

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
April 21, 1981

EVENING SESSION

COMMITTEE OF FINANCE

CONSOLIDATED FUND BUDGETARY CASH OUTFLOW

AGRICULTURE

Ordinary Expenditure — Vote 1

Item 1 (continued)

MR. SWAN: — Mr. Minister, I'd like to ask you a question or two about the proposed ethanol development plant. I'd like to know at what stage you are at in the development of the plant and who you are going to involve in that plant.

HON. MR. MacMURCHY: — Mr. Chairman, with respect to the ethanol plant, our discussions have been with Federated Co-operatives Ltd. since the budget and the plan were announced. We had had some discussions as well with Saskatchewan Wheat Pool. We have not pursued those discussions with Saskatchewan Wheat Pool but we have done so with Federated Co-operatives I indicated to the hon. member that they are very interested and it is hoped that they will be involved in the development of the plant.

MR. SWAN: — How far down the road are you as far as your plans go? Are you going to involve only Federated Co-operatives? Are you going to take in other companies with expertise in the area? Are there any others besides Federated Co-operatives? What about plan location and that sort of thing?

HON. MR. MacMURCHY: — I don't think the decision is clear yet whether we will involve other companies in the development. We can't say that. Clearly, in our minds, the involvement of Federated Co-operatives is very, very important because they have the refinery here in Saskatchewan and, therefore, have the mixing possibilities and the capacity to bring the product to the refinery from the plant. obviously, when you're involving both grain (in this case, looking at barley) and the use of cellulose or poplar pulp, that will, to a very large degree, govern the location of the plant so that there is access to both products. So one would see the plant, I suspect, located along the northern grain-growing part of the province.

MR. SWAN: — What research have you done with respect to this ethanol plant? Have you done enough studies to know that cellulose is the best route, or that barley is the best, or that some other product might be better? Have you used any of the Saskatchewan-based research people or are you using out-of-province people? I'd like to know just how far along you are and what studies have been done.

HON. MR. MacMURCHY: — I think the plant itself is based on the Woods, Gordon study which was tabled here in the legislature. Now, the Woods, Gordon study recommended a much, much larger plant using wheat as a feedstock. We felt that it was a little rich, and, considering the value of grain, that a combined plant would be very much in order. The research on cellulose or poplar pulp is that which has been done largely by the federal government. Federated Co-operatives people have had access to this research and will

be bringing it into the project. I think a good deal of work will have to be done on the cellulose part. Looking at a commercial aspect, the use of grain (in this case barley) for the production of ethanol is well-known and will not require very much research.

MR. SWAN: — Can you indicate to this Chamber the process that you intend to use, or are you going to use just a fermentation process, the same as the one in Manitoba, or are you going into the biochemistry form to use the more modern type of approach? What is the suggestion of the department as far as the type of process that you would use?

HON. MR. MacMURCHY: — We will be starting from the basic fermentation process and developing from there. I suppose that . . . (inaudible interjection) . . . Well, I'm glad the expert on ethanol for the Kindersley constituency knows a good deal about this. I think that it has a commercial aspect to it (which I think well it should) as well as the research aspect and, therefore, we are starting from the base that's a well-known one.

MR. SWAN: — In your studies you suggest that you use the Woods, Gordon. If I remember right, as I read Woods, Gordon it didn't indicate that it was a good plan to even move into ethanol production. Woods, Gordon didn't seem to see it as a viable project and that was the statement you made in the House as well, or your government made. Now, have you not taken a look at some of the more up-to-date research that has been done on the production of ethanol to be sure that you are moving in the right direction? I think, if you're going the route that you're suggesting, the plant is probably going to be out-dated before you have completed construction. Are you prepared to look at the more sophisticated modern methods of developing an ethanol plant?

HON. MR. MacMURCHY: — Mr. Chairman, as I recall the Woods, Gordon study, it did in fact recommend the building of a plant. In fact, it recommended the establishment of a Crown corporation to operate the plant and, as I recall, it recommended, based on its figures, a plant producing 20 million gallons a year. I think the key item in this project is the new technology which is looking at cellulose, rather than grain. That's I think, a key component of the proposal being put together now.

MR. ANDREW: — Mr. Minister, last year in mineral resources estimates the Minister of Mineral Resources indicated a study was being conducted and funded by the Government of Saskatchewan at Stanford University. Has that study been completed and could you advise us to the status of that study?

HON. MR. MacMURCHY: — Mr. Chairman, I think the hon. member for Kindersley will have to ask DMR. (Department of Mineral Resources). As far as our knowledge from the Department of Agriculture, we just can't provide the hon. member any information. The item did not come forward, as I can recall, as part of decisions made with respect to this budget, and relating to the ethanol plant.

MR. ANDREW: — What you're telling me, Mr. Minister, is that you're not aware of exactly where the mineral resources people are on their study or of the funding of their studies on gasohol development. Is that what you're saying? One department doesn't really know what the other department is doing?

HON. MR. MacMURCHY: — Mr. Chairman, I can report to the hon. member that, in fact, representatives of the Department of Mineral Resources were involved in the proposal developed for the construction of an ethanol plant. In fact, they were part of the discussions that were going on throughout the summer, looking at the Woods, Gordon

study, and will be part of the developments relating to this specific project.

MR. ANDREW: — Well, I take it that the ethanol development falls under the Department of Agriculture. Is that where it sits now?

HON. MR. MacMURCHY: — Well, Mr. Chairman, I suppose in a strict budgetary and commercial sense that's true. In terms of the effort of putting it together, I indicated to the hon. member that as part of the discussions throughout the summer and fall, mineral resources, finance, agriculture, Federated Co-operatives and Saskatchewan Wheat Pool were involved. That will continue until the plant is in place and operational.

MR. ANDREW: — All right, last year again in mineral resources estimates, the minister indicated that there was clearly no economics to it, and probably no economics for some time down the road, and that the only thing they were participating in was the Stanford study. I don't know what the figure was, but it was a fairly substantial figure which they were sharing in the Stanford study. Now, if everything is sort of filtering down to your department, it would seem to me that you would be aware of that study if the province of Saskatchewan is making that contribution, whatever it's going to be, to that study.

HON. MR. MacMURCHY: — Mr. Chairman, the economics in the short term are very difficult. There is no question that the operation of this plant will have to be subsidized. I think that that is well-understood. Looking at it in terms of not just mixing it with gasoline to make a gasohol item, but whether it can be mixed with diesel fuel, the research related to that is very important. Additionally important is the use of cellulose and whether that can operate on a commercial basis. If it can, it certainly, in my mind, (and we'll find that out) improves the operational viability of the plant. We have lots of poplar pulp, and certainly it's not as important an item in world food needs as grain is. I think based on those components, the project is a very important one which is being looked at with a great deal of interest. I think, in terms of the cellulose part that we're the first to really tie this in to a commercial kind of operation.

MR. SWAN: — Mr. Minister, have you looked at the by-products that will be coming out of a plant like this? Now, suppose you used barley. Have you looked at the by-products and the market availability in our province/ What by-products do you anticipate?

HON. MR. MacMURCHY: — Well, I think the biggest one will be grain for livestock feed. The by-product will be food for livestock. As we move along, it's our intention to talk with feedlot operators in the neighborhood of the plant to look at the juice and its use there. There are a number of feedlots in the northern part of the province which are either not operating or facing operational difficulties. We'll certainly be talking with them about the use of the by-product from the plant.

MR. SWAN: — Have you looked at the use of the protein from the barley? Have you looked at the extraction of protein as a beginning? You don't use the protein in the manufacture of ethanol. Have you looked at the possibilities of taking that protein off as a food product for human consumption?

HON. MR. MacMURCHY: — Well, we're looking now at the use of the protein in feeding livestock. In talking with the feedlot operators, one gets into the issue of whether you supply it wet or dry. That's a key component in the operational aspect of the plant because if you can supply it to feedlots wet then it cuts down the operating cost of your plant fairly significantly. I don't know whether that's possible. That's something we will

be looking at, as well, as the plant develops.

MR. SWAN: — But, Mr. Minister, the research that I've read on this particular subject tells me that you can get enough returns by extracting the protein first; it would almost pay for your barley. I believe that your government is missing a very good market in taking the top off in the shape of a protein that is useful as a human food. There's still plenty of protein in the by-product at the end to provide a good livestock feed, better than most people use for livestock. Have you not even looked at that? You mean your government is going ahead without having both eyes open?

HON. MR. MacMURCHY: — What the hon. member is talking about is grain separation. That's what he's talking about.

AN HON. MEMBER: — Well I'm not; I'm saying it's protein.

HON. MR. MacMURCHY: — Well, I will call it grain separation. I think the technology with respect to that kind of an operation is not completely available. In fact, it's a long way off from the information that we have. I would assume that possibly this can develop out of this effort, but we would have to leave it at the present time until things develop.

MR. SWAN: — The technology is in place at the moment and you can buy it. It's available. It's being used in other parts of the world right now. It can be extracted very easily. I think it's something that the government is missing. If you're not aware of that kind of research, then you should be looking at other people's research, and not just at Woods, Gordon, because I think you're making a very serious move here. That's why I'm concerned; so often when the government goes into business it uses people who are not experts in the field as planners and as the directors of their corporations. I believe that as a government you should be seeking the expertise of people in the field who have done major research projects and could, indeed, assist the government in making a correct decision before this plant is built. Is the government willing to go to others who have been in the research field and have spent many, many hours, and have done extensive research, and can make it available to the government?

HON. MR. MacMURCHY: — Mr. Chairman, I'm sorry that we did not know the hon. member for Rosetown-Elrose was such an expert. We went for our information not to the deputy ministers. We went for our information on the development of this project to Stone & Webster Canada Ltd. in Toronto, which does not only a great deal of work in this area in Canada, but also in the United States. So, I'm sorry that we did not know the hon. member for Rosetown-Elrose was such an expert, but rather went to experts in Toronto.

