

EVENING SITTING
COMMITTEE OF FINANCE

General Revenue Fund
Energy and Mines
Vote 23

The Chair: — I would ask the minister to introduce his officials, please.

Hon. Mr. Lautermilch: — Thank you very much, Mr. Chairman. To my right I'd like to introduce Ray Clayton, the deputy minister of Energy and Mines; to my left, Dan McFadyen. Dan is the assistant deputy minister responsible for resource policy and economics. And behind me, immediately behind me, is Donald Koop, the assistant deputy minister of finance and administration, and to his right is Bruce Wilson, executive director for petroleum and natural gas, and that's it.

Item 1

Mr. Belanger: — Thank you, Mr. Deputy Chair, and good evening to the minister and also the officials of Energy and Mines. Just for the sake of a few students that may be listening this evening, Mr. Minister, would you be able to give us a brief background on your portfolio and what your department's all about?

Hon. Mr. Lautermilch: — Well, Mr. Speaker, it hasn't changed basically and fundamentally for many years. The Department of Energy and Mines is a department that has been in existence in Saskatchewan now for decades. And basically the role of the department is to put in place a regulatory regime, a taxation regime, to facilitate economic development through the resource industry in our province, working with industry and working with governments.

I can say and would make some comments with respect to the department. It's been one of the arms of government that has been very stable in Saskatchewan. We have a number of very long-term and dedicated employees of the people of this province. And I think they serve the province very well as is evidenced by the amount of investment that we've seen in the oil and gas sector and in the mineral sector in Saskatchewan.

So that's really a fairly condensed overview of what they do, but I think the bottom line, I would say to the member, is that the department attempts to facilitate job and job opportunities, revenues, so that we can support our school and our health care system and our highways system and other elements. It's one of the largest generators of revenue in Saskatchewan, and I think I can safely say my time spent with the department has given me very good insight into the work that the people within the department do and have done over the past years. It's a small department, it runs very efficiently, and it's, I think an element in and an arm of government that we can all be very pleased with.

Mr. Belanger: — Thank you, Mr. Minister. I got word that we may have a student . . . bunch of students watching the

proceedings of this debate this evening, so please don't mind if we ask questions for the sake of them as well, just to try and simplify processes and answers here.

But in terms of the general purpose of Energy and Mines, what are some of the . . . like obviously, Energy and Mines, you look after SaskEnergy, you look after some of the oil wells being drilled. Is there any other specific areas in terms of what your department's responsible for — is it responsible for coals or natural gas, all the oil, and so on and so forth?

Hon. Mr. Lautermilch: — Well I say to the member and to the students . . . and I want to welcome them here tonight. I hope they find this evening interesting as other members of the general public will.

Basically, the department is in charge of non-renewable resources and that includes oil and gas; it includes uranium, potash, coal, gold, diamonds — all of those types of resources that we will and are entrusted to be stewards of as members of this legislature and the department reporting to us through my office. And so the role and the responsibility over the long term is to ensure that we maximize the potential of the development of those things for the people of Saskatchewan, in particular for the young people.

I think sometimes I would want to say it's easy and very expedient, I guess, to put in place a regime that maybe takes a short-term view of the province. And sometimes we're tempted to create many, many jobs in the short term without looking to the future and without remembering that we in fact are only here as caretakers of the resource that really does belong to the young people of Saskatchewan — our children and their children.

Mr. Belanger: — Thank you. So just to quickly summarize, and correct me if I'm wrong, you're looking at . . . through the areas of coal, natural gas, oil, potash, uranium, and that's it in terms of your departmental responsibilities. And some of the revenues that you get in each year, is it fair to say it's \$752 million per year? Is that correct, Mr. Minister?

Hon. Mr. Lautermilch: — Yes. To the member opposite, that is the number that we have budgeted in the '97-98 forecast. It's 752.7 million. Hopefully, if things work right, we can even surpass the amount that we've estimated in our estimates.

We attempt to take a very realistic but a conservative approach to our budgets and to our budget figures. And I think the member, having followed the Energy and Mines estimates over the past number of years, will know that we are reasonably accurate but sometimes we get a little good fortune in that oil prices are maybe higher than what we predict and what the market can anticipate.

We have certainly a lot of fluctuation in terms of potash prices. It's a market-driven commodity — the price is — uranium as well. So in good years we fair very well. We think this is a very realistic figure for the year '97-98 and certainly it's a fair amount of money. If I would put it in the context just for the young people in the Chamber tonight, the amount that we spent

on health care as an example is about \$1.5 billion. So this amounts to around half of what we spent in health care just on this particular revenue initiative alone.

Mr. Belanger: — Thank you . . .

The Chair: — Order, order. Why is the member on his feet?

Mr. Kasperski: — With leave, to introduce guests, Mr. Chairman.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Kasperski: — Thank you, Mr. Chairman. Mr. Chairman, on behalf of my colleague, the member for Regina Coronation Park, I am pleased to stand to introduce to you 7 members of the 81st Scouts of Regina who are seated in the Speaker's gallery here tonight, who are here on a legislative tour and to watch proceedings. They are accompanied by their leader, Andy Vanderveer, and on behalf of all of us present this evening, I'd like to extend a welcome, and especially again on behalf of my colleague, the member for Regina Coronation Park. Welcome to the Assembly.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

General Revenue Fund Energy and Mines Vote 23

Item 1

Mr. Belanger: — Thank you. One of the questions I have in reference to some of the estimates that we speak about in terms of the oil, we have 1996-97 estimate of \$687.2 million and for '97-98 it's 523 million. That's almost \$150 million difference. Could you explain that, please?

Hon. Mr. Lautermilch: — The projections this year are I guess two-fold. We're expecting lower, and projecting lower, land sales and we're also projecting the price of crude oil to be a little bit lower than what it was last year.

Mr. Belanger: — Thank you, Mr. Minister. Some of my questions are going to be based on northern Saskatchewan as a whole in terms of some of the natural gas, and some of the exploration, some of the uranium mining that's happening throughout northern Saskatchewan. But in reference to natural gas and all the exploration for oil and gas in northern Saskatchewan, are you able to give me a brief summary of the companies that currently have leases in the North and where these companies are from and what areas they're exploring, please?

Hon. Mr. Lautermilch: — I will share with the member opposite the main players in the area that you refer to are Crestar, Canadian Occidental, Wascana Energy, and Grad & Walker. The one corporate headquarter is here in Saskatchewan,

that being Wascana Energy. The others are corporately headquartered in Calgary, I believe they all are.

Mr. Belanger: — How many of these companies are actively drilling for oil around the Dillon area — Dillon, St. George's Hill area?

Hon. Mr. Lautermilch: — Yes, I think the area that you refer to would probably be north of the Primrose Air Weapons Range. And the two people that have opened up in there are Canadian Occidental, that I've referred to a little bit early, and Crestar.

Mr. Belanger: — When a oil company wishes to go and drill, or explore for natural gas or oil or whatever, what's the process? Do they approach your department first or do they approach SERM (Saskatchewan Environment and Resource Management) or is there a joint meeting with both departments? How is that generally worked?

Hon. Mr. Lautermilch: — To the member, in terms of that area, because of the nature of the topography and the area that you're referring to, the process includes first of all the purchase of mineral rights through the Department of Energy and Mines, which gives them the opportunity to go in and explore. But more than that, they have to attain surface access and that is done through the Department of Environment and Resource Management.

So it's not only one department that they have to work with. They have to work with the two elements, both the regulatory — the development side — Energy and Mines, and the environmental side through SERM.

Mr. Belanger: — So in essence to begin to explore for natural gas what they have to do is they got to go to you guys and ask for a lease to search, and also surface access by SERM. And then once SERM and Energy and Mines says okay, you guys have permission, then they find that there is oil or they find there isn't, what's the process following your initial approval?

Hon. Mr. Lautermilch: — Well the process I guess there would be really quite straightforward. Once they've attained approval, both environmental and through the Department of Energy and Mines, they would do their drilling activity and hopefully they would be fortunate enough to find some of that resource to a degree that would make it viable to transport to markets, which would then give the people of Saskatchewan, through the royalties and the taxation, the ability to generate revenue and the companies themselves for their shareholders.

(1915)

And I guess I would want to say it really does come full circle because what does happen for . . . and I understand and I appreciate your note with respect to the students in La Loche watching tonight, because that's really how we deliver the programs to northern Saskatchewan and other parts of Saskatchewan.

Our role is to collect revenue from this resource. It comes to the Consolidated Fund which is our general pool. It's sort of government's piggy bank, I guess you could say. And that

money comes into the Consolidated Fund.

And then once a year we go through a process that we call budget, and we allocate a certain amount of money for health care and a certain amount for education. We will allocate a certain amount of . . . actually in fact special funds for speaking to northern Saskatchewan for job opportunities for residents of northern Saskatchewan. Some of it goes to highway construction in the North, and those are the kinds . . . that's sort of how the money finds its way back into northern communities and other communities throughout Saskatchewan.

So really I guess what I'm saying is it really is important — the work that happens in the non-renewable resource sector. Because in no small way funds, much of what we do — I think the figure this year is somewhere around 13 per cent of provincial revenue — comes from non-renewable resources. And so it is really an important element of what it takes to keep our programs funded and keep our schools open and keep our highways repaired.

Mr. Belanger: — Thank you. So I guess in essence a lot of the resources of northern Saskatchewan, be it uranium, forestry, natural gas — they all contribute to the economy of the province. And certainly northern Saskatchewan is doing their fair share in supporting the province as a whole.

I think the other aspect, questions and reference to the Dillon area where there is a lot of natural gas being, I shouldn't say expected, but there's a lot of activity in that general area and the assumption that there is natural gas there. Obviously a lot of the companies will not spend a lot of money exploring for, you know, a mineral or a gas that's not there. So we can assume that a lot of their research and their information suggests a lot of natural gas there.

Have you got any information to that effect, as to what kind of reservoirs they have in terms of the natural gas or what they're anticipating in terms of gallons or litres, or whatever the case is in terms of their projections to you?

Hon. Mr. Lautermilch: — I can say to the member that what we do know of the exploration activities that have taken place in that area thus far have been somewhat disappointing, I'm told. But that doesn't mean that exploration won't continue. There is I guess some speculation, given the nature of the geology in that area, that there still is an opportunity to find some viable natural gas resource. But I can say at this point, the companies have expressed some disappointment in that they were much more optimistic a while back than they are now.

Mr. Belanger: — I think several years ago there was . . . I'm not sure what report but I've heard through the grapevine that there was a report that indicated, why does Alberta have such an abundance of natural gas, and Saskatchewan and neighbouring communities in Saskatchewan — Dillon being one of them — there's no gas in that area. It just doesn't make sense.

And I'm told that at one time the reason why Saskatchewan hasn't had a boom in natural gas and Alberta has, is simply for the fact that the top soil, or the top part of the earth's crust, is much shallower in Alberta than it is in Saskatchewan. Would

that be attributed to some of the oil companies' initial happiness that there was something there, to their disappointment in finding there wasn't?

Hon. Mr. Lautermilch: — I guess just to comment on the depth of the resource on the Saskatchewan side. I'm told by my officials that in fact they are shallower than Alberta, but it just hasn't panned out. That sort of . . . That's the nature of the oil and gas industry, as I understand it. There is a lot of money to develop; no one knows for sure with a 100 per cent certainty what is going to be found after seismic studies are done, and test holes may be drilled. No one knows for sure what is going to be found. And I guess it's a bit of a poker game. It's a very high risk industry and a high risk operation.

Mr. Belanger: — Thank you. Just in reference to some of the exploration of natural gas in the Dillon, St. George's Hill area, was there any consultation done with the Indian band being near the place as well as the smaller communities, St. George's Hill, Michel village, Dillon? Those are the areas that are immediate adjacent to some of the exploration areas. Was there any consultation, first of all, with the treaty Indian bands; secondly, with the co-managing boards; and third, with the municipal governments within that immediate area?

Hon. Mr. Lautermilch: — I'm told that there have been some discussions with respect to creating work opportunities for people in that area in terms of doing seismic and things of that nature, clearing bush for allowing the seismic to take place. I'm told as well that there have been and are some discussions with first nations in that area.

But I think with respect to co-management and the operations of co-management, those questions would probably be better answered by the Department of Environment and Resource Management because, as you will know, that's basically the arm that is working to facilitate co-management agreements.

And we certainly encourage, I will say to the member, cooperation from the developing corporations with people, local people, whether it be first nations in the northern part of the province or whether it be landowners in the southern part of the provinces who are also impacted when that kind of activity takes place.

So we encourage operators — oil companies, gas companies — to do due diligence, get to know the people in those areas, work with them in a cooperative fashion because ultimately that's what'll make for success in terms of their initiatives and in terms of developing the industry in the province.

Mr. Belanger: — Thank you. I think the important thing when it comes to natural gas and the protection of the environment and what not, a lot of northern people are concerned, and when the time comes and permits, we certainly will bring the concerns to the Minister of Environment and Resource Management.

However in the meantime, Mr. Minister, I think it's very important, being the minister responsible for Energy and Mines, that when you do have exploration, as you're probably aware, the initial excitement that the communities felt in terms of having oil companies in their backyard so to speak, drilling for

natural gas, and there's optimism in the air, and there's excitement, and yet they haven't been approached by anybody to explain to them as community members what's going on in their own backyard.

So I think in the future that it should not be just an encouragement, that your department insists that the companies that are exploring do go and see these communities. I think it should be a policy. Is there any chance of you instituting a policy in which they have to have consultation with the communities of the impacted area, not a long-drawn-out hearing and certainly not a long EIS (environmental impact study) — simple courtesy call, a discussion, and to keep the lines of communication open?

Hon. Mr. Lautermilch: — Well I guess I will want to agree with the member because I think that kind of consultation and that kind of involvement of local communities will do much to facilitate a positive working relationship within communities. And certainly we attempt to coordinate with Environment and Resource Management and they consult with us as we consult with them on initiatives. And I would want to say that the member's point is certainly well taken.

Mr. Belanger: — Thank you. Is there any clear date as to when the companies that are drilling for natural gas, if it is natural gas, in which your department has to find out if there is anything down there? Is there a six-month, one-year, one-and-a-half-year permit that's given out? When do these companies have to come to you and say we're now prepared to go to phase 2? Because I think that it's important that the communities be made fully aware of the schedule and the time lines of that industry.

Hon. Mr. Lautermilch: — The length of the term in which they can explore is three years. I am told by the officials that when they drill and when they're involved in some activity, the department has to be informed within 30 days. So quite clearly it's a monitoring process, as I indicated early, that the department is responsible for. And so the regulations and the guidelines are there to ensure that that happens.

