

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**Second Session — Nineteenth Legislature**

**Thursday, June 12, 1980.**

**EVENING SESSION**

**COMMITTEE OF FINANCE – AGRICULTURE – VOTE 1**

**Item 1 (continued)**

**MR. G.S. MUIRHEAD (Arm River):** — Thank you, Mr. Deputy Chairman. I didn't want to go without a light because I was afraid the Attorney General wouldn't hear me.

Mr. Minister, I just have one question I want to ask you. The other day in question period I asked you if the government was involved in purchasing cows and calves in a cow-calf operation. You said you'd take notice and report back to me.

**HON. G. MacMURCHY (Minister of Agriculture):** — No.

**MR. MUIRHEAD:** — You did make a good investigation into this? Because I have evidence (not evidence but reports which say otherwise) that there's a cattle buyer in the Lumsden area (I wouldn't give the name publicly in the House) who says he's buying cattle for the government. I'll give it to you privately. Maybe this is false information I've been getting, but he says he's buying cattle and being paid by the government. The cattle are being taken up to community pastures in the North.

**MR. MacMURCHY:** — We'll check again for the hon. member and I can talk to him privately. Officials report that we did buy heifers for the dairy industry last year, 1979, and imported them into the province, but there hasn't even been any of that kind of purchase, to their knowledge. We'll check again and I'll get back to the hon. member.

**MR. MUIRHEAD:** — I don't want to make the name public because it may be false information I'm receiving. I'll just bring the name to you and you can check it out. Thank you, Mr. Minister.

**MR. E.A. BERNTSON (Leader of the Opposition):** — We're going to wrap this up in a hurry if the House will allow the Minister of Agriculture and I to get along with it. The minister recently made an announcement that Saskatchewan moved to strengthen the poultry industry in the province. I think I agree with the member for Shellbrook for the first time in my life that it was an excellent announcement and long overdue. Our poultry industry hasn't just declined in a sense relative to the rest of the world — it has fallen behind miserably.

The minister has been critical of certain members of this party suggesting that 80 per cent of the produce in the agricultural sector was produced by 20 per cent of the farmers. This just happens to be the case in the poultry industry. Those aren't my figures; they're the figures of the Department of Agriculture of Saskatchewan. One of my questions is: why have we let the poultry industry in Saskatchewan get into the sad state it's in? What are you doing right now to correct it? While you're thinking up a nice rhetorical answer for all this, I wonder if your officials could dig through their volumes of data and tell me what percentage of the domestic market, the provincial market, we supply, and what percentage of the domestic market is imported from either the other provinces or the United States?

**MR. MacMURCHY:** — Mr. Deputy Chairman, I could maybe answer the hon. member's last question, because it was the most serious of his questions, so I may just comment on the decision to assist the industry in Wynyard and how it came about. I'm informed that basically we are self-sufficient in poultry. There is very little imported and very little exported. There is some movement from time to time, but the industry, in a broad sense, looks at the province and supplies the needs of the province.

I think the decision to get involved at the processing plant came about as a result of the involvement in, and the commitment to, that plant by the poultry producers and by some of the franchises in the province. So there was a genuine commitment to the plant which I think made our decision a great deal easier.

**MR. BERNTSON:** — Well, the simple fact is, Mr. Minister, in Saskatchewan we produce less per capita than any other province with the exception of Nova Scotia. This is the agricultural heartland of Canada, so I think that's a rather sad commentary on our activities in the poultry industry. I don't know just what the numbers are — I could leaf through all my stuff here and find it — but I do know that since 1971, imports of poultry into Canada from the U.S. have increased by 1 000 per cent. I also know that every province except Saskatchewan has increased the number of pounds produced, on a relative basis, more than Saskatchewan. That would indicate to me that we do, in fact, have to import to meet our domestic needs. I am informed that in fact Federated Co-operatives Ltd. imports several hundred thousand pounds from Alberta each year. Now I don't know if this is a trade-off for our exports elsewhere or what, but if the minister is telling me that we produce sufficient to meet our domestic needs, naturally I'll take his word for it. But I do know that we have poultry moving into Saskatchewan from other jurisdictions.

**MR. MacMURCHY:** — Mr. Deputy Chairman, I think I've indicated some movement in terms of the production within Saskatchewan. I think production is in the hands of the marketing boards, and subject to quotas established nationally. I think as a result of not such a good job of quota allocations as might be applied, we have an oversupply in this industry, which has lowered the prices somewhat to producers. The Government of Saskatchewan — I am not aware of any direct involvement in that industry of significance except for this latest move with respect to the processing plant, which I understand the hon. member is whole-heartedly behind.

**MR. BERNTSON:** — I have found some of my numbers. These are Agriculture Canada numbers: turkeys, 10 lbs. and under, for instance, processed by province, eviscerated weight. We have the figures in Saskatchewan: in 1974 we had 1.327 million lbs.; in 1975 we had 942,000 lbs.; in 1976 we had slightly over 1 million; in 1977 it was 772,000 lbs.; in 1978 we had 585,000 lbs., less than 50 per cent of what we had four years earlier; in 1979 we had a slight comeback at 617,000 lbs. I think that should indicate to the minister that our poultry industry is indeed hurting in Saskatchewan. It deserves some sort of injection.

I don't know if what you have done with this little injection we just talked about (wherever I put it, I don't know), is the total answer. As I understand it, 80 per cent of the produce raised in the poultry industry is raised by 20 per cent of the producers. Perhaps there should be some incentive for more diversification. Get these things spread around a bit. I don't know what the answer is, but whatever you are doing hasn't been working to date.

In the turkey business again, by province: broilers, roasters. In Saskatchewan, in 1979

we had (and I think this is thousands of pounds) 3.5 (it is probably millions of pounds). But anyway, we are lowest, second only to Nova Scotia. I think that is not something we should be particularly proud of.

Another point – and I recognize that the minister said he is taking a look at it and he has injected some bucks into whatever that was we talked about a minute ago. Another problem, I understand, in the poultry industry is that one pound of chicken or one pound of turkey is just that – one pound of chicken and one pound of turkey, without regard for grade. I wonder, could the minister either confirm or deny that? And if so, why is it that way?

**MR. MacMURCHY:** — I say to the hon. member, I am simply no expert on the poultry industry. I listened to the hon. member and neither is he. We are really a very, very bad pair to be debating this in the Assembly. I understand the poultry is graded A and B and so on. So that is there. I don't think the statistics to which the hon. member is referring indicate it by grade. But I'm sure when you go to the store you can buy a Grade A broiler or a Grade A turkey or whatever. I'm sure you can. I think I've bought them.

Secondly, I talked earlier about the problems of the industry as it relates to the quota. Saskatchewan is producing up to its quota set nationally. While the FarmStart program is available to turkey and broiler producers as it is to producers of hogs, beef, bees, and so on, there hasn't been room to add any additional producers because of the quota.

The hon. member makes the point that you have a limited number of producers producing a large percentage of the birds. That's a decision made by the marketing boards themselves.

Our programs are available in terms of getting new people in; the hon. member knows that. We're now part of the processing, and as I indicated earlier, there is a real commitment to the processing since 70 per cent of our broilers and 100 per cent of our turkeys are processed at the plant in Wynyard. There may be other things we can do but I can't discuss them. Perhaps we can pursue it with the department.

**MR. BERNTSON:** — Just one comment. I think you have given a terrific argument for our side on the marketing board issue. You say that it's because we've hit the upper limit of our quota that we're restricted from increasing production in Saskatchewan. Is that what you said? English is my mother tongue; I'm sure that's what you said. In any case, if that's true, we have this national marketing board sitting down there in Ontario, Quebec, or wherever, with maybe one representative from Saskatchewan, two from B.C., one and a half from Alberta, ten from Ontario and ten from Quebec. When they slice the quota pie you know darn well, when they start going around the table, Saskatchewan is not going to get the edge, so to speak. We're going to have to dig, gouge, claw and kick to get our fair share of the quota, just by the very nature of the beast. That's the way it is.

Perhaps what we should be doing is producing and getting it on the market to show them we can do it efficiently. Let's forget about your happy little marketing board.

**MR. L.W. BIRKBECK (Moosomin):** — In concluding the remarks from the member for Souris-Cannington with reference to market share of any commodity, I think the bottom line on that particular subject is very simply that one needs to concentrate on developing markets rather than controlling them. That basically, I suppose, is where you and the members on this side of the House differ from time to time. I don't say you

meaning specifically you, as Minister of Agriculture. But to the present time the government's philosophy, both federally and provincially, is that marketing boards basically are viewed as a control of the market.

What we want to look at is expanding the market. So I think that needs to be considered very carefully. If we can expand the markets, that in itself will place us in a very competitive position by which we can at least be eligible for and make requests for an increase in our allocation of quota, whether it be for hogs, or whether it be for the dairy industry or for whatever commodity is so affected by marketing boards. So I think, Mr. Minister, that needed to be said to draw the line more clearly between what has been up to this point the difference between the government's position and our position as the opposition. If you talk about marketing concepts, if you talk about them in relation to expansion of markets and in terms of grabbing a larger share of a market, than certainly you will be reflecting the concerns and, I think, the wishes of the agricultural industry.

Now, Mr. Minister, I want to make a few comments with regard to your statement. I think you were alluding to your statement this afternoon in response to the hon. member for Arm River re the drought situation as of June 11, 1980. I would first say that I feel your comments in that particular statement were for all intents and purposes well-meaning. I think you were making a sincere effort to address yourself to the problem. And I suppose it's incumbent upon members of the opposition to point out some of the areas that we are not satisfied with, or some areas where we might see some improvements.

Firstly, when you announced the drought relief program and spoke of the 50-50 cost-sharing arrangement with the federal government, you spoke of it at a time when in fact you didn't have that agreement in writing. I felt that was not a responsible position to take. Quite frankly, I was disappointed that you did not get that position of the federal government in writing, and had the arrangement solidified, before you announced it as the Minister of Agriculture. Because there is nothing worse than not receiving something after being told you were going to. In other words, you can't miss what you've never had. So you get people, particularly in the agricultural industry, looking forward to a program which is going to be 50-50 cost-shared by the federal government, but in fact you made that announcement knowing full well you had nothing in writing. So that's the first point I would like you to comment on. I would ask as well that you keep the House informed on a regular basis. Direct communication with our agricultural critic would be quite satisfactory as well – a letter to his office keeping him informed of the progress you are making with the federal government. We can appreciate that, in all probability, you are having as much difficulty with them as we have from time to time.

Secondly, I look at the provincial drought number you have prepared – 565-4700. In your address you made mention of the fact that it will be open from 7:00 in the morning until 10 in the evening, if necessary. That makes me ask, is it now available or isn't it? And if so, is it open from 7 until 10 or has the impact of the drought not really hit the rural sector? I'm sure it has, but the gist of the statement doesn't come across to me. So that would be the second point I would like clarification on. Is that number in fact open from 7 a.m. until 10 p.m., or has it not been used to the extent that you deem it necessary to have it open that long?

The third point I want to make is with reference to the pasture situation. You say quite emphatically that it is a very critical situation, and I don't think anyone in this province would disagree with you on that. Then, on the other hand, the rates are raised. Now I don't see how those two go hand in hand. I know we, on this side of the House, would

like very much to see those rate increases rolled back. Any rate increases whatsoever in the current year, we would very much be in agreement with a rolling back to what they were. We certainly don't see it as being an appropriate time to increase pasture rates. So that's the third point that I wanted to make with reference to your drought relief statement.