I may also say, Mr. Chairman, that the research component of this effort will be, in terms of our present thinking, handled by Federated Co-operatives rather than by the Government of Saskatchewan.

MR. SWAN: — Mr. Minister, I am not setting myself up as an expert, but I believe that the experts are available to you. Read the research that they have done. A lot of it is done right here in Saskatchewan; you don't have to go a long way for it. It's available today and if the government is interested, I am sure it can be provided. But I am saying that you are missing a bet, missing the part of this operation that would likely put it in a position where you wouldn't need that subsidy you are talking about.

Could you tell us what the anticipated subsidy will be as you come forward with a plan? You say it is going to have to be subsidized. What do you anticipate that subsidy will be?

HON. MR. MacMURCHY: — We estimate initially that the operating subsidy would run about \$1 million a year. That's looking at barley prices as they are today. Who knows what the barley prices will be when the plant becomes operational, let's say in late 1982 or early 1982, because there is a lot of work that has to be done before construction starts and the plant becomes operational. That is roughly the subsidy, we think, that would be required.

MR. SWAN: — On this subsidy, do you anticipate that the government is going to basically give Federated Co-ops a cost-plus contract — let them go ahead and build it and operate it to the best of their ability, and if they can't make it pay then you will pick up the short-fall? Is that the proposal?

HON. MR. MacMURCHY: — The proposal, Mr. Chairman, is a joint venture. The arrangements with respect to the operation simply have not been worked out yet. We are not far enough along to indicate to the hon. member what the final agreement will be. I am encouraged by the interest taken in this project by Federated Co-operatives. I am interested in the manner in which the hon. member for Rosetown-Elrose is dealing with the item — as though he were the only expert and there is no one else who knows anything about the project at all.

MR. SWAN: — Mr. Minister, I think that you should withdraw the idea that I'm the expert. I told you I wasn't, but I have read a lot and I believe that if you would do a little more reading and a little less talking perhaps you would make some different decisions than you're making. That's the concern I have. I am afraid that we are going to see another government bungle there if something doesn't change. That's why I am raising it today, so that down the road three or four years, we're not going to find that this subsidy is not \$1 million, but probably \$2 million or \$3 million in order to keep the plant in operation. I think it is far better to do a little thinking in advance.

Why don't you, as a government, take a few minutes and go to the University of Saskatchewan and pick up the research which has been done and have somebody read it to you if you don't have the time to read it? I believe that what is needed is somebody to take a very serious look at this project.

HON. MR. MacMURCHY: — Mr. Chairman, we would assume that as this project develops, the University of Saskatchewan will be vitally involved in the research component of it. I think that is very obvious. The Prairie Agricultural Machinery Institute will obviously be very, very involved. I think that all avenues will be examined as we put this scheme together. If the hon. member is worried that we won't consider every aspect in its development, then he should not worry. One thing we are likely not to consider, and I make it clear, is turning this over to private enterprise.

MR. ANDREW: — Are you going to be receiving any funding for joint projects (which I forget the name of the company but it's a subsidiary of PetroCan involved in alternative forms of energy which was set up with head office in Winnipeg) from the National Energy Board. Are you receiving any help or funding from that federal Crown corporation with regard to your gasohol development?

HON. MR. MacMURCHY: — No, not at the present time. We will be talking with the

April 21, 1981

federal government in terms of building with its information and its research, particularly on the cellulose side.

MR. BIRKBECK: — Mr. Chairman, I want to ask a question of the Minister of Agriculture right now. Do you know how long the hopper cars belonging to the Saskatchewan Grain Car Corporation have been sitting at Craven?

HON. MR. MacMURCHY: — No.

MR. BIRKBECK: — I can give you a rough guess. I know they have been there for approximately two weeks. I should have marked them with paint or something (I don't like the color anyway), because then I would know whether or not they are the same 14 cars I saw there about two weeks ago. I suspect very strongly, Mr. Chairman, they are the very same hopper cars. Hopper cars are a wonderful thing for the agricultural industry but they don't do any good sitting still; they have to be rolling down the tracks full of grain going one way, and empty coming back. They have to be full; they have to be rolling. You talk about rolling stock: what the railroads need is rolling stock. Well, I agree; we need rolling stock. I don't see 14 hopper cars of the Saskatchewan Grain Car Corporation sitting at Craven as rolling stock. Rather, Mr. Chairman, I suspect it is standing still advertising for the New Democratic Party. That's what it is.

AN HON. MEMBER: — Expensive signs!

MR. BIRKBECK: — Yes, the members agree. I don't doubt they do. They have used the taxpayers' money and they have moved these hopper cars into the NDP ridings where they are weak. The Minister of Agriculture is having some difficulty in his own riding. He has moved those hopper cars in there. It's good advertising. I haven't checked the rest of his riding yet, but my roving reporter tells me there are a number of hopper cars out there in his riding. But none the less, you have a number of Saskatchewan Grain Car Corporation hopper cars sitting in Craven. I would like you to look into that matter and report back to this committee as soon as possible why they are sitting there, why they are not getting loaded with grain and getting out of there? Would you do that for this committee?

HON. MR. MacMURCHY: — Mr. Chairman, I am glad the hon. member brings the matter to my attention. It is unfortunate he didn't take the time to take down the number of the cars so that he could be sure they have been sitting there for 14 days. I think the hon. member is just talking when he says that they are in Craven to advertise the New Democratic Party or to advertise for the Government of Saskatchewan. I am sure that the arrangement we have with Canadian National, with Canadian Pacific, with the Canadian Wheat Board, and the wheat board's arrangement with the grain transportation authority would lead all of those organizations to do some advertising for the New Democratic Party and for this government.

MR. TAYLOR: — Mr. Minister, as Minister of Agriculture I have heard you extol many times the virtues of the grain cars and the money we have put into them in Saskatchewan. I was at the unveiling in Melville, and heard the same thing again. I am not disputing that. I also say what is the sense of having grain cars if grain car A doesn't get from point A to point B? I ask you, as Minister of Agriculture, why there were 75 grain cars sitting on the siding at Indian head for two months? There were 56 at Wolseley and there were another 50-odd at McLean; they were right on the main line of the CPR. They sat there, loaded, from about the middle of January right through to March. Did you take any action? Did you know those cars were there? Do you feel any

responsibility to use your good offices to try and get these grain cars moving the grain to the port where it will be sold, so the farmer can obtain his money to offset his economic problems in this province?

HON. MR. MacMURCHY: — Mr. Chairman, in response to the hon. member for Indian Head-Wolseley, I doubt that the cars on the sidings in Indian Head, Wolseley and McLean, in those kinds of numbers, were Government of Saskatchewan cars. I suspect they were Government of Canada cars and perhaps some Alberta and Canadian Wheat Board cars. What I can do for the hon. member is table the correspondence we've had with the federal people and the federal authority with respect to grain movement, and provide for him the information they provide for us.

It's important, Mr. Chairman, that matters of this nature are brought to our attention. If cars are sitting on sidings, we need to find out the reason for that and whether they are loaded or empty because it makes a good point. The purchase was made to move grain from the country elevator system to the ports, and if it's stalled in that movement, then we should know the reason and take it up with the authorities who are responsible to make sure that the cars are used for the purpose for which they were intended. That applies to the Government of Canada cars, producer cars, Alberta cars and Saskatchewan cars.

MR. TAYLOR: — I didn't want to mislead you by saying that these were Saskatchewan cars because they were not. I don't think many of the Saskatchewan ones were into the network at that time. But they were Alberta cars and they were Government of Canada cars. I can tell you that there were many concerned individuals wondering what the cars were doing sitting here, and if they couldn't be out moving the grain. That's the purpose of the cars and that's the kind of questions we were being asked.

MR. ANDREW: — I have a question for you, Mr. Minister, with regard to the brief presented to the government by the Saskatchewan Federation of Agriculture on April 14. One recommendation of that brief relates to the land bank program. I will read that resolution:

Be it resolved that the provincial government amend the necessary legislation which would permit the land bank to sell land to the son or daughter at the price originally paid by the father or the mother.

I think that concern has been raised in this House — where a person, perhaps the father, uses it as a transfer vehicle to the son or daughter. Five years down the road, when it is time for them to buy that land back, the equivalent interest rate which you are charging will be around 60 per cent to 70 per cent with the increased price of land. I think the federation of agriculture is saying that perhaps you should be selling it at the price for which it was originally purchased plus a fair rate of interest — perhaps the same rate that farm credit is charging or something else. Is your government looking at that proposal? Is there any chance we could see a change in the legislation as it relates to land bank? Could we move in this direction so that we're not seeing these people, who are trying to get a start in farming through the land bank vehicle (perhaps it's the only vehicle available to them), paying loan sharking interest rates when they buy out?

HON. MR. MacMURCHY: — Mr. Chairman, the policy of land bank with respect to selling and buying land has been the same policy. In other words, the criteria used by land bank to purchase land are the same criteria that are used for selling land and arriving at the price.

April 21, 1981

There are really three kinds of purchases from producers: the direct descendant purchase (which I think the hon. member, on that particular brief, relates directly to — father to son, father to son-in-law, etc.), the open competition, and the lease-back.

We felt it necessary to keep equity between the three areas of purchase when the option to buy comes up. This would be a significant deviation of that equity policy if we said the direct descendant should be able to buy that land for less than the fellow who receives the land an open competition or the fellow who has a lease-back arrangement with land bank.

I think we would have to consider our policies very carefully before making the kind of adjustment that the brief suggests we make and that, by the sounds of it, the hon. member suggest we make.

MR. ANDREW: — Let's zero in on the question of father to son sale with the lease. Let's be that narrow. Are you looking at changing that at all, Mr. Minister, to a situation where the person has the right to buy (at the cost plus a reasonable interest rate) into that one area? Let's exclude the other two you talked about.

