturing of food products because the local people aren't forced to pay a high . . . or an artificial higher price.

Now if you want to make doughnuts, if you want to open bakeries, and if you want to sell your products to the Japanese or to Americans or to others, you want to have it on a competitive basis or you can't process and manufacture. I'm sure the hon. member will agree, as you process and manufacture feed grains or flour or malt or barley into malt, you create jobs -- you create jobs in Biggar, you create jobs in Lanigan, you create jobs in Saskatoon, you create jobs in B.C. if that's where a bakery might be or wherever we're milling.

So the argument was, from those that wanted to process the raw material, two things. Don't charge . . . force us to pay an artificially high price when we compete internationally with the final product. And secondly, if you do want more money for the farmers, don't get it out of the consumer in an unfair way; get it out of the taxpayer who can pay and take it from those who have some income. In other words, when you tax people, the poor don't pay taxes and those do.

So from a logical diversification of our Canadian economy and particularly in Saskatchewan we said, by all means make sure there's money there. And I will go on to make the argument, there's more money than ever now coming from the federal government, far more than we had in two-price wheat. I believe it's more fair, and at the same time it's encouraged all organizations -- I mention the wheat pool as one -- to diversify, to take our raw product, whether it's wheat, and make, you know, various kinds of bakery products or make doughnuts, or whether it's barley to make malt, or whether it's feed grains to make ethanol, or to put the feed grains through a feedlot to make beef. All of those things are positive, and I think you would agree with that, that we need a mechanism internationally to be competitive for diversification; at the same time not hurt the farmer.

So the argument has always been: let's see if we can find a better way to help the farmer through this and to tax, get the money from those that have it and not jeopardize our opportunity here for local co-operatives or local companies or business to expand in comparison to, you know, the guy just south of the border here who's going to be making doughnuts as well. Now if he's buying at one price and we buy another, and he's got a different mechanism to help his farmer which comes from the taxpayer and we're taking it out of the consumer's hide, we both lose. The poor lose and we don't get to process.

So, you know, logically if you just take into . . . all I've ever argued for is -- and you know my case with respect to less tariffs -- is just more opportunity to make products, process, manufacture, barley and feed grains and wheat and beef, and create those jobs. Because there's not many jobs just linked to wheat, compared to all the jobs that you can have if you make other things from wheat, and that's just logical. So we want to process as much as possible, and we want the farmers to have as much money as possible.

So you want both. And that's always been my objective. I mean we can argue or debate whether the feds have given us enough money, but it's been a lot. Maybe we need a better mechanism, and Lord knows we're working on a better mechanism. The ad hoc has been difficult, but it has worked. We've got a lot of money in the ad hoc mechanism.

And when we look at the long-run safety net program we're working on, people that you would know, I'm sure, involved in these committees, and they are trying to design the best crop insurance plus the best market insurance to generate an income insurance mechanism. And I think that would help but not distort the possibility to process and manufacture here in Saskatchewan, where I really believe we can have a lot of very good opportunities.

Now that's progress. We have to change the way we do things, and that may be difficult. But I'm sure, as we all recognize when we look at Saskatchewan and Canada and the rest of the world, I mean, the only thing we can count on for sure really, is probably the pace of change is increasing and we all have to deal with that. Certainly the world markets are changing very rapidly and we're going to have to compete.

So it's not a question of helping farmers. We want to do it. We want to remove the distortions as much as possible, make it as fair as possible, and then get on with the job.

Mr. Romanow: -- Mr. Chairman, as I said, I wanted to enter into this discussion because I wanted to discuss \$277 million today with respect to the announced program. But before I do, I simply must make one quick response to the Premier with respect to the issue of the two-price system for wheat. Of course the objective of diversification and adequate levels of income support for farmers, the producers, those are two objectives that everybody would agree with. I don't think anybody disagrees.

(1615)

The point that I wish to make however, Mr. Chairman, is that the governments of Saskatchewan and Ottawa -- perhaps misled is too harsh a word to use, but that's the way I feel about it -- did so in the course of the free trade debate with respect to the removal of a form of assistance to the producers by giving their assurances to the producers in exchange for acceptance, they would have hoped, of the free trade deal. They gave their assurances that there would be no diminution of this principle or this program which, as it turns out to be the case, is not true. It turns out that they have been in fact penalized.