Another question I would have is that I understand Mr. Ewart, dairy specialist with the Department of Agriculture, is apparently off to Alberta (I would suspect he's likely home now) to investigate the possibility of achieving certain hay supplies in Alberta and getting them back here to Saskatchewan. I would like to know if you have that information. If you don't, I'm certain that to expedite matters in the House, forwarding that information, as to what Mr. Ewart found, across to this side of the House at some time in the course of the discussions on agricultural estimates, would be appropriate. Are there any significant hay supplies in Alberta? If so, how much of that are we going to be able to get back here to Saskatchewan? What quality is it and so on?

At that point, Mr. Minister, so we don't get too far, I will just take my place for a moment to allow you to respond to those four issues that I have raised with regard to your statement as of June 11.

**MR. MacMURCHY:** — Well, Mr. Deputy Chairman, I might just comment briefly on producer marketing boards without getting into any great debate. In talking to producers (those who are involved in poultry, and those who are involved in dairy, who make up the producer marketing system) they feel very strongly about that system and support it very, very strongly. No question about that.

**AN HON. MEMBER:** — Except it's not a marketing system. It's a control system.

**MR. MacMURCHY:** — Well, O.K. Supply, demand, it's called by some people. Talking to hog producers, they're pretty supportive of the commission and the SHARP (Saskatchewan Hog Assured Returns Program). Talking to beef producers, they're willing to talk about something different, I can tell you that, under the circumstances we face now. In speaking to producers, you get the feeling of their thoughts.

With respect to the questions raised by the hon. member in keeping the opposition informed, I will do this through the Leader of the Opposition, who is the agriculture critic most certainly. Anything that I have received specifically, I have forwarded to the hon. member, and will continue to do so. Any suggestions the opposition may have with respect to the situation we face, please do let us know.

With respect to the 50-50 cost share and our arrangements with the federal government, the matter was raised by Dr. Gartner at a deputy ministers' meeting in Ottawa April 12 involving all deputy ministers of agriculture right across Canada, including the federal deputy minister. At that time, he came away from the meeting feeling that there was an agreement for 50-50 cost sharing on the same basis as the '77 program. There was an emergency. We took the word of the deputy minister. We looked at statements made by western cabinet ministers: the minister responsible for the wheat board, the minister from Manitoba, who were positive and we proceeded on the basis of that. We are continuing to proceed on the basis of that, as I believe we must. We still have no word from cabinet as to what they see their involvement to be. I think that's known. They say they are going to support the program, but the details of that support they haven't provided to us.

I think if we had waited until now for a signed agreement between myself and the federal Minister of Agriculture, the members of the opposition would not be very happy. I think the hon. member knows that initial decisions, initial moves and initial programming began about one month ago, when we sought out pellets and so on. We went on the word, and even if we hadn't received the word, I think we would essentially have to move with the program. The situation is that serious.

The Zenith number, of course, is not yet in place. There has to be some reorganizing of space in the department. We expect it to be on stream early next week. That is getting organized. The 7 a.m. to 10 p.m. isn't in effect, so far as the number of 565-4700 (that's Mr. Polischuk's office) is concerned. That hasn't deterred people from phoning at hours other than 8:30 a.m. to 5:00 p.m., because I have been receiving phone calls from producers. They phone early in the morning and late in the evening. I accept that. There is no problem there. As soon as we have the Zenith number in place it will be well advertised.

Just to indicate to the hon. member the issue of pasture rates and lease fees, I think there are primarily two issues to be addressed here. One relates to the financial operations of the government. For a fairly long period of time, the lands branch operation broke even. We saw significant decline in livestock prices, cattle prices, and we froze the fees, (and I think in one case we lowered the fees) to accommodate that situation and began to fall behind. We were subsidizing the operating costs of the community pastures and the grazing land. We feel it should break even. I think it is legitimate to feel that way.

The second, and more important item to consider, I think, is the relationship between what it costs for the person who pastures on private land, and what it costs the person to pasture on a grazing lease or in a community pasture. We have to consider that because we simply don't have enough grazing land and enough community pastures to accommodate all the livestock producers. When you look at the analysis done by the department (and we don't have it with us but I will be glad to provide it to the hon. member) on a community pasture grazing lease compared to private pasture, the person who is fortunate enough to have his cattle on grazing land or have his cattle in community pastures, is indeed receiving a significant subsidy. I don't think we should widen that if we can possibly avoid it. There is no question, the cattle producer is facing a very serious time this summer and winter. The cattle producer using the community pasture and grazing lease is facing that; but the guy who is on the private pastures is equally facing the same situation primarily. I think we have to retain at least some relationship between the two and not widen the gap. I'm sorry I don't have the paper here but I would be happy to forward it to the hon. member so he can look at that analysis and see what it means in terms of subsidy to these people who have their cattle in the public pastures and on the public lands.

**MR. BIRKBECK:** — Mr. Chairman, I would like to make a comment with regard to stabilization. You referred to SHARP and the hog industry, that it was well received by the hog producers of the province. I only want to make this comment. It always amused me, quite frankly, when Otto Lang would come out here to Saskatchewan and attend a Saskatchewan Wheat Pool convention and initially have all of those wheat pool delegates ready to hang the guy until he made an announcement that there would be a substantial payout under the western grain stabilization plan. Essentially you are alluding to the same thing when you say that SHARP is coming through now during tough times and that there is a stabilization program in effect and they are receiving so

much money, as if it is a wondrous thing. Well, it is in terms of stabilization I suppose, but in fact, what it depicts is the dark reality of the matter and that is that the producers are, in fact, receiving less than their cost of production. That is where they have fallen to and that is not a good situation at all.

We would like to think that we had (notwithstanding the drought situations, since we don't usually have a drought very often that affects the livestock or grain industry as this one has in Saskatchewan) things in order to the extent that producers were always able to maintain income on the product end of the scale in excess of their cost of production, without having the necessity of a stabilization program. Certainly stabilization programs were not around many years ago; the individual farmer stabilized his own operation. When he had good crops he put money aside, or kept grain aside; he built up his herd so he could stand a bad spring when he had a heavy calf loss or something of that nature. Notwithstanding that, if it is the farmer's wish to have a stabilization program, then I can accept that as I am sure you do. The only thing that I object to is what I see to be a bit of hypocrisy and a bit of politics played with a very bad situation, and that is to make glamor out of a stabilization pay-out. It appals me even further, Mr. Minister to see how those farmers, whether they are a Saskatchewan Wheat Pool delegate or whatever it is, can be turned on by such an announcement in the case which I cited of Otto Lang. You know, it really did get to me. He could stand up there and announce how much the pay-out was going to be so all of a sudden he was a good guy (until the next day of course) on that one issue. That's just not acceptable, not acceptable at all. That was the farmers' money which they set aside for the stabilization. No one individual, whether it be a politician or whoever, need claim credit for a pay-out under any stabilization program, and certainly no government need claim that credit.

Now with reference to the 50-50 cost arrangement which you do not have with the federal government at this point, what you're saying is, well, we wanted to move ahead, we weren't going to wait for signed agreements. Well, I can accept that, but only on the basis that you as minister, and your government, are prepared to pick up the cost if, in fact, the federal government doesn't come through at all. And that's a possibility. So what I am reading into your remarks is that if you were prepared to move ahead without waiting for a signed agreement, then you must be prepared to accept the full cost if that eventually becomes the case. I can only say in dealing with the Liberals in Ottawa that I'm glad it's you in that position and not me, because any arrangement that I had with those boys I would want to have in writing.

Now with regard to the pasture, rates, I will use this simple analogy I recall, when the former minister of agriculture took off a subsidy program, and that was the farm cost reduction program to subsidize the farmers for the cost of their fuel. The former minister of agriculture said O.K., we are going to withdraw that particular program. I recall members from this side of the House (and I know myself in particular) calling for the minister of agriculture – don't do that; bring that back on stream. You can't be removing that farm cost reduction program at this time, not when realized net farm income was on a decline, and prices of farm machinery and cost input were going up.

The minister of agriculture wouldn't listen, not at that time. He couldn't hear a word from this side of the House. Very shortly after that there was an election. The writ was dropped, so right away one of the government programs was that the farm cost reduction program be reinstated. Isn't it interesting that before the election we asked for it, not for any political reasons, but for factual reasons, and it was denied? But then when there was an election – well, then, you can have it. So I say the same thing. If a week from now an election call came, I think it could be conceivable at that point that

your government might announce as one of its party platforms that pasture rates will be reduced or rolled back, but only for political reasons.

So I can accept your arguments in part, that your administration costs are high, and that you have in fact been operating below the cost with reference to pasture rates. I can accept that. But I say that if there were an election, you'd roll them back. I say it's a serious enough situation right now in the province of Saskatchewan with this drought although it may end a week from now or two weeks. If it rained all the problems would be solved. I'm sure that would put an entirely different light on things. But that isn't the way it is.

It hasn't rained, so we're stuck with the drought situation, and I say the farmers should not be stuck with an increase in pasture rates. I would strongly urge you to consider rolling those rates back. It may only be in place for a month or two and it will rain. I think, speaking of rain, it needs to be noted, because I recall getting it at the doors in two provincial elections, three federal elections, and three by-elections, where an individual would say, well, I wouldn't vote for those Tories, I remember the '30s. And my response used to be, well, if they were so powerful they could stop the rain from the heavens above then we'd better get them back in power.

Now, that's been an NDP argument – that those terrible Tories brought the drought on in the '30s. And it was the downfall of the Anderson government. And each and every one of you should be on your knees at night praying for rain, because if it could beat a Conservative government then it's going to beat an NDP government.

But I'm not so insane as to suggest that you're stopping the rain any more than the Tories were in the 1930s; not at all. I think it's an unfortunate circumstance that we're stuck with. We, as politicians, are going to have to deal with it in a respectable, honorable way, and attempt to resolve the concerns of the people of Saskatchewan in the least partisan way possible.

Thank goodness we have maybe the best Minister of Agriculture we've had for a while in this government to deal with those problems. I don't think we could ask for a better person during these particularly tough times in agriculture, as it affects the whole province.

Mr. Minister, I want to go on to three other areas which I want to touch on with regard to your statement. You say that pelletized grains are arriving from Thunder Bay and the first shipments have been spoken for by the livestock producers. Who else would speak for them? That's the question. Pelletized screenings – what else are they used for besides livestock? And that's your statement – first shipment has been spoken for by livestock producers. I want to know what other purpose they're being used for?

As well, transportation assistance – at one point the transportation assistance was set at \$25 of every \$30 per tonne. Now you state here that we've already committed a maximum of \$25 a tonne on the pellets or screenings coming in from the other provinces. I want to know, is that a straight \$25 maximum, or is it still \$25 of every \$30 cost of transportation? There's quite a substantial difference. If it were \$25 of every \$30, then if it were \$90 there would be \$75 subsidization. But if it's the way it reads in your June 11 report, then I would take it that if the costs were \$90 you would still only be subsidizing \$25. So I would like some clarification in that particular area.

I'll just move on to the third question I want answered with regard to the Saskatchewan



Crop Insurance Corporation. You have a statement in your report which says:

I am pleased to confirm as well the decision last Friday of the Saskatchewan Crop Insurance Board to move the date for stage 1 coverage of fall rye back to June 10. This means that any farmer with fall rye can ask an adjustor to come inspect his crop immediately and obtain 100 per cent benefit as of June 10, rather than as of June 20 as is the case for other grains.