HON. MR. MacMURCHY: — Mr. Chairman, we have no proposals before us at the present time for any changes in the specific area which the hon. member addresses, or for the other areas. I think the reasons for no change are fairly obvious, as we tried to have some equity in the policy of land bank.

MR. ANDREW: — Well, I suppose that's your point. It doesn't seem very equitable to the person who five years ago bought it on the strength that things were pretty tough and that was a way out of selling it. The person had the view that he was going to be able to buy that five years down the road. That's probably because of the representations being made.

When it comes time to buy, I hear of several in my riding alone (and there isn't much land bank in my riding) who are looking at 60 per cent to 70 per cent interest. You talk about equity. Look at the equity within your system. That isn't much equity for the person who went into that program believing that he would be able to buy that land back five years down the road.

HON. MR. MacMURCHY: — Mr. Chairman, that is true. He has the option to buy that land five years down the road. Right from the beginning we made it clear that the price for which he would purchase that land would be the going price, let us say, or the formula which is used by land bank to purchase land. It has always been clear.

I think, to have some equity and also to give more farmers an opportunity to get into the program (and there is a great deal of pressure on the program),n we should sustain it the way it is for at least the present time.

What happens is that when a person purchases land the money from that purchase is turned around to purchase more land on the number of applications which are before land bank to give more young farmers an opportunity to get into the program and get started farming.

MR. SWAN: — Mr. Minister, at this time you have a five-year period before they can buy under the land bank program. If a person is in a position to buy, say after one year or two

years, would you consider making that sale at that time? This would enable them to move before the market price had escalated to the extent that it has in the past few years.

HON. MR. MacMURCHY: — No. The five year option to purchase is in legislation. It has been there since the beginning of the program. I don't know what the pressures have been on ministers previous to me, but there haven't been pressures on me from producers, or land bank lessees, to change that five-year criterion to one or two years, as the hon. member suggests.

MR. SWAN: — I'm receiving requests in my area, and I think the only reason you aren't receiving them is because it's written in legislation. Would the department take a look at the possibility of changing that to make it available for purchase when the farmer is ready, not waiting until the five years, but instead making it available at the farmer's time, not at the government's time? Would you take a look at it?

HON. MR. MacMURCHY: — Mr. Chairman, the selling policy of land bank, as well as the purchasing policy of land bank, is under continuous review, both by the commissioners and by the land bank advisory committee — a committee of farmers who keep a careful eye on land bank operations. In fact they hold a series of meetings, usually throughout the wintertime, around the province, where land bank lessees come in to talk about problems with a group that is not necessarily tied to the commission, and is not tied to the government. They just don't come forward with the request from those meetings, or from lessees I have talked to, for a change from the five years to two years or one year or increase it to seven or eight years. The five years seem to be accepted as part of the program. It is well-understood, and I think when one considers the number of applications now before land bank it's pretty clear and pretty positive in the minds of the applicants who are putting in their requests to sell to land bank.

MR. SWAN: — I believe that you have a program in place, and when people come in they have to accept the five-year plan. They have no choice. Either they accept it or they won't have the opportunity to obtain the land. Most of them are concerned that if they raised that question with you, the next thing they would find is that you would lift the lease right from under them. That's the concern, and that's why you are not getting it. I'm getting it because they know I can't take the land away from them. Their complaint is that, in many cases, they would be in a position to buy almost immediately if the government would allow it. If you tell me there's no pressure on the funds in land bank, then why not make it available to them so that the ones who are capable of buying can indeed buy, and, therefore, put the money back in the land bank system so that you can buy some more?

I think to hang onto it the way you're doing is not doing a service to young farmers who are in a position to buy. So, my request is that you take a look at it, and I think you should be able to understand the concern of people who are leasing land bank land. They are afraid to come to you because they're afraid that you will retaliate and take the land away from them if they complain. That's exactly the statement I'm getting out there.

HON. MR. MacMURCHY: — Mr. Chairman, I don't want to get into the specific details of a case, other than to report to the hon. member about whether farmers are afraid to talk to me and not afraid to talk to the hon. member opposite. I don't think that's the case. I have not known farmers who, if they had a complaint, didn't make the complaint. They have always, if they had a concern, expressed that concern. I suspect that I go to a fair number of farm meetings around the province — not as many as I should, not as many as I would like, but I talk to a

lot of farmers in my role as Minister of Agriculture, and the issue of the five years simply has not come up.

There are about 1,000 farmers who are eligible to purchase, and we have sold to 107. So, the pressures that the hon. member talks about, I don't think are there. But certainly, we'll raise it with our advisory committee and have them raise it with the lessees. Any time I'm talking to them, I'd be glad to do that. I have a fair number of land bank lessees on the eastern part of Last Mountain-Touchwood constituency. I'm in touch with them, and I will raise it with them as well.

MR. SWAN: — The land bank was set up as a roll-over method, basically, to allow land to move from father to son, or from father to other relation. In the constituency that I represent, I've raised a case with you this winter where that didn't happen. The roll-over went to his son, and then slipped out of the son's hands because he couldn't make a go of it. A second son had applied and wasn't given the land. It starts to cast doubts in my mind and the minds of many other Saskatchewan as to the real intent of your program. Is it, indeed, to pass land along from one member of the family to the next, or is it to pass land along from a member of a family to somebody of the choosing of the land bank commission, without really considering the relationship? It's been a real concern and has caused a lot of letters to come across my desk. Some of them I have mentioned to you before.

HON. MR. MacMURCHY: — Mr. Chairman, I don't want to get into the specific details of a case, other than to report to the hon. member that when the brother in this case gave up his land (because it had been a father-son transfer) to land bank because he just couldn't operate it any more, he made no request to transfer that land at that time to his brother. Therefore, the land was put up for open competition. In the open competition, the brother in this case didn't qualify because of the salary problem that he had. So, clearly the policy with respect to direct descendant transfer is in place and has not been undermined. Likewise that is the policy of open competition and the policy of lease back.

MR. SWAN: — I can tell you, Mr. Minister, that the original owner of that land certainly feels that it has been undermined. The brother who applied for it under the competition feels that it has been undermined; the son-in-law of the same man who applied for it feels that it has been undermined. You know, it's supposedly a method whereby the father can pass the land along within the family. That's the only reason that he went to land bank to begin with, because he thought it was an opportunity to keep the land within his family connection. It's a complete betrayal of that trust that you have had placed on you as the Minister of Agriculture and the minister responsible for the land bank.

There is a lot of dissatisfaction within the community, and a lot of the dissatisfaction is from the people who applied. They didn't know the brother was applying, but they say if he applied, he should get it. This is what they're telling me. A number of the people who are within four or five miles and some of them within a mile of the land in question were not considered. Yet a couple from about 140 miles away were awarded the land. Again, it doesn't speak very well of the thinking of the land bank commission. It looks like they have no regard for the young people within the district where the land was. They had no regard for the family of the original owner. Instead, they pass it along to someone else, perhaps with the right political connections, so that the land stays within the NDP brotherhood, not in the family that originally owned it. And I believe that this system has to be watched a little more carefully. If it's your intention to move that land away from the

family, it's something that you should advertise in your magazines — that it's not the intention of the government to maintain it within the family. That is what you are doing. You're moving it wherever you feel comfortable moving it. And, Mr. Minister, I think you have really negated a trust that people have put in you and I would hope that people out there are starting to realize there isn't that trust when they pass their land into the land bank's hands. I wonder if the minister will take another look at this situation, re-evaluate it, and at least keep the land within the family.

HON. MR. MacMURCHY: — Mr. Chairman, I will ignore the hon. member's comments that the land bank commission operates on a political basis, because it is simply not true . . . (inaudible interjection) . . . Mr. Minister, if the hon. member would listen — if the brother, in giving up the land to the land bank, had at that time indicated that he wished to have the land transferred to his brother or to his brother-in-law, the transfer would have been made. The hon. member knows that. And to make that kind of speech, ignoring the facts, is indeed unfortunate for the hon. member. Because he didn't do that, the land was put out for open competition and everybody in the area had an opportunity to bid on that land. In fact, a large number did and, based on the functions of the open competition and point system, the land was allocated to the one who received the highest points.

MR. SWAN: — Mr. Minister, was the brother, when he was giving up the land, made aware that he had the right to designate? The indications that I have were not that. He said it never came up until long after. At no time did anyone suggest it to him. I think you must be also aware that the people who hold land bank land do not have all the criteria that you use in making your assessments of where the land is going to go. You don't go out there and tell him these are the points we look at when we made the decision. You leave that a bit open so that they don't know exactly how to comply with your board's system. So I think that what you are telling me is not fact and, if this brother had known, there would have been no problem with the roll-over. But he had no way of knowing. He just knew that he went bankrupt and had to do something. That was about all he had to go on. So what you're telling me are not the facts that were put out to this young man.

HON. MR. MacMURCHY: — Mr. Chairman, I can't argue with the hon. member that the brother in this case did not know. But I would assume that he must have known because that's how he got his land in the first place — in a direct descendant transfer, father to son. Surely he would know, as a result of that, that the transfer can take effect between brother and brother-in-law. So, I find it difficult for the hon. member to say that that brother did not know the policy, because he was involved directly in the policy — the direct descendant policy.

With respect to the point system, it should be well known — if it's not well known, then we'll have to do more work. But it's part of newsletters that go out to land bank lessees and out to the public, and it's information provided by land bank counsellors who are available to talk to anyone.

MR. BIRKBECK: — Mr. Chairman, the minister talks of facts regarding the land bank program. The facts regarding the land bank program are the following. Firstly, the land in this province is this province's number one resource. We have 40 per cent of the arable land in this country right here in Saskatchewan. You're not making the best possible use of that land for the people of Saskatchewan. We've told you many times before that you have two mountain-fed rivers running right across this province. You have the potential to irrigate about half-a-million acres. You've taken no real initiatives in order to improve the potential of that land.