And I would argue that not only have they been penalized, Mr. Chairman, but I would argue, given the approach of the federal government in Ottawa -- and I would say, incidentally, the provincial government in Regina as well -- there is little indication of a commitment to any form of long-term taxpayers funded and based income support programs for the province of Saskatchewan farmers, or for that matter farmers in Canada anywhere.

I would say that over the last few years through a variety of actual program reductions and eliminations, we are seeing the reverse. We are seeing a move away from a stable, predictable plan -- the one thing the two-price system for wheat was -- and into programs of ad hoc-ery which I say raise the legitimate question in the minds of many producers as to how long we can expect these to continue.

I think the next step very likely is going to be that many of these ad hoc programs will also fade away, as is the case with respect to many of them as announced over the last few years. And so we're having the situation take place that there may or may not be more processing of food products going on. That, I think, we can either discuss here or under economic development estimates. I don't wish to get into that debate for the moment.

But we surely have a great big question mark hanging over the farmers of this country, this province, as to what exactly the elimination of two-price system means in the sense of taxpayer-based and funded new programs which are long term, predictable, based on some form of cost of production and cost of a fair return, because we see no evidence of it. And in fact I would argue with the federal government's green paper in agriculture, every indication that philosophically at the earliest opportunity that the Ottawa people can do so, they're going to simply move the heck right out of this field and allow the free market to decide and to rule all aspects of agriculture.

And I must say that I think the Premier's, how should I describe it, less than vocal concern of this particular point of view lends some credence to the suggestion that many make that he too supports this approach.

But may I just for the moment leave that debate. If the Premier wants to come back to it, okay, we will. But I want to come to the discussion now for the moment with respect to the \$277 million farm-aid program. And I have a few specific questions which I want to ask the Premier and perhaps

he can clarify to the House what the situation is. I'll put two questions here while on my feet. I'm not sure the Premier can handle them at the same; they're too many answers.

First of all, Mr. Premier, in making the announcement today, I did not see from the written press release -- I might have missed it or misunderstood -- any criteria for qualifications, namely, which farmers qualify and which do not. Are there any farmers with respect to the \$277 million who will not qualify for the \$5.50 per acre program that has been announced? If so, who are they? what are the criteria?

And secondly, while the Premier is getting his information in that regard, is the pay-out based on 1989-90 crop year or is it based on 1990-91 crop year or is it -- although I don't know quite how this would be done, but as it's been represented to me by others who are unclear as to your press conference statements -- that there be some sort of a combination of both? Would you be good enough to explain for us what the situation is on those two matters?

Hon. Mr. Devine: -- Well dealing with the last questions first, Mr. Chairman, just for the hon. member, all the land in Saskatchewan, all cultivated acreage is included in this payment, and everybody that had a quota book as of August 1, 1989 is eligible. We ran that formula by . . . All the farm organizations, had them in two days in a row. As I said in my news conference, this particular basis was supported by the Saskatchewan Wheat Pool, the Saskatchewan Association of Rural Municipalities, United Grain Growers, the National Farmers Union, the Saskatchewan Canola Growers Association, the flax growers association, the Western Canadian Wheat Growers Association and the Saskatchewan Pulse Crop Development Board, as well as both provinces on either side of us, Alberta and Manitoba based their payments on 1989-90. So it is '89-90, it's \$5.50 an acre, it includes every cultivated acre in the province of Saskatchewan, and it is all those that will be eligible or those that have the quota book in August 1, 1989.

I will say, if I might, on CBC (Canadian Broadcasting Corporation) radio today, a member of the Saskatchewan Wheat Pool executive said the following and I quote:

Farmers are appreciative. Governments have done what they feel they were able to do at a time when they are striving toward debt reduction. Perhaps it's the best farmers could hope for under these circumstances. We think the government has done the best it could under these difficult circumstances in putting this money forward, and by and large, farmers will be happy with it.

There's been some discussion whether in fact they should have figured out a different way to do it. About 97 per cent of all the farm land . . . It wouldn't make much difference at the margin, the 3 per cent. There are some who might have preferred it in 1990-91, some would have preferred 1989-90.

I will say though the groups -- and I won't read them again -- almost every

elevator organization in the SARM and others have endorsed the 1989, and we listen to them. And I talked to some of your colleagues and not to box you in or anything but it's, I believe, the fairest thing that we could do.

Just one point on the last bit of discussion. If I could just come at it this way in terms of farm prices and two-price wheat. As you probably know, when the price of wheat dropped, set by the federal government, I said that the feds should raise the price of wheat to \$5 a bushel and go for it internationally, and say to the Canadian Wheat Board, you go sell it at that price and if the federal government has to back it up, then back it up.