Mr. Belanger: — I guess the second part of the question is, how soon is the public actually advised that there is a significant find and that there is indeed some oil or gas down there and that they can expect to participate in the process either as employees or trainees or partners?

Hon. Mr. Lautermilch: — We as a general course don't do announcements in terms of the discovery of natural gas or discovery of oil. That is pretty much the responsibility of the individual company. And I know I get across my desk on many occasions press releases from individual oil or gas companies announcing that they've done a discovery here, or they've done this, or that the future looks bright in this area, or sometimes in fact that things haven't worked out well for them. But it's pretty much up to the individual corporations in terms of what kind of public pronouncement they might make.

Mr. Belanger: — Thank you. I guess the point I'm trying to make here after all those questions is that one of the things that was immediately brought up to my attention when all this

activity was happening was that there should be a direct line of communication between the minister's office of . . . and the communities in terms of what's happening, so month by month we are able to tell our own people the actual truth you know and exclude the rumours.

So I think the dialogue and the consultation that you offered here with the communities and the Indian bands that are impacted or affected, or could be potentially affected, is certainly well taken and I will certainly present the chiefs and the mayors of the north-west, in particular those communities affected, that the offer was made.

And if I could just shift my discussions and my questions now to the uranium industry in terms of northern Saskatchewan. And I refer to a March 12, '97 press release in I believe the *Prince Albert Herald*, in which the northern Saskatchewan leaders wanted to discuss revenue sharing in reference to the mining industry in northern Saskatchewan — could you elaborate — in which the Premier said he's going to wait for 30 days before he meets with the leaders of the North to talk about some of these issues, and what the situation is now?

Hon. Mr. Lautermilch: — To the member from Athabasca, as I recall it and I haven't got the article in front of me, but I believe that the Premier was suggesting that he wanted to await the completion of the 30-day process whereby the panel would have comment from the general public. And then after that had taken place, that he was willing to sit down and discuss at some point in time a forum for future discussions. And I think that's what the member's referring to.

And as I understand the Premier's comments, that's what he was saying. Allow the public process to take its place, public comment to be delivered to the panel, and that then after that at some point he would be willing to sit down with northern leaders and discuss a process for future discussions.

(1930)

Mr. Belanger: — Thank you. Again with this uranium industry, I notice that in the statements of revenue that you've got for this particular industry a mere jump of a million dollars from forecasted in '96-97 to '97-98, where you go 54 million to 55 million. Obviously with the opening of quite a few mines, in particular McArthur River mine, how much does your government anticipate in terms of the jump in revenues from the northern revenues such as natural gas, some of the McArthur River mine dollars, and other associated industries?

Hon. Mr. Lautermilch: — To the member, we don't break down the north/south revenue with respect to oil and gas. I can give you the figure for uranium which, as you will know, is all northern. We have no mines in the southern part of the province. We're forecasting revenue of 55.6 million for the 1997-98 fiscal year. So that gives you some idea of the amount of revenue generated from that.

You will know that there are no coal mines. And I'm referring you to page 16 of the statement of revenue in the Saskatchewan '97-98 *Estimates*; 55.6 million for uranium; there's 113.5 million for potash; oil, at the figure you and I discussed earlier,

523.3. Natural gas is an aggregate figure in the province, 42.1 million; and coal, which I guess can be identified easier because the coal development is all in the southern part of the province, and revenue is anticipated to be around 16 million for that.

Mr. Belanger: — There's been a lot of speculation in different papers in reference to the McArthur River mine in which the figure of \$1.5 billion in royalties to the province over the next 10 to 15 years . . . Are you able to confirm that these figures are indeed within ballpark and within reason?

Hon. Mr. Lautermilch: — I think it's fair to say that, given the assumptions that were used when those numbers were put out, if all of that remains status quo, if the markets are where they should be or where they were projected to be and all of the things that go into making those assumptions stay the same, and as I understand it those assumptions were over the lifetime of that mine, that revenue figure would probably be accurate.

I would want to caution the member with respect to that number though, and to understand that the McArthur River project is basically a replacement for the Key Lake mine. So we're not looking at wildly expanded revenue. Certainly the activity that's going to be winding down in Key Lake will have an uptake and those job opportunities will manifest themselves in the development of McArthur River.

So that's I guess how that works. But if all of the assumptions are accurate, that would be the number over the lifetime of that mine.

Mr. Belanger: — Thank you. I guess the only, since the '70s, the only two mines that were really quite active in terms of uranium mining has been the mine at Key Lake and the mine in Cluff Lake. But now, Mr. Minister, we have mines at McClean Lake, we have mines at Cigar Lake, we have mines at McArthur River, and there's mines popping up all over the place.

However, in reference to my point — again, a simple yes or no, you know, would be sufficient — is your government anticipating from the one mine alone, the McArthur River mine anywhere in the neighbourhood of 1.5 billion over the next 10, 15 years?

Hon. Mr. Lautermilch: — I hesitate to give the member a simple answer, yes or no, because it isn't really quite that simple. What needs to be understood is that these mines are developing a finite resource. It's not that you drill a hole and you're into the uranium ore body and you just keep drilling indefinitely, because that's just not the case.

All of these projects will have a lifetime projected on the amount of ore that is there in place. As I've indicated earlier, Key Lake is going to be completing its economic life span. Cluff Lake will be completing its economic life span. Rabbit Lake as well, over a period of time, will be experiencing a depletion of the ore body.

So what's happening is we're putting in place McArthur River, McClean Lake. And I would want to just hearken back — but I'll want to check this — but I believe the \$1.5 billion figure that you refer to for McArthur River is over a 30-year period,

which is the life and expected life of that mine, but I'll want to double-check that. I'm going to ask my officials to ensure that I'm not misleading you in terms of the length of the projection of operation of that mine.

Mr. Belanger: — Thank you. Once again, talking about some of the benefits of the uranium mining industry in northern Saskatchewan, there's been a lot of discussion of course over the years with communities and Indian bands, and discussions have been going on for the last 20, 30 years. And I quote again from the same article in which Chief Allan Adam of the Federation of Saskatchewan Indian Nations . . . the quote goes:

“The Federation of Saskatchewan Indian Nations wants to use the McArthur River project as a test case to see how the courts will rule on the issue of resource development and revenue sharing,” said Vice-chief Allen Adam. “We want to establish this as a basis of future government,” said Adam. “In 40 to 50 years first nations people will be the majority in Saskatchewan and when to start the change is now.”

I guess in essence what he's saying there is that perhaps we should begin to start sitting down talking about how we can participate more in the process, not just in the employment aspect but also the decision making, the environmental monitoring, and of course sharing in the profits either through ownership or through some other arrangement. Again you've made the point that these mines aren't going to last for ever — 20 or 30 years from now we could have seven or eight big holes in the ground and that's it; northern Saskatchewan will not expand.

Could you kind of elaborate on your position as minister on how you would approach a lot of the people that are involved with northern Saskatchewan, be it a mayor or chief, when you talk about playing a greater role and being a greater partner in some of the resource development of northern Saskatchewan?

Hon. Mr. Lautermilch: — I think it's fair to say that the government is very much aware and very cognizant of some of the comments and I guess the position taken by some of the northern aboriginal leaders with respect to resource sharing and the development of these particular facilities. And I think it's also fair to say that there will be, in due course, ongoing discussions with respect to involving first nations people in a greater level in terms of our provincial economy, not only in northern Saskatchewan but in other areas and in other initiatives throughout the province.

I think it's fair to say that this government has recognized the need to more closely integrate and allow opportunities — business opportunities and economic development opportunities — for first nations people. And I think the evidence of that is quite apparent in the support that this government gave to the first nations people with respect to partnering on the gaming industry in this province, just as an example.

These are not simple issues, and they're certainly not issues that are going to be dealt with in a period of a week or of two weeks. They're issues that have been on the plate for a long

period of time, and we are working with first nations and with the federal government to address some of these issues. And I think that this is one of the initiatives that certainly is on the foremost of the minds of many Northerners and that being revenue sharing. And I think in due course these discussions will need to take place. So I say to the member opposite, there are many issues that have been outstanding for a long, long period of time, and I think all of us wish that it could be solved overnight, but it's just not . . . it's a complex world. It's a complex province; and these are complex decisions.

I certainly want to say to you that, as someone who lives in the middle part of the province, not northern Saskatchewan, but in the middle part of the province, I've become very much aware of the concerns of first nations people. And I've become aware as well of the logistics and the fact that the growth of the first nations population would indicate quite clearly that we need to do more as a people in this province to involve them in economic development opportunities. I think that's clear, and I don't think anyone on this side of the House will dispute that. And it's one of the challenges that we're going to face in Saskatchewan over a long period of time.

You know, I've often found it interesting when I look at our province . . . such a small province, such a small population that we have and the fact that we have a large population of senior citizens. We have a large aboriginal and growing aboriginal population. And one of our goals has to be to include more and more people in the development of this economy. And it will only come through one way. It's going to come from resource revenue. It's going to come from agriculture. And it's going to come from the industriousness of the people of this province, and that's really what I think is important to the future and the success that we will have, I believe, as a province.

So I guess what we need to do is work together in a cooperative fashion — northern, southern, eastern, western, urban and rural — because there's only one province. And what we need to do is, I think, work cooperatively to ensure that we all have the opportunity to share in what are some very, very, bright horizons, I think, in terms of job opportunities and in terms of business opportunities for all the people of Saskatchewan. So I think that it's something that I could say to you that we are aware of as a government. We are aware of the concerns specifically of Northerners with respect to resource revenue sharing. And I think that it's fair to say that over time . . . and I'm not suggesting I can't put a time frame on it; I wouldn't want to do that tonight.

But we're well aware of the concerns of Northerners and those discussions will, over a period of time, take place.

Mr. Belanger: — Thank you. I think the important thing in the message that's been out there for years and continues to be echoed to this day from many leaders from the past, including Louis Morin and a few other people that spoke about some of these issues . . . And I think in general to summarize what northern Saskatchewan people are talking about is yes, we want to do our part for the province of Saskatchewan but we also want to benefit from some of the resource development happening in northern Saskatchewan. And as Minister of Energy and Mines, a lot of those responsibilities fall under your

portfolio.

And there is no question, and I support your statement a hundred per cent, that we have got to involve the aboriginal community in a lot more than we have been when it comes to some of the mining activity in northern Saskatchewan. We have not been duly recognizing some of the problems that they've had. And again you know, we've said this thing 10,000 times in this Assembly already; you've heard it 10,000 times before.

So I think the key thing here, the key thing here, Mr. Minister, is that we have got to make an effort, every effort, to involve these northern people in any decisions regarding Energy and Mines in northern Saskatchewan. We haven't got a choice.

And I think the key thing here is because if we don't deal with the problem now, you're going to see what's going to happen is you're going to see more and more people coming up and start talking about some of the negative or the downsides of the industry of northern Saskatchewan. And again I quote for another article here, "Panel urges approval of mines." In here it says, quote:

But environmental groups say the panel wasn't allowed to probe the crucial issues of storing nuclear waste or using Saskatchewan uranium to create weapons.

"Canada currently sells the resource to countries that could be abusing the mineral to create nuclear weapons," says Peter Prebble of Saskatchewan Environmental Society.

And with McArthur River on stream, Saskatchewan will produce 25 per cent of the world's uranium; that the province isn't prepared to store the nuclear waste yet.

"Nobody wants to be responsible for the garbage the stuff will ultimately become," said Prebble, a former NDP MLA. "We don't think there's any safe, demonstrative way of disposing any high level of radioactive waste."

End of article.

So I guess the point is, there's a lot of questions out there, Mr. Minister, about environmental safety, about decommissioning and about storing this nuclear waste and they're all being considered by a lot of people.

So in northern Saskatchewan, if you want to support the endorsement of the people of the North in terms of dealing with these issues, then they're telling you not only the first nations — they play a critical role — but also some of the northern leaders in northern communities, the mayors and councils. They're the counterpart in northern Saskatchewan of the treaty and band councils.

So I urge you, Mr. Minister, to begin to really treat the mayors and councils of the North, and the chiefs and the councils of the North, as equal partners in this whole process of developing the uranium industry. They want in, Mr. Minister. And in spite of all the problems associated with that industry, they're still willing to work. So we need to see some really positive movement and some very encouraging signs, if not by this

government but certainly with the next government.

So going to a few other points in terms of these articles. I could be sitting here all day shooting off stats and figures but we know, and many of these northern groups know, that when we talk about northern participation we're not only talking about job creation, Mr. Minister. And again I quote from the same March 12, '97 article:

The panel's recommendation to increase northern employment from the current 50 per cent at Key Lake to 67 per cent at McArthur will only increase northern employment by 4 to 5 jobs per year or 60 or 75 jobs over the next 15 years.

And this quote was by John Dantouze, who's a vice-chief of the P.A. (Prince Albert) Grand Council.

So the point is the employment benefit of northern Saskatchewan may not be that significant in the shifts from different mines opening and different mines closing down. So the fact of the matter, Mr. Minister, is we have to have the issue of decision making, environmental protection, and perhaps revenue sharing through either a new fund or perhaps this sharing in the profits as partners. Something's got to be done. So could you elaborate on some of these points, Mr. Minister?

Hon. Mr. Lautermilch: — Well as a matter of fact I would, Mr. Chairman. I feel very strongly about some of the things the member from Athabasca talked about.

You know I guess one of the first experiences I had, when we invited the first nations people of this province to participate in a Canadian mines ministers' conference, and after the presentation and the description of what mining has done for the people — the first nations people, the aboriginal people of northern Saskatchewan — as it related to the development of uranium and the development of other mining opportunities in our province, I found it very interesting when other jurisdictions in this province, ministers and deputy ministers, would come up to us and say as a Saskatchewan delegation, people from Saskatchewan, we can only wish we had achieved in our province what you have done.

We can only wish that our industry had involved hundreds and hundreds of northern people in the development of the resources in our province. We're decades behind you. And I want to say to that member that those are comments that came directly to me as a new minister, a new Energy minister, in this province, and I want to say that I felt very proud of it.

To say that there isn't more that can be done I don't think is accurate because there's always more that can be done. But I don't want that member for one minute to downplay the benefits that the mining industry has had for his people in northern Saskatchewan because I don't think that that's appropriate, and I don't think it's accurate. You should be commending this government for the foresight to ensure that northern people have job opportunities in that area of the province. And I want you to remember the number of dollars that come as a result of resource revenue, not only uranium but from potash and from oil and from gas, to deliver services to

people in northern Saskatchewan and other areas around this province.