April 21, 1981

You have a very regressive program in this land bank program. I for one (I'm not going to speak for each and every member of this opposition) am opposed to the concept of land bank because it is not achieving the goals and objectives it was supposedly set up to achieve.

I can go back about five or six years to when the newly elected member for The Battlefords (maybe he won't remember that far back) was a resource speaker at a meeting in Saskatoon, and I happened to be one of the resource speakers too. I know that at that meeting, that particular member of this Assembly said, "Look, the land bank program is a means by which the government can take over all the agricultural land in the province of Saskatchewan." He was one of the members who was right at the grassroots; he was one of those top hats — the top bureaucrats. (There's a bunch in training in the galleries here every day.) Now he's a member in this legislature. I'd like to see him stand up and refute that claim. He knows darn well (and I know the Minister of Agriculture knows — in fact, each and every one of you people over there knows) that that's the plan of the land bank. It isn't to help the farmers at all; it isn't to help that young farmer get into farming. The proof is always in the pudding.

There was a suggestion by the member for Rosetown-Elrose that you take that huge profit you're making now on the sale of land bank land and use that to help new farmers, or the farmers who have leases which are up in five years, to buy their land. Let me put it to you this way: when you remove an individual's ability to accumulate capital, you've removed his right to ownership. How can he improve? How can he acquire? And you've done that effectively through land bank. He leases the land and five years down the road the land is so expensive that he can't buy it. You know that there are hundreds of land bank lessees out there who want to buy their land. They would love to buy it and to have title that says it's theirs; they want to own it. And if you take away the right of ownership in this province, you've taken away the fundamental ideals of the people of Saskatchewan. You've done that effectively through the land bank program. The government is profiting on the number one resource in the province of Saskatchewan — our agricultural land — through that regressive land bank program.

Those are facts. And this is another fact: we are, Mr. Chairman, becoming nothing more nor less than tenants in our own land through the land bank program. Anyone in Saskatchewan, particularly a young farmer wanting to get into farming, who looks at this NDP government today and says that this is a compassionate government, would have to be having nightmares. This government is no longer what it used to be. It has the equivalent of the multinationals in its multcorporations. Profit is the name of the game. Without being out of line, I say that profit is the name of the game when you consider what we went through with CPC in Crown corporation review. We said, "Well, why did you make \$40 million in last year's report?" The answer was, "Well, that's because we had a heavy winter and everybody used a lot of electricity. This year was different, so why did you make \$20 million profit?" we asked. "Well," they said, "that's because we didn't have a very tough winter. We didn't have any snow; therefore, there wasn't any run-off and we didn't have any water to drive the turbines. Therefore it cost us more money to produce electricity."

The fact of the matter is that the people of Saskatchewan are damned if they do and they are damned if they don't. They can't win whether you have a good winter or a bad winter. They can't win with the land bank program. I know you, Mr. Minister. I know you personally, as an individual. I know that you want young farmers on that land. I know that deep down you want them to take that title and hole if proudly in their possession.

You don't want it in the government's hands. Maybe the member for The Battlefords wants it in the government's hands. Maybe a lot of the government members do want total government control of the land in this province. I can guarantee you that if we go to the polls on the issue of whether or not the people of Saskatchewan, in particular our farmers, want to own their land and have title to it or have the government own it and lease it from the government for ever and a day, generation after generation and become nothing more than tenants in their own land, they will opt for ownership.

Now, Mr. Minister, do you not agree that the land bank land . . . All right, I'll give you an out. Use the inflationary figure, the rising cost of land — notwithstanding the fact that you contributed to it by being one of the buyers of the land in Saskatchewan. Would you not agree that because of these new factors that have entered into the whole scheme of things, the land bank program is not doing the kinds of things that it was set out to do and that we need to take a very serious look at it? The member for Rosetown-Elrose has advanced some new ideas, some new concepts. He has asked you to take a look at the program and consider other ways and means of making that program work so that it gets young farmers on the land and so that they have title to that property.

Now, could you not, Mr. Minister, answer that particular question? Would you not agree, in all sincerity, to this committee here tonight, that it is not doing the kinds of things that it was set out to and that it certainly can be improved and that you are looking at real measures to improve it?

HON. MR. MacMURCHY: — Mr. Chairman, it's true that we will always look at ways to improve the land bank program. As a matter of fact, Mr. Chairman, a good time of the discussion spent with the Saskatchewan Federation of Agriculture (which is an interesting collection of commodity organizations) was spent on methods to improve and expand the land bank program. They see it as a very important vehicle for land transfer within the province of Saskatchewan, and see that, in fact, it has done a better job than any other program in any other province to assist in getting young farmers on the land. As a matter of fact, the percentage of young farmers between the ages of 18 to 25 in Saskatchewan on the land is higher than in either Alberta or Manitoba and the hon. member knows this.

Mr. Chairman, the hon. member says that through the land bank we are going to own all of the land in Saskatchewan. That's an interesting proposition because we own 1.1 million acres of land out of 65 million acres. There is a long, long way to go. Now the hon. member makes some very significant comments about this leasing of land. It happens that 40 per cent of all farmland in Saskatchewan is leased; so there is a good deal of leasing going on within the province of Saskatchewan other than through the land bank program. I'm glad to hear the hon. member say that we should expand and improve land bank because I thought he was going to say, Mr. Chairman, that we should abandon land bank and forget about it altogether. I'm inclined to lean that way with his comments but I'm glad to see that he has become a very, very strong supporter of the land bank program and will assist us in suggesting ways that we can, in fact, strengthen it as we will be doing in the very near future.

MR. BIRKBECK: — Mr. Chairman, I want to make another point with regard to the land bank program. I can appreciate the fact that the land bank holdings right now are at only 1.1 out of 65 million. I also recall not so long ago when the potash industry was not owned in any way, shape, or form by government. It only took a few quick sweeps of the pen and a few rounds of debate in this Chamber and you are now the number one potash producer in the province of Saskatchewan.

AN HON. MEMBER: — In the world.

MR. BIRKBECK: — Yes, okay, someone says “in the world.” I guess you are. That’s correct. I stand corrected. All I’m looking at is the direction that you’re going. If you take a notion that you want to escalate that program to take over more land more quickly, you’ll certainly do it. I’m sure of that. I think the important thing right now is to address ourselves to the basic aims and objectives of the program. We definitely need a vehicle by which we can transfer land from older to younger generations. That’s what I believe the intent of the land bank program was, and possibly in its start-up years it was working better than it is now. The interesting thing is that the land bank annual report is apparently not due for a couple more days and here we are in agriculture estimates. I find that rather interesting. I don’t know whether there’s something in that report that would eat up the time of the House and delay the agriculture estimates or not, but I certainly can guarantee you that we in all probability will be in agriculture estimates until such time as the land bank annual report is made available to the members, because we suspect strongly that there will be a little more meat in there to send through the grinder.

I don’t want to belabor the point any further. It’s quite well-recognized in rural Saskatchewan that the land bank program is not doing what it was supposedly set out to do, and that your government is nothing short of a big profit-oriented government — not a people’s government, as it may well have been a few years back, before maybe my time in political history, when it was the old CCF party. I suggest that’s likely the case. It certainly appears to be today. I won’t say any more on the land bank issue.

HON. MR. MacMURCHY: — Mr. Chairman, the land bank commission annual report is due on the 23rd. We will have it tabled prior to the 23rd.

I am glad to hear the hon. member make some references to the policy on potash in relationship to the policy on land bank. I’m certainly looking forward to fighting the next provincial election on our land policies and on our potash and resource policies, anytime, with the hon. member opposite and the hon. member for Arm River, as well, who’s now getting into the debate.

MR. BERNTSON: — A couple of quick questions on land bank. Last year when we were dealing with land bank, we brought to light a couple of horror stories about people exercising the five-year option and then rolling it over very quickly and realizing a terrific capital gain. I think at that time you indicated there were seven such instances you were investigating. I wonder if you would table the results of that investigation? And have there been any new instances of such carrying on?

HON. MR. MacMURCHY: — Mr. Chairman, it appear that the publicity about the incidents that occurred a year ago had some effect, as in fact there haven’t been any incidents reported to land bank this year. The land bank did not really change its policy since it found the policy change difficult to make, but I think the publicity as a result of your efforts and other people’s efforts really dealt with the issue and I think we have to keep the issue to the fore, in terms of the public.

MR. BERNTSON: — Do you consciously follow up any land where the five-year option is exercised to see if, in fact, it does roll-over, say in a few months or whatever?

HON. MR. MacMURCHY: — Yes, there is a follow-up. Mr. Wesson reports to me that they are aware of two transfers — one to the partner and one to the brother — and the price was the same as the purchase price from land bank.

MR. BERNTSON: — Last year you provided us with a print-out of all the land and leaseholdings in the province; will you do that again this year? We found it to be a useful tool in our research efforts.

HON. MR. MacMURCHY: — Yes. I think that I asked the hon. member opposite to keep it strictly confidential and I note that the hon. member did; we appreciate that and will provide the information once again.

MR. BERNTSON: — Okay, now I want to get on a little bit about your criteria set out for subleasing land bank land. I noticed provision in the act to sublet land. Now can you tell me what the criteria are — how do you qualify to be a sublessee?

HON. MR. MacMURCHY: — Mr. Chairman, in answer to the hon. member, Mr. Wesson indicates that he is only, in his mind, knowledgeable about three subleases and they are very, very special circumstances. I think that, rather than get into a debate on the circumstances, I would rather provide the information to the hon. member on the basis of applying the sublease. Well, I think I better stop there and not go any further.