I have no problem with the wheat board going out there and if it can't have a sale, then we'll have an export enhancement program to make it happen.

If I could, in The Western Producer, there was an article that summarized this. And I want to make my point because it's important to know why I said that. And if I could quote, Mr. Chairman, it said:

This year, led by the Saskatchewan Premier, western premiers have urged Ottawa to raise initial prices. In Ottawa last week, the Premier told a press conference that a higher price would be more realistic because existing market prices have been distorted by subsidies.

And then here was the response by the wheat board, Mr. Chairman. I just want the hon. member to know this -- that the former chief grains bureaucrat for the federal government, Bill Miner, said that a proposal for board subsidies are dangerous and damaging. And he quotes:

This is the view that we have fought over the years to dispel, that the Canadian Wheat Board operates with government money.

Farmers have been saying for decades this is not the case. And then, I quote here:

The Saskatchewan Wheat Pool president, Garf Stevenson, has adamantly opposed the idea that the Canadian Wheat Board prices be subsidized.

Now he said such a move, and I go and quote:

. . . would only harm the board's critics and would limit the aid program to the two crops marketed by the board. I don't think we should be meddling with the initial prices at all.

Now I was prepared to raise the initial price of wheat to \$5 a bushel so all the farmers could get their income from the market. And I was prepared to do that. Not take it from the consumer or from the poor, but just say, all right, Mr. Federal Government, you back up the farmer here. Have the price and get out there and sell them. If you can't, have an export enhancement program to back it up.

The president of the Saskatchewan Wheat Pool said, no, don't do that; don't monkey with the market-place. The federal bureaucrats said, don't monkey

with the market-place. But the Premier of Saskatchewan, representing 50 per cent of the farm land in the country, then said, what do you mean, monkey with the market-place? United States and the western Europeans are monkeying with it all the time and they're driving the price down with government treasuries. Why can't you let the farmer get his \$5 a bushel out of the market and the federal government back it up? But don't charge consumers here. Charge the taxpayer.

Well I have had the support of the premiers in western Canada, the ministers of Agriculture across the country saying, you know what, why don't you do that? Back it up one way or another with a contingency fund but get out there and sell; show that the Europeans and those Americans that we're serious about defending farmers, and go back up the wheat board and do it.

Well they didn't, but not because I didn't argue the other way. So I'll say to the hon. member: I don't have a problem fighting fire with fire. We want to take on U.S. export subsidies and unfairness, or Europeans? I'm all for the federal government putting their treasury right up behind the Canadian Wheat Board. In fact in theory and in principle, that's what they do anyway because they set the initial price and if they sell below that, the federal treasury's there.

So I just said to them: well set it up there where it belongs and go where . . . you'll have an even increased incentive to go bargain and do a good job because you know the bill's going to be there, and the price, if you don't get the job done, so -- And I think farmers would much rather get their living from the market than they would the post office or from debates here in the legislature on the size of subsidies.

So make no mistake. I encourage governments to get out of this subsidy war. But while we're in it, I think we have to arm ourselves and protect the farmer against these wars. And I will do it through the Canadian Wheat Board or I'll do it through cash or I'll do it through any combinations. But I do have some theoretical problems in taxing the poor.

And finally if I could just make the argument, I'll just . . . not to dwell on it, but the two-price system . . . and we've got some notes on it here. The result of the policies at the division of the benefit was not equitable. On average, western producers receive \$14.76 a ton and eastern producers receive \$38.13 a ton. Now that's over two and a half times the benefit. Eastern producers of hard wheats receive most of the benefit, an equivalent of \$100.94 per ton.

DProducers of the classes of wheat in eastern Canada do not receive the same benefit.

Now we have found that that trend was increasingly unfair; that's why we backed away from it. And I'd rather see money go to the farmers in a different fashion that doesn't encourage Ontario producers to take our markets. And I think that's been well documented by farmers right across western Canada.

Mr. Romanow: -- Mr. Chairman, I want to ask the Premier -- I think the

answer is self-evident but I want to be absolutely clear on this -- is the answer simply that no one is disqualified from the \$277 million if they hold a quota book, eligible cultivated acres based on the cultivated acreage proposal that you have; that there is nobody who's disqualified, say, to give you a specific example, who's in arrears to FCC or ACS?