I say, Mr. Chairman, that the member will want to keep in mind the fact that this government has been very diligent with respect to environmental concerns. This government and the federal government spends hundreds of thousands of dollars along with industry dealing with environmental issues and the development of this resource. And I want that member to recognize the number of businesses in northern Saskatchewan that have begun and started and employed people as a result of mining initiatives that have been put in place, working industry with governments both north, both provincial, both federal, and both municipal. So don't downplay the benefits that we've made, Mr. Member, because I don't think that's fair. I think we should recognize that we have achieved some gains.

Is there more to do? The answer is of course there is. And we're going to, as a provincial administration, to continue to work with our federal counterparts and northern politicians, whether they be first nations politicians or whether they be municipal politicians from some of the northern communities. We're going to continue to work with them. I don't deny that there's more that can be done, and I don't deny that there is a lot more that we need to do. But I say that this government is committed to meaningful involvement of all people in terms of developing this economy, and that includes northern people.

Mr. Speaker, the issues that the member raises are important issues, and I'm not going to downplay them, and I don't want to play politics with them. I know and I understand some of the housing conditions in northern Saskatchewan, the infrastructure, the water and sewer in areas where we need to be doing more. And I understand the community of La Loche. I've been to their hospital, and I understand exactly what you talk about when you mention that particular issue in this forum and in this House. And that's your responsibility, and I appreciate that you do that, because I know and I say and I admit that we've got a lot more to do in northern Saskatchewan.

But as we can, I want you to know that this administration sees northern Saskatchewan and living conditions in northern Saskatchewan as being of a big and a great priority. Your colleague, the Minister of Northern Affairs, is well aware of these issues. And my seat mate and I talk about it on a regular basis, and what we can do and what we need to do to improve northern communities and northern people's living standards. And we're going to do that. And we're going to do that in a very responsible way and in a sustainable way, because in order to have a long-term impact in effect for those people and for all people of the province, we've got to ensure that we don't be adding more debt load for the young people in this province, because that's what's constraining our ability to do many of these things right now.

So I want to say to the member, I thank him for his comments. And I know he's sincere, as we are. There is a lot more to be done, and we're going to continue to work with you because we need to repair some of the shortcomings of the programs from past mistakes.

So to the member opposite, I say I thank you for your questions.

What you raise are very important. But don't lose sight of the gains that we've made and don't downplay the successes that we've made because they've been many, and there will be many more in the future.

Some Hon. Members: Hear, hear!

Mr. Belanger: — Thank you. I guess, some of my closing remarks . . . and I've got other people that are going to take over. I guess the key thing here is that in a business where you have the benefits . . . there's three benefits associated with owning a business.

One is revenue sharing or sharing in the profits. Two is making the decisions. And the third benefits is the jobs, the jobs of the business. Now in northern Saskatchewan for years and years, we have been certainly talking about the benefits of jobs. Jobs, jobs, jobs, jobs — every time we speak, we speak about jobs. But nobody refuses to talk about decision making, and nobody talks about the bigger benefit of profit sharing.

So I appreciate the minister's comments in reference to understanding some of the issues of the northern roads, the northern housing, the social problems, the devastating social problems in many northern communities, the lack of infrastructure. I'm glad you understand that.

And the closing remark: if you guys understand that, if you appreciate that and you know it, then why don't you fix it?

So in closing, Mr. Minister — we have many other questions — but in closing, if you understand it, I urge you to fix it.

Some Hon. Members: Hear, hear!

Hon. Mr. Lautermilch: — Mr. Speaker. And you know I sense a hesitancy in terms of speaking about the successes, which tells me this might be a little politics being played here. And I don't hear him say that \$8 million into sewer and water in northern Saskatchewan was a good initiative but it's not enough. I don't even hear that, don't even give credit for the \$8 million that went into that.

I don't hear anything about the ten and a half million dollar multi-party training plan that's been put in place for northern Saskatchewan. I don't hear anything about that. Did that just disappear when you became a politician? Is that where it went? Because I'm having a difficult time to understand that.

Mr. Speaker, I want to say that this government has done more with respect to consultation than any administration in the recent past in this province. And all you've got to do is look back to the 1980s and the consultation that took place under that administration.

Have we got a ways to go in terms of improving? The answer is yes. And I mean I get a little offended when the member doesn't want to talk about revenue sharing; revenue sharing through the Consolidated Fund takes place on an annual basis.

Where do you think that money goes? The money from royalties and taxation, as I described to you earlier tonight, goes

into the Consolidated Fund.

How do you think we fund programs in northern Saskatchewan? How do you think the \$8 million in sewer and water expenditure came to be? Do you think it was just plucked out of mid-air? Or do you want to start separating potash revenue that should go to the potash folks in one corner of the province?

We take the position that the resources belong to all of the people of Saskatchewan, and I think that's a reasonable approach because the only way that you can share it is based on that kind of a scenario.

And the member may have differing views, and that's fine, and I think that's all a matter that's going to have to be discussed and can be discussed. And that's part of consultation and that's what I'm saying this government is committed to. And those discussions will take place.

The Chair: — Order.

Hon. Mr. Upshall: — I move that we rise and report progress. Or I move we report progress not rise. Thank you.

(2000)

General Revenue Fund Agriculture and Food Vote 1

The Chair: — I would ask the minister to introduce his officials, please.

Hon. Mr. Upshall: — Thank you, Mr. Chair. To my left is Dr. Murray McLaughlin, deputy minister of Ag and Food. Behind Murray is Jack Zepp, director of administrative services branch. Behind Jack is Ross Johnson, budget officer, administrative services. To my right, Hal Chushon, director of policy and program development branch.

Item 1

Mr. McPherson: — Thank you, Mr. Chair. Mr. Minister, I'd like to welcome you and your officials here this evening to discuss some of the Ag estimates. I think, Mr. Minister, what we will do this evening is just start out with some general questions that I think I'll be needing at a later date when we're dealing with, probably Committee of the Whole on the Bill regarding Ag Credit Corporation.

So, Mr. Minister, do you have — and perhaps you even brought this stuff with you, so we'll get right into it — do you have the . . . I don't know what would even be fair, the last 3 years, 4 years, 5 years of the number of accounts and the dollars involved with all of the . . . well the complete loan status of ACS (Agricultural Credit Corporation of Saskatchewan)? Let's start that way.

Hon. Mr. Upshall: — Yes, we have that for you. For April 1, 1996 the total balance was \$391,176,900; at January 31, 1997, was 290.999 million or a reduction of a hundred million dollars, one hundred and seventy-seven thousand.

Mr. McPherson: — Thank you, Minister. Mr. Minister, do you have documents that you can send across instead of quoting from? Because I'd like to see if you can also supply us with number of accounts, and I'll go through a number of questions, and then you can decide if you can send them over tonight or if it's something we can have at least before we get into the Bill. Is that fair . . . (inaudible interjection) . . . okay. So it'd be the dollars involved, the number of clients, the number of write-offs. And I think we're talking about all loan accounts and you . . .

I can't remember what the loan was when it went from a spring seeding loan and that acreage loan, and they were then combined into . . . you'd have to help me out on that, Mr. Minister. So if you can give me the breakdown on each individual one, that I think is probably all we'd need then for Committee of the Whole stuff too.

Mr. Minister, in regards to ACS and because of course you're able to have a lot less by the sounds of your figures that you're giving me, in one year there was a reduction of a hundred million dollars. Would you be able to tell us, Mr. Minister, what approach you took with banks or Farm Credit or credit unions in — I don't like to use the word offloading — selling, I guess, some of the loan accounts of ACS?

Hon. Mr. Upshall: — Well there was a few things that we did. We provided the institutions with some global numbers. We couldn't provide them of course with any details on individual accounts because of confidentiality. But they were provided with sort of a global picture of what the portfolio of ACS looked like. I met with them a year ago or so, and we just talked about the potential of them taking over some of the accounts as we wind down but nothing specific.

And they, banks . . . Anybody dealing with an ACS creditor who has another loan, of course, will have that personal information because you have to list all your outstanding accounts. So I don't think . . . While some banks won't know all portfolios, many banks will know most of the portfolios because there's very few individual farmers who only have one account with ACS and no other loans. And as you know, if you're like me, you've had a few loans over the period of your farm life, that you have to list all your accounts.

So basically the institutions know what the good accounts are and what the bad accounts are.

Mr. McPherson: — Mr. Minister, when you referred to "them," I think in my question I was hoping for more detail. If you'd tell me was there a specific bank you were dealing with or credit union or Farm Credit?

Hon. Mr. Upshall: — No, we met with the association; so that was all many different banks together — at same time, all at once.

Mr. McPherson: — And negotiations with Farm Credit, were they in that same group?

Hon. Mr. Upshall: — Yes, it was done previously with the

credit union and the Farm Credit as well, just to give them sort of a global picture. But we certainly . . . And talk about the fact that we were winding down ACS and to see if there was any interest in the banking community, the credit unions, or Farm Credit that they might have with ACS.

Mr. McPherson: — Mr. Minister, where are we with this then today? I noticed in an article only a few weeks ago, it was still . . . and in fact in your words, that's there's a chance that you can still sell part of it. So I was just wondering where we're at today because it leads into some other stuff I want to get into later.

Hon. Mr. Upshall: — Well part of the problem, of course, we have run into is the fact that Farm Credit Corporation, while they've made some changes, aren't really filling the gap that we thought they would in agriculture and we're hoping that they will continue to listen to our pleas of expanding their portfolios in Saskatchewan. I know they do some things in Manitoba they don't do in Saskatchewan. That really puts us, I think, at a bit of a disadvantage, and I'd hope the hon. member would join with us in expressing those concerns.

We are basically where we started with. There was no show of concern to purchase ACS by any of the institutions.

Mr. McPherson: — Mr. Minister, we would then assume that the loans that you have outstanding are probably ones that you're going to take a substantial write-down on those?

Hon. Mr. Upshall: — Well there's really no reason to assume that we're going to be taking a write-down. Write-downs do occur through a normal procedure at ACS, and what we decided to do a number of years ago is to handle every case on an individual case basis. Which means that if the customer doesn't have any assets, it doesn't make much sense to continue to try to pursue collecting that outstanding account. If customers have assets, then we will pursue collection of the account in normal, in standard fashion.

But as to what we'll write down and what we won't write down, there's really no way of knowing right now. I mean if someone is in arrears a great length of time right now then we will, at some point in time, have to make a decision whether the government is wasting money trying to chase these dollars or should we just get a write-down, try to get the customer in a stable position, and therefore being able to farm again so he's not driven out the farm. And that's the purpose of it, to try to make the customer viable again if we know there's absolutely no chance of collecting that debt.

Mr. McPherson: — Mr. Minister, the reason for the question was not one of policy nature asking whether it was right or wrong to do it, rather than to get sort of a better financial picture where ACS is going to end up being.

And one of the reasons I asked all this is I have received a copy of a letter just today. In fact it was from Crop Insurance and it's regarding . . . I guess it's the outstanding GRIP (gross revenue insurance program) balances where Crop Insurance is now having their loans taken over by . . . not loans, but those GRIP bills taken over by ACS for collection. Is this normal? Like has

ACS been used as a tool of the department to take over other loans throughout your department or is this something new?

(2015)

Hon. Mr. Upshall: — Yes the ACS are just acting as collections agents for lands branch and Crop Insurance. And they're doing that. We've gone to this route for the sake of efficiencies and they're very experienced in the loans area and the collection of loans. So therefore they're doing it on behalf of these other two departments.

Mr. McPherson: — Mr. Minister, do you also have the services of private collection agencies or I guess any of the loans that fall under Ag and Food?

Hon. Mr. Upshall: — For the most part, no. There are two areas. One we have used, Creditel for collection of accounts . . . Creditel for collection of accounts out of province. And more recently we have used Creditel to review and see if there's any possible collections from accounts that we basically have written off, because we think there may be a chance that they may be able to get some collections out of that. But for the most part we do our own collecting now through ACS.

Mr. McPherson: — Mr. Minister, I guess as you well know, many of those accounts, those GRIP bills that were sent out, you know you've talked to thousands of farmers the same as I and there's many out there that don't feel that they are going to pay it for, you know, reasons of the government changing legislation retroactive against the farmers.

And whether it's more of a political stance, moral stance, whatever it be that the farmers are taking against GRIP and Crop Insurance, the concern that they would perhaps have now is if their GRIP accounts are going to be taken over by ACS for collection, would the farmers be in a worse position or would they have to give up certain securities. What will it actually mean to the farmer, Mr. Minister?

Hon. Mr. Upshall: — Well let me first say that it won't be any difference than any other client who has an outstanding account. The procedures will be the same and they'll be handled on a case-by-case basis.

I just wanted to tell you . . . I'll give the numbers on the outstanding GRIP accounts. Can I send them across . . . (inaudible interjection) . . . Yes, we can include them in the package that we send to you. But out of the whole total of nearly \$12 million, there's 1.5 million remaining outstanding, or 13 per cent, which is considerably lower, you know, than some people thought it might be. And it continues to decrease. So farmers are understanding they have to pay these bills. And anything that's outstanding of course, like I said, will be collected in normal procedure.

Mr. McPherson: — Mr. Minister, I think perhaps that the GRIP bills could still be seen as something different and you probably won't agree with me, but with these GRIP bills being before the courts at this time, do you not feel that perhaps you're jumping in just a little too quick?

Hon. Mr. Upshall: — Well really, Mr. Member, they're fairly unrelated. And because the judgement has not come down on the court case, I'm not going to go down this road very far, as you know. But as far as treating a collection of a bill, we have ACS doing our collections for lands branch, Crop Insurance. Crop Insurance administers GRIP, so therefore it will be standard procedure.

Mr. McPherson: — Mr. Minister, we'll get into the GRIP stuff in a little while but just to stay with ACS. Upon its wind-up, do you see the staff that you now have in ACS working in I guess some sort of a central collection group and then staying on within the department? You know, if in fact that rationalization of collections is working well, are you going to create that group permanently?

Hon. Mr. Upshall: — We've introduced legislation to help us proceed with the wind-down on GRIP. But the collection agencies or the collection practices by ACS will not be any different now . . . in the future that it is now. And we have not discussed . . . or not even discussed, let alone decided, whether we would keep a unit in place.

What will happen at the end of a period of time, we don't exactly know, but we're going to give ourselves some flexibility and through this legislation we're trying to give ourselves some flexibility to wind down the corporation. Simply because we've gone away from . . . a decision was made by government because of the economic activity, the economic opportunities that have been placed before us, to remove ourselves from lending to primary agriculture.

Because we know, and I don't have to repeat them, but there are a number of programs in the past that contributed to many farmers having more debt than they wished, like the spring seeding loan, like the production loan program.

And so at the end of the day . . . I mean at the end of four years we don't know exactly what will be left, but we decided to wind down this corporation, put our money into adding value to primary products of Saskatchewan.