MR. BERNTSON: — Will you then provide the information on all three of the situations where they have been subleased? The one that I am particularly concerned about without getting into it is this: it's my understanding that the sublease on this one package of land (I would be pleased to deal with it in the confidence of the minister's office) is to people who are, in fact, not residents of Saskatchewan. I wonder how that would be possible under the policy.

HON. MR. MacMURCHY: — We'll check. Mr. Wesson says he is convinced that's not true, but we'll check and respond to the hon. member.

MR. HARDY: — I have one question. How do you establish the rental rates on land bank land?

HON. MR. MacMURCHY: — Mr. Chairman, it's a productivity formula. It's a public formula; I'll be glad to provide the information to the hon. member. It's in the regulation and it's a public regulation.

MR. MUIRHEAD: — Mr. Chairman, I have a few questions for the minister.

Some time back, Mr. Minister, I asked you in the question period, a few questions about beef stabilization. You informed me that we didn't have to have a producer vote and that there were several organizations which you were contacting. Could you tell us again which organizations you were contacting about this beef stabilization?

HON. MR. MacMURCHY: — I'll get the list for the hon. member. Mr. Chairman, the organizations we met with were: the SARM (Saskatchewan Association of Rural Municipalities), SFA (Saskatchewan Federation of Agriculture), Saskatchewan Wheat Pool, NFU (National Farmers' Union), Western Canada Cow-Calf Association, and the Saskatchewan Stock Growers' Association. I report to the hon. member that the meetings were completed the week before last. As a result of those meetings they have suggested some changes in the legislation. Those changes are in the process. We are

April 21, 1981

hopeful the bill can be moved before the Assembly this week — if not this week, early next week. It will be going to the printers very shortly.

MR. MUIRHEAD: — Would you inform us what each of their views were on this, Mr. Minister? Are they all agreeing to the beef stabilization plan?

HON. MR. MacMURCHY: — Well, I think the response by the majority of them which I outlined is positive.

AN HON. MEMBER: — To the extent that they are not going to lynch you, but they don't like it.

HON. MR. MacMURCHY: — The hon. member better be careful. I think fairly clearly, the Saskatchewan Stock Growers' Association is not enthusiastic but did, in fact, make some suggestions about improving the bill. I think the National Farmers' Union has a strong feeling about the need for marketing as the first step rather than stabilization. Although, I think they will say that both are necessary for the beef industry. The members opposite met with the NFU, and you obviously know its particular point of view.

I think the Saskatchewan Wheat Pool, the Western Cow-Calf Association, and the SFA are pretty positive about the proposal. Of course, they offered some suggestions about improving the legislation as well.

MR. MUIRHEAD: — Mr. Minister, I wanted to know what the NFU had to say. I understood in listening to them that they were against beef stabilization. It was, more or less, a marketing board they were pushing.

I would like to get into a topic which I heard on the news today. In Canada they are doing away with over one million chickens. They are slaughtering these chickens. What are your thoughts as to why the Canadian Egg Marketing Agency has itself in a position where such a crisis has arisen requiring the slaughter of those chickens?

HON. MR. MacMURCHY: — Mr. Chairman, I did not hear the announcement. Although, when I was on a talk show today on the CBC, the matter was brought up. I would assume this is a decision which has been made by the producer egg marketing board. I have not seen the announcement. I have not seen the reasoning put forward by the egg marketing board; therefore, I am at a handicap to make any comment. The officials here have not seen the announcement or the statement. I really can't debate the issue with the hon. member.

MR. MUIRHEAD: — I understand, Mr. Minister, (I just heard it on the radio so I'm not positive on this) that the price of eggs is going to go up five cents to the producer, but to do so they are dispensing with approximately one million chickens. Now, do you agree with this? I think this is what happens when you have marketing boards. Do you agree that having the egg man under the marketing board is what has caused this to happen? Is that possible, Mr. Minister? Give me your views on that.

HON. MR. MacMURCHY: — No, I don't think that is possible. I think that probably the issue relates to the market — to the availability of market. Clearly, the federal government's role in the marketing area has not been up to standard. It talks about Canagrex, which they are supposedly putting in place nationally to find markets for agricultural products, but it seems to be very slow in doing that.

I think the area we should be focussing our attention on is the function of the federal government instead of the difficult decisions which producer marketing boards have to make. I assume that one would prefer to see eggs, but certainly one will see a lot of food available as a result of this decision.

MR. MUIRHEAD: — Let me ask you this question, Mr. Minister. Do you believe in marketing boards? Obviously you do when it comes to hogs. Do you believe it would be the best thing if we had a beef marketing board in Saskatchewan, if it could be done and your people could go along with it? Do you, personally, believe this?

HON. MR. MacMURCHY: — Mr. Chairman, I think our objective in the area of beef is to see a national beef marketing commission. There is a difference — a selling agency for beef, nationally, instead of a board with supply-demand powers is our objective. I think we share that position with the National Farmers' Union.

I was interested in the response of two beef producers who called into the show today (one from west of Saskatoon and I have forgotten where the other was from) saying that what we should be searching for is a beef marketing commission.

So, we favor the marketing commission rather than a supply management board with respect to beef. We would take the same position with hogs, I suppose, a selling agency similar to the Canadian Wheat Board.

MR. MUIRHEAD: — Let's just go back to beef stabilization for one moment. The other day when I asked these questions on beef stabilization, you said that it isn't necessary for a producer vote. My interest here is that the producer should have a vote. You won that round, Mr. Minister, by saying that it's voluntary. I agree with you.

I believe, Mr. Minister, that you are an honorable man, and that as long as you are the Minister of Agriculture the beef stabilization will stay voluntary. It's the backdoor method, as I said, to a beef marketing board. Take the province of Saskatchewan, Mr. Minister, what has happened to our markets in Saskatchewan?

I'll just ask one quick question. I have a few remarks to make. How many processing plants do we have in Saskatchewan at this time?

HON. MR. MacMURCHY: — Mr. Chairman, let me make it clear that the legislation (and it will be a bill) will provide for the voluntary beef stabilization program. Let me also make it clear to the hon. member just that beef stabilization is not a policy of this minister, but is a policy of this government. I speak for the government when I speak about beef stabilization. In fact, I speak for the government when I speak about all agricultural programs that we have, rather than from the point of view of the minister or the department. Let me make that very, very clear.

I believe that in terms of packing plants (that's what the hon. member is referring to), we have two in operation in Saskatchewan — Intercontinental Packers in Saskatoon, and Canada Packers at Moose Jaw.

MR. MUIRHEAD: — This is where we agree. I agree with what the member for

Moosomin was saying tonight. You say that beef stabilization is a policy of the government, and that is exactly what he was trying to say tonight when we came to land bank. When we started, a few years ago, it was the policy of the government. The land bank has been changing and that is exactly what is going to happen to beef stabilization. Your government will change it as it goes along.

I understand that the government owns a percentage of Intercontinental Packers in Saskatoon. Could you tell me what percentage the government owns?

HON. MR. MacMURCHY: — 45 per cent.

MR. MUIRHEAD: — Who owns the other 55 per cent? Are they private individuals or shareholders?

HON. MR. MacMURCHY: — The Mendel family owns the other 55 per cent.

MR. MUIRHEAD: — Can you tell me, Mr. Minister, why we don't have more processing plants in Saskatchewan? We used to have many more, years ago. What is your true feeling as to why we haven't more processing plants in Saskatchewan?

HON. MR. MacMURCHY: — Mr. Chairman, I think that at one time, we had four processing plants in Saskatchewan. Burns was in Prince Albert and Regina. So we had Burns, Intercontinental Packers and Canada Packers. I don't think Swifts was around; perhaps it was. That goes back a fair length of time.

In response to the hon. member as to why there has been centralization of the meat packing industry, I think the reason (and I'm just operating off the top of my head) is simply that the meat packing industry no longer controls the meat industry. At one time they did. Right now, the multinational food chains control the meat industry, and they are putting the squeeze on the packers, as they are putting the squeeze on the farmers.

MR. MUIRHEAD: — In other provinces (definitely in Alberta and Manitoba) private individual have started processing plants with government assistance. Would you be in favor of private individuals, private companies or private enterprisers starting processing plants in the province? Would your government help them or hinder them?

HON. MR. MacMURCHY: — Mr. Chairman, Sedco has financed a fair number of small abattoirs. Putting that forward, I also indicate that there is a very successful abattoir out in the Last Mountain-Touchwood constituency at Leross. It is doing very well. There are, in fact, a large number of (I suppose you would say) small processors throughout the province, and assistance for a number of them has come from Sedco.

MR. MUIRHEAD: — How many processing plants in Saskatchewan are federally approved?

HON. MR. MacMURCHY: — Mr. Chairman, only the ones which market outside of the province and internationally are federally approved. The remainder are provincially approved, but we use the federal government inspectors.

MR. MUIRHEAD: — Mr. Minister, what is bothering me here are these marketing boards and all these things that are coming into our everyday lives. When I was a young man and had just started farming, we didn't have so much government in our lives. We

weren't controlled every place we moved. Now, there are different feelings among a lot of people in this province.

The other day when I stopped in our coffee shop, someone said to me, "What is new in the Legislative Building?" Well, we discussed it a little bit, and I said, "What's new out here? I haven't been around here too much lately. What's going on?" "Well, the biggest thing we have on our minds right now is the drought." The conversation went on and the thing which I drew from this conversation was that we have too much government in our lives, too much control. We would like to be back where we were years ago, when we got up in the morning and could run our own lives. That isn't the way it is any more. But there are many people (those are the people who are voting for the NDP in this province) who think differently. They want more government. So if they can't make it, they can turn to the government to take care of them. That is the whole situation which is bothering me here. We just keep moving in for more government control. I can't see that the hog marketing board is a good thing for Saskatchewan. If anybody will ever tell me that the hog marketing board is good for the hog raisers of Saskatchewan, then somebody better explain to me why, when the hog marketing commission went into effect, there were approximately 1,400,000 hogs sold that year. I think there were less than 500,000 sold last year. If it is so good, what happened to our hog raisers? Give me your view on that, Mr. Minister. What happened to them, if the hog marketing is so good?