Hon. Mr. Devine: -- Well I will just read from a paragraph from the release: The cultivated acres will be those farmed by the applicant on August 1, 1989. And that includes all the acres in the province of Saskatchewan

_ - no acres left out.

If you have received some overpayments by the federal government, they will deduct payments. Any applicant -- it doesn't impinge on eligibility -- but any applicant owing money to the federal government from overpayments under the special Canadian grains program or the Canadian crop drought program or the farm improvement loans program or the prairie grain stabilization program, the Prairie Grain Advance Payments Act or Advance Payments for Crops Act, will have this amount deducted from the payment. And that's just an accounting thing but not interfering with eligibility. The federal government requires this as a condition of providing the assistance.

So every farmer that had a quota book, was farming the acres as of August 1, 1989, is eligible. And I think that every cultivated acre would be in the quota book. So as far as I can tell, it covers every acre and who cultivated the acre and was responsible for the acre as of August 1, '89.

Mr. Romanow: -- Well, Mr. Chairman, again I just want to have this really clear for myself because -- perhaps it's me -- maybe the minister is able to put it in more simple terms. I want to know with respect to the exemptions list which you have read -- that's my term, exemptions list . . . I understand eligibility. You say everybody's eligible, but there'll be a deduction from the farmers who are eligible on the exemptions list which you have read. I want to know whether that exemptions list today is the same as the 1988 drought program.

And secondly, I want to know what happens specifically in the instance of the farmer today, under today's program, who is, say, behind in payments to ACS which default has resulted in a legal action. It doesn't have to be legal action, but let's say in default where ACS is taking some remedial steps, or FCC. That farmer is eligible; I understand that. But is there a deduction for the amounts owing or for the claims that either FCC or ACS have?

(1630)

Hon. Mr. Devine: -- That's a fair question, Mr. Chairman. There are no deductions from FCC or ACS in this program. All the farmers are eligible. The deductions are very similar to the drought program, that when people received money that if they had overpayments . . . this is where the taxpayer has paid too much to an individual and request it back. And that's all it's about.

Mr. Romanow: -- Thanks, Mr. Chairman. Thanks, Mr. Minister. I'll leave that for the moment. My colleague may later on this afternoon or this evening pursue that if there are any further questions that need to be followed up.

I still want to stick with the \$277 million program announced today. But this is one of the most endearing sides of the Premier's personality. He has such a beguiling charm to ensnare us in the debate that he himself has prompted that I think I am ensnared. And I want to discuss, just for the moment, the business of the two-price system for wheat before I return to the 277 million.

We heard the Premier say a few moments ago that he has been a strong advocate for the abolition of the difference between domestic wheat and the export price for wheat for the arguments which he advances. And I have in front of me -- perhaps the minister has an explanation for this -- a press release dated May 6, 1986, which as we all know was just a few months before the last provincial election campaign, one which the Premier was successful in.

And the heading is from Agriculture, Saskatchewan Agriculture, and the heading on it is: "\$11 per bushel for domestic wheat recommended".

Saskatchewan has asked the federal government to set the price of domestic wheat at \$11 per bushel.

And there's a big argument there, under the circumstances, as to how difficult it was, talks about equity and the like. For further information, contact John Weir, office of the Minister of Agriculture, Regina.

How does the minister square this statement, this position of the Government of Saskatchewan going into the provincial election in 1986 with his statements today, after the free trade deal has been implemented, his rationalization for doing away with the two-price system for wheat? When did he have the change in approach?

Hon. Mr. Devine: -- Mr. Chairman, if you go back and look at the . . . when the Ontario people started to recognize that they were getting most of the benefit was about at the same time that we recognized that the formula was not working fairly for the people of Saskatchewan.

Wheat production in the Canadian Wheat Board area increased 32 per cent over the period '76 to '86. We get a hold of those numbers; we find from 22 million tonnes to 30 million tonnes. Eastern Canada increases production by 59 per cent over the same period from 7.77 million tonnes to 1.2 million metric tons.

The arguments were coming forward in 1986, Mr. Chairman, from the farm groups associated with the two-price policy that this rate of change was now going to benefit more and more of the farmers of Ontario because they were increasing two or three times the production of spring wheat or wheat

that was eligible for this two-price mechanism as opposed to growing corn or things that were not under the Canadian Wheat Board.

So there was an attraction there to get acreage out of the non-board grains into board grains. And farmers across the province, wheat pool members, the UGG (United Grain Growers Limited) and Pioneer were saying we must do something about this because all of this benefit -- it wasn't all at that time -- but all of this benefit is going to start going to Ontario producers because they see a windfall gain.