Now I can appreciate that move. What I want to ask, Mr. Minister, with regard to this subject on the Saskatchewan Crop Insurance Corporation is this: if you sow rapeseed or mustard – as an example, an oilseed-based crop, in particular, this year when germination has been next to nil – in order to get coverage from the Saskatchewan Crop Insurance Corporation, you have to plow it under and reseed it. Now they could reseed it to a cereal grain like oats or barley. But say an individual had mustard and it didn't germinate so he had to plow it under, and he reseeded it with, say, flax. If he had used Treflan chemical, then he would have a serious situation on his hands. If the two crops germinated, he couldn't sell it, on the one hand, and on the other, he's stuck with having to abide by the Saskatchewan Crop Insurance Corporation's ruling or decision that you have to plough it under and reseed it. So he is caught in a bit of a bind there. I have a particular constituent who, in fact, has that dilemma. That is where the problem lies. He has Treflan on his soil and has re-seeded it. If both of them come up, he can't sell it. It just is not possible. I don't know what you would use it for, quite frankly. I don't know whether you can provide any answers on that particular area or not. If not, that is fine, I will refer it personally to your office; it might be the best way to expedite matters this evening. Maybe you could just answer the two previous questions.

**MR. MacMURCHY:** — I'll try to go down the list very quickly for the hon. member. He talked about stabilization and our talking about it more than perhaps the hon. member agrees with. It is a deliberate decision by us, in co-operation with Manitoba and Alberta, to press the federal government for a national stabilization program for hogs. I don't think the hon. member would be surprised at the position they are taking.

With respect to what the pelletized screenings are for (and I guess it's the wording), they are for beef, rather than for dairy cattle. I guess we should have used that term. Rather than livestock producers and dairy producers, we should have used dairy producers and beef producers, to make it more clear. They have been allocated to beef producers. The maximum is \$25.

I don't have the statement I made three or four weeks ago in front of me, but I think in that statement I indicated the average costs of transportation for the products coming in was running at about \$30, of which we were going to take up \$25. The maximum is \$25. I really can't answer the question for the hon. member with respect to a fellow who has put on Treflan, then seeded rape, then decides he will seed flax. The two crops come up together. I don't know what crop insurance can do about that. Certainly, if he decides to reseed that piece of ground to rape, then he is going to be covered. There is no problem there. If he reseeds it to flax and then it rains and all comes up together, I don't know what crop insurance can do about his ability to sell that product. Perhaps the hon. member can give me a little bit more information.

**MR. BIRKBECK:** — I won't get into it just now. I think there are some minor changes which could be made to the particular recommendations made by crop insurance corporation for 100 per cent coverage. But none the less we will look into that on a private basis.

I want very briefly to move into the subject of hopper cars. Certainly it is a matter of great controversy. I think it is a matter of one understanding the emphasis with regard to hopper cars. Just to set the tone so that you know what I am going on and what I am trying to get across, I would express first of all this concern. We are in agreement with the purchase of hopper cars; we, as legislators, are promoting and accepting the concept of an increase in the number of hopper cars. There is no problem. But I think it is incumbent upon us, if we are going to be responsible, to ask ourselves a few questions. The question I ask myself, and maybe you can provide the answer for this, is if we had twice as many hopper cars for movement of grain, could we move twice as much grain? That's a very simple question on this particular subject.

There is another question people ask you. By people I mean lots of constituents who are concerned about the movement of grain. It is not just farmers, but people in small-town Saskatchewan who are affected so directly by agriculture. They say, here we are sticking a lot of taxpayers' dollars, both federal and provincial, into the purchase of hopper cars. Now who benefits the most from hopper car purchases?

Has anyone really ascertained who benefits the most from, say, a \$100,000 investment into hopper cars or a \$1 million investment into hopper cars or whatever investment one was to put in, on a per cent basis? Is it the railroads (both CNR and CPR), the elevator companies, the farmers, or maybe the consumers at large? There are four different groups there. Some people say, well, it doesn't seem right that we as taxpayers should be subsidizing those big railroads and buying their hopper cars so they can move the grain. That doesn't seem right. Those are some of the questions asked.

Certainly another question asked is, why should we buy hopper cars to move the elevator companies' grain on behalf of farmers? That is a question we have to address ourselves to. That's why I preface it with, if we bought twice as many hopper cars, or had twice as many hopper cars, could we in fact move twice as much grain? That's something, I'm sure, which has to be considered. I think we should have a breakdown as to who is benefiting. Or are we all benefiting?

I can support the concept that as a nation and taxpayers of a nation we should support an overall national transportation policy of the agricultural sectors of this country, not necessarily just Saskatchewan grain. That includes the other prairie provinces and other agricultural goods, whether it be apples from British Columbia or potatoes from Prince Edward Island. It's in the national interest of the people of this country to effectively and efficiently move agricultural products to and from markets.

So I don't think in reality we differ a great deal with your bottom-line thinking. Your bottom-line thinking and ours is basically the same. I suppose it's like the two railroads. They both end up in the same place; they just go on a different track.

I think it's reasonably important for us to consider, when we're discussing these issues, that we're trying to go to the same place for the same reasons, so we don't want to waste too much time arguing as we go. I think we need to look at the things we can agree on.

Those are some of the things I would like answered, Mr. Minister. I don't suppose you've done any in-depth studies to answer those questions. That might be a very difficult question to answer as to who benefits the most – railroad companies, elevator companies, the farmers, or the consumers. Maybe they're all just lumped in and

nobody really knows. We're just sticking tax dollars in there to buy hopper cars and we really don't know what effect it's going to have.

If that's the case, then I say it's wrong. If you spent good taxpayers' dollars to purchase hopper cars, then surely you must have done some studies to ascertain who was going to benefit the most out of those I have mentioned. I would appreciate some comments in this regard.

With regard to non-board grain being kept in western Canada (this is back to your report of June 11 again) I want to know if in fact the Canadian Wheat Board and the federal Minister of Transport have now got together with regard to your demand – and I appreciate your demand – that no further non-board grains move to eastern Canada until western supplies are assured here in western Canada and in particular in Saskatchewan. I appreciate that comment in your report, but what I don't appreciate is this. I asked a question in the House one day when you were absent with regard to the Canadian Wheat Board issuing an order to an elevator company that they were not to ship any more non-board grain to eastern Canada and then, in fact, being allocated cars designated specifically for the movement of non-board grain to eastern Canada. So there was certainly a foul up in the works there. I would wonder if the former minister of agriculture, whom I believe I directed the question to, had made you aware of that? I wonder if those two particular entities, the Canadian Wheat Board and the Minister of Transport, now have their ideas together? I hope we're not sending out boxcars needlessly for the movement of non-board grain to eastern Canada when in fact you have demanded it stop, and that the Canadian Wheat Board has complied with your order and isn't sending any more shipment orders to the elevator point.

At that point, Mr. Minister, I might just take my place and let you respond to those few questions.

**MR. MacMURCHY:** — Mr. Chairman, the first question the hon. member asked relates to the purchase of hopper cars. Some people are saying, what are we doing buying hopper cars for those railways? Should not the railways equip the system? Well, I say to the hon. member that's our position. What on earth is going on here in this country that we have a bastion of private enterprise not equipping its system and that policy being shared by the people's railway, who can come to the taxpayer, or to cabinet, or to parliament to meet its capital needs? The unfortunate aspect, we held and which Hall clearly stated, was that wasn't being done, as the hon. member knows. It recorded what they've been doing for the movement of grain and the purchase of equipment. We just felt that something had to be done and thus our action on July 31.

Would a purchase of another 14,000 cars move twice as much grain? No, not if that was the only purchase, because the system is far more complicated than that, as the hon. member knows. The discussion I had this afternoon with the hon. member for Thunder Creek pointed that out; you need a whole range of capital improvements in the system before you could look at adding that many more hopper cars. So it's a bigger package than just the purchase of hopper cars.

Why did we buy the hopper cars? What's the economic justification? I think when we made the decision to purchase them it was, as I indicated, responding to the needs of the producers to get the grain moving, as the hon. member for Arm River put forward with such vigor before supper. Getting the grain moving seemed to us to be a good investment because we have grain and potash to move in bulk commodity. That makes a sensible purchase of the hopper cars. Can it be justified on the basis of an economic

analysis? I have an analysis done here by Neil Petrovitch, which I will be glad to run a copy of and provide to the hon. member. I say to him, the analysis was done dated August 2. We had already made the decision on July 31 to purchase the cars. The car purchase went well beyond the economic analysis. I will run a copy and provide it to the hon. member.

**MR. BIRKBECK:** — Mr. Minister, I want to ask you just a very quick question. Would you agree that there is enough competition in the elevator system today?

**MR. MacMURCHY:** — Mr. Chairman, that is a tough one because I am a Pool man. I don't feel the need in a particular delivery point to have competition in the system. Therefore, I don't have any argument to make on the basis of the question: is there enough competition in the system? I know, Mr. Chairman, there are people who feel there should be competition in the system, even competition in delivery points. I wonder how economic that might be. I don't share that point of view.

**MR. BIRKBECK:** — All right, thank you, Mr. Minister. Obviously there was a reason for me asking that very simple question. That reason is this. When Mr. Pound, chief commissioner for the Canadian Grain Commission, announced the increase of elevator handling charges, one of his main reasons for increasing that maximum allowable which elevator companies could charge was (I will give you two, but his main reason was this), and I will just quote what he stated:

There was required \$500 million in the system by the year 1985 (and this is his main argument). This will create competition and further enhance the effectiveness of the handling system.

Those are what his two main reasons were in responding to the question of why have you allowed this increase? So, obviously, from your statement you disagree then with Mr. Del Pound, chief commissioner of the Canadian Grain Commission. I am not going to debate that because, quite frankly, I was astounded that there was no response from the government at all when that announcement was made, none whatsoever.

This particular subject came up for discussion earlier today. In doing some research (which incidentally I had ready, Mr. Minister, before 5 o'clock but didn't have the opportunity to get on), I took a look at the record and I think this proves at least that the opposition is effective. As the Attorney General said, it is one of the most effective oppositions which he has ever known (in his own words). Of course, the Minister of Health can laugh, but that is also in Hansard, Mr. Minister of Health. I certainly (once in a while at least) don't disagree with the Attorney General on that. But to prove that the Attorney General was right (not often, but this time the Attorney General was right), I made comments with reference to . . . I won't get into the details; I'm not going to read you all of the Hansard comments but I have them here. Firstly, what I said was that it seemed to me unnecessary to allow the elevator companies to charge more for handling charges. Looking at their profits (and you know what their profits are), they seem quite reasonable to me. They are there to serve the farmers, not to rip them off, not to make huge profits on the back of the agricultural industry, but to serve the industry. If accumulating net profits is serving the industry, then I would have to disagree with that particular concept.

I was concerned that it cost as much to raise grain in an elevator delivery point, 80 feet, as it does to transport it 800 miles. I expressed that concern April 3 in response to Chief

Commissioner H.D. Pound's statement. Again, on May 4, 1978, I questioned the minister of agriculture, (at that time the member for Saltcoats) and I asked him if he thought it was necessary to raise those handling charges.

He answered in a round-about way (looking over the record) and I'll leave that for you to investigate. He came out agreeing with Chief Commissioner H.D. Pound. So it's interesting to note, and I think again it proves the opposition's point, that at that time we had a defunct minister of agriculture and now at least we have one who thinks a little (compared to the former minister of agriculture).