HON. MR. MacMURCHY: — Mr. Chairman, I listened to the hon. member who talks about the past when he didn't have a marketing problem. I doubt that the hon. member opposite marketed very much grain on the open market. I suspect that in the wheat growing area that he comes from, he has marketed virtually all of his grain through the Canadian Wheat Board. But I don't think he was farming (unless he is an awful lot older than he looks, and I hope that is not true) before the Canadian Wheat Board. Therefore, he has been marketing his grain through this dreadful government agency that he talks about. I think he has done very well by marketing through the Canadian Wheat Board. If the hon. member is saying to me that we should abandon orderly marketing through the Canadian Wheat Board, then I would be glad to hear him say so.

I ask the hon. member to raise the issue of Saskatchewan Hog Marketing Commission (it is a commission, not a board) with hog producers. I would ask him also to ask them about the hog stabilization program and how they feel about the marketing commission, plus the stabilization program. One of the interesting things that a caller said this morning (and I suggest the hon. member should talk to some of the beef producers) is, "I have always supported the open market, the free market for beef, but I have now changed my mind because it hasn't worked for me. Therefore, I am going to start calling for a beef marketing commission." So marketing commissions and marketing boards have come about as a result of producer action, not government action. Producers are calling for these kinds of vehicles to get a stronger position in the market place, and I think the hon. member and all the hon. members opposite should recognize that.

MR. MUIRHEAD: — Mr. Minister, I don't know why you are talking about the Canadian Wheat Board. What does it have to do with hog raising? That's just like comparing skunks and chickens, for goodness sakes. Let's just remember who brought in the Canadian Wheat Board. It was a Progressive Conservative government. Thanks to the Progressive Conservative government for bringing in the Canadian Wheat Board. But we're not talking about that.

April 21, 1981

Maybe that's what the farmers wanted but I didn't sell grain only on the open markets . . . (inaudible interjection) . . . You're right, I'm not old enough to have been in that situation of having to sell the other way. The farmers wanted the Canadian Wheat Board; they wanted it. But do they want the hog marketing boards and the cattle marketing boards or commissions or whatever you want to call them? No, sir, they don't. I was at the meeting in Saskatoon when the hog marketing commission came into effect and so was the member who is sitting beside me. You might have been there too; I know the former minister or agriculture, Mr. Messer, was there.

Six hundred people there were protesting. They didn't tell the minister whether they wanted a hog marketing commissioner or not. They said they wanted a vote. That's all I have ever said to you in this House, Mr. Minister — if there is going to be a cattle marketing board or any other type of organization, give the producer a vote on it.

I know some other members want to ask you some questions, but I have one more thing which really concerns me. It is about the beef industry. Where are we, in Saskatchewan, going with regard to the beef industry? If we don't do something to save it, it is going to hurt our grain enterprise. Right now we have too many acres here in Saskatchewan which are in serious situation. They are blowing every day, filling the dugouts with dirt and there is no water for the cattle to drink. These are dugouts which your government, and perhaps the government which was in power from '64 to '71, paid a lot of money to build. Now they're full of dirt and there is no water.

It is a real problem for us and it's on your hands, Mr. Minister, to do something about it. We had a call today from the town of Semans which is right in your own area. A man there has 100 head of cattle and it has taken him eight years to get them. He fought it through last year but he doesn't know where he's going this year. He has no hay, very little pasture and no water. He wants to know what this government is going to do to help save the cattle industry. If he is in that position, there has to be hundreds more in Saskatchewan in the same position.

Mr. Minister, I say it is on your shoulders to come up with something better than what was done last year. The subsidy programs to move hay last year were absolutely zilch for the farmer. When it started in April, the farmers had already started to buy hay from Alberta and Ontario farmers at a certain price. I don't remember the exact prices but as soon as the subsidization programs came into effect and the trucking subsidy started, who got the bucks? The farmer paid the same dollars and cents, and the Alberta farmers and Ontario farmers and the truckers got the extra money. They reaped the profits. You have to come up with something much different from what was done last year.

As I said before, the land situation is really serious. We've had so much light land that has been taken out of grass and hay production in the last few years because the farmer wasn't making any dollars on beef, and he has put the land into grain farming. That is just going to hurt our grain enterprise. We have to save the beef enterprise if we're going to save the grain enterprise. This is one of the reasons why thousands of acres of light land, which should have been in grass, are blowing away today. What are we going to do about it?

HON. MR. MacMURCHY: — Mr. Chairman, just a brief response on the issue of hog marketing which was raised. It's interesting that the hon. member says that this is a bad system. I believe they have the same system in Alberta, in Manitoba and in Ontario, and they are calling for it in Quebec. I think they have the same marketing system for hogs right across this province and across this country, and yet it's a bad program for the

province of Saskatchewan. The problem is, Mr. Chairman, that it should be a national marketing scheme; then it would have some clout in the market place. I'm glad to hear the hon. member say that something must be done for the beef producers. I think in the broad sense there are two ways to deal with the problems of the beef industry over the long term: (1) marketing, and (2) stabilization. And the two both are necessary because there are simply not sufficient cattle in Saskatchewan to have any clout in the market place. We have decided not to go the marketing route. We have made a decision to go the stabilization route. And I would hope the hon. member opposite and all hon. members will support our efforts for beef stabilization, and will support us in our efforts to see a national beef marketing commission established for all the beef producers.

There is no question that there's a real problem with the drought. If I could make it rain, I would have made it rain two weeks ago. I suppose the hon. member for Moosomin, if he were the minister of agriculture, would call on it to rain and it would rain. All I can say is it's a good thing the Good Book says the rain falls on the just and the unjust equally. It's interesting that the hon. member should condemn the provincial programs put in place for last year, because the representatives of the farm organizations, when meeting three weeks ago, said that we should extend those programs for April and May. If they were so bad, it's interesting that the farmers should suggest that they be continued. I think the Saskatchewan programs were very well received. Now, there's no question there's an issue with water.

When we announced three weeks ago our extension, we announced the program for ground water search, the \$1.50 per foot search for water E-logging, and we announced the extension of the municipal well program, which is 50 per cent of the cost with no ceiling. We announced we would be entering discussions with PFRA with respect to the individual well program. With respect to the municipal well program, which we had cost shared with PFRA, it has refused to extend it into this fiscal year. So the province will be picking that up as it exists — half the costs for municipal or community wells. Also, I report to the hon. members that we announced today the removal of the \$1,500 ceiling under PFRA. We were not able to negotiate an arrangement with PFRA with respect to their individual well program, so what we have had to do is build on its program. Its program is one-third of the cost, just recently announced, to a maximum of \$1,500. We will pick up from the \$1,500, share one-third of the cost, and there will be no ceiling. This will allow the farmers to get into the deep wells.

MR. MUIRHEAD: — Mr. Minister, I'm not going to ask any more questions at this time. I will turn it over to one of my colleagues. I didn't agree with all your answers, but I thank you very much. I will ask you some more in a couple of days. This will still be on.

AN HON. MEMBER: — A couple of days?

MR. KATZMAN: — Certainly, this is a major topic. Mr. Minister, going back to the question that my seatmate brought up about the federally inspected meat plants, and your indication about provincially inspected meat plants, my understanding is that other than Intercontinental Packers and possibly Empire Meat Packers in Saskatoon, nobody else is federally inspected presently. Is that wrong or right?

HON. MR. MacMURCHY: — Mr. Chairman, our information is there are about 17 plants in the province that are federally inspected.

MR. KATZMAN: — How many are provincially inspected?

April 21, 1981

HON. MR. MacMURCHY: — Mr. Chairman, there are 17 plants. They are all inspected by federal inspectors. We pay the federal government for the cost of the inspection.

MR. KATZMAN: — Well, let me put it to you differently. How many of them meet federal inspection regulations?

HON. MR. MacMURCHY: — Well, I would assume because they're inspected by federal inspectors, they would meet federal standards.

MR. KATZMAN: — Mr. Minister, my understanding is the ones that are classed as provincial cannot ship outside the province because they don't have sufficient inspectors, even though provincial inspection is a lower grade. But, as you say sometimes the federal people will do it for you, but the plant is not up to the same standard as a federal plant must be for shipping outside the province. So, my question is: how many of these 17 plants can ship outside of the province?

HON. MR. MacMURCHY: — The information I'm provided is that the standards are not, perhaps, the same, but they are very very close to being the same.

MR. KATZMAN: — You're saying in the last two years, now, because two years ago, there was a difference when we were into agriculture estimates (of how many were federal, how many were provincial and how many could ship) that they've all been brought up to the standards? The same as what they did in Alberta several years ago?

HON. MR. MacMURCHY: — I make the point that they are not the same. My information is that they are very, very close.

MR. KATZMAN: — My concern is that if they are very, very close, would you consider doing as the Alberta government did — allow the additional funds from the provincial government to these slaughter plants thereby allowing them the chance to ship their product outside the province of Saskatchewan? The second part of the question: can you arrange for more days for these inspectors to be available so that plants can kill on more than just one or two days a week, as they are now doing due to the shortage of inspectors?

HON. MR. MacMURCHY: — Mr. Chairman, I'm trying to get the information; it's getting me into a fair bit of detail. The policy is to encourage to bring them up to the standards and we subsidize the inspection costs. Those that are up to the standards are shipping meat outside of the province. And it comes to my mind that the particular plant I referred to earlier at Leross is shipping outside of the province.

The officials report to me that the issue is not so much an issue of the availability of inspection, but an issue of the availability of slaughter at some of the plants. Now, I'm not up to date on that issue, but I report to the hon. member my official's information.