So it's about that time when we said look, we got to change this. Something has to modify it or else we're going to be receiving less and less of the percentage benefit, and therefore we're contributing and Ontario's gaining. And I agreed with it. I said look that's . . . we had better do something to change that formula. Then the whole question I said, well if we're into a different mechanism let's look at redesigning the whole thing entirely.

Mr. Romanow: -- Well, Mr. Chairman, I want to make a comment in response and then I want to move on back to the 277 million. I think, Mr. Chairman, my comment is a fair comment. On May 6, 1986 before the great free trade debate of 1988 and before the provincial election of 1986, this government, this Progressive Conservative government in Regina, in the run up to the provincial election of 1986, was committed to the principle of the two-price system for wheat.

On a number of occasions -- the one that I have is dated May 6, 1986 -- they were advocating, not the abolition of the two-price system for wheat, they were not advocating its abolition because it was going to be placing an unfair burden on the poor or that it was funding it out of consumers or that we should be shifting to some form of taxpayer-based program, they were arguing that there should be an increase in the two-price system for wheat to \$11 per bushel.

They were arguing that, in the light of the financial hardships facing farmers, we must take total advantage of the opportunity to provide significant and much needed assistance to farmers. I'm reading now from the quotation in the press release:

In addition, the Saskatchewan government recommended the difference between the domestic price and the export price be collected in a special account and (Mr. Chairman) paid annually to wheat producers.

That was their position. And they went on to applaud the Prime Minister of Canada for giving support to the farmers of Canada and to defend against unfair competition. And they welcomed all of that, the same kind of words we hear today from the Premier. But the point is that going into the provincial election of 1986 they were in principle firmly committed to two-price system for wheat. And not only that, they wanted it increased to \$11 per bushel for the domestic price.

And after the 1986 provincial election and after the free trade debate of 1988, they are now forced to come up with a different rationalization to

justify the elimination of the two-price system of wheat, a different rationalization and a different result, the result being a hardship and a penalty to the wheat producers and the wheat farmers of the province of Saskatchewan and Canada in the face of a broken promise by Ottawa and Regina that the differences on two-price system for wheat would be made up. That is the situation.

And the Premier this afternoon tried to pass it off as being a principle that he advocated and adhered to throughout. He invited me to go and look to Hansard. Well I didn't have to go to Hansard. All we did was go to this 1986 release about the two-price system for wheat. And I think that what it tells me is that the government's approach to agriculture is based on the political approach.

Going into the '86 provincial campaign, it was to their advantage, they felt, to advocate the two-price system for wheat and an increase in the price. Now they can't advocate that going into the next provincial election in 1990 or 1991, so the Premier is advancing some other principle to justify the elimination of the two-price system for wheat.

I think this is a fundamental contradiction, if not change, in the postures taken by the government opposite. And I think it's not only fundamental; it is dictated by political expediency, pure and simple. He cannot advocate a two-price system for wheat now because we know it's done away with as a result of his advocacy of the free trade agreement.

So now he's got to devise another argument which is against the two-price system for wheat -- another argument based on the arguments we've heard this afternoon, which I think are far from proven. To me, Mr. Chairman, the credibility of the government with respect to this area is indeed very, very doubtful.

Now, Mr. Chairman, I have a few other words I want to get into in another area and to preface some questions to the Premier, but before I do, may I surrender my seat and my place, my speaking place, for a moment to allow the Deputy Premier, the member from Swift Current, to introduce some guests.

Mr. Chairman: -- Why is the member on her feet?

An Hon. Member: -- I would like to introduce guests.

Leave granted.

INTRODUCTION OF GUESTS

Hon. Mrs. Smith: -- Thank you, Mr. Chairman, and thank you to the Leader of the Opposition.

I have today a group of 40-some people out of the Speaker's gallery that are in to witness what is going on today and perhaps to get a little education. Mr. Chairman, they are a group of 40 superannuated teachers from Swift Current, and have taken the time to go on tour of Regina today

and to visit the Legislative Assembly.

I want to wish them an educational time here and a safe journey home, and I would ask all members to please welcome them.

Hon. Members: mHear, hear!

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure
Agriculture and Food
Ordinary Expenditure -- Vote 1

Item 1 (continued)

Mr. Romanow: -- Thank you very much, Mr. Chairman. I would say to the Deputy Premier, it's not the teachers who are likely to learn very much; we're probably going to learn more from them if we had the chance, but none the less, we welcome them too.