Here is the Minister of Agriculture today disagreeing with what the former minister of agriculture was saying as early as May 4, 1978. I think that's very important. I'm not filling in any time, minister of feed grains. If you had an opportunity to say anything in this House, you'd be the first one to get on your feet but you can't think of something to say so that's why you never stand. Mr. Chairman, with those coarse remarks, I'm not going to spend any more time on that particular member.

I would ask, Mr. Minister of Agriculture, that you review some of the comments which were made. I'll run them by you again if some of your officials want to mark them down. It's April 3 and May 4 of '78, page 918 on April 3, and page 2347 on May 4. I think you will see quite a contradiction in direction between that taken by yourself and that taken by the former minister of agriculture. Quite frankly, as the member for Souris-Cannington says, yours is the right one; we support that. I think that it would be reasonable for you as Minister of Agriculture to keep a very close eye on those elevator handling charges and make a recommendation to Mr. Turner, the president of Saskatchewan Wheat Pool, to other chairmen of the various elevator companies and Max Runciman as well, that those elevator handling charges at this particular juncture, during very tough times for the agricultural industry in Saskatchewan, should be kept at an absolute minimum.

The reason I was appalled (in concluding my remarks on these particular subjects) was because your government had nothing to say. I made the argument that given a government which so strongly supports the crowrate, a compensatory rate which the opposition supports; given a position by this government that supports the Hall commission report which this opposition supports, why did you sit quietly and allow elevator handling charges to be set at a rate whereby, if the elevator companies had charged the maximum, they would have in fact equalled the crow benefit to the farmers. Now that, Mr. Minister, doesn't make any sense. That's all water under the bridge, I suppose. I suppose my recommendations are at this time to keep an eye on those particular handling charges at this juncture in agriculture in Saskatchewan. Now, Mr. Minister, at that point I would just take a moment and allow you to reply. I have two or three more questions and I'll be finished.

**MR. MacMURCHY:** — Thank you very much. Mr. Chairman, I neglected to respond to the hon. member on one of the key questions he asked relating to the Telex to Senator Argue and Mr. Pepin on the non-board board grain issue. I report to the hon. member, I haven't had any response. May I say that in our initial announcement a month or so ago, we raised this issue. In making that announcement, we weren't fully aware of the level of barley and oats in the country elevator system. When we had an opportunity to look at those figures, we looked at them with alarm and, therefore, the Telex went yesterday calling a halt to movement of both board and non-board grains. That is very easy to do because all you do is stop the allocation of cars for that movement, but we haven't had any word.

Mr. Chairman, I'm pleased to hear that the hon. members opposite share with me the concern over this competition thing, because I recall a report put forward, a PRAC (Prairie Rail Action Committee) report, which argued that branch lines should be abandoned because there wasn't enough grain to justify competition at a given delivery point, which was a ridiculous thing.

I'm glad to hear that hon. members share the Government of Saskatchewan's position on implementing the Hall report recommendations. I would hope there's a little clearer statement coming from the Leader of the Conservative Party on this issue. And I would hope that the hon. members opposite would communicate their position to the province of Alberta, which has a Tory government which is not on side on Hall, and to the province of Manitoba, to give them a little shot to encourage them to join Saskatchewan. I think if that were the case our ability to skate the new transportation minister off into the corner and perhaps get Hall implemented would be a lot better.

Because I say to hon. members opposite that it's a bit lonely when I go to meetings with western ministers and the federal minister on this issue. The hon. member will note that Hall said, with respect to the railways, they should be compensated for what they do and get a return on investment as well, because he said it's the railway's job to equip the system . . . (inaudible interjection) . . . Right. I've been a bit nervous about this because the railways are not exactly great people to equip the system, from past history. But I think, along with Hall, we should give them another chance.

When you look at the country elevators or the grain handling industry, it has been equipping the system. It has been using moneys which it receives for the handling of grain to equip the system, and I discussed with the hon. member for Thunder Creek some obvious examples of that. Terminals – two new ones on the North Shore built by Sask Pool and Pioneer, and the consortium and its construction of the terminal at Rupert, are just two examples. Then there's the investments that the elevator companies are making in the country elevator system. So they are turning money back into the system. I think we should recognize that and compliment them on that. Certainly this is not the case with the railways. I am, therefore, much more supportive of what the elevator companies have been doing to improve the grain handling and transportation system, than I am supportive of the two railways who have been making significant profits as well, and not returning anything, particularly into grain handling.

**MR. BIRKBECK:** — Well, Mr. Chairman, I recall at one time we had considered, on this side of the House, nationalizing the railroad beds. That way we could have an east-run track and a west-run track. We could have both CPR and CNR running across the country, going both directions at the same time, you might say. As well then, if those particular people wanted to haul commodities across this great land of ours, and they were not satisfied with CNR or CPR, then they could put their own choo-choo train on some hopper cars, box cars, flat beds, or whatever they wanted, and haul their own commodity in much the same fashion.

Now, Mr. Minister, in concluding my remarks this evening, I want to refer you to a June 10 edition of the Leader-Post under Marketplace, an article by Paul Brettle. It would seem that particular gentleman has been listening to the Conservative opposition, and has finally got it together about what we've been driving at with regard to that drastic decline in rural farm population. He's got it together by attending, I see, a two-day Canadian-American dialogue at the University of Regina. I would just draw your attention to it, and ask that you read it and give it some consideration. I'm just going to

draw some significant points from it. It says that:

The decline of rural populations during the last 50 years has been well documented. Both Alberta and Saskatchewan conducted studies of rural and agricultural living in the late '60s. It is still generally assumed that pressure from modern development is slowly sucking the life blood of small rural communities.

Another quote:

Census figures for Saskatchewan between '61 and '76 show a 25.7 per cent decline in the number of farms, while farm population dropped 36.9 per cent. Average farm size grew an identical 36.9 per cent. Further, since 1975 the population of Saskatchewan has been edging back to its 1968 peak of 960,000. There were 936,000 residents in the province in '77.

Further, in commenting on those particular quotes that I have just extracted, without going into any great detail and reading the whole article, I would just ask that you do read it. But when you read that article, what you can see very clearly is that the buoyant economic times that are spouted by your government, and which in fact are there in the resource sector, are all well and good on the one side of the coin, but are obviously creating some problems on the other side, something like a disturbance of the balance of nature. That seems to be the situation in regard to rural Saskatchewan, our rural hamlets, villages and towns. In my personal judgment, the only way we can reverse the situation we have now is to take the profits you're making from that resource sector, and rather than investing it to buy back more of our own resources, we invest it directly to assist rural Saskatchewan. We can stick the money in those programs that we've been talking about, like rural gas distribution programs and programs of that nature, re the utilization of energy that can be created at the farm level. Put rural Saskatchewan into an economic situation as well, rather than the situation we have now, where instead of private capitalism we have state capitalism. Let's put a fine balance in there between those two concepts. We can do that by taking money from the resource sector. I know you claim there are substantial sums of money going back into rural Saskatchewan from the resource sector.

Of course that can be argued as well because we see there is about half-a-billion dollars profits in the resource sector in this province annually. Then we see the Minister of Health say we are paying for health services in Saskatchewan with the money from the resource sector, and the Minister of Education, (and incidentally the health costs are half-a-billion dollars) gets up and says we're paying for education in the province with resource sector money (and incidentally education is half-a-billion dollars, roughly, in the estimates as well). It is very close, Mr. Minister.

Now, Mr. Minister, we all know that you can't take the same sum of money and spend it twice. You just can't do it. You spend a dollar and it's gone. You can only spend it in one place. So to come back and say you're injecting all kinds of money into rural Saskatchewan to maintain it, and it's coming from the resource sector, just simply cannot be true. On the one hand that injection of money is going in the wrong place, and it isn't working on the other. The facts bear out my case.

You do as the caption in this very article states. Rural areas in Alberta are on the boom and Saskatchewan villages are dying. Our figures indicate approximately 54 per cent of

them are. The villages, towns and hamlets are dying. So we need to address ourselves to that problem. I think that the article surely brings out some of the reasons why we have a decline in rural Saskatchewan. I'm very concerned about it and so I should be. I represent a rural riding. One of the better towns in this province is Moosomin, where I live and I'm concerned about that town. I'm concerned about all of the towns in my riding, as I'm sure all rural members are, because without those towns and without those people we don't even have a riding. As I've stated on numerous occasions in this House, and as studies have indicated, it's of far less cost to the taxpayers of the province of Saskatchewan to maintain an individual in rural Saskatchewan than it is to maintain that individual in an urban setting like the cities of Regina, Saskatoon, Moose Jaw, Yorkton, or what have you.

Now, Mr. Minister of Health, you questioned my figures with regard to the Department of Continuing Education and those figures amount to \$448,337. So we're up to about half-a-billion dollars. . . . (inaudible interjection) . . . You can try to be like the Premier if you like Mr. Minister of Health, in asking the opposition to dot the i's and cross the t's but I refer to education, and if you're saying that continuing education is not education, well, I think you're out to lunch.

Now, Mr. Chairman, I think my case is well-made with regard to rural Saskatchewan. I don't know whether the development of a new rural affairs department is designed to try and get rural Saskatchewan on the upswing again prior to the next election or not. Quite frankly, if you think you're going to get rural Saskatchewan on the upswing before the next election, I think you'd better be thinking again, because I don't think it's too far away and in the next year or two you're surely not going to get a great increase in farm numbers out there in rural Saskatchewan.

Certainly I think that I have expressed the concerns of the opposition with regard to rural Saskatchewan and I would expect, Mr. Minister, you're going to address yourself to those questions. I might end it with a rather humorous note, if the hon. members and particularly the minister of feed grains would just be quiet long enough to listen. One chap, speaking of his town, said (at the end of this article and it was quite humorous, I thought): 'there isn't a hell of a lot to see here, but what you hear makes up for it.' That might be contrary to what we're getting in here.

**MR. MacMURCHY:** — Can I respond to the hon. member this way? If he would analyse this government, since it was elected into office in 1971, look at the first term of office dealing with the social programming, starting to turn things around, and then look at the second term dealing with resources and the economics of resources . . . It may well be (as the hon. member indicates) that they don't support the decisions by the government in terms of our resource policy, but the people of Saskatchewan gave us fairly significant support in 1978 on that resource policy; I don't think there is any question about that.

I think if you look at this term, one of the key areas of emphasis is going to be agriculture. You've seen its emphasis in the Speech from the Throne; you see its emphasis in the budget; you see it in actions that this government hadn't ever considered before. The hopper car purchase is one of them. I want to say to the hon. member that he has made some remarks about the former minister and ministers. I say in all sincerity that I have some shoes to fill there, because what I look at is the job they were able to do when the emphasis of the government was much broader than agriculture.



**AN HON. MEMBER:** — What you're saying is, they had no influence on cabinet and you do!

**MR. MacMURCHY:** — No. I'm not saying that at all. I invite the hon. member to look at StatsCanada statistics; check them out. I note that from 1966 to 1971, when we had a free enterprise government (so-called) in Saskatchewan (I don't think there is any question that they were strong supporters of the private enterprise system) farm numbers dropped 11 per cent. From 1971 to 1976, with a New Democratic government, they dropped 8 per cent. In 1976, all hon. members should look at these stats, the number of farms in Saskatchewan was 70,958. The latest StatsCanada statistics (and I'm not sure if they came from the Conservative or Liberal government, but it was around that time) indicated that farm numbers were 69,600. This is less than a 2 per cent decline in numbers of operating farms. I think that is a pretty good turnaround in terms of the direction farm numbers were taking from the mid '60s to 1980. I feel pretty good about that. I think all members should feel pretty good about that.