Because for example, if you take the food processing industry in Saskatchewan, we have about 270 food processors that employ several thousand people, from the small kitchen operations doing jams and jellies to the Drake Meats, Thomson Meats, Harvest Meats, many other meat processing plants around.

We believe we should be putting money into these types of operations simply because of all the employees that these people have; 70 per cent of them are outside Regina and Saskatoon. That bodes very well for rural Saskatchewan.

And what was happening in the past with the subsidies and the political remedies of governments, federally and provincially, we found ourselves in a situation where the farmer was in an unreal economic climate. And so we're treating everybody very humanely, and in terms of their operations, if they have debt, giving them lots of flexibility based on the asset value that they maintain now.

We're moving into putting the taxpayers' dollars into the fastest

growing area . . . one of the fastest growing areas of the economy and that is the value added area. You will know the whole process of . . . I mean of food processing and the value it has for those areas where it's involved in.

So I think we've made a fairly wise move putting ag innovation fund, ag equity fund, and ag development fund in place and focusing those on the adding of value to our primary products and moving away from the financing of primary production.

Ms. Julé: — Mr. Minister, I'm glad to hear that you are interested in putting more money into the value added industry. We have certainly had a number of farmers in the Humboldt constituency that have been asking time and time again whether or not you are in fact serious about that because there is a farmer or two that want to get into grain cleaning and processing of organic grains. They tell me the fact that in order to facilitate that they would need to have natural gas, which of course is what most people in the rural communities need yet.

The natural gas in this one instance would cost the farmer \$20,000 if he had to pay for it entirely himself. And there's also an \$80,000 tag for underground electrical development. That combination makes \$100,000.

And so as we hear your government talking endlessly about promoting rural Saskatchewan and getting agriculture industry moving and we hear them talking also about their concern for young farmers — I do believe that many of these farmers that I've been speaking of have got young sons and daughters that would like to get into any kind of value added industry — it would certainly be a help if this government could continue the natural gas program that so many have been able to take advantage of earlier on that was discontinued by your government, and also the underground electrical development program.

Could you give us some indication, Mr. Minister, whether or not your government is intending to reinstate these programs?

Hon. Mr. Upshall: — I know the member must be a little confused because this is Ag and Food estimates, but I'll wonder off into Environment estimates and give an answer to that question. We have nearly \$400 million in that program. And the problem that's come about is that where do you start and where do you end now if you say we want to extend the project to a couple of groups in your area? That'll be great. What about everybody else?

And the fact of the matter is, Madam Member, unlike your wanting to continue the old Tory program of tell everybody they can have everything, spend her all, we're not going to do that. We're going to work on a basis that we can sustain this economy, can sustain the growth, can sustain our tax cuts, can sustain our services, and can . . . that will continue to promote economic development in this province. So I just want to tell you, you can't have it all. And even though we would all like to stand up and say yes, you name it, make your list, we'll say yes to everything, we can't do it that way.

But let me end by saying I'll give you a few examples of projects that we've got into with the agriculture equity fund.

And these projects that they need natural gas or power in areas that they don't have them, they have to build that into their capital project requirements and work from there just like farmers who are expanding the hog operations. Many new hog operations are going into areas where they have to put power in, where they have to put natural gas in, and they have to build that into their capital requirements. I mean you just can't do everything for everybody.

I'll tell you what we're trying to do is put some regulation in the system so that we can move everything along evenly and not just sort of say okay, well here's our list for this year, you know the money runs out so everybody else is done. You can't run government that way and that's why I think you'll be over there for a long time.

Anyway, we'll be . . . Randolph & James Flax Mill — their business is organic milled flax and bakery products. Through the agri-food equity fund of taxpayers' money we put in \$300,000. Schneider's Popcorn — processing and making of candy corn, popcorn seed, and poppers; \$300,000. Thomson Meat — meat processing in Melfort, \$500,000; Popowich Milling Ltd., Yorkton, oat processing, \$360,000; Northern Genetics Limited in Yellow Grass, they collect and process freezing and storage of export elk semen, a very value added growth industry in Saskatchewan, \$500,000; Canadian Select Grains at Eston, processing, packaging, and marketing of chickpeas and other speciality crops, \$500,000; Rinkles Foods in Yorkton, processing durum flour into flavoured chip-like snack foods, \$50,000; and LLD General Care Products in Eastend, they manufacture and market foot-care products from plant-derived ingredients, \$25,000; and this list is always growing.

(2030)

So what we are doing is using our taxpayers' dollars to ensure that we have some value added activity in this province. And you will notice, you will notice, Madam Member, that every one of these, I believe, is outside Regina and Saskatoon except for Schneider's Popcorn, Yorkton. That's rural economic development.

Ms. Julé: — Mr. Minister, I would be very pleased if you would table that document for us. And in addition I would just like to comment on your comment mentioning that you are not going to pick and choose, or you don't pick and choose. In fact when you give the tax rebate to the livestock industry and you left out the grain processors, etc., you are picking and choosing already. And on top of it, with the amount of the rebate that you give back, a person would have to certainly have \$7,500 worth of building going on in order to even get into that program or take advantage of it.

So tell me, Mr. Minister, who in fact are you giving advantage to in this province? Is it those that are already doing very well; that are very, very, very affluent already in their field, or are you helping the small farmer? I don't see any small farmers being helped at all by your government.

I'll turn over the questioning to my hon. member here.

Hon. Mr. Upshall: — I'll just reply to the member. Again I want just to clarify something about picking and choosing. That is not true. About a month and a half ago we just announced through the ag innovation fund about \$12 million for the pulse crop industry, directed at peas — green peas, and lentils. They were very, very happy. You can talk to that industry.

We put in, about a month ago or less, \$15 million to the bio-tech industry for new projects there. This is not picking and choosing. This is trying to do as much as you can with the money you have, in many, many sectors.

Ms. Julé: — Mr. Minister, the money for the agriculture innovation fund primarily comes from the federal government and fine, I'm glad you're putting in \$27 million compared to their 64 million. However, that is not doing a lot from your government for the farmers of this province. I would just suggest that you would look into maybe money that you are saving in the NISA (Net Income Stabilization Account) this year, take that 600 million plus and put it into the farming industry in this province so that our smaller and medium-sized farmers can thrive, and so rural communities can thrive from that.

Hon. Mr. Upshall: — I just want to give the member some information. In the areas — just so that you don't think we're picking and choosing — the areas we're putting money into: biotechnology, food processing, horticulture, information technology, non-food sector, specialty crops, special livestock, and sustainable agriculture — totalling \$58.7 million.

And that's right, we are very pleased to have the federal government contribute on the traditional 60/40 basis in the ag innovation fund — something that we'd like to see them do in the transportation area for infrastructure, something we'd like to see them do . . . would have liked to see them done in many other areas of agriculture.

That \$60 million that you're talking about they put in ag innovation fund is dwarfed by the \$320 million Crow buy-out that they put forward, taking out of the farmers' pockets every year; a \$260 million of crop sector money that they've reduced in the last number of years, adding to the problems for farmers in this province; the \$75 million in lack of support for the transportation industry on demurrage and lost grain sales.

So I think . . . And the list goes on. If we want to talk about contributing to economies, let's get into it.

Ms. Julé: — Why not? Let's get into it.

Mr. Minister, I would like to make comment about a fine gentleman in my constituency who had a construction machinery industry and had to close up shop and lay off 12 workers and put their families at a disadvantage because of that. And his note to me was, it's because of your high income tax and your high corporate tax that he could not bear any more. Had to close it down.

How is this helping farmers out there who need to get another job, an extra job, in order to continue with their medium-size farms?

Hon. Mr. Upshall: — Well, I'm not, I'm not . . . I don't know the reasons but there, over the years, have been many businesses in Saskatchewan to start and there's always a few every year that continue to . . . or that do not continue to operate.

All I know is that we've dropped the corporate income tax by 20 per cent. We've got the lowest PST (provincial sales tax) in Canada. We've cut the personal income tax last year . . . or the deficit reduction tax by 50 per cent. I don't know the reasons behind your individual case but most people are saying that they are very pleased with the tax situation in Saskatchewan today.

Ms. Julé: — Thank you, Mr. Minister. There's only one other question and possibly your officials could answer. The ADF fund (Agriculture Development Fund), I'd like to know how much money of that comes from the federal government and how much is contributed by the provincial government every year.

Hon. Mr. Upshall: — Unfortunately the federal government doesn't put any money into ADF.

Mr. McPherson: — Thank you, Mr. Chair. Actually, Mr. Minister, the member from Humboldt raises some interesting questions so we'll have to revisit the GRIP debate here after awhile. But maybe you can explain, Mr. Minister, why we have a duplication with the ag innovation fund and ADF. Can you just explain the different roles of the two?

Hon. Mr. Upshall: — Well the ag development fund is basically project-specific funding where people can apply to that fund on an individual project. With the ag innovation fund, we basically have broken them down into the eight areas. And I can repeat those areas for them. Biotechnology . . . and I'll give you the budget as well. So it's much more broad based than ADF, which is very more project specific. Biotechnology, 16 and a half million; food processing, 13.4 million; horticulture, 2.1 million; info tech, 2 million; non-food, 2.5; special crops, 12.3 million; special livestock, 3.4. And sustainable agriculture, 7.5. So it's a broader base.

Mr. McPherson: — Mr. Minister, with the ag development fund then, those projects are decided by a board I take it, a board appointed by yourself. Do you have a list of the board members with you?

Hon. Mr. Upshall: — The board of directors of the ag innovation fund is chaired by my deputy minister, Dr. Murray McLaughlin . . . (inaudible interjection) . . . ag development fund — What did I say? Ag innovation? Thank you, I'm sorry — For the ag development fund, ADF, Dr. McLaughlin, my deputy minister; Don Russell from Rosetown, Gordon Dorrell from Ottawa, which is a federal rep; Dr. George Lee from the University of Saskatchewan; John Buchan from our department; and Gloria Parisien from the department; Bob Virgo from Regina; Alesa Verrault from Saskatoon; Gary Wellbrook from Ponteix, who I'm sure the member knows; Meg Claxton from Saskatoon; Elizabeth Althouse from Humboldt, the member from Humboldt will know; Everette Bear from Birch Hills; and Ernie Spencer from the department in Regina.

Mr. McPherson: — Mr. Minister, do you yourself give . . . Mr. Minister, do you yourself give final approval for the projects or is it left entirely in the board's hands?

Hon. Mr. Upshall: — I think the member would know that I do not give final approval to any of the programs. As you can imagine what the result of a minister approving one program would be, you'd have everybody applying and knocking at your door to have you approve their projects. So no.

This is a very democratic structure. We have a broad base of very knowledgeable people on these boards. And the people apply to ADF; they are reviewed, short-listed, and then a project is approved on a case-by-case basis in terms of what the mandate of ADF is. And the mandate is to provide funding to increase the competitiveness of agriculture and food industry in Saskatchewan. So on a case-by-case basis if we . . . you know, the projects are approved by the board.

Mr. McPherson: — So, Mr. Minister, I have a list of the ADF approved projects as of December '96. I'm not going to go through them all but I just . . . While you were answering the member from Humboldt's questions, I was quickly looking at a few of these projects. Biological control of scentless camomile, \$40,000 to the Alberta Research Council, Vegreville, Alberta. I mean is that normal that we would have . . . that our taxpayers would be funding research projects in other provinces? I don't know, you can answer that one.

There are some others — some Smart Choice Foods market expansion. To me that would almost look like a private company that . . . you know, I'm just curious as to whether you're giving help, you know, to one and not another. There's a different one here, one that maybe you would like to explain. The use of trainer cows to reduce stress in newly arrived feed lot calves: to determine the effect the presence of a trainer cow would have, for \$15,000. Do you think those are good uses of taxpayers' funds?

Hon. Mr. Upshall: — I would say in general terms that all projects that are approved by the board of directors of ADF are a good use of taxpayers' funds. Now I know where you're going, and you can go down that road, you can go down that road if you like but I think it's a dead end.

Because you talk about scentless camomile. That's where the science is . . . the scientists are who are doing the work. If we wanted to start all over, and scentless camomile — I don't know about it in your area, but I know in many areas of the province it is a very serious weed . . . (inaudible interjection) . . . And it is in question, yes. And there is . . . very difficult to control this weed and if we can get a biological control, it will certainly go a long way to help the farmers who have a difficult problem with scentless camomile.

So sometimes in order not to have to duplicate and start way back in research, we will do cooperative projects and help out, or put money into projects that will help Saskatchewan in the end, in this case in Alberta. That's, you know, not very much money does that, but it just makes common sense. Why start all over again here when they've got . . . We can put a little bit of

money in, not near what it would take us to get there, and have maybe a quicker result.

(2045)

Ms. Julé: — Thank you. Mr. Minister, I did make a slight mistake when I was addressing you a moment ago. I talked about the ag development fund and I meant the ADD (agriculture development and diversification district) boards. I'm wondering how much money the federal government puts into our ADD boards and how much provincially is put in?

Hon. Mr. Upshall: — We're going to double-check what the federal contribution is, but right now there is no funding because it was funded through the Green Plan and there is no funding for the ADD boards. But we're going to double-check that with the federal government and we'll add that to our package.

Ms. Julé: — Thank you, Mr. Minister. Mr. Minister, my constituents were really wondering about something. They noted that you were really in favour of single desk marketing through the Canadian Wheat Board and they said, well that's interesting. We're wondering why the Minister of Agriculture does not take the same stand as far as SPI goes. Could you give me a comment on that, please?

Hon. Mr. Upshall: — Well I think traditionally or historically in this province many governments have governed from a philosophical base that from time to time made them inflexible in terms of what's needed to best serve the agricultural economy of this province. I know that to be the case, and there are times when decisions are made for policy that make very much sense. And in the past we've had marketing institutions in Saskatchewan that have served this country very, very well.

Although the world is changing very quickly so we have to start reassessing the roles of our traditional institutions. And to be quite honest, for a New Democratic government to sort of be questioning the roles of a marketing board is not in line with the traditional philosophy.

But I guess we have to roll with the changes of the world. That is why we went to . . . we took the advice of experts who researched the Canadian Wheat Board, who found out that there's 320 . . . or \$50 million to be gained by the board being there because of the guarantees they put in place, because of the premium market they put in place, because of the fact they get about \$75 million a year for barley producers for malt barley premium. That would be gone if the board was taken away.