Now, Mr. Chairman, I want to leave the two-price system and what I consider to be a fundamental change in policies dictated by the commitment of this government to free trade -- that debate for the moment aside.

I want to return to the \$277 million announcement which was made today by the Premier. And I want to take a few minutes and I want to give the Premier time to respond before 5 o'clock. I'll try to give him fair time to respond, but I need to give a little background as a preface to the question.

Mr. Chairman, I would argue that the initial leadership in the advocacy for payment of cash to the farmers of the province of Saskatchewan, and for that matter the agricultural community in Canada, came as a result of statements by the president of the Saskatchewan Wheat Pool, Mr. Garf Stevenson, on or about November 15, 1989.

I'm not trying to be uncharitable about the Premier's role in this matter, but I do see on November 15, 1989 -- and I have a copy of the clipping here -- a headline which says: "Garf Stevenson says Saskatchewan farmers need federal dollars or they'll be broke by spring."

And the first paragraph on this story, November 15, 1989, is as follows:

"Saskatchewan farmers need \$500 million in federal government support before spring seeding or many will go broke," the president of the Saskatchewan Wheat Pool said Tuesday.

Now that, in my mind, started off the very necessary advocacy for this cash on the dash for farmers in great difficulty.

On or about November 22, a few days afterwards, the Premier attended the Saskatchewan Wheat Pool, and in a headline again put out by a Department of Agriculture press statement, the headline says, "Devine calls for federal

farm income assistance," and the press statement says the following:

The Premier's letter (referring to a letter to Mr. Mazankowski) notes the Saskatchewan Wheat Pool's annual meeting has called for \$500 million in government assistance just to maintain farmers' income levels. "The need for assistance is beyond doubt," Devine's letter concludes.

Next, on February 26, 1990, another Agriculture . . . no, this comes from Executive Council press release. The headline says, "Devine calls for federal aid to ease financial burden." Reading from the press statement, Mr. Chairman, he goes on to say:

The Premier is calling for an immediate injection of \$900 million with \$500 million to be paid out prior to seeding.

Note those words, Mr. Chairman -- \$500 million to paid out prior to seeding. This is a statement from the Premier's office on February 26, 1990.

On February 27, next day after, following, in a Star-Phoenix story by Vern Greenshields, the following is said:

Devine in his itemized statement to the federal minister said because of poor harvest conditions last fall, Saskatchewan farmers were out \$100 million even after crop insurance payments. As well, he said he wanted to see \$500 million in farmers' pockets before spring seeding.

From the story from Vern Greenshields.

Next, Mr. Chairman, we had, as you will note chronologically, the television address on March 5, 1990. And I have a copy of the transcript of the Premier's address to the people of the province of Saskatchewan on that date. And the Premier's statement says in part as follows:

I told the Deputy Prime Minister, Saskatchewan people need half a billion dollars right now to get ready for spring seeding.

And then later on in the TV address the Premier says:

I came back from Ottawa with a mutual agreement to work out the farm financial crisis.

(1645)

Then on March 19, 1990 this legislature opened up, and I have a copy, an official copy of the Speech from the Throne. And I see on page 4, the government writes -- this is the government's words:

My government has received a commitment from the Government of Canada that financial assistance will be provided to farmers for spring seeding.

I would stop from my chronology to say that at that point, if you're a farmer, you're beginning to think, given the statements of \$500 million

cash on the dash before spring seeding, that when there's a statement like this on March 19, 1990 in the Speech from the Throne and the word "commitment" is used, that things are looking up pretty good. But, Mr. Speaker, nothing happened.

Now we see the series of trips back and forth between Ottawa and Regina. And the next event that we see is a little bit of easing back from the commitment of \$500 million. Now it's negotiation time between Regina and Ottawa, but still it doesn't look all that bleak because on April 23, 1990 the Premier, in a lengthy letter to all the Saskatchewan producers, writes, among other things:

The most important part of the resolution (referring to the resolution we passed in this House) is the call for an immediate payment of \$500 million to Saskatchewan producers.

An immediate payment -- \$500 million. So again I'm beginning to think, when I got a copy of this from some of my farmer friends, that it's now looking a little bit dark, but still the Premier is saying that he has called for the \$500 million. And while I'm a little bit worried that the commitment on March 19, now on April 23, 1990, doesn't look like much of a commitment, nevertheless all of us are still hoping that something is in the works which will fulfil the statements and the expectations raised by the Premier of the province of Saskatchewan.