**MR. BERNTSON:** — You say StatsCan. The most recent numbers for StatsCan indicate that the number of farms in Saskatchewan is 69,600. Can you tell me what Agriculture Saskatchewan has for numbers of farms in Saskatchewan?

**MR. MacMURCHY:** — I have here a statistics branch, our expert I guess, agricultural statistic fact sheet. I think I said the number was 69,600 from StatsCan. I have it here and I'll send it to the hon. member. Do you have this? There it is, 69,600 farms, right on the first page.

**MR. BERNTSON:** — So Agriculture Saskatchewan agrees with StatsCan that the number of farms is in fact 69,600. I wonder, then, if the minister could explain this happy little Farm Notes document (produced by Agriculture Saskatchewan) which indicates that the average realized net income per farm 1980 would be \$18,715. StatsCan again projected the realized net income to be \$1.04 billion.

If you take those numbers and simply divide one into the other it would imply that the number of farms in Saskatchewan is in fact 55,615, or some significant number less than you would have us believe in your happy little Farm Notes. If you take your projected realized net farm income and divide it by the StatsCan number, 69,600 I believe, the number you would get is not \$18,700, but \$15,733.

These aren't my numbers. I didn't want you to think I was injecting any bias in my figuring. These are the numbers of an economist from the University of Saskatchewan who has from time to time done research projects for your department. His name is Dr. Hartley Furtan.

I wonder, Mr. Minister, if you could explain the two sets of numbers and how it is that you very conveniently used the one set of numbers to show a rather rosy picture as it relates to net farm income, when in fact the real number, as you've just indicated to me tonight, is 69,600 as it relates to numbers of farmers in the province.

**MR. MacMURCHY:** — The reason for this is very simple. The 70,000 farm figure was the one provided to us at the beginning of the year from StatsCanada. This was the 70,000 number used to bring about the figures in these Farm Notes. That was the figure. You'll recall we had a little debate about it in question period, and I indicated that you were dividing 70,000 into the wrong figure, right? So, what we're arguing about tonight, I think, is the figure 70,000 farms, which it shows here. That was the StatsCan figure at

that time. Since then it has been revised. These figures came to us from Statistics Canada about a month ago. They have been revised to 69,600.

**MR. BERNTSON:** — If you are saying that you had 70,000 farms when this thing was produced, then in fact our net income would have been less than this shows. If you take the figures you have here and work them back, in fact, we would have had only 55,600 farmers. You are working the wrong way.

**MR. MacMURCHY:** — Mr. Chairman, I think if the hon. member divides the right year into the right year, the 69,600 farms, which is now the StatsCan figure, would give a higher net farm income to producers than the 70,000 farm figure would. I think if the drought continues, the farm income in Saskatchewan will not meet the optimistic outlook that was provided to us by StatsCanada at the outlook conference held in January.

**MR. BERNTSON:** — Exactly right. Anything we say here today isn't going to do anything to improve the farm picture. I still want to make the point. If you would ask your officials to sharpen up their pencils, because these are StatsCanada numbers . . . Statistics Canada 1979 projected realized net farm income in Saskatchewan to be \$1.4 billion. For the same period, you say the net farm income averaged \$18,700. If you work that out, it implies we have 55,615 farmers in Saskatchewan. At no time can I recall having less than 69,000 farmers in Saskatchewan, certainly not since the 1930s. Probably in 1905 we had a few less than that.

**MR. MacMURCHY:** — Mr. Chairman, I don't know how we are going to solve this. When I divide 70,000 (which was the figure then!) and the number of farms into the total income figures, I arrive at the \$17,715 figure. I don't know what we are doing. It seems to me it would improve if we used the 69,700 figure rather than the 70,000 figure, because you have on the latest statistics, fewer farms. I suspect Statistics Canada is using the 1979 figures in applying this formula. Now the 1980 figures are, in fact, in place. They show a reduction of about 400 farms.

**MR. BERNTSON:** — Maybe I could figure it out. What is your gross figure you are using in this particular calculation?

**MR. MacMURCHY:** — Mr. Chairman, I think the best way to settle this is to get some details and provide them to the hon. member as to how our statistician, Mr. Zilm, arrived at the figure, rather than spend a long time arguing. O.K.?

**MR. BERNTSON:** — I appreciate that Mr. Minister, and I look forward to receiving them. If we still don't agree, I'll give you the data our statistician used. One of us is going to be right.

**MR. J.W.A. GARNER (Wilkie):** — You will want to leave, Herman, before I'm done. . . . (inaudible interjections) . . . Mr. Minister, a few questions regarding the Saskatchewan Hog Marketing Commission. One of them (and while your officials are looking it up I'll just continue), are you planning any expansion at the Saskatchewan Hog Marketing Commission's central yards located in the town of Luseland?

**MR. MacMURCHY:** — Not to my knowledge, no.

**MR. GARNER:** — O.K. The reason for asking that question, Mr. Minister, . . . We have discussed this and I don't need to keep patting you on the back. I think my colleagues

have done that well enough. It's pretty fair, Mr. Minister. It has to do with the central yards throughout the province of Saskatchewan. The hog marketing commission is set up to give a fair return to every producer in the province.

Each day the price is set per dressed hundredweight. But at the central assembly yards throughout the province shipping costs per hundred pounds varies from 40 cents in Prince Albert to \$1.25 in Redvers. Luseland is at 85 cents. I don't think, Mr. Minister, that is fair to all producers. Is it fair to penalize the producer who lives a long way away? All of the hog producers in Saskatchewan can't be right beside a plant whether it be in Saskatoon or the one that used to be in P.A. I don't think it's fair, and I know the hog producers in my constituency aren't happy with it. I think we've discussed this and Mr. Morris, one of your assistants in that department, came out to a meeting.

Just to show you a little bit of a difference in cost, to sell a hog out of Luseland which is one of the central assembly yards, costs \$2.45; in the town of Unity, which is a subyard, it costs \$4.73. Now Mr. Morris came out there and we discussed it, but it was quite evident to me and to all the hog producers that Luseland was going to stay as a central yard, because it's owned by the Saskatchewan Hog Marketing Commission. Now I don't think that's fair ball, Mr. Minister. The hogs are going to the town of Unity, to West Central Auctions Ltd., and then they go directly to either Edmonton or Saskatoon. But the producers who ship their hogs to Unity are subsidizing the central yard in Luseland and I don't think that's fair, and they are not happy with it.

Now, the hog marketing system is working and I don't want to discuss the whole thing, but I think this is just one flaw in the system, Mr. Minister. As I stated, 40 cents a hundredweight in Prince Albert, \$1.25 at Redvers, Yorkton 90 cents, Whitewood \$1.10, Maple Creek \$1.10, Swift Current 95 cents, Regina 65 cents, Lloydminster 95 cents. I mean, to me, if you are going to treat all the hog producers as equals you should have one cost on shipping. As I stated before, Mr. Minister, they can't help where they are geographically located.

To go the one step further, why can we not make Unity into a central shipping point? We are coming into times where fuel is scarce and costs are higher. People have to ship their hogs, or haul their hogs to Luseland. They can't afford to sell them in Unity.

I'm just going to give you two or three examples of that, Mr. Minister, to back up my complaint on this. I have a gentleman here that shipped two hogs to Intercontinental Packers through North Battleford. It cost him \$7.52. Now he shipped them to Unity, which is a sub of Luseland; two hogs cost \$23.99. That's three times as much. He is 20 miles away from Unity. He is 60 miles from Luseland and he is 40 miles from North Battleford. That's one example.

I'll give you another example. North Battleford – four hogs shipped out. Total deductions were (this is total deductions all the way down) \$11.99. Four hogs shipped out of Unity, which is the sub of Luseland, cost \$50.85 – five times as much, Mr. Minister. I've got more here but I don't think there is any point in reading any more off. If you want to keep Luseland as a central shipping point, fine, but I do believe maybe it should be expanded. Give some of these central assembly yards a chance. If they can't compete, fine. But I don't think that producers wishing to haul their hogs, the example being to a subyard in Unity, should have to pay the freight and be subsidizing the Saskatchewan hog marketing yards in Luseland. I just don't think it's fair.

I would like you to comment on that, please.

**MR. MacMURCHY:** — Mr. Chairman, we are in a bit of difficulty here because we don't have anyone from the hog marketing commission with us. We don't have Mr. Morris with us. I think the hon. member's point is a request to look at the existing policy. I understand the existing policy to be from the assembly yard to the central point — in this case from Luseland to Saskatoon. In central yards to assembly everything is averaged. From a satellite the cost is considerably higher because the cattle from Unity go to Luseland and then go to the central point. What the hon. member is saying, we should do away with those satellites in the sense of the differential and try to equalize everyone. Is that what the hon. member is saying? Or is he saying there should be an assembly point in Luseland and an assembly point in Unity as well? . . . (inaudible interjection) . . . That's the last one. I'm not sure where Luseland is in relationship to the hon. member.

**MR. GARNER:** — O.K., no. Basically, Mr. Minister, Luseland is further south of the town. You know where it is. Come on now, let's not play games. Basically, what I'm saying, Mr. Minister, is we get in a load of hogs to the satellite station at Unity. They go right directly . . . (inaudible interjection) . . . We'll talk about hogs later on and then you can get right into it, Mr. Minister. It's quite all right. You fit the bill.

Mr. Minister, that load of hogs goes right from Unity to Edmonton or from Unity to Saskatoon. Yet the producer still has to pay a subsidy to the Luseland central yard. That's my point. I'm saying the satellite yards are O.K. if they're only picking up half a load, but most of the time there's a full load leaving the satellite stations. That's why I think the satellite stations should be changed, with respect to the town of Unity, to make it a central assembly yard.

**MR. MacMURCHY:** — I will submit the hon. member's proposal to the hog marketing commission and request a response. The hon. member indicated that Mr. Morris was out to a meeting at Unity. I would assume he left the meeting saying he would look at it and get back to the hon. member. Has that happened?

**MR. GARNER:** — Well, it happened, Mr. Minister, to a point. There was a slight reduction, but it wasn't what I wanted. If my producers are happy, fine. My producers wanted to try this central assembly yard in the town of Unity for one year. If they don't get in enough hogs, then that's fine and dandy. That's their loss. But they're the ones who are complaining. I think maybe, Mr. Minister, there should be a change made here. No doubt there are problems around the province elsewhere. Maybe there are some assembly yards that were set up that need to be revamped, changed and looked at. If you'll look at them, that's fair enough. That's all I'm asking. I think you're going to have to intervene in this directly and not leave it up to the hog marketing commission.

**MR. MacMURCHY:** — I will pursue the matter with the commission for the hon. member.

**MR. GARNER:** — O.K., Mr. Minister. Now I would like to turn to, it's kind of hard, but I guess I'll call it land bank. I would like to know how many land bank farms folded up last year, land bank leases. How many leases were cancelled? Can you tell me how many went under last year?

**MR. MacMURCHY:** — Mr. Chairman, the report is that about 90 were rolled over. We don't roll over or re-advertise for new lessees. We do not have with us the breakdown of that. There may well be some who decided to quit. There may well have been some on short-term leases. Of course, I think the point that the hon. member makes is there

would be some who just couldn't make it go. But we would have to do the computer print-out to identify the right numbers within that 90 in the different categories.

**MR. GARNER:** — Yes, that is the point. I mean it is the ones who couldn't make it financially, Mr. Minister, that I would like to have. I have a few questions going along with that. I presume then, if you don't have that here, you can't tell me how much of a loss the government took on those 90 cancellations. Can you give me a ball park figure?