Then you have to look at the same . . . you have to go institution by institution and ask yourself. And if you look . . . I'll give you another example where government isn't leading the role, but in the dairy. Used to be until very recently, that every province had its own dairy pool. Because of the World Trade Organization, starting with the GATT (General Agreement on Tariffs and Trade) rules, now WTO (World Trade Organization), there is the possibility, as we had last July when the Americans had a challenge that Canada was dumping some of their product, if the American challenge, to make a long story short, would have succeeded last July, we would have instantly lost our marketing

boards. We would have instantly lost our dairy pools. So some of the people in some of the areas are looking at how they can prepare themselves for what may come down the road.

So in the dairy industry, they went to western Canada pooling. They've just signed the agreement. I signed their agreement a few days ago that allows for western Canadian pooling. It allows for a shift in production.

Now dairy, as you may or may not know, the production will tend to gravitate to the most efficient plants. Saskatoon has a state-of-the-art plant, one of the best in Canada. Because of now the western pooling, we'll be able to see some of the quota shift from B.C. (British Columbia), where in the delta area of B.C. in the Fraser Valley and in delta areas, land is phenomenally priced. So as a dairy farmer who is retiring retires, there is . . . very, very difficult for a young farmer because of land price for sure, to get started.

So this new concept is going to allow people . . . and we already have a number of people who will be coming. One's coming, I know, from Alberta to Saskatchewan. I believe another one's coming from Europe. And you will see in the future, I'm predicting that there will be some B.C. dairy production coming to Saskatoon.

So what these people are doing is they're saying we're not hidebound by our old, single-desk, milk marketing board controls. We're preparing ourselves for the future. So you can do three things. You can stay the status quo. You can blow the whole thing up and go like the U.S. (United States), entirely out market. Or you can make some changes that will best suit your industry. In this case they are.

Now if you look at the hog market industry, like you have put forward, there are many differences in the marketing board of hogs and the Canadian Wheat Board. In the Canadian Wheat Board, you have a western Canadian geographic area, three provinces. With hogs, you have one province. So if there's some factors in production and marketing and processing that come into account, and they're different in one province than in another, then you may or may not be putting yourself at a disadvantage.

We have done some analysis of the hog industry. We've talked to producers. The producers themselves are in the process of looking at the SPI Marketing Group to see whether they should maintain the board; to see whether they should go to a Manitoba concept of a private board; to see whether they might go to a marketing cooperative like many . . . there's many large marketing cooperatives in the United States. But the industry themselves is not being hidebound by the philosophy that worked so very well for them in the past.

So what I'm saying is you have to analyse each marketing institution case by case, sometimes against what you think historically has been so good you shouldn't change. But be very, very pragmatic about your approach, and if it's not working to the best advantage to the industry in the short, medium, and long terms, then you better be analysing as to what you do to become more modern and make sure that Saskatchewan is the best and most efficient hog producers . . .

has the best, most efficient poultry, dairy, egg, and every other producers. I think we can do that if we work cooperatively and be very pragmatic to our approach.

Ms. Julé: — Thank you, Mr. Minister. Mr. Minister, I have had certainly enough comment from my constituents and people around the province that are talking about the idea, in fact an idea that should have and could have come forward a long time ago, about a western Canadian wheat board possibly rather than a federal Wheat Board. Is there some comment that you could offer as an explanation as to why that's not happening to the people out in Saskatchewan?

Hon. Mr. Upshall: — Well I think the answer might be fairly evident, but maybe I don't understand your question. If you were to go to a western Canadian wheat board, how would you maintain the very, very important advantage the Canadian Wheat Board has to the tune of some \$111 million, the fact that the government guarantees the \$6 billion that the board handles. If you went to a western Canadian board, I think the federal government might say, well no, if you're going to call it the western Canadian wheat board, then maybe the western provinces should be providing the guarantees. I don't think you want to destroy this.

Secondly, if you want to Balkanize, like some people want to do, the marketing of our grain, breaking up the marketing advantage we have from a large region . . . And if you look at any other crop bloc in the world, look at the European Community. What did they do? They went together to provide strength in their marketing.

The NAFTA (North American Free Trade Agreement) was supposedly put together to provide a larger marketing bloc. I don't know why you'd want to fragment or Balkanize our country's trading potential, marketing power, by breaking it up.

Ms. Julé: — Mr. Minister, we already know that Ontario has their wheat board, as do the Atlantic provinces as far as I know. So I'm wondering why this is any different, you know, why we can't have the same thing? They seem to be doing fine with theirs. What's the difference?

Hon. Mr. Upshall: — Well, Mr. Chairman, I can stand up here all night and tell her what the differences are because . . .

An Hon. Member: — Well let's hear it.

An Hon. Member: — Start now.

Hon. Mr. Upshall: — Well I've already gone through some of them. But we have a reputation of some 50-odd years where the national government, through the Canadian Wheat Board, has been into China. That gave us an advantage over many other countries. I don't know how many bushels of grain the Ontario Wheat Board sell to China. Maybe they sell a few but not a great lot. The national advantage is what we're talking about here.

Maybe the member could give us her reasons for wanting to go away from a Canadian or national board to a regional board. I'd like to hear . . . I've never heard any logic on this that made any

sense. Maybe yours will make sense.

Ms. Julé: — Thank you, Mr. Minister. What I will do is I will bring you to a meeting of people that will certainly talk to you about the advantages they feel are here. However I don't want to bring up any specific names in this Assembly, and so I'd be pleased to talk with you later about that.

I thank you, Mr. Minister, for responding so openly and accurately to my questions, and I'll just turn it over to my colleague now.

Mr. McPherson: — Thank you, Mr. Chair. Mr. Minister, I guess it's time we return to some of the GRIP debate. I know that your argument is going to be that it's before the courts, and you don't want to respond to it. But I think there is an amount that you can respond to because without giving your hand as to the government's argument or what your strategies may be, one thing that is for certain is that your government would have to have the amount of money required in the event you lose that court case.

So, Mr. Minister, would you be able to tell us how much money you think it would cost the Saskatchewan provincial government in the event of a court loss?

Hon. Mr. Upshall: — I think the member knows that I can't answer that question specifically, and the court case is on. There will be a judgement. And at the end of the day, governments have to pay bills that they're legally bound to pay.

But I want to ask the member why he continues — what you're talking about is subsidies versus non-subsidies — why you continue to think that there should be some type of subsidy program, because I think that most farmers, in fact the majority that I talk to, simply say, let's just get me out of this subsidy game; it did more to hurt me than help me. So I would like the member to answer this question: why do you continue . . . and what advantages do you think it would have for the government to continue subsidy programs?

Mr. McPherson: — Mr. Minister, you're definitely getting off track a little bit. I think the question was plain enough. No doubt that you have had people within your department calculate out what the cost to the provincial taxpayer in the event that you lose the court case. And it's . . . I'm not saying I'm for or against subsidies. It's just a simple question. We're doing estimates; I'm trying to ascertain where we would be financially in the event of a court loss, simple.

(2100)

Hon. Mr. Upshall: — The problem is . . . (inaudible interjection) . . . well the member from Kindersley says 800 million. I would certainly hope it wouldn't be that much, but let me put it to you this way. How would we ever know what the liability is until we hear what the judgement is? The judgement could dictate some measures that would change liability. So for us to sit here . . . we can sit here and speculate what the liability may or may not be, but I don't think that you could . . . I know you can't really determine what the actual liability is until you get a judgement. So we can continue to discuss this, but just

think about that aspect. The judgement could say many things which would affect liability.

Mr. McPherson: — Mr. Minister, I think though that you have to assume, based on the court action brought forward by some 400 farmers, they're saying that it would be based on the loss that they incurred because of the changes from one year to the next when you changed the program.

Judgement aside, just based on that simple calculation that you no doubt have been able to come up with, just give me a ballpark within \$25 million.

Hon. Mr. Upshall: — Number one, it relates to evidence that was put before the courts, so it's inappropriate to discuss. And number two, I repeat, until you know what the judgement says, you really won't know what your liability is because the judgement could put conditions on the case. How do you know?

Mr. McPherson: — Mr. Minister, you would have a worst-case scenario. You would have already figured it out, I'm sure, or your department would, a worst-case scenario based on simply what the judgement or the action as it's taken by the 400 farmers . . .

Hon. Mr. Upshall: — I'm simply not going to speculate on the liability.

Mr. Goohsen: — Thank you, Mr. Speaker. I'd like to take this opportunity while we're talking about the GRIP program to ask the minister a few questions about that program. Now obviously, Minister, you've made your point that this issue is before the courts. And you've made your point that you can't speculate on the losses that might be the government's responsibility when this judgement is finished, because there of course could be a judgement of certain segments of it that would have to be paid and others not.

You might also have a judgement that would allow costs to these people that would amount to a lot of money for the court battle. You might also of course have penalties assessed. The judge might say, you didn't pay these folks for the last three or five years.

And the ones you took money back from on the durum overpayment, for example, you probably have charged them interest if they didn't pay back the first year. So the judge might say, well fair ball, you charged them interest, now you're the one that's being judged against; you'll have to pay back this money plus interest. So it could mount up to a lot more than folks could calculate, depending on that judgement. However the reality is that this is a very serious cost that could be incurred by your government, through your department.

That could be enough money to possibly cause the balance of the budget, for example, to be gone. It might even be speculated, I suppose, that it could be enough money to cause a total wreck to your budgets for the next two or three years. Might destroy the whole program you set out. Might be so severe that your credit rating in the province could be deteriorated. You might have to borrow this money at a higher rate. It may then cause the rate of all your other borrowings to

go back up again. This could cost the government and the people of Saskatchewan a lot in terms of the reality, that if you have to have all of these obligations facing you, this province could be in very serious trouble.

So we would anticipate that you would, you would appeal any judgement that comes no matter what, on some grounds, and we would speculate that you would attempt to hold this off until after another election so that you could clean it up afterwards and try to refresh your mandate. I would suggest to you though that the people of this province wouldn't accept that; that in fact the amount of money we're talking about here, Minister, is so big that your government would fall.

And so if your government could possibly fall and your balanced budgets could fall, the seriousness of this question I think makes it incumbent upon you to at least give the people of Saskatchewan some kind of an answer as to what risk is involved in terms, at least of generalities, of minimum possible amounts that would be available or might be available or might have to be available, and maximums. And when the member from Wood River suggests that he would like to have some kind of a ballpark figure, all he is really saying to you, I believe, is that you owe it to the people of Saskatchewan to give them some idea of the dollars that could be involved and how you, as a responsible minister, would handle that in order to stop all of the other calamities that could occur.

I could quite easily see your problem escalating to the point where you would have to say to the Minister of Highways, sir, I'm sorry but your 15-year plan of double-laning No. 1 and No. 16 Highways now has to be cancelled because we've got to pay off all these bills.

So it is incumbent upon you to reassure the people of this province that the catastrophe of financing that faces us might somehow be able to be handled. And if you can't handle it, obviously you're going to sit in your place and say over and over, we can't speculate or we haven't got an idea. But that in itself is a clear message to the people of Saskatchewan that this catastrophe is not only knocking at the door but maybe walking through.

So, Minister, rethink your position here and think about reassuring the people of Saskatchewan that the bottom hasn't dropped out of their boat.

Hon. Mr. Upshall: — Well, Mr. Chairman, my mother always said if it's and and's were pots and pans, you wouldn't have to buy them. And I think the if's and and's of the member's doomsday scenario I totally disagree with. When the judgement is received, there will be a calculation if we were to lose the case of the liability. Of course if we win the case, there would be no liability. So when the judgement is received, we will proceed with that.

Mr. Goohsen: — Thank you, Mr. Chairman. Well, Mr. Minister, as I pointed out in my question, which I've made lengthy enough in order for you to have time to think about your answer, we clearly pointed out to you, I think, that the lack of answer was in itself an answer. The choice not to make a decision to do things is always a choice, and it's always a decision in itself.

Your decision has been to tell the people of Saskatchewan clearly tonight that this province and this government are vulnerable to a judgement so big and so catastrophic that it could not only cause the government to fall, but it may destroy the finances of this province and all of the good planning that's gone into good budgetary direction over the past five years. In fact everything that your government has worked on could be destroyed in one fell swoop.

And this is not our doom and gloom scenario, sir. This is the one you have just given to the province by not answering.

So we read into this that your answer is quite simply that we have got a judgement that's going against the government. Your anticipation here by not answering is that the judgement will go in favour of the farmers. And I agree it should. You never should have taken this money away from those farmers to begin with. That's when the catastrophe started, was when you started playing with the fundamental structure of contracts.

And I heard a wise, wise man once say that when contracts are no longer honoured in the province of Saskatchewan, then this province isn't worth 5 cents. And I'd be the last one to suggest that every time we turn around we should dig up Tommy Douglas's bones. But he was the man that said that, and your government has defied the fundamental logic of this wise old trooper.

So, my friend, you have told us that this government is going to fall. I'm glad to hear that. But you've also told us we're going to have a financial wreck, and that I'm not glad to hear. But we do know where the blame goes, and it goes to you.

Mr. Minister, in the Department of Agriculture, you will have a lot of responsibilities and concerns with regards to the recent transportation announcements and the things that are planned with regards to our railroad system. I believe the front page of some of our newspapers this past week have indicated where the short-line abandonments are going to be, and we all had those delivered by the Minister of Highways a few days back and I want to say that I'm happy that he did that.

But transportation and railroads are not just the problems of the Minister of Highways and Transportation. They also reflect on your department and the way that the agricultural industry is going to unfold. Now obviously you're going to have some serious problems throughout this province as a result of those abandonments. I think it's fair that you give your perspective as the Minister of Agriculture on what the impact's going to be and how you plan on doing something to offset the tragedies of the loss of the Crow and the loss of our railroads and those kind of things.

Hon. Mr. Upshall: — Yes, well I'd be glad to answer this question. First of all, I guess it's very unfortunate that the federal Liberal government is continuing the ways of the past Tory government in not only allowing but accelerating the branch line abandonment in the province of Saskatchewan which accelerates the off-load of dollars from the federal government onto the provincial government. Because when the transportation system is under federal legislation, as it is now,

responsibility is that of the federal government. When the legislation no longer is under federal jurisdiction and a line becomes a branch line, of course then the responsibility is turned over to the provincial government.

So while we continue to argue that things like changing the Western Grain Transportation Act into the Canada Transportation Act — going to a legislation that was much more railway friendly — for the life of me I don't know why the federal Liberals want to do that because if you were to do that, you might want to get something for it. You might want to get some responsibility from the shippers.

But what's happened, when the federal government changed the legislation — it became shipper friendly instead of farmer friendly. And the result of that is . . . well you see what happened this winter. I hear today that the Canadian Wheat Board is launching some kind of a protest or a suit to the railroad companies, saying that they have some responsibility. On behalf of farmers, the board is saying you have some responsibility for the stoppage of grain. And this is what should happen, and this is what we're continuing to promote to the Liberals' federal cousins. Mr. Goodale, right from Saskatchewan, why don't you now — while the time is appropriate, coming through a winter where we're going to spend probably 20 million or more dollars just on demurrage — why don't you put in place a system whereby everybody is accountable to get that grain to market.