And then we have today's announcement of \$277 million, today being June 14, 1990. The pay-outs, they say, they hope will be done by the end of July 1990.

So reviewing the situation, Mr. Chairman, here's what the farmers and what we have faced. From November 1989 when Mr. Stevenson of the Wheat Pool started off the call for \$500 million, we have had a series of official letters from our Premier to the federal people. We've had a series of press statements by our Premier referring to the \$500 million. We've had an official document in the Legislative Assembly calling . . . not calling, saying that there is a commitment for financial assistance.

As late as April 23, 1990 there is still an indication to the the producers of the province of Saskatchewan that that \$500 million is coming. They don't use those words, that's true, but they don't discourage it any. They say, "The most important part . . ." The most important part, Mr. Chairman -- get my words -- not a secondary part or tertiary part, but "The most important part of the resolution is an immediate payment of \$500 million to Saskatchewan producers."

And what do we get? We don't get an immediate payment for spring seeding, as Mr. Stevenson and as the Premier promised, and we don't get the \$500 million. And the reasonable and proper expectations and the reasonable and proper demands of the farmers of the province of Saskatchewan, I say, lie smashed.

The Premier quotes Mr. Howe of the wheat pool. I say that Mr. Howe's statement also went on to say that he was extremely disappointed at the

level of the payment. I say the wheat pool says that it's inadequate. I say all the farm organizations, of course, are going to be grateful for whatever they can receive. But they are disappointed that the \$500 million called for by the president of the wheat pool, expected by the farmers of the province of Saskatchewan, banked upon by the farmers of the province of Saskatchewan, they cannot help but register a great sense of dismay and disappointment at both the delay and the amount of the money which was actually ultimately announced. And it's not going to be until July, and knowing bureaucracies, may be even later before that \$5.50 an acre lands on the desk of the producers.

So I have two questions for the Premier, reduced to basically one. What happened, what happened to your call, I would say your implied assurances that we would have \$500 million, and immediately? What happened? What happened to that commitment on March 19? Is the answer that Mr. Mazankowski simply was fooling with you and your government in all of these negotiations and there was no commitment, and he was telling you all along it was going to be cost shared, but you weren't telling us that publicly? Is that what happened?

Or did you know all along that there was going to be no \$500 million? Is that what happened? Or did he promise the \$500 million but he broke his word by some subsequent negotiations, resulting in the \$277 million? What happened? Why the delay? Why \$5.50?

Of course farmers are grateful and thankful for that amount of money. But we ought not to have been fooling with them this way. We ought not to have been toying with them this way. We ought to, as governments, if the money was going to be \$277 million roughly, told them that this was the situation. We ought not to have raised expectations only to have them smashed, which is what I say is the feeling out there today in rural Saskatchewan.

I think farmers looking at \$5.50 an acre and taking a look at the input costs on fuel and fertilizer and credit operations and things of that nature will invariably conclude that this is simply not enough, that it's going to be gone. It's going to be soaked up as fast as a good blotter will soak up red ink. And maybe the \$500 million would have done the same thing, but at least every indication from every responsible official in authority was \$500 million cash immediately. Now what happened? What happened?

I think the farmers of the province of Saskatchewan are owed a bit of an explanation. And may I say before I take my chair, in order to try to give the Premier some time for rebuttal and explanation of this point, I'd like to know not only what happened and not only the farmers owed a bit of an explanation on this issue, I think that this speaks to the question of the ad hoc-ery of agricultural programs which have now become, it seems, like a staple of life for rural Saskatchewan and rural Canadian people.

This is an example of the dangers of the ad hoc-ery. When there are no guide-lines, no rules, no predictability, no stability, no concrete programs, then you get into these kinds of intergovernmental squabbles and

negotiations where you're writing the rules on the back of an envelope, and at the end of the day expectations are not met and some other conclusions are in fact arrived at which can only lead to disappointment.

Therefore, Mr. Chairman, what happened? Why this terribly disappointing result? And why this tortuous, convoluted process of trying to get the \$500 million? I'd like to know what the explanation of the government is in this regard.

Some Hon. Members: mHear, hear!