**MR. MacMURCHY:** — We can get the figure for the hon. member. Mr. Wesson, who is from the commission and is advising me, says it is not a large figure because land bank pursues this fairly closely.

**MR. GARNER:** — O.K. Mr. Minister, then what I would like to know is, how many have there been since land bank was founded? What is the outstanding debt which the government is carrying right now from the ones the government just closed down, not the ones who have voluntarily gone out? What is the total debt remaining to the provincial government on that?

**MR. MacMURCHY:** — It follows the previous question. We would have to get the information for the hon. member. We will do that.

**MR. G. TAYLOR (Indian Head-Wolseley):** — Mr. Minister, on the same topic of land bank, how many individuals have registered, at this point in time, wanting to sell to land bank (claims which you have to go out and negotiate)? How many do you have on a waiting list who are wanting to sell to land bank?

**MR. MacMURCHY:** — There are about 409 applications to land bank to sell.

**MR. TAYLOR:** — How many of those would have been registered since the first of this year, Mr. Minister?

**MR. MacMURCHY:** — Mr. Chairman, a little better than half of them were carried into this year from last year. I suppose you could say 200 and 200 in easy, round figures.

**MR. TAYLOR:** — How many of those were within the last two months?

**MR. MacMURCHY:** — About slightly less than 100, in round figures.

**MR. TAYLOR:** — Fine, approximate figures. Mr. Minister, we questioned you today in question period about the possibility of putting more money into the land bank to purchase some of these 400 which are on the backlog — 200 this year, 100 in the last two months. If this drought continues, I suspect maybe many more. You said, to date, Mr. Minister, you had no intention. I interpret that to date as today. Have you intention, within this year, to put more money into the purchase of land bank land?

**MR. MacMURCHY:** — Mr. Chairman, I can't really answer that question. There is a great deal of pressure on the land bank commission obviously, because of the numbers. The government just hasn't addressed it. We anticipate a submission to the government with respect to this issue. So there's really no policy to announce by the government. I think that land bank capital shares with many other areas of government in demands for capital needs and has to be part of that. We, as you know, increased the funds this year from \$20 million to \$25 million which was a good percentage increase. But it hasn't

come close to meeting the demand which has been building up over a period of time.

**MR. TAYLOR:** — I understand that some of the \$25 million had been already expended so there really isn't \$25 million for this year. Is there a likelihood that there may be supplemental estimates next year? We are looking at a supplemental expenditure on land bank land.

**MR. MacMURCHY:** — I just can't answer. I don't know. We haven't addressed the issue.

**MR. TAYLOR:** — On the land bank there are a couple of things I want to have clarified. What is the rent rate? At what percentage do you rent the land bank land? What's the formula?

**MR. MacMURCHY:** — I'm going to get Mr. Wesson to put it down and I'll provide it to the hon. member. We've moved from a percentage of the value to a productive formula. He's putting it down here and I will forward it to the hon. member.

**MR. TAYLOR:** — That's coming to my question about the productive factor, productive formula. I would like also to know how you arrive at that and how you arrive at the purchase price. I mean if a person were to buy land bank land back after the five-year term, how is that established?

**MR. MacMURCHY:** — The program of selling to the farmer who requests to buy is arrived at on the same basis as the formula to purchase. They apply the same principles on both ends which I think is the only fair way to do it.

**MR. TAYLOR:** — You will supply that to me, along with this other information?

I'd like to just take a minute of your time here to indicate the feelings of some constituents to the operation of the land bank. I have here a letter from a constituent which I'd like to read for your attention, Mr. Minister. I will avoid including any names in it. He states as follows:

In February, 1975 I was farming 280 acres which I had purchased in 1972. This was my total land base. I was living on my farm. I had three children at this time and a fourth on the way. My wife therefore could not work outside the home. I'm not positive of my net worth at this time as I have misplaced the work sheets which were used to apply to the commission for the lease of the land. But I would estimate it to be approximately \$11,000. My neighbor (and this is the person with whom he was vying for the land bank plan) I believe was farming three to five quarters of his father's land, and I'm not sure of the terms, whether rent or purchase. My neighbor had no dependants other than his wife who was employed in the TD Bank. He was living in a house in town that he had recently purchased. Yet it was the land bank's decision to lease the entire three and a half quarters to my neighbor. (And he quotes from the letter from the land bank). 'The board appreciates your disappointment in being unsuccessful in the above described land. The board sincerely hopes you are able to appreciate the difficulty in making what they consider to be a fair decision.'

After appealing the land bank's fair decision in February of 1975, I was invited to attend a hearing into this matter at the Administration Building in Regina. I took a day off and went to the land bank's appeal board hearing.

Their quote from the land bank was, 'It would appear that you have a greater need for it' (he would have a greater need for the land). However, on March 10, 1975 I received notice that I had qualified for only a portion of the land, namely 80 acres, and my neighbor on the other hand received two full quarters of the remaining lease. Once again I was duly reminded of my disappointment at being unsuccessful, but to appreciate the board's fair decision of this allocation.

Mr. Minister, this letter goes on to indicate the dealings this young farmer had with the land bank. I'm not going to read the whole letter, but I want to indicate what happened in the rentals. This is what he was informed. Prior to the awarding of it, at the first contact with land bank he was told (that was in March, 1975) the rent would be between \$900 and \$1,100. However, once he'd been awarded the land it was indicated on May 10, 1975 that the rent was \$1,400. He received a letter on May 16 saying that unfortunately it had been quoted wrong; the rent would be \$1,816. He appealed that and it was reduced to \$1,547 in June 1977. Then in May 1978 it was back to \$1,890. That was the way the rent, Mr. Minister, moved around in the dealings with this young farmer.

Added to this was the fact that there were bins and certain improvements on the land – round bins, round plywood bins and square ones. They were all valued at \$500. This young fellow was to get two square bins and one round bin, where the other fellow who got the majority of the land and the summerfallow got all the round bins.

Now to add insult to injury, Mr. Minister, in this man's horror story or tale of woe (I don't know what you want to call it) was the fact there was – no, the next thing was that there was a yard. He had to end up renting this yard which was completely useless to him. Then lo and behold they came along and said, if you want to keep the power in there (the land bank told him) it's going to cost you \$500. He didn't own the land, so why should he pay for the power? It would seem logical to me if the land bank truly is a mechanism where we're helping young men get onto farms, it would be advisable to keep that power in there. However, he said, it's not my land; the power goes out. Sask Power came along and took the poles out. He went to Sask Power and said, why did you do that? They said, well, nobody said to keep them there. They said, you know, for \$20 you could have kept that power in there. He wasn't told that by the land bank or by Sask Power. Mr. Minister, you know as well as I do it is a rather foolish move to take out the power if your hope is to eventually have some young farmer on that land.

Now, he has contacted Sask Power and they tell him he has until October 1980. He can get that power back at \$535. He's been applying to your department for an assessment to see if he'll buy the land, but if he doesn't get that done – one of your men promised me he'd go out to look at the land to get the assessment done. I think it's maybe done now. But if they don't get there before October it is going to cost him \$1,000 to get the power back in.

Now that is the horror story of one young man with the land bank. Mr. Minister, I think you believe in fair treatment, but by golly when you get the rent going up and down like an elevator in a department store, when you feel you're being perhaps shafted in the first situation, then certainly this matter of the power . . . I don't see how that type of situation is honestly designed to try to get young people onto the land to develop farms and occupy that land and make homes and become productive farmers. I'd like you to reply why you think such a thing would have happened and if this is common practice.

**MR. MacMURCHY:** — It sounds as if we could write a book about this. I'm not making any remarks about your constituent. I say that sincerely to the hon. member. I would just like to have him provide for me privately the letter and any information he's been able to accumulate. I think before doing anything further we should get the other side of the story because there are always two sides to a story. Then perhaps we can look at it and see what can be done, and what should be done.

**MR. TAYLOR:** — Just further to that, I think you realize that this policy of taking the power out is an expensive business. Is this common with land bank land if there's power in there and there isn't a set of buildings on it at the time? Are you not informing these people? For \$20, it would be worth having it in there for any small emergency. A man would pay \$20 to keep it up. If it's being taken out I think it's a tremendous backward step, if that's what is taking place generally.

**MR. MacMURCHY:** — I think that the policy is to ask them if they want to keep the power. If they say they don't want to keep it, then Sask Power goes in. If they decide to keep it, it's \$20 to hold it there. But they are asked. If it didn't happen in this case and there was a slip-up then that's something we should look at to see what we can follow up on. If there has been neglect by someone, that should be pursued.

**MR. TAYLOR:** — Assuming this young man was correct in what he is saying, they should be informed that for \$20 you can keep the power in. Any thinking person is certainly going to keep the power to his farm for \$20. But if he thinks he has to pay the \$500 he may think differently about it. I just wonder if they are informed of this \$20 figure.

I have just one last question. . . . (inaudible interjection) . . . Well, that's just for me. These other fellows are going to . . . Can you tell me the policy on line fences? What's the responsibility? Is it a 50-50 responsibility on the open and closed range laws? I'll illustrate the situation.

As you know, a great deal of the country is not fenced any more. If there is a cattle operator and his cattle get out into a man's grain crop two miles down the road, where is the responsibility if that's an open range? Will you explain open and closed range herd laws? I suppose that's my question. Yes, open and closed herd laws.

**MR. MacMURCHY:** — I'm going to get the official to write down the open range and open herd policy so we're not confused, but on the fences it's 50-50.

**MR. TAYLOR:** — In the field of crop insurance, why is there not crop insurance on tame hay? Are you contemplating bringing in such a policy?

**MR. MacMURCHY:** — With respect to the question of crop insurance and tame hay, it was looked at by crop insurance. In fact, they did some experimenting with it and decided against it because it is, I guess, too hard to adjust and too hard to put a value on. I suspect there's a report out of that experiment. I have not seen it but we could take a look at it and also provide the report on the study for members opposite . . . (inaudible interjection) . . . It was because of requests and they decided not to do it.

**MR. TAYLOR:** — I was just wondering. You know you get yield loss on grains and you can certainly ascertain how many bales per acre. I can't see the big problem in it. If you can do it for bushels, why can't you do it for bales or whatever?

**MR. MacMURCHY:** — I'll respond to the hon. member on the former question on line



fence: it's 50-50. On open herd law, the onus is on the people with the crop to fence their crop. On open range, the cattleman has to keep his stock under his control.

**MR. R. KATZMAN (Rosthern):** — Mr. Minister, the questions are on the dairy industry and the industrial and fluid shippers and our quota in Saskatchewan. What will the tentative loss be because of the dairy strike on our national quota allowance? Are we going to be getting an extension because of the strike and will we lose quota because of it?

**MR. MacMURCHY:** — Stan Barber of the milk control board is in Ottawa now. Reports back from him are that we will not lose quota as a result of the strike.

**MR. KATZMAN:** — So what you're suggesting is that the federal government, or whoever allots the quota, is going to take into account what we normally would have produced during that time and allow us that much quota even though it didn't hit the market. Am I correct?

This is my second question, Mr. Minister. Is there any move to move industrial shippers onto fluid milk to be allowing stripped fluid?

**MR. MacMURCHY:** — We're getting this straight. We used to have a program whereby you had to spend one year on industrial milk before you could go to fluid. That has been changed from one year to four months, and I am informed that it is very acceptable to the dairy producers.

**MR. KATZMAN:** — What about the upgradings? An industrial shipper isn't required to have the same standards, the width of barns and so on, as a fluid shipper. Are you allowing the industrial shipper (because you need them in the fluid area) to come in with standards as long as he has had those standards for a long time?