And the accountability has to be from me as a farmer, in that I should have to have that grain delivered when it's called under the contracts, that the elevator companies have responsibility to move that grain to the rail as quick as possible. The railways have the responsibility to move that grain to the terminal as quick as possible, and the terminals have the responsibility to get it to the longshoreman. The longshoreman has the responsibility to get it into the ship.

Everybody should have that responsibility. And this is why it's opportune time now for the federal Liberal government to put forward some legislation. What did I hear last week? I heard Mr. Goodale say, or I heard him reported as saying, well we're going to have some liabilities here. We're going to have some responsibilities. And about four hours later we heard some officials from Mr. Goodale's office saying, oh he was misinterpreted, misquoted.

Well I don't care if he's misquoted or not. That doesn't remove the fact that we need, we need a responsible government in Ottawa to make sure that there is some responsibility in the movement of our grain. Because I'll tell you something, and I think we should all agree on in this House, it is ludicrous to have the farmers pay a demurrage bill for ships waiting at the coast when they are not responsible for those ships waiting. If the farmers would say, well it's too cold, I can't start my grain auger, it's 30 below and I'm not going to haul my grain, then they should be responsible. But the way the system works now, that is not the case. The responsibility, the hold-ups, are further down the line.

So whether it be a grain transportation system . . . and what will happen is your short-line railway should have, when they're put

forward, should have the same responsibility because short-line railways are and could be a very important aspect of our transportation system. We have the south-west transportation authority who have been working on a pilot project with our government to decide what the route should be for the grain to go.

The local people are trying to make the decisions because they know there's going to be some line abandonment. And that's the right thing to do, work cooperatively. So I just ask maybe us to all support the federal government working cooperatively to get the line from that branch line to the ship in Vancouver.

(2115)

Mr. Goohsen: — Thank you, Mr. Chairman. Well, Minister, obviously in most debates we agree on some things, we disagree on other things, and so, you know, I leave that part of your answer in that way because we agree with some of it but we don't agree with the rest of it.

Obviously you're right, the responsibility put into the system is necessary. I wonder though, when you make comments about how the farmers have to be responsible to deliver when you crack the whip, what kind of a dictatorship you're planning on organizing. Are you suggesting that the government should have the power to phone a farmer and say — when it's 45 below — it's your granary full tomorrow morning, and if you haven't got it there, we're going to penalize you. You deliver it because we demand it.

We also would wonder about your position on the contracts that are used with the Canadian Wheat Board and how they affect the farmers that you represent in terms of that kind of a system being attempted to be delivered at this time. Through the new contract system there is that attempt to put on people that demand that they deliver when somebody bigger with more authority calls. And you have a penalty system that is starting to be put into the process, the \$6 a tonne penalty.

I noted that the minister from Elphinstone said that we should listen up and take note of what's going on here — and we did. Now it would be nice if he would take his turn and listen to what's going on from the farmers' point of view because that's where we come from.

So, Mr. Minister, we want you to think about the reality that when you make statements like farmers being forced to haul when you call on them to do it, that in itself is a philosophical direction that a nation might take that I don't think the farmers of this province, and even the people in our cities, would ever accept. I think communist Russia has fallen. I think those days are gone. That kind of an attempt to run agriculture by force is not here. And it's not going to happen in Saskatchewan. This may be the last bastion of NDP support in the country but it may very well be coming to an end with this kind of an advocated policy.

I know for very certain that on this issue I wouldn't be afraid to go back to the polls tomorrow and back to the electorate. We could have an election on this issue alone. That'd be just a lot of fun. I think we'd have a ball with the party that just

announced in the front page of the *Leader-Post* that they've already conceded defeat. We'd be quite happy to hand you the next one right here in the province.

Mr. Minister, a few minutes ago you were commenting about the Canadian Wheat Board and you were making references about how the system worked . . . (inaudible interjection) . . . Somebody in this Assembly really doesn't know what's going on. So you tell us one more time if there is in fact not a Canadian Wheat Board, or some kind of a wheat board, that works in Quebec and Ontario that is significantly different than the one that operates in western Canada. Is that a fact or is it not?

Hon. Mr. Upshall: — Well, Mr. Chairman, I know that the member opposite is a master at trying to twist words and he almost, almost succeeded I think. But just if he listened, if he were to take the member from Elphinstone's advice and just listen, I'll repeat what I said.

If it's as a farmer I am responsible for the demurrage then I don't mind, then I should pay for that demurrage. If I'm responsible for demurrage then I should pay for it. Grain is called all year round, as we know, and that's my obligation to get that grain to the elevator when it's called. And I don't mind paying my share of demurrage if I am responsible. The point is what the federal Liberal government is missing is that if anyone else down the line is responsible, they should have to pay — not the farmer. And that is a fundamental principle that we should be applying to the movement of our grain. They have time to do it before the election. Put something forward. They're not doing it.

Now, Mr. Chairman, as far as the differences between Ontario and the Canadian Wheat Board's concerned, of course there is many differences. Ontario basically services the domestic market in Ontario where the millers are — a lot of the millers — and the Canadian Wheat Board services the world.

Mr. Boyd: — Thank you, Mr. Chair. Mr. Minister, I see you have your Crop Insurance officials here tonight and that's the area that I want to discuss with you a little bit. You and I, as you know, have had some private discussions about the crop insurance changes in the program that you made this year and I think generally speaking there's pretty strong consensus that the program changes were good. I think the fact that farmers have some choice in terms of levels of coverage, I think are important. I think that they were looking for them as well as looking for some way of seeing some reductions in premiums.

Now I don't know, obviously I think it's too early to see whether those changes have had a positive impact in terms of acreages covered but I suspect likely you will see that — maybe not right away — but I think you'll probably see it as a growing response over time. And I would ask the minister if he wanted to comment on that relative to last year. I think we're probably . . . I don't know whether we'll see an increase in crop insurance acreage or not, or whether you have any way or predicting that yet, or whether you know definitely about that or not yet; but could you provide us with the crop insurance information with respect to acreages covered dating back to 1990, please.

We want it to go back that far. 1990 the acreages covered from crop insurance; '91, '92, '93, '94, '95, '96, and then some prediction of acreages to be covered in '97. I appreciate you may not have all of that information with you here this evening, but I would ask you if you could endeavour to come up with it if you don't have it, Mr. Minister.

Hon. Mr. Upshall: — Total insured acres from 1991 . . . (inaudible interjection) . . . 1990, 24 million; 1991, 28.2 million; 1992, 24.6 million; 1993, 20 million; 1994, 18.5 million; 1995, 19.1 million; 1996, 18.7 million; with a 20-year average being 19.9 million. You will know that 1991 when GRIP started, if you wanted revenue and . . . (inaudible interjection) . . . Yes, we can supply you with these numbers . . . (inaudible interjection) . . . Yes, we can put in the package for the Liberals as well.

One thing to note — and I appreciate your support of the crop insurance changes — we have about 2,000 new contract holders this year. We also have some cancellations, which is the normal order for people who aren't farming any more. But we really won't be able to supply you with an accurate measure of how the program was until we get our seeded acreage reports. Because we have something like 75 per cent of the farmers covered with contracts, but they only cover about 55 per cent of their acres.

So with the new people in we are also going by Manitoba. Their numbers were similar before they put in a similar program and they've jumped to about 85 per cent . . . 80 per cent coverage. I think this year you will see an increase, as I am predicting, and probably next year you'll see an even greater increase as people learn about the program. Because if you look at it — I don't know if you've looked at your own — but even if you had very little money, you could put 50 per cent coverage on with spot-loss hail and you could get probably about \$70 an acre coverage of hail insurance that would be nearly half price to other forms of hail insurance. So I think all farmers should take a real good look at the options here because it is quite reasonable.

Mr. Boyd: — Thank you, Mr. Minister. Were you going to send that information across, if you could? Does that also include, in the estimates that you have there, the revenue coverage under the GRIP program, the number of acres I mean, covered in terms of that?

Hon. Mr. Upshall: — No, those are all crop insurance numbers. We only have one copy of this thing, so we'll provide you with a few copies tomorrow or . . . and any others that you want during the debate.

Mr. Boyd: — Now as you said, and I can appreciate, that you don't have the figures for 1997 yet and you'll have to wait for the seeded acreage reports to come in and that . . . I would almost make the prediction as well that you'll probably see an increase.

Premiums are, in large measure, going down in a lot of areas. Some areas are fairly similar, depending on the risk area. So you'll likely see the coverage levels . . . or the number of acres

increase perhaps, and likely to see it continue to increase over time. I think that's a positive thing in terms of keeping as large a base of acreage to cover the program in terms of its total liability and that sort of thing.

When you make your calculations in terms of crop insurance and the total liability of the package, do you base it on some sort of, I don't know, some sort of formula as to what you feel is likely to happen in the upcoming year? I know we have never had the situation where there's a total wipe-out of the entire crop, but I think it is useful to know, and for the farmers of Saskatchewan to know and for the general public as well I think to know, the total number of acres that are covered and the total liability that the province has in terms of that, if you had the absolute worst-case scenario and you didn't have a crop at all in Saskatchewan.

And I know that's impossible to . . . likely impossible to happen, but I think, I think I would like to know in terms of the program what the total liability of the program is.

(2130)

Hon. Mr. Upshall: — Of course because we don't have the acres for 1997, we won't be able to give you a liability. But last year's total liability is about — this is in the annual report too, so you can check the annual report for actual — but about 1.5 billion. Maybe I have it right here.

Yes, they're all in the Crop Insurance comparative statistics, liabilities and premiums. This is in the 1995-96 annual report. I can give you back to . . . what do you want? — '91? '90 . . . (inaudible interjection) . . . '91 total liability, these are in billions . . . 1990 total liability, these are in billions, 1.7 billion; '91-92, 1.4 billion; '92-93, 1.7 billion; '93-94, 1.2 billion; '94-95, 1.2 billion; '95-96, 1.3 billion. And that's on page 13 of the '95-96 annual report.

Mr. Boyd: — Now I think that's very significant, and I'm sure the government, your government, does as well; \$1.5 billion of coverage, insurance coverage, is available to the farmers of Saskatchewan. And I think that is a very good thing in terms of guaranteeing some measure of protection for the economy of Saskatchewan to the tune of, in '95-96, \$1.5 billion.

And you know we all, I think, are concerned that if you saw that kind of loss it would put the province at, you know, significant, in a crop insurance program, at significant risk. And that's unlikely to happen, but it's also good to know that there is that kind of level of coverage.

Does Crop Insurance, as other insurance companies do like hail insurance companies, do they carry any kind of reinsurance through any vehicle?

Hon. Mr. Upshall: — Yes, Saskatchewan and other provinces have a reinsurance agreement between the federal and provincial governments and it's not exactly the same as any other insurance company where they buy or purchase their reinsurance. We have an agreement worked out whereby we can handle the debt in a reinsurance fund. And there's a formula worked out — how much of that debt is paid, how much of the

premiums go toward that debt.

As you know now, we this year totally paid off our reinsurance debt to the tune of \$150 million down to zero. The federal government, we would have liked to see them come down to zero, but they paid theirs down to \$90 million, and that pay-down is one of the reasons we have been able to significantly reduce the premiums to farmers this year.

And if you get into a series of bad years again, of course your insurance will go up. But historically on average years, you don't have a whole lot of problem with the reinsurance debt.

Mr. Boyd: — Did those numbers that you gave us for the earlier years, did that . . . was that the crop insurance component alone or did that cover the revenue insurance under the GRIP program as well?

Hon. Mr. Upshall: — That's all crop insurance.

Mr. Boyd: — Do you have corresponding numbers for the revenue insurance program?

Hon. Mr. Upshall: — Yes, in the same annual report on page 4, that being the '95-96 Crop Insurance annual report. On page 4, the revenue insurance statistics liability; now this liability, remember, is if you had zero production in the whole province, okay: 3.2 billion in '91; 2.7 billion, 2.8 billion let's say in '92; 2.4 billion '93; and 2.3 billion in '94.

Mr. Boyd: — And the reasons for the reduction would be simply because the crop prices were increasing over time during that particular time frame. And that's why there would be a less of a liability potential there.

Hon. Mr. Upshall: — Yes, there were a few factors, but the main factors are that the liability dropped due to the fact that the support price was dropping; therefore the number of customers on the number of acres dropped. Because in the same report you'll see the number of acres went from 27 million in 1991 to 23 million in 19 — or billion, sorry — 27 billion in 1991 to 23.6 billion in 1994.

An Hon. Member: — Million.

Hon. Mr. Upshall: — Million. I get my b's and my m's mixed up here.

An Hon. Member: — I'm glad you're not figuring out our taxes.

Hon. Mr. Upshall: — Oh I can figure pretty good. A number of customers, same charge, went from 49, almost 50,000 in 1991 down to thirty eight point seven thousand in 1994. So therefore the liabilities would reduce accordingly.

Mr. Boyd: — Yes, I think I can understand that, Mr. Minister. The changes in the program came in . . . they came in the spring of '92. Is that correct? And then over a period of time the revenue insurance program wound down essentially in '94. Is that correct?

Hon. Mr. Upshall: — That is basically correct.

Mr. Boyd: — So from '91 through to '94, we saw the revenue insurance program changes resulted in the total liability difference from 3.2 to 2.3 billion.

Hon. Mr. Upshall: — Yes.

Mr. Boyd: — What were the changes in terms of the program in the, I guess you would call it the acreage coverage levels that you . . . an average acreage coverage level between '91 and '94?

Excuse me, do you work that out? Do you have a coverage? I'm not sure how you arrive at your estimate of what it's going to be. Or do you just total up the total number of acres, the total number of dollars per acre covered, and then that's how you come up with the estimate?

Hon. Mr. Upshall: — Yes, you have your total acres times your long-time term yield times the IMAP (indexed moving average price). That will give you your total liability.

Mr. Boyd: — Do you have an acreage coverage level for those years that we were talking about, from 1990 through to '96? An average of what that coverage level for a farmer of Saskatchewan would be. Like I don't know, on my farm — I can't recall the numbers any longer — but I suspect it was somewhere in the neighbourhood, under the revenue insurance program, of about 130, possibly \$140 an acre. Do you have those coverage levels for crop insurance and for the revenue program?

Hon. Mr. Upshall: — Just a little bit of homework for you here. All you have to do of course is divide the total liability by the number of seeded acres or the number of contract holders. What I've done is just divided the liability for 1991, about \$65,000 per contract holder; and 1994, about nearly \$60,000 per contract holder. And if you want to do the dollar per acre all you've got to do is divide . . . get the annual report, page 4, and do the multiplication . . . division rather, and you'll have an answer.