MR. KATZMAN: — Mr. Minister, from my limited experience as a buyer for a meat packing company, let me suggest to you that the comments you made earlier about retail stores now controlling the market are not true, as you would know if you ever spent any time around Intercon or Empire where they price their meat. If you check on how the rail grade system works, they're still not basing by starting from the top and working down, but that's what you indicate when you say that the retailer is controlling what we're getting in our market.

AN HON. MEMBER: — It's certainly not starting at the other end.

MR. KATZMAN: — I think, Mr. Minister, that cheap offshore beef and subcontinent beef are really controlling the price of our retail beef — not Dominion Stores and so forth. If they're able to buy cheaper products offshore, obviously our products are going to have to match. And that's the problem. The problem perhaps lies in the federal government not taking the Conservative proposal that Mr. Clark brought in while he was in government and acting on it to make sure that we protect our own market to a certain point. I suggest that you should be putting some pressure on the federal government to accept the Conservative position that was formulated during the Clark government, thereby giving our slaughter houses an equal opportunity by allowing a certain portion of the quota system to be produced in Canada. And then our producers will produce to the qualifications needed. But as long as you have cheap imports — the same as you have in the car industry and in other industries — you're obviously going to cut off Canadian industry. That's the comment I make to you; there's more than just one area to blame; it's the whole picture.

HON. MR. MacMURCHY: — Mr. Chairman, I think the hon. member just presented an argument that the multinational food chains are controlling the price of beef, because he said they're buying offshore or whatever. And I was interested that the hon. member suggested that we should close the border.

AN HON. MEMBER: — Beg your pardon.

HON. MR. MacMURCHY: — I was interested that the hon. member suggested we should close the border.

AN HON. MEMBER: — That's not what Mr. Katzman suggested. Keep it on the track. You're straying from the facts.

HON. MR. MacMURCHY: — An hon. member suggested when we talked about the beef stabilization plan that I should go to Washington, that the whole system would collapse because they were going to close the border. Mr. Chairman, I think that when it comes right down to it the hon. member and I are on the same wave length in terms of the issues of beef and beef marketing, and we can support each other as we support the beef industry.

MR. TAYLOR: — Mr. Minister, I noticed in your remarks a little earlier, when you were talking about gasohol, that you said there were a number of feedlots in the north that were not operating at this time. It would be interesting to know if we have such a good boom throughout our economy, why some of these feedlots are not operating. That struck me as rather a strange note to say that they were shut down at this period of time here in the province of Saskatchewan.

I also notice that many of my colleagues on this side preface their remarks by saying, "The minister is an honorable man." I would say, remember the funeral speech of Marc Antony in "Julius Caesar" and watch this a little bit. In many instances, Mr. Minister, you said, "I find it interesting that . . ." Now, I want to quote a few figures to you that I find interesting — and I go back to my colleague's reply to the budget just to refresh your memory. It goes as follows and it's on page 674 of *Hansard*:

In 1979, in Saskatchewan, we marketed 422,000 cattle and 88,000 calves. It's down from 1976, when we marketed 749,000 cattle, and in 1974, when we marketed 346,000 calves, or simply put, for every four calves marketed in 1974, we marketed one in 1979.

Now, I would like you to explain why (and that's the period of time, when you have been the government of this province) if you have really been doing justice by the beef industry, those figures are declining at such a drastic rate? Now, I shouldn't presuppose your answers, but you might answer me that there hasn't been stabilization program, that's why you're bringing your stabilization program in. But I would say in answer to that, to give you consideration, that hogs, which in 1971 were 1.255 million, went down by almost 50 per cent to 647,000 in 1979. Now, those are two very important aspects of the agricultural industry. Can you tell me why, if you have been really, as the Department of Agriculture, helping out the beef and the hog producers, those numbers are declining?

HON. MR. MacMURCHY: — Well, Mr. Chairman, I think that the issue with the beef is an issue of the price. I think back to when I had some cows. You used to think that seven years out of 10 you'd do not too badly and three years would be bad. That has turned around in the last decade to where there's seven bad years and you have to really work hard to see that there are three good years. I think the issue is the market place and the price and the attractiveness, in the latter years, of the grain industry.

I think one of the hon. members (the member for Arm River) was talking about the amount of grass that has been put into crop rotation and that's showing up this year. We do have, Mr. Chairman, a lot of mixed farmers. Farmers who, particularly in the hog area, had in previous years been going in and out of hogs. That has to a large degree ended and the hog producers are now hog producers and that's their concentration of effort. The farmer growing some grain and having 20 cows and 10 sow pigs isn't there anymore so there has been a bit of a transition. I think that transition is not all that bad, although there's a good deal of discussion and examination going on in FarmStart about looking at, not a return to those kinds of operations, but a return to more of the mixed farms similar to some of the past years.

MR. TAYLOR: — Mr. Minister, I don't think we dispute the price as one factor but I think there are other factors besides price when you come to beef because I could go on to quote in relation to dairy products. It says:

Let's look at the livestock population. In 1971, Saskatchewan had 112,000 milk cows; in 1979, we had 70,000.

So the dairy population has been dropping too. I think price has not been such a factor. So to blame it all on price is not correct. But you were getting close to the crux of the problem when you mentioned that the fellow who had the 10 sows, and the fellow who had the 20 cows are not in business any more. That is correct; those fellows are not in the livestock business. Why are they not in the livestock business? The reason they are not in the livestock business is that many of those small farmers today have opted to drop out of the livestock business and are seeking off-farm income to supplement their farming operation. That's what has happened to small agriculture in this province. It is due to the fallacy of the government opposite that these small farmers, who have every capability of producing the 10 sows, the 20 cows and so on, have been discriminated against, in many cases, by the government opposite and have gone off the farm to find income to supplement that farm. They are being discriminated against in that regard.

Now you mentioned FarmStart. That is just what I wanted to turn to. I believe that if we are going to be facing the problems of agriculture in this province, we have to look at allowing and developing small sidelines on the small farms which will help these people fit into the whole of agricultural production. I am going to raise three points (and I have raised some of them with you privately) in this Chamber. I believe the FarmStart act should be amended immediately to include such things as this.

I have a constituent who is in the stage of developing one of the finest rodeo stock contracts in this province. He raises brahma bulls and bucking horses to supplement his farming activity. It is a legitimate activity. It is a very good business because rodeos and western dress are growing at a phenomenal rate throughout this province. This is the way this gentleman can have the agricultural life he wants. Is he eligible for FarmStart? No, he is not. I think that is a great injustice. That is a farming occupation. If you are raising brahma bulls, by God you have to be a farmer to look after them; I tell you that.

I received some literature from you last year on leaf cutter bees. I thought this looked like an interesting activity which the smaller farmer could take part in. I may stand to be corrected, but I am not sure if leaf cutter bees are eligible for a FarmStart type of holding.

Further to the point, there is what is called the Beverly Hills rabbitry at Swift Current, a very enterprising business. They have contracts, I understand, to sell rabbit meat throughout North America; they have contracts in Europe which they can't fill, because of the simple fact that many young farmers, who want to get into raising rabbits on a part-time basis to help offset their agricultural costs, are not eligible for FarmStart assistance.

If you mean what you are saying, then let's get at it. Let's enlarge FarmStart so it helps these chaps. Twenty years ago when a fellow from Arm River and you were farming, what might have been off-beat types of agricultural enterprises, today are very fundamental; they're very profitable, and they should be eligible for FarmStart criteria.

HON. MR. MacMURCHY: — Mr. Chairman, I think we can talk specifically about the FarmStart program. I might just mention that we are very pleased with the improvement in milk production in the province of Saskatchewan. In fact, we are up to our quota in milk production, and we expect to surpass it. There was more milk produced in Saskatchewan last year, in a very dry and difficult year, than has been produced for five years. So that gives you an indication of the upturn in the dairy industry.

Mr. Chairman, I have some real problems with the FarmStart program, in expanding it to include the rodeo people. It has been a program of providing assistance for farmers to get into food production. In my mind, rodeo horses don't really fit into FarmStart. That's not to say that we shouldn't have some kinds of programs for assistance to this growing industry. As a matter of fact, I report to the hon. member that I'm in the process of putting a little committee together, made up of representatives of that particular industry, to look at what the government might do in this area. It seems that the thoroughbred people and the standard-bred people are well organized, and are a strong lobby, as evidenced by their activities in this legislature and with the government. But that is not so with the people who you put your finger on. Therefore, we are going to make an effort to look at this area. I'm not sure that FarmStart is the proper vehicle.

April 21, 1981

Nor am I sure that it is with the leaf cutter bees, particularly at this time. (The hon. member will know that honey bee producers are eligible for FarmStart loans.) What is going on in the leaf cutter bee area is a leaf cutter bee project which we have embarked upon in co-operation with the province of Alberta. Some research is being done at Lethbridge. I think we will await the outcome of that research that is going on in co-operation with Alberta and then look at the direction in which we should go. I will attempt to remember (I'll make a note), when we get a report, to provide the information in the report to the hon. member opposite.

MR. TAYLOR: — Well, in regard to FarmStart being only for food production, I'll just throw out that PMU (pregnant mare's urine) contracts, I believe, are eligible for FarmStart assistance. If that's food, it's a different variety than I'm used to. You didn't answer the question about the rabbitry farmers. There's growing demand out there and this is the way we can keep some people viable — by funding some of these.

HON. MR. MacMURCHY: — You're going back before my time here. He reports that initially there was assistance in this area; there has not been for the last few years.

MR. TAYLOR: — That's in the PMU?

HON. MR. MacMURCHY: — Yes.

MR. TAYLOR: — Well, then, that contradicts what you told me a little earlier, Mr. Minister, because I think you know the end product and that isn't food in my mind.