**MR. MacMURCHY:** — To move into fluid, he has to have the fluid standards.

**MR. KATZMAN:** — Mr. Minister, at one time fluid standards were 28 feet or 30 feet for the barn and today they are 32 feet, so when the fellow built his barn, he built it to the fluid standards but he was on industrial for the first year. Now he wants to go on fluid; his barn is two feet too short, but when he built his barn it was built to fluid standards. Mr. Minister, is there any consideration for that type of situation?

**MR. MacMURCHY:** — I think it is monitored as to the quality and facilities, and I think it is grandfathered if he built on the basis of a former regulation and the regulation changed.

**MR. KATZMAN:** — Grandfather is there; then the last question obviously is, is all you are worried about the bacterial count and so forth? If he's up to standard, he is on, correct? . . . (inaudible interjection) . . . Thank you.

**MR. J.W.A. GARNER (Wilkie):** — Mr. Minister, just one other series of questions pertaining to Sask Crop Insurance (basically a pretty fair program). My question to you is: how many years can a producer claim crop insurance before he is penalized on the total amount he can claim or receive from the government?

**MR. MacMURCHY:** — My knowledge of it is confirmed that there is no cut-off, but

premiums increase. The increase in premium is the penalty. There is no policy of cut-off.

**MR. GARNER:** — Just a minute, Mr. Minister. Are you saying that the premium increases, and if a farmer has crop losses for three or four years and collects each year the only thing that happens is that his premium increases but he can still collect the full amount he insures for? Is this what you are saying, Mr. Minister?

**MR. MacMURCHY:** — That is the policy. I suppose that in the wisdom of the board, they might cut a person off for bad farming practices as a bad risk, but I have no knowledge of that happening.

**MR. GARNER:** — Just as long as we're clear on this, Mr. Minister, because with the drought . . . This is the reason for me asking this question. People in the southeast part most likely will have collected crop insurance last year and it looks like – hopefully they won't – they may be collecting crop insurance this year. I did have two or three calls on it where they said they were going to be penalized. I will check into it further, Mr. Minister, but you are telling the House that there is no penalty, but the premium will increase. What will that premium increase after so many years of losses?

**MR. MacMURCHY:** — I think we'll have to take an example for the hon. member, where there has been a pay-out over a fair little period of time, not using the name, but just taking an example to look at what has happened to the premium as a result. We will do that and provide it to the hon. member.

I want to indicate to the hon. member for Rosetown-Elrose that the case he referred to from his seat was not cut off from crop insurance. There was a difference with respect to a claim but the door was open for that particular individual to apply for crop insurance the following year.

**MR. GARNER:** — Mr. Minister, one other question. It has to do with the stabilization program. I don't know if it's the standard policy of your government, but it does disturb me a little when we get views about policies coming down from a deputy minister. I think when we start talking about stabilization or cattle marketing boards the information should be coming from the minister, and only the minister. If the deputy minister wants to inject himself into the political arena, that's fine and dandy, but he should be prepared to take his lumps because I'll dump on him. What is the point, Mr. Minister, of having a Minister of Agriculture, and a deputy minister coming out with what he thinks is a great stabilization program put in by one organization?

I'm saying that if we are going to talk about stabilization programs or marketing boards which affect the producers of Saskatchewan – the farmers and ranchers – it's a very touchy subject. I think the minister will agree with me on this. The farmers and cattlemen whom I know get pretty excited about it. I'm saying, that's fine, but let's have it come from the minister. Let's not have the bureaucrats get into it because I'll tell you, if you get into the political area, be ready, because this is the minister's job.

But, Mr. Minister, further to this stabilization program you are looking at (and your deputy minister had stated this about the 100 cow unit), I suggest to you very strongly that if this just goes to the 100 cow producer there are going to be lots of very angry ranchers in Saskatchewan. Let's face it, 100 head or less is a smaller operation, but if you get over 100 head that's where the man depends entirely on the cattle for his living. So I'm saying to you before you get into this, let's go very carefully. As long as the

producers are happy and if they can have a vote on it, Mr. Minister, we can live with it. But I don't think we should have a deputy minister announcing the programs. If you have any comments on that, fine.

**MR. MacMURCHY:** — Mr. Chairman, I don't want to get into an argument with the hon. member. I say to all members opposite, as I said to the people in Moose Jaw yesterday, that it is well known we are an orderly marketing, stabilization kind of government. It has always been our position. There are different vehicles to provide a system of marketing. There are marketing boards, commissions and wheat board types of things. That is the policy of this government. I think it is in order for the deputy minister to talk about the policies of this government. To make a specific announcement that we are going to implement a specific program, I think is the job of the minister. I am sure Dr. Gartner shares that point of view.

With respect to what is before the government, of course, it is the proposal put forward by the cow-calf people, which I received and I asked the department to review. You remember things later on from question period. I realize that we have also before us a report from Dr. Kristjanson from the university on the meetings which he chaired, involving the various organizations involved in livestock production. So we have his report before the government as well.

**MR. BERNTSON:** — Mr. Chairman, I can remember the day when bureaucrats were apolitical. I think it was right and proper. I disagree with my colleague. I think if a deputy minister wants to be political and if it is in him anyway, I would just as soon he get it out and identify himself, so I can take care of the problem when I am minister.

I have a couple of questions to which the minister may not have the answer at his fingertips. It would be fine if you provided them later. We could then get on through the votes and get this wrapped up before 10 p.m. From your annual report in the marketing and economics branch, you sent a representative of the branch to participate in a rape seed marketing mission in Europe. I would like to know who the representative was, where he travelled, what the cost was and if there have been any benefits derived from the trip?

**MR. MacMURCHY:** — The problem, Mr. Chairman, is that it was before my time, Dr. Gartner's time, and Miss Benson's time. We have to get the information and we'll be glad to send it over to the hon. member.

**MR. BERNTSON:** — I am in no hurry, and by that I mean, hopefully before the session ends.

My next question then would be about a representative of the branch who spent a week at the Royal Agricultural Show in England evaluating the merits of future involvement by the Department of Agriculture. I would like to know the representative's name, the cost, what the decision of the department was as to whether there would be future participation etc.?

**MR. MacMURCHY:** — It would be the same answer.

**MR. BERNTSON:** — A one month market development mission to Europe covering Italy, Hungary, and Romania, was carried out by a staff member of the marketing section, to assess potential markets for Saskatchewan livestock. Again, who was it, what was the cost, where did he go and has there been any benefit derived, and if so, what?

Marketing staff participated in the 1978 Royal Agricultural Show representing the department in livestock area – that will probably be covered with this previous question. Staff travelled to Mexico to participate in the Pachuca Livestock Show, and exhibited a number of Saskatchewan quarter horses which were available for sale. I would ask the same types of questions on that one. Any time within the next few days, I would appreciate those.

We'll move now to the poultry section of your marketing economics branch. It seems to follow what you have done with this news release, injecting some dollars into the poultry industry and moves to strengthen the industry. The concern here was the chicken industry locally remained plagued by poor chick quality and, as a result of processor inefficiencies, was left unable to exploit buoyant markets as a result of high beef prices, etc. Have you, or your natural products marketing council (which I understand is the kind of umbrella thing that takes care of all your marketing boards and commissions) or any other department, within your Department of Agriculture, conducted any marketing studies, or commissioned any marketing studies or any research at all to see just what is plaguing your poultry industry?

**MR. MacMURCHY:** — I think the answer to either the Department of Agriculture embarking on a significant study, or the natural products marketing council, is no – no in both cases.

**MR. BERNTSON:** — O.K. In your same annual report, there was assistance offered by your department to the Saskatchewan Livestock Association to participate in the '78 Denver Livestock Show. I just want the amount and it can be provided later. That was the first one. Others are: assistance to Canadian Western Agribition to participate in '78 Royal Agriculture Show at Kenilworth, England; assistance to Canadian Western Agribition to participate in the Palermo Livestock Show in Argentina; assistance to Canadian Western Agribition to participate in the Port Alegre Livestock Show in Brazil. The same information is requested for assistance to Saskatchewan Livestock Association to Brazil, Saskatchewan Livestock Association '79 in Denver, Saskatchewan Livestock Association '78 in Toronto, Saskatchewan Quarter Horse Association '78 in Mexico, Hereford Association 1978 International Livestock Show in Billings, assistance to the Agriculture Development Corporation to participate in the 1979 . . .

**MR. MacMURCHY:** — I have them all here and I'll send them over – the whole list.

**MR. BERNTSON:** — This is my final question of the evening, and then I think my colleague from Arm River has a couple of quick ones. Is there any guideline or rule set down in your department for rules on conduct for the civil servants relating to potential conflict? I speak specifically of the conflict raised in Crown corporations in the agriculture development corporation. I'm sure the minister knows the one I'm talking about. It's been discussed. I'm not going to rehash that one, but are there any ground rules or guidelines set down for civil servants or employees of Crown corporations of which you are head as Minister of Agriculture, to prevent or to at least minimize this sort of thing happening?

**MR. MacMURCHY:** — The policy of the legislation under the public service commission applies and I can report that it's very carefully scrutinized in the Department of Agriculture.

**MR. BERNTSON:** — I wasn't in Crown corporations, as you know, when that particular

one was being discussed. What, if anything, was done about that particular situation?

**MR. MacMURCHY:** — It was prior to the year under review and therefore it did not apply. I indicated in Crown corporations (we're going beyond the rules of Crown corporations to do this) that it did not apply so far as this particular year is concerned. It happened in the past and it has not happened since.

**MR. BERNTSON:** — The particular individual is still a director of Agdevco?

**MR. MacMURCHY:** — Yes.

**MR. BERNTSON:** — All right. I'll let it go.

**MR. MUIRHEAD:** — Mr. Minister, I had two or three questions I forgot to ask you this afternoon when we were having our debate. It was brought to my attention by some people in the Holdfast area about the announcement of the federal Minister of Transport about the removal of rail lines and there's great concern about the Holdfast line, Mr. Minister.

As you're no doubt aware, quite a discussion went on for several years and in 1977 the Hon. Mr. Lang was called out when he made the announcement that the line would be disposed of. I'm the person who wired Mr. Lang. I was only a candidate then. I wired him. It was my concern. He contacted his Liberal representative in Arm River and there was a meeting set up in the Holdfast church. There were 400 concerned farmers on that line. He made the announcement that it would stay there at least until 1983.

Perhaps you remember this, Mr. Minister. After the meeting Mr. Lang, Don Faris, Vernon Brown and I, and some wheat pool representatives had a private conversation. Mr. Lang promised in front of all of us that if the people there would show concern and show that they wanted that line to be retained and not let their elevators run down . . . He said that if he could see they wanted to retain this line and showed it by action, they had his promise. Now, it was also promised by the Conservatives in the last election from Doug Neil to the Hon. Don Mazankowski that this promise had been made by both governments.

My concern is this, Mr. Minister. On the strength of these two promises from these two governments, the Saskatchewan Wheat Pool has built a million-dollar elevator at Holdfast. I just wanted to ask you, Mr. Minister, how you are going to react to the Minister of Transport in Ottawa to make sure the line is retained. How are you going to represent us on this? We ask you, Mr. Minister, to be our representative to the Minister of Transport for keeping this rail line, especially when there have been several elevators rebuilt and this new one in Holdfast cost approximately \$1 million.