Mr. Boyd: — You don't have that information with you? I'm just wondering whether you do or don't, or whether you would care to provide us with that information.

Hon. Mr. Upshall: — Yes, I mean I guess we can do it if you don't want your research to have to do it. We can provide you with the multiplication of '91 to '94 seeded acre value and customer per contract holder value.

Mr. Boyd: — Can you do that for both the crop insurance component of it and for the revenue insurance component of it?

Hon. Mr. Upshall: — In the spirit of cooperation, yes, but really you could just do this yourself tomorrow morning. It would only take about two minutes.

(2145)

Mr. Boyd: — Well I'm trusting, I'm trusting your officials will have a better handle on how to make the calculations . . . (inaudible interjection) . . . Oh, I can multiply and . . . I can multiply and divide pretty well, thank you, Mr. Minister. I'm just wondering whether you can. And we'll await your answers on, we'll await your answers on that.

I think what I'm getting at here though is that through the years of 1990 through 1996, we've seen a significant, reasonably significant, number of changes in terms of the crop insurance programs. Coverage levels vary from year to year depending on grain prices; acreage goes up and down; all of those kinds of things. The gross insurance program starting in 1991 after the changes, and the gradual wind-down of it through 1994 resulted in differences in terms of the coverage levels available to farmers.

I just wondered whether or not you had an average coverage level of what the farmer of Saskatchewan, a total average farmer of Saskatchewan, would have in terms of a coverage level in 1990 through 1996.

Hon. Mr. Upshall: — Well we have that. I assume you have the '95-96 . . .

An Hon. Member: — Not with me.

Hon. Mr. Upshall: — No, but do you have access to it — annual report? Well on page 13 it gives you, from 1961-62 year all the way through to 1995-96, the average liability per contract holder, under Crop Insurance. For example I can give you the last few years: 1990-91, thirty-six point eight thousand; '91-92, twenty-eight point seven thousand; '92-93, thirty-four point five thousand; '93-94, twenty-seven point five thousand; and '94-95, twenty-eight point nine thousand or basically 29,000; and '95-96, thirty-two point one thousand. And we can supply similar . . . well let's just say for the revenue program from 1990 instead of going back to '62. Would that be sufficient? Okay.

Mr. Boyd: — Well it wasn't in existence back to 1961. You can start it back from the beginning years of the GRIP program if you like but . . .

Now I guess what I'm driving at here, Mr. Minister — and you may have figured it out — but what I'm driving at here, Mr. Minister, is I think you can come up with what the differences were under the GRIP program in 1991 and then after the changes, what they were in 1992. And I think that that's potentially what you and your government is looking at in terms of the liability of your program changes and the potential for that liability to be exercised against your government in the court case that is on right now with the farmers of Saskatchewan.

I think that's the figure that you're looking at here, of what it is. And I understand that your Crop Insurance officials made in the court case, they made some submissions with respect to the potential liability that there was in there. And I'm wondering whether or not you can share that information that was made public in the court cases involving the farmers of

Saskatchewan.

Hon. Mr. Upshall: — Well under the revenue insurance program, as on page 4 of the Crop Insurance annual report, you'll see the liability does not change because of the changes in the program. It's the indemnities that change. As far as liability goes, there's very little change.

Mr. Boyd: — The coverage levels though went from \$3.2 billion insured for 28.2 million acres in 1991 down to \$2.3 billion covered for acreages of 18.5 million acres in 1994. Is that not correct?

Hon. Mr. Upshall: — That is correct. But to answer your next question, it is a fact that the acres changed and the IMAP changed. So a liability is determined by acres times long-term yield times IMAP. So the liability doesn't change. It's the indemnity that changes when they're changing the program.

Mr. Boyd: — So maybe you could explain to me then the reason for your changes in 1991. What was the objective of those changes?

Hon. Mr. Upshall: — Now I don't know if the member knows this or not, but that was evidence that was placed before the courts in the court case. And I certainly wouldn't want to do any speculating or say anything that might have any effect on the outcome of the case.

So after the judgement is received, assuming that neither side appeals, I'd be very willing to sit down with you and at length discuss the merits of the program and the merits of the changes. But because it was placed — and this is sort of the rule that I'll be using tonight. I think you know I have to do this — if it was evidence that was placed before the courts, I will not be discussing it. If it's general questions like you are building up to with this question, I certainly can answer those.

Mr. Boyd: — I think the point is, Mr. Minister, is that as taxpayers in Saskatchewan I think they have the right to know what the potential liability in this case is. And I think you can figure it out. I suspect your department has the number. I suspect they have the number; I suspect they have the worst-case scenario number and a number of scenarios along the way in terms of that. And if you turn to your Crop Insurance officials I bet they can give it to you.

But I know you're not going to give it to the House here because it's almost like an admission of guilt in terms of what's happened there. If the farmers can — in their court case — can bring this government to terms in making the changes to the GRIP program, if they were done in a fashion that was illegal and in indeed that there was a . . . the contract was broken, then it's a case of establishing the amount of liability.

And at that point I suspect that you, if you lose this court case — which I think there's a pretty strong likelihood that you're going to, and you will probably appeal it to another court and all those kinds of things — but rest assured, the farmers of Saskatchewan, if you lose in the next few weeks or however long it's going to take to make that judgement, they will be feeling out there across Saskatchewan that you and your

government and the member from Rosetown-Elrose, who brought in those changes, are responsible for paying the difference between what they had in coverage levels in 1991 and what they saw those changes erode to in 1992, '93, '94, to the wind-up of the program. That's what they will be doing.

And each and every one of them, I predict, Mr. Minister, will be going back through their records relatively quickly after that judgement comes through, if you lose that court case, and they will be able to see, because you had those coverage levels in 1991, and if it changed very much in 1992 it's a pretty easy calculation to find out what your liability loss . . . or I mean your coverage loss was. So I think that it's incumbent upon you and your officials to work out those numbers.

And I'm surprised that you're unwilling to give that out, frankly . . . (inaudible interjection) . . . The minister says I'm not surprised. Yes, I am surprised frankly. I think you have an obligation to tell the taxpayers of Saskatchewan what kind of potential hit there is here, because I think we're looking in the neighbourhood of \$500 million. That's the kind of neighbourhood that we're looking at probably. It's only after some very, very simple calculations that you've provided here this evening that you can come up with those kinds of numbers; \$500 million is a potential that we're looking at. We, off the top of our heads, said \$800 million awhile ago. But it comes down . . . and you look at the numbers that you have provided here tonight, and it looks like to me there's about \$500 million of potential loss in there, and I wonder if your officials could confirm that for us.

Hon. Mr. Upshall: — Well the member knows he's got me in a bit of a disadvantage because he can do all the speculating he wishes. And he knows there's evidence that has been placed before the courts, and I'm not going to be . . . I would be very foolish to put myself in a position where I might be trying to influence anything the courts would decide.

And so you can stand up here for the next 35 minutes . . . (inaudible) . . . and speculate all you want as to what the taxpayer liability is. But I'm telling you . . . and first of all it has nothing to do with admissions of guilt or innocence. It's simply the fact that when the court cases like this are before us, we all know the rules that we have to play by. Your rules are much more looser than I because I am part of government.

But I say to you that when the judgement comes down, we will look at the judgement. If we were to win, of course there is no liability. If we were to lose, there is a potential liability. That can then be calculated because you'll know what the rules the judge sets down are. Until that time, we can speculate till we're blue in the face. And that's all it is, is speculation. I mean if you want to sort of try to get something going about the number of the dollars that are exposed here you can, but at the end of the day it won't help you, because I just can't simply provide those things to prejudice the decision.

After this is over I would love to stand here and go toe to toe with you to discuss this and the many other subsidy issues in agriculture, because I think it would be a great time to have you describe to us why you believe that there should be continued subsidy programs rather than sort of having the market-place

decide what the payment should be.

Mr. Boyd: — Mr. Minister, no one's talking about, and no one's asking that I'm aware of, for continued subsidy programs. I'm not. What we're simply saying here is though, your government was involved in a contract program that involved the farmers of Saskatchewan. You have a contractual agreement with the farmers of Saskatchewan. Each and every farmer that was involved in the gross revenue insurance program — insurance program, not subsidy program or anything else — it was called gross revenue insurance program, as we all recall . . . (inaudible interjection) . . . Mismatched, the member from Lloydminster says, but she knows exactly that's what it was called.

If it was a subsidy program why weren't the coverages exactly the same to everybody? Why weren't a number of things exactly the same? Why were there some farmers, if you participated in the program . . . The only way you participated in it is you had to pay a premium towards it. I've never known of a subsidy program yet where you've had to pay a premium to get into it.

It was an insurance program and you know it was an insurance program, Mr. Minister. Your officials know it was an insurance program. Every farmer in Saskatchewan knows it was an insurance program and the only ones that seem to make any objection to that now is you, because it's convenient for you to try and call it a subsidy program. It's convenient for you to cry and call it a subsidy program because that somehow is what you and your officials, and your department and the Minister of Justice and all of the other smart people over there have come up with as the excuse to try and get you off the hook. That's what it is. You've come up with this half-baked scheme and calling it a subsidy program rather than an insurance program, because you think that's the one key word in here that's going to get you and your government off the hook.

I think that's what it is, Mr. Minister. I think that's what the farmers of Saskatchewan are out there saying; because lots of them are calling and saying, what is this minister and his officials and his government talking about in court when they say this program is a subsidy program? I had to pay a premium to belong to that plan, they say. It was no such thing as a subsidy program.

If, for example, the crop prices increased, or if, for example, your crop was a bumper crop, you got nothing out of the program, you got nothing out of the program in terms of any support. The only way you could get support out of that program is if you had an average crop or a below average crop and the price changed, the IMAP changed. That's the only way there was any coverage levels available to you. It had nothing to do with any kind of a subsidy program in terms of anything like that. It was an insurance program, and the farmers of Saskatchewan participated in it in the full knowledge that it was an insurance program.

(2200)

And for you and your department to go into court and try and malign the motives of the farmers that have brought this suit

against you and somehow or another suggest that it was a subsidy program, I think belittles the intelligence of each and every single farmer that participated in that program.

I think you owe the farmers of Saskatchewan an apology for trying to get off your . . . get rid of your contractual obligations by coming into court with that kind of a half-baked scheme to try and absolve you of any liability under this program.

Your program . . . your officials had to go into court and they had to talk about the differences in coverage levels, didn't they? They had to talk about what there was in terms of coverage and what those farmers were potentially at risk for. They had to provide that kind of information because the judge required that kind of information to make some kind of a judgement in terms of what that liability was.

And I think that that information . . . and we're going to go down to the court tomorrow and we're going to find out what your officials said there. Because I think they said the kind of liability that you and your government are up for right now, and the potential costs that are there. And they tried to soft-pedal it; they tried to come in and say that it wasn't anywhere near what the farmers themselves were suggesting it was.

But as I said, I think the farmers of Saskatchewan know better because like other farmers in Saskatchewan, I along with the many, many others I'm sure, kept the documents from back then right through until today. They have them on their file sitting in their filing cabinet at home, stuffed away in their office boxes at home.

They know what the difference is in their coverage levels at that time and they know what it was afterwards. And they know how much, they know how much of a beating they took at the hands of this government in terms of those changes. And the member from Rosetown-Elrose, he knows what they were.

The Minister of Finance knows what they were because the Minister of Finance, if you recall, when Mr. Romanow was crying poor to the whole world and saying that Saskatchewan was on the brink of bankruptcy, she was saying, well we made changes in the GRIP program and we cut back in terms of a number of other areas, and those were all savings to us, Mr. Mazankowski. That's the kinds of things that farmers out there don't believe from your government any longer, Mr. Minister.

The Finance minister on one hand says, we made savings by making changes to the GRIP program, and here's what they are, Mr. Mazankowski. But on the other hand you and your officials march into court and say oh no, there wasn't any loss of potential revenue to you as a farmer. No, no, no, it wasn't an insurance program, it was a subsidy program.

What you've done is insulted farmers by coming into court with that type of defence. And I think they will remember it. And the other thing that you insulted when you brought in this whole changes to it, is you brought in legislation that said you can't take them even to court to find out.

Well they finally got you there didn't they, Mr. Minister. They finally got you right where they wanted you in the end. They've got you to where now you aren't in control of the situation any

longer. They got you to where there's a judge in this province that's going to make a decision about you and the member from Rosetown-Elrose . . . as changes to this program and every single one of the other members over there that voted in favour of those changes.

This side of the House walked out of the legislature for a number of days — 18 days — over that until the Speaker of the Assembly at that time came in with a bunch of half-baked reasons to change the rules of this Assembly and stop the bell ringing at that time. And you remember it the same way I remember it, Mr. Minister.

And again it was another one of those examples to the farmers of Saskatchewan of how this government doesn't care one iota about what farming is all about in Saskatchewan or how it was going to impact on them. The only thing that you were interested in was discrediting whatever kind of program any previous administration had brought in. The same kinds of things you do right today in this Assembly all of the time. When there's something wrong it's either the previous administration or the federal government of today. Nothing to do with anything you're doing over there. Not a darn thing to do with anything you're doing over there. It's always somebody else's fault.

It's always somebody else's fault. The GRIP program had to go and the reason it had to go in your mind is because you wanted to save money. And the only way you could come up with to do that was to break the contract.

And as the member from Cypress Hills says, even your own former premier, Tommy Douglas, says if a contract . . . if you don't honour contracts the whole province isn't worth a thing. And I think that's what the farmers of Saskatchewan have in terms of support from your government, not a thing — not a thing.

Not a thing of support from your government in terms of those things. Nothing but utter contempt for farmers is what they can expect from you and your government. And at that time . . . and all the farmers of Saskatchewan, they were supportive. They were supportive of us walking out of the legislature. But you finally got the Speaker of the House at that time . . . We wondered how it happened, incidentally. I still wonder about that from time to time, how you finally convinced him to break that bell-ringing session. I wonder how that happened?

The Chair: — Why is the member on his feet?

Mr. Kowalsky: — Point of order, Mr. Chair. I don't believe that in this debate, which is actually a very good debate, that the Speaker should be brought into the Chair, or any of the Speaker's judgements should be brought into the Chair . . . brought into question by the member. And I would ask the member that he withdraw any allegations he made about the Speaker at this time.

Mr. Toth: — Thank you, Mr. Chairman. Mr. Chairman, to the point of order, I find it interesting . . . yes, it is a good debate. I think the member from Prince Albert recognizes that. But sometimes, sometimes debate certainly does start to gnaw at members, especially when the truth is starting to hit home. And

it seems to me that while the question of a ruling of the Speaker, the former Speaker of this Assembly, whether or not a person can reflect to that, but realities are some rules changed that made it difficult to address an issue of the day.