Hon. Mr. Devine: -- A couple of points, Mr. Chairman, with respect to the hon. member's question. I have here a letter, April 24, 1990, from the Prairie Pools Incorporated. It's signed by Alex Graham, chairman of the board, Prairie Pools, and he writes:

The need for immediate government assistance is beyond doubt. In this respect we appreciate the initiative of the federal government, announced on March 30, 1990 to offer \$500 million in income assistance to farmers.

Now, Mr. Speaker, let me point out to the hon. member that when we pursued the amount of money that is available out of the federal government and they offered \$500 million, all the provinces were informed at that particular time that we were to match the money.

Let me point out to the hon. member that in the province of Saskatchewan we received about \$400 million in crop insurance in 1989; another \$58 million in multi-year crop assistance in 1990. We have a total budget dealing with agricultural issues, of about \$400 million.

The federal government said, well your share of this \$500 million will be \$277 million, but you've got to come up with some sort of money to show that you can contribute. We come up with another \$39 million.

So when you look at the money that is coming out from the provincial governments and the federal government you'd have to add up \$400 million, plus \$58 million, plus \$400 million from ourselves, plus \$277 million that was announced today, of which 39 is ours.

Now you begin to see that you've got substantial amounts of money. Now that's 4 and 4 and 3. I mean, you're looking at between 800 million and a billion dollars. Now the hon. members ask, well what happened? You didn't get a billion dollars cash into the province of Saskatchewan.

First of all, let me say that we put up another 400 to \$500 million in terms of a program for spring seeding. We've now got in place \$277 million in cash, and we're not half-way through 1990. We hope this is a very good year. We hope that the crop is good and we hope the prices go up. We're negotiating at GATT (General Agreement on Tariffs and Trade). We've got very large payments out there in the combination of crop insurance and special payments and the federal payments and our own. We're looking at in the neighbourhood of a billion dollars.

And the hon. member says, well what happened? You didn't get everything that you asked for with respect to the programs that were initiated. I will say that the letters coming back in are saying, look, don't discount \$500 million. It's an awful lot of money. Don't discount 59 million in additional crop insurance money. And don't forget that there was \$400 million, approximately, in crop insurance that went in '89, plus the crop, plus we're looking at the situation where we now have topped that up with another \$277 million. So it's a substantive amount of taxpayers' money gone into the province of Saskatchewan in the crop year so far, '88-89.

So I will say to the hon. member, I'm not so sure how many times that he has been to . . . well in bargaining or into Ottawa or others and say, well I would sure like if we would get a cheque for a billion dollars into Saskatchewan. And he ends up with a combination of these programs, something a little short of that, and the year isn't even over, Mr. Speaker. And we're hopeful. We keep our fingers crossed that it rains, price of wheat comes up.

I mean I think it's fair to say that farmers today being prepared to receive 5, \$6,000 on average -- cash -- and I say to the people of Saskatchewan and people of Canada, 5 or \$6,000 may not be a lot of money, but it's still 5 or \$6,000. You don't have to pay it back. It's just cash on the line. It's there, coming right on top of the market -- on top of crop insurance, on top of some other things.

I think it's only fair to point out to the hon. member that it is a substantive amount of money. It's been recognized by farm organizations that it is a considerable amount of money, most of it coming into Saskatchewan -- we get 53 per cent of it -- based on the unique hurt here, acknowledged by those that were in Ontario and Quebec who said frankly . . . and the ministers in both those provinces have been I think more than generous. And the people of Saskatchewan should know that Ontario and Quebec have not put up a fuss about huge payments, literally billions of dollars coming out of the populated areas of this country into fairly sparse populated regions to receive this kind of benefit.

And, Mr. Chairman, I would just say that again, adding it up, close to a billion dollars in the 1989-90 crop year from governments is a fair amount of money. And we have worked as hard as we could to lever it out of the federal government and out of the governments and the populations frankly, as I suppose you'd say B.C. and Ontario and Quebec.

It may not be enough, and I would agree with the hon. member that we would like more. But we would also like it out of the market-place. So we'll do our best to get the price of wheat up; we'll do our best to get interest rates down; and we'll certainly do our best to squeeze the federal government for all the money that we can get out of them.

To date it's been a little over \$7 billion into the pockets of farmers here in Saskatchewan from the federal government alone since 1985. It maybe should have been 8 billion, it maybe should have been 9, but it's 7 billion more than they got before, and we're going to be there for every dollar that we can get out of them in the future, Mr. Chairman.

Mr. Chairman: -- Being near 5 o'clock the committee will recess until 7 p.m.

The Assembly recessed until 7 p.m.