**MR. MacMURCHY:** — Mr. Chairman, very briefly, we made our point of view to the hon. minister in Victoria face to face — the horror of suggesting they would review those lines. Our point of view is shared by Manitoba; we're the two provinces who are most severely affected by such a decision. Our intent is to submit to Ottawa our further arguments. For example, in the case of Holdfast, there has been a capital investment of significance made because the line is in the system, or was promised to be in the system, and is now in the system by order in council. Another example is Lacadena, where, I understand, some investments have been made as a result of the decision back in the winter. We are going to try to build our case to the federal government, not just on

the social, the emotional and the economic issues that were used in the past, but add to them the economic issues as they have come forward as a result of the decision and some things happening. That's our intent.

**MR. MUIRHEAD:** — Thank you. I just have two more questions. I'll give them to you both at the same time to save time. They are crop insurance questions. In the Elbow district I had a complaint from several farmers, where they've had crop insurance claims two to three years in a row. Now, my understanding is that an adjuster has to go out – I've carried crop insurance for seven years and the only time I've collected has been on a spot hail, so I'm not sure what the procedure is – and measure the bins to see how much grain he grows. What happened in these cases is that they collected insurance, and the next year they collected again. But when they checked the elevator, too much grain showed up from the year before. The complaint is this: when the adjusters came out, the bins, in these particular cases, were a little too high. They didn't level them off. The adjuster agreed on the bushels in the bin. There happened to be too many bushels end up in the elevator from the year before. The only way you can catch this is if there are two years in a row that you have a claim. This was deducted the next year. What is the advantage, Mr. Minister, in sending out a man to measure bins if he doesn't do it properly? Why don't they just go by the wheat in the elevator and save a lot of money. If these adjusters, or whatever you call them, who go out, don't do their jobs right, keep them off the road. I do not see the sense of them, if they can't climb up in the bin. I won't give you the names publicly because they didn't want them made public. I'll give them to you after, Mr. Minister. They were quite upset about this. I just don't like it. I would like an explanation about this.

The other one is an incident from Davidson that I'm sure you are acquainted with. I will not mention the name here, but I'm sure you would know what it's about. It's a claim in the Davidson area for \$7,359. The man had a cheque sent to him for \$2,019 which he has not cashed yet. I had this brought to my attention and saw the man was one of these men who didn't use chemicals. I was in agreement with the government, with crop insurance, that since the man didn't spray that perhaps he should not have collected.

But I was asked to look into the situation, knowing the people in the Davidson area, and I went to crop insurance to talk to one of the men there who explained that he didn't use chemicals, and this is why he wasn't able to receive his full amount of money. Well, when I checked into it at Davidson there was more concern there than I thought. He farms 525 acres at Davidson and there was no other crop insurance collected around him. He was the only one that collected, but I had his neighbors tell me that they had stubble crop that actually yielded less. The only reason they did not collect is because they had other land away in the good crop area which put them over the amount for collecting insurance. This was an area right through Davidson, and it can be proved – a small area which definitely was not a rain area. Maybe there's an explanation other than this as to why this man didn't collect the other \$5,000. Mr. Minister, he paid his premium and I'd like to have an explanation why he didn't get the other \$5,000.

**MR. MacMURCHY:** — Mr. Chairman, in response to the first question, I would be pleased to receive the information from the hon. member. Honesty is essential if crop insurance is going to keep its position as a good program, honesty and thoroughness on the part of the staff and honesty on the part of the farmer. I can tell some interesting stories about an experience I had in 1964 as an investigator for the federal government into PFA (Prairie Farm Assistance) and what had happened to that particular program because of a bit of dishonesty from both the people who were working in the field and the farmers. I don't want to see that happen with a program like crop insurance.

On the question of the farmer in Davidson, I think he's referring to the Elmer Laird case. I think that's public, the dispute between Elmer Laird and crop insurance on how much he should be paid. They couldn't agree. It went to an arbitrator or an umpire who ruled and gave the benefit to the farmer, and crop insurance paid on the basis of the ruling of the arbitrator. I think that is the only process you can use, because from time to time there will be disputes between two parties in a program with the kind of coverage crop insurance now has.

**MR. MUIRHEAD:** — Just one more question. I agree with that except in this particular case. Did you look into it personally? I agreed with the arbitrator at first, but I went into the community and talked to the neighbors. They felt Mr. Laird did not get a fair deal. I just wondered if you personally looked into it?

**MR. MacMURCHY:** — Mr. Chairman, I've met and talked with Mr. Laird. I went before the board on his behalf. I asked them to review the case. They did and they made the decision. I did not attempt to influence their decision. I think that's appropriate. I took it before them; asked them to review it; they did and they stayed with the arbitrator.

**MR. MUIRHEAD:** — Mr. Minister, I'm not disputing the decision; I'm just bringing it to your attention. That's all I've done. Thank you, Mr. Minister.

Item 1 agreed.

Items 2 to 6 agreed.

#### Item 7

**MR. H.J. SWAN (Rosetown-Elrose):** — I'd just like to find out why there is that amount of an increase in the administration of the FarmStart program. You know you've increased by about \$900,000 in one year and I'd just like an explanation.

**MR. MacMURCHY:** — The increase is due to the transfer of 16 people from agriculture to FarmStart. The 16 people were really doing work for FarmStart, yet were under agriculture because when the program was put together it was a co-operative kind of thing. It was decided for better efficiency that those 16 people should be moved into FarmStart and be budgeted properly there.

Item 7 agreed.

Items 8 to 28 agreed.

#### Item 29

**MR. SWAN:** — I'd just like to ask if you feel that the need for seed cleaning plants has been met, or what is the reason that you're starting to cut down in this area? And is there any possibility of it being expanded to take in individual farms rather than just co-operative plants?

**MR. MacMURCHY:** — Mr. Chairman, the reason for the reduction of almost half is because of the number of applications under the existing program. . . . (inaudible interjection) . . . Well, that's right and that's being looked at in perhaps a scaling down kind of thing, but no decision. They are looking at groups, smaller groups of farmers

with a smaller plant, albeit that plant won't be able to do all things, but with the other one, capital costs are so high it's hard to assemble sufficient farmers to make a commitment toward it. I think that's essential, so it is being reviewed. Because this one is not picking up the response that we thought it might.

**MR. SWAN:** — There are many instances where one farmer has a fairly extensive plant. Would it not be advisable to assist him financially to establish a plant, rather than looking at two or three people? Joint projects are not always the best-operated projects.

**MR. MacMURCHY:** — The hon. member is suggesting that we should consider this as part of our review; we accept that. I think it's good to have. I'll just say that all my years of farming involved getting my seed cleaned with a municipal cleaner, a mobile unit which used to go around the farms. It worked pretty well for wheat and barley. You get into some of these specialty crops and you have a different kind of situation.

Item 29 agreed.

Items 30 to 32 agreed.

### **Item 33**

**MR. BERTSON:** — Your monotone put me to sleep there briefly. I wonder if we could just refer to payments pursuant to The Agricultural Research Funding Act. I'll just ask the minister why it no longer exists?

**MR. MacMURCHY:** — You're asking about the agricultural research fund? Well, that was the initial grant to the fund, the interest from which will be used for research when the board is in place. I can give the hon. member the names of the board. They're allocating the fund, the interest from the fund.

Item 33 agreed.

Items 34 and 35 agreed.

### **Item 36**

**MR. SWAN:** — I'm wondering what's happening to your FarmStart program. Last year you lost \$1 million in loans. This year you've doubled it. It's \$2,250,000. Are we going to look at \$5 million next year? What is happening? Are you not making an effort to collect or what's the problem?

**MR. MacMURCHY:** — The comptroller has asked us to establish a fund for losses. It is reported to me that the losses haven't increased. Things are going along, but the request was put forward for the fund, and that's the level of the fund provided to accommodate the wishes of the comptroller.

**MR. SWAN:** — Well, Mr. Minister, you put in over \$1 million last year. If you're just establishing a fund, do you have to increase it that much each year? How far up is the fund to go? At what level is the comptroller going to be happy with it?

**MR. MacMURCHY:** — Mr. Chairman, to report to the hon. member, the losses are running about 6 per cent. Because of this there was an accumulation of \$4 million in



the loss fund for a deficit as a result of losses.

I'll try to answer again. We'll start fresh. The anticipated deficit or loss is 6 per cent. The comptroller argues that you need a fund to cover that anticipated loss. Last year \$1.1 million was allocated in a grant toward this fund. This year the \$2.2 million is added to it in order to accommodate the anticipated loss.

**MR. SWAN:** — Could you tell me how much of the \$1.1 million was used last year, and how much do you anticipate needing this time? What circumstances do you find that allow people not to repay their debts? I might want to get into that circumstance. It would be nice to have them just written off.

**MR. MacMURCHY:** — We're getting ourselves, I think, even more complicated. The estimate is that of the total money loaned out the loss will be 6 per cent. Therefore you have to have a fund according to the comptroller and, I suspect, the auditor, to cover that anticipated loss. The total loss to date on the experience of FarmStart is \$750,000. FarmStart makes every effort to collect, but there are obviously some losses. I think in relationship to the amount out and the program, that's pretty good.

Item 36 agreed.

Items 37 to 43 agreed.

**MR. SWAN:** — I just wanted to raise a comment or two at the end here. We see a change of about \$4.5 million. You put in \$6 million of that to repay the grain cars and you have over \$2 million spent for losses in FarmStart. In effect, you've put less money this year into agriculture than you have in any other year — actual money to be used for the agricultural industry itself. I think it's a very poor show in a province as dependent on agriculture as Saskatchewan is. I wonder if there's any possibility you can do better before the year is over. Try to put something into the agricultural industry to strengthen it and get it moving forward rather than having it go backward as it has in some areas of the province. I think you've not fought hard enough in treasury board for the agriculture department.

Vote 1 agreed.

## COMMITTEE OF FINANCE

### AGRICULTURE — VOTE 2

Items 1 to 5 agreed.

#### Item 6

**MR. BERNTSON:** — Souris Valley land acquisition, was all of that \$225,000 spent last year? Is that in the Souris River Valley west of Estevan, largely?

**MR. MacMURCHY:** — Yes.

**MR. BERNTSON:** — Have they all sold who want to? Is that why there's none budgeted this year?

**MR. MacMURCHY:** — No. It's been transferred to the heritage fund.

Vote 2 agreed.

**June 12, 1980**

**AGRICULTURE – CONSOLIDATED FUND – LOANS, ADVANCES AND INVESTMENT – VOTE 46**

Items 1 and 2 agreed.

Vote 46 agreed.

**AGRICULTURE – FARMSTART – VOTE 47**

Item 1 agreed.

Vote 47 agreed.

**AGRICULTURE – LAND BANK COMMISSION – VOTE 50**

Item 1 agreed.

Vote 50 agreed.

**TRANSPORTATION AGENCY OF SASKATCHEWAN – VOTE 41**

Items 1 to 4 agreed.

Vote 41 agreed.

**AGRICULTURE – SUPPLEMENTARY – CONSOLIDATED FUND – VOTE 1**

Items 1 and 2 agreed.

Supplementary Vote 1 agreed.

**AGRICULTURE – HERITAGE FUND – VOTE 2 – PROVINCIAL DEVELOPMENT EXPENDITURE**

Item 1 agreed.

Heritage fund Vote 2 agreed.

**SASKATCHEWAN GRAIN CAR CORPORATION – HERITAGE FUND – VOTE 13**

Item 1 agreed.

Heritage fund Vote 13 agreed.

The committee reported progress.

The Assembly adjourned at 10:18 p.m.