So I guess when I raise the question, I raise it on the basis of debate in the past and how the debate has been allowed to proceed, and certainly just want to bring that to your attention.

The Chair: — I thank the Government Whip for raising the point of order, and I thank the hon. member from Moosomin for speaking to that point of order. It is the practice of the legislature that Speakers not be involved in debates.

I was listening to the debate as it unfolded, but I would have to say I must review *Hansard* to form a firmer opinion on this. If it's the wish of the whip, I can bring a ruling down tomorrow. Or we can proceed with the general understanding that the long-standing practices of this legislature are that the Speaker is not brought into the debate.

Mr. Boyd: — Thank you, Mr. Chairman. I think the whole point of the exercise here tonight, on our part anyway, is to illustrate the differences in terms of crop insurance coverage levels over the number of years, the revenue insurance program levels over the number of years, and things of that nature. And I think what you will find is, is that in the information that the minister has provided to the Assembly here tonight, there is a significant difference in the levels of coverage that were available to the farmers of Saskatchewan prior to the changes in 1991 to the GRIP program.

I think every farmer out in Saskatchewan, as we grind down closer day by day to whenever the judgement is made on this very, very important court case, they'll be making those kinds of determinations themselves on their own farming operation. And it will be very significant, Mr. Chairman.

I think you will find that — I can't recall how many farmers are involved in this current . . .

An Hon. Member: — Four hundred.

Mr. Boyd: — Four hundred are involved in this current class action lawsuit brought against this government. And it may not result in too significant of a total overall liability because we're talking about 400 farmers.

But how many participants were there in the GRIP program? How many potential lawsuits are coming forward if there is a lawsuit . . . if this one is successful? How many class action lawsuits will there be coming forward with? How many farmers will say, if those 400 farmers were wronged, was I wronged as well?

And I suspect every single one of them will feel exactly the way I do when I say I think I was wronged as a farmer. I think the member from Cypress was wronged. I think the member from Shaunavon was wronged. I think the member from Saltcoats was wronged. I think the member from Moosomin was wronged, Souris-Cannington was wronged, and any other farmer in Saskatchewan, I think, was wronged.

And I think what we're going to find, Mr. Member, and Mr. Minister of Agriculture, is that the only way you're going to hold off massive numbers of lawsuits coming forward against you and your government is to simply say at the end of the day at this court case . . . And not take it any further, because I think we got it right where we probably have to have it, right here in Saskatchewan, for decision; you're probably going to opt to go to the Supreme Court or something like that and try and drag this thing out for a few more years and spend a few million more of taxpayers' dollars in terms of legal fees and everything else.

But I suspect at the end of the day, if you lose this one, and there's a good chance you're going to, every farmer in Saskatchewan is going to say, I lost X number of dollars because of that member from Rosetown-Elrose's changes in the program. And you are responsible for that now today.

And you and your government are going to be in, I would say, a pretty deep kettle of hot water with the farmers of Saskatchewan because finally it will be confirmed for all to see, finally it will be confirmed for all to see that the changes that you came in did result in lower coverage levels and that the contractual obligation that you had to the farmers of Saskatchewan was broken.

And I can't help but think that that will be a glorious day for the farmers of Saskatchewan, because it will be the kind of thing that they'll stand up and they'll say: finally, finally somebody in this province has brought this government under control. It took a number of years — it took six years or five or six years for that to finally happen — but finally there's someone that is a higher authority than the Premier, the Minister of Agriculture, and the member from Rosetown Elrose, who marched those changes through this legislature.

If you recall, Mr. Chairman, at the time the debate went on for a long period of time in this legislature and finally the opposition, the official opposition of the day, walked out of this Assembly. We walked out for 18 days. The bells rang continuously for 18 days. And then what happened? Do you remember what happened? I remember what happened. There was changes made in the way the bell ringing could happen. It was stopped. It was stopped. It was stopped. The bell ringing was stopped and the Speaker of the day said that there was going to be a decision made on this. And there was.

(2215)

There was a vote taken and every single one of those members of the day at that time came into this Assembly and voted but for one . . . there was one significant difference in a vote at that time than what normally takes place in the House on a regular basis. They voted without any opposition whatsoever. The opposition did not come into the Assembly.

We did not recognize, and we still do not recognize to this day — we didn't recognize then and we do not recognize to this day — that that vote was legitimate. The vote was not legitimate at that time, I believe. And I think every other farmer in Saskatchewan believes that that vote was not legitimate.

That vote wasn't legitimate because of the fact that the way the changes were made in the Assembly in terms of its . . . the rules of the Assembly. I don't think it was legitimate then. The farmers of Saskatchewan don't think it's legitimate. The 400 farmers that have dragged you into court kicking and screaming don't think it's legitimate. Nor will all the other farmers of Saskatchewan that bring class action lawsuits think that vote is legitimate. Because you know why? Because the judge that comes down with this ruling is going to say: it wasn't legitimate. He's going to say those contractual changes that you broke in this program were not legitimate ways of going about it. And he probably should also say that the kinds of things that you brought in terms of what the farmers could do about that court case were illegitimate as well. Brought in the legislation. No one to this day, no one up till now, has ever seen that kind of legislation. We've never seen it since. I don't think you ever had to since use that kind of onerous type of legislation to stifle debate or to stop actions being brought against you — never had to do it.

An Hon. Member: — You did it against the judges.

Mr. Boyd: — Well that's true. My colleague mentioned the judges. And that's interesting because I think it's an interesting kind of little debate that's going to be going on. It's going on right now, Mr. Chairman, in the legal community. There's an interesting debate going on in the legal community right now. They're saying — friends of mine that are in the legal community — they're saying to me, you know what, they're kind of wondering what's going to happen with this whole thing.

You've got a government on one hand that's got farmers dragging them into court to try and get what they believe was their contractual obligation. On the other hand, on the other hand what do you have, Mr. Minister of Justice? He knows exactly what I'm going to say. On the other hand what do you have? What do you have? You have a bunch of judges that have got you in court as well. They've got you into court the same way, kicking and screaming the whole way along for breaking what they feel is a contractual obligation for them.

So the legal community out there, and I think a lot of farmers out there, are saying to themselves, I wonder how this thing's going to shake down? I wonder how a judge — supposing a judge out there felt that they somehow were wronged — feels about farmers in Saskatchewan that feel they were wronged. It's going to be an interesting debate. It's going around the legal community just wildfire these days wondering what's going to happen here. It's going around the legal community out there and everybody is saying to themselves, this is going to be an interesting test for this government and for democracy here in this province.

It's going to be an interesting contest to see whether or not . . . what happens in this, Mr. Member, Mr. Minister of Agriculture, Mr. Member from Rosetown-Elrose, and the Premier of this province and certainly the Finance minister, who as much as admitted a little while ago in terms of her comments about Mr. Romanow's thoughts on the province going bankrupt, that the changes resulted in less pay-out to agriculture producers in this province, and it saved the Government of Saskatchewan money,

the changes that they made. And that was one of the reasons why they've been able to hold off the bankruptcy of Canada . . . or the bankruptcy, pardon me, of Saskatchewan.

And there was an interesting cartoon in one of the papers. I think it was in the *Star-Phoenix*. It had the Premier of this province, if you can imagine, like some kind of a beggar standing beside a car asking if he could wipe the windows of the car, like you see in some of the poorest neighbourhoods in the United States where you'll have people coming out and wiping the windows of your car. Like that. And the people inside the car . . . I can't remember exactly what the caption was, Mr. Chairman, but it was something like that, you poor soul, I wonder if you'd mind coming and moving to Alberta along with us. What it did is I think it made a mockery of the Premier's office because he made a mockery out of the fact that he cried "fire" one too many times in a theatre. It was a similar type of thing in my mind, exactly a similar type of thing.

The Premier of this province . . . we've been pulled back from bankruptcy so many times by this benevolent Premier here that everybody in Saskatchewan owes him a debt of gratitude for the hard work and effort and the late nights that he stayed up to pore over the books of Saskatchewan to ensure that he can hold us back from the brink of bankruptcy.

It's just an interesting way of looking at it, isn't it, Mr. Chairman? It's an interesting way of looking at it. I think that's the kind of thing that farmers are looking at here in this province today, Mr. Minister. I think they're looking at it, and they're saying, I wonder how this government is going to come up with that money. I wonder how the Government of Saskatchewan, if this judge says they owe \$500 million to the farmers of Saskatchewan, how they're going to come up with that money, how they're going to balance the budget of Saskatchewan and still maintain that.

Well you've still got some Cameco shares; you could sell them. You could do it that way. You still got some Wascana shares; you could do it that way. You might be able to come in and say, well we're forced to as a result of this judgement against us, we're forced to privatize SaskTel and we're forced to do a whole bunch of other things.

And the member from Athabasca says, what about the PC Party fund? Well I'd ask you, does the Tommy Douglas fund have \$500 million? Is that what it's going to take? Does the Tommy Douglas House have 500 million that they could cough up? Do you have that ability to raise money as a government these days? It's going to be an interesting test for the people of Saskatchewan and for this government. It's going to be a very, very critical test for the members of this government and the cabinet and Executive Council to come up with some way of paying for this judgement.

And you look at this judgement and you have to wonder. You have the Canadian . . . wasn't it the president of the Canadian Bar Association saying that this government is likely going to lose this case? This government's likely going to lose this case because some . . . there has to be something that people can hold onto in terms of what they can expect from government.

Contractual law is one thing that people kind of . . . and there's many, many lawyers over on that side of the Assembly. The member from Saskatoon, the current Health minister's a lawyer. He knows that contractual law is an important thing. He also knows that when you go out and you buy a product and it's misrepresented, that the natural course is to take the party who feel you have been done by, aggrieved by, you go into the court system and you get what's right back from the process.

And everyone knows if you went down to a car dealership here in Regina and bought a car and the car turned out to be other than you expected it to be and you took it to court and the government . . . or I mean the judge says yes, you're right, sir, you've been wronged, that then provides a judgement against that car dealership. They are obligated to pay. They don't have legislation that they can walk into the court with and say, no we don't have to do that. We don't have to do that because we're the government and we know what's right for all of Saskatchewan. We deemed it to have happened. We deemed that contract out of existence.

Boy it must be nice to be as high and mighty as the folks on that side of the House like to think they are, brought in legislation and all of us remember it that were here at that time. All of us remembered at that time that said it deemed . . . the contract was deemed to have not existed. I remember being in the legislature and I remember bringing my own personal contract in at that time and saying, look at here, I thought I had an agreement. I thought I had an agreement that said that the government was on the hook for this much; I was on the hook for the premium.

And I think that's what every other farmer in Saskatchewan thought as well. They thought because they had a contractual agreement with government that everything was going to be okay. So what did they do? What did they do at that time? Many of them went out and they made agreements with their landlords in a lot of cases, saying to them, I got a guarantee here for — well we'll say round figures — a hundred dollars an acre, crop insurance, and GRIP revenue insurance, a hundred dollars an acre. I'm seeding 600 acres. They'll say to themselves, I got \$60,000 worth of revenue. My cost of seed is this much, my cost of crop insurance is this much, my revenue insurance premium — premium — is this much, my fuel is this much, my repairs are this much, here's what my rent on that particular parcel of land is going to be. And they pencil it all out and they said, wow, I think we can probably make her through another year here.

Farming being what it is, it's sometimes difficult in Saskatchewan as we all know. And they said, it's pretty unpredictable. But for once they had what they thought was a contract with a government that had no way of getting out of it. Just like the farmers had no way of getting out of it.

They opted into the program. They went into the program and they said, okay, here's my money; I'm putting it on the table in terms of a premium. Here's my money; I'm putting it on the table in terms of a premium. Here's what's going to happen if this program . . . or if my crop doesn't amount to what I hope it will amount to. Or here's what's going to happen if the price of grain slips, as it started doing through that time frame, as we all

know.

But they thought to themselves, well at least, at least I've got a contract here with the government. At least I've got a contract with the government. And if anybody should be setting an example of how to live up to their obligations in terms of contracts, it should be a government, shouldn't it? Shouldn't it be a government? Should it not be a government, all you members over there?

If you were wronged in any kind of way, if you were buying a car and thought that you got beat on the deal in some kind of a contractual agreement, would you not think it is right that the laws of this country uphold your right to take them to court, first of all.

An Hon. Member: — They do in everything else.

Mr. Boyd: — They do in everything else, that's right. They do in everything else. Every single other thing that you can think of that you have a contract with, if you think that you've been beat on the deal, you have the opportunity to take it to court and find out whether people agree with you in terms of a judgement. You have that opportunity to do that. That's what democracy is supposed to be about.

That's what democracy is supposed to be about. It's not about gang rule. It's not about gang rule, and that's the way you people seem to operate. It's not about that way of doing and being in government. It's not about just coming in and saying to the people, that never happened; we deem it out of existence. It didn't happen because we are the government now and we make the rules, and we're going to make it such that you can't even take us to court.

And the member from Rosetown-Elrose, I remember him bringing in that legislation, and I couldn't help but think at that time, I think that that member and every other member of cabinet and every other member of that government knows that this is wrong. But what motivates them? What motivates them to make these kinds of changes? What made them take, what made them take that leap of faith? What made them have that sort of moral hazard that said, I think I can jump between what I believe is a right of people to take us to court, what I believe is right in terms of contractual law, and what actually happened there.

Somehow or another you made that jump, didn't you? I wonder what it was. Was it one of those stirring speeches by the Premier of this province in caucus, as he is so famous for being able to do? We have an obligation to make these changes because the province is on the brink of bankruptcy and we're going to pull it away from the brink of bankruptcy. Was it one of those kinds of ones, Mr. Member Saskatoon Northwest, was it one of those kind? Because I've sat here and I'll have to admit I'm pretty impressed when he goes into that kind of stuff. I have to admit. I suspect there's a lot of other people, they're pretty impressed too. They're pretty impressed when he goes into one of those kinds of things.

But the difference between what, the difference between what he is saying, the difference between what he is saying in terms

of that and whether it is right or wrong is what you should be basing your decision on. It's not on the convenience, the convenience of making the changes and how this will fit in in terms of your budget. That's what it was all about.

There was this nice little way we can beat some farmers of Saskatchewan out of a few bucks. It turns out it might be 500 million bucks. We can beat them out of 500 million bucks and we can . . .

(2230)

The Chair: — Order. It now being the normal time of adjournment, 10:30, the committee will rise, report progress, and ask for leave to sit again.

The committee reported progress.

The Assembly adjourned at 10:32 p.m.

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