While we are on the whole topic of horses, Mr. Minister, I have people in my constituency who are feeding horses in feedlots today. There is a real market now in horsemeat. You can make a very good dollar by buying heavy colts at an auction and feeding them in a feedlot just as you would cattle, and shipping them offshore to Japan. So, I think, Mr. Minister, in looking at those types of things, and showing a little contradiction there, maybe you could give serious consideration to these.

I am still waiting for an answer on the rabbits. I haven't had an answer as to why these rabbit producers are not eligible for FarmStart, because I understand it is crippling a growing industry in Swift Current — the Beverly Hills rabbitry, which has contracts all around the world for its product.

HON. MR. MacMURCHY: — With respect to rabbits, as one could expect, FarmStart did initially provide assistance to rabbit farmers, but as rabbits tend to do there are a lot of rabbits and there has been a hold put on granting loans until an examination takes place of the market. Once that has been reviewed, the policy with respect to rabbit farming will be decided upon.

MR. TAYLOR: — You say there's a hold on it right now. It has been brought to my attention that that big industry down there, and I think there are others that could start up in this province, is in a bit of financial difficulty because people are not getting into production. I know they multiply rather rapidly, but I guess not fast enough, so I am asking if you'd take another look at the situation there.

The next thing that I want to draw to your attention is what I see as the drastic lack of a serious attitude toward the sheep industry in this province. I think Mr. Doug Neil, the MP for Moose Jaw, brought this up in the House of Commons, requesting that

something be done about the offshore importation of New Zealand lamb into Canada as a whole. I believe that we in Canada really only satisfy about 8 per cent of the demand, and I can attest that there certainly is a whole new attitude coming to the consumption of lamb throughout Canada and right into the province of Saskatchewan. I pointed out a little earlier that such things as rabbit, sheep and chicken production (or things of this nature) can be the way to offset some farming expenses. I would think that the Government of Saskatchewan should certainly bring in an advertising policy for the consumption of our own Saskatchewan lamb. I know that you have your "Buy Saskatchewan grown products" ads, but certainly we're falling short here. There's going to be a good demand for breeding stock. Many farmers are looking at sheep now, on an enclosed basis, as a way of supplementing their income. I would like to see you put more emphasis on the marketing of lamb and the consumption of lamb in this province. We're not consuming near what probably we should be. We should help people build up basic flocks and to sell breeding stock within the province and to other areas.

HON. MR. MacMURCHY: — Mr. Chairman, I'm getting the information on FarmStart loans for sheep. Something positive seems to be happening in the sheep industry in the province. We had 60,000 in Saskatchewan the year before last. They're up to 65,000 now, so that we've seen an increase overall in the province. I report also, which is significant, that our numbers are up; both Alberta and Manitoba are down. I think the hon. member suggests there are farmers looking at sheep, and it's showing up.

I think, finally, that the federal member from Moose Jaw is on top of the matter with the federal Minister of Agriculture, as he should be doing. I make the final point that the marketing situation has improved significantly. previously the sheep marketing commission had to ship and sell through the Toronto market. One can see the problems of transportation to the Toronto market. They now have an arrangement through Lambco, which is a plant at Innisfail, for slaughter and an arrangement with Intercontinental Packers to market the product through the Intercon system. This got under way January 1. We expect this to improve their situation significantly.

MR. TAYLOR: — Finally, on this, Mr. Minister, I think what I'm discussing here is that (and your statistics prove this out) there are many people of Saskatchewan who are interested in small flocks, say flocks of 50 to 100 producing ewes. There is a good demand — there could be a great demand in this province for native Saskatchewan-fed lamb. That could be done by one of two methods: sale at the farm gate, as you call it; or through Lambco at Innisfail. The big stumbling block, though, is when I go downtown in Regina to any of the stores, I see the New Zealand lamb, nothing but the New Zealand lamb coming into our stores, and do something to produce the Saskatchewan lamb, and let these people who want to get into this market get the value and the money that is out there for them?

HON. MR. MacMURCHY: — Mr. Chairman, the hon. member raises the issue that the hon. federal member for Moose Jaw raised. The hon. member for Moose Jaw raised it at the right level with the federal Minister of Agriculture. Because really this is his jurisdiction and not that of the Minister of Agriculture.

I think we are doing everything we can, through what we have available to us. I think that

“Take Home a Taste of Saskatchewan,” for example, is bringing the issue to the attention of Saskatchewan consumers. Hopefully, we can, through our arrangements there and with Intercon (which is really just under way), supply the market with Saskatchewan lamb rather than New Zealand lamb.

MR. SWAN: — Mr. Minister, in dealing with the FarmStart program, it seems to me that there is a lack of co-ordination between the FarmStart program and the lands branch which allocates community pasture to the people who are raising livestock.

Through your FarmStart program you are assisting young people to get into the cattle industry by providing them with funds to get established with a basic herd. Just about the time they get a half-decent herd built up, we find that, on the other side, the lands branch establishes methods of controlling the quotas going into the pastures, and these same people are cut off. They can't put their cattle into a community pasture for summer grazing.

To me, there seems to be a lack of communication between the two departments. I can list, within the immediate district where I live, at least seven or eight young farmers in their early thirties who started out with FarmStart loans and built up a decent quality herd and in decent numbers, and immediately were cut off. They are really the ones who should be the backbone of your livestock industry. But they are cut off from grazing privileges and have to sell. There is a very serious conflict here which needs to be looked at.

HON. MR. MacMURCHY: — Mr. Chairman, the hon. member raises a good point. The question I ask is: which pastures are the problem? There are the PFRA pastures, the provincial pastures, and the co-op pastures. Perhaps we should run this to ground, in terms of whether it is one of them or, in fact, all three. I suspect cutbacks were faced last year because of the drought conditions, and the conditions of the pastures. If it is an ongoing issue, it is one which should be pursued. Obviously, they get their FarmStart loans based on the availability of grazing, availability of hay, and so on. I think that we should put our finger on the problem. If the hon. member knows which pastures are involved, we would be glad to pursue it.

MR. SWAN: — All right, the ones that I'm most familiar with, and where the concern has risen, is the Beechy community pasture and the Matador ranch. The big problem seems to be that when the land holding assessment reaches 15,000, then the people are notified that they can no longer put cattle in the pasture. And with the assessment changes that have taken place in the past few years, there are corners of my constituency where you would hit your 15,000 of assessment with only four quarters of land. So you're not a big landholder. It just seems that the quota base that they're using — the figures they use to calculate that quota base — are unrealistic. And you're really cutting off the very productive age group of farmers who could do something for our livestock industry. This year I can tell you of one man who is selling a cow herd of 40, just a nice size for one individual farm. But he is selling the whole cowherd because he has no grazing land. He has no place to put his stock this summer and he has had to sell out. It is strictly a lack of communication between your two departments.

HON. MR. MacMURCHY: — Mr. Chairman, I don't think the quota base of the criteria has changed over a fair period of time. We will check that. I assume the quota base is an attempt to provide some equity. I want to ask the hon. member, (and he can answer it here or he can send me the information), was this particular producer forced to sell some of his herd because of the condition of the pastures in his area this spring, or was

it because he has not had a reasonable quota over a period of time?

MR. SWAN: — The people I am referring to were advised about three years ago that they were going to be cut back on the number of cattle they were allowed to put in the pasture. It had nothing to do with the grass. I think in both of those pastures, you will find that the grass is good because they had fair rainfall last year in those particular pastures. The reason they are cut back is that their landholdings had increased to the point where they had more than \$15,000 in total assessment. The third year has arrived and they have been told that they will have absolutely no quota this year to put cattle in those pastures. For that reason, they have had to sell. I can give you names of individuals if that is what you want, but I won't do it in the Chamber.

HON. MR. MacMURCHY: — Mr. Chairman, I would ask the hon. member to forward the names to me and we will check it out and get back to the hon. member in terms of the issue which he raises.

MR. PICKERING: — Mr. Minister, last August, the University of Saskatchewan was seeking more funds to expand their soil testing facilities in Saskatoon. Has there been any money allocated to expand it at this point or are funds forthcoming?

HON. MR. MacMURCHY: — Mr. Chairman, the answer to the hon. member's question is no, we have not provided any funds from the Department of Agriculture for the expansion of the soil testing lab. I think the hon. member would be talking about a capital expenditure at the university. Any capital expenditure at the university would come through the channels of the Department of Continuing Education, rather than through the Department of Agriculture.

MR. PICKERING: — Mr. Minister, in this press release in the paper, it says:

Dr. Gerry Gartner, Saskatchewan Deputy Minister of Agriculture, said the government has not committed itself to any expenditures yet. He said there is a problem with space on the university campus and that this decision would have to be made on the location of the lab before the amount of provincial funding could be determined. He also said that it would probably be a few months before the two parties reached an agreement.

This was in the *Western Producer* of August 28, 1980. And, as you are well aware, Mr. Minister, they receive most of the soil samples in the fall. Farmers determine from those samples what fertilizers to put on their land in the fall. It also goes on to say:

The lab is expected to employ 28 seasonal workers for a period of about three months, in addition to the six full-time staff. Another 42 agents will be out in the fields helping farmers obtain samples. Meanwhile, the soil lab will probably work a double shift each day to process in excess of 300 field samples — 900 samples — three per field per day during peak periods this fall when farmers want information on soil nutrient requirements.

That's why I'm asking the question in agriculture estimates, because of the fact that your deputy minister was there and made these statements.

HON. MR. MacMURCHY: — Mr. Chairman, I think that the hon. member will note that Dr. Gartner was speaking on behalf of the government in that situation, and not on the behalf of the Department of Agriculture. I think the statement indicates that. I go back

again, Mr. Chairman, to the fact that the University of Saskatchewan and the University of Regina received their capital dollars through the Department of Continuing Education. I think that's the way it should stay. Having been a former minister of continuing education, I think it should all be in one place, if possible.

MR. PICKERING: — Well, as the Minister of Agriculture, and this being under continuing education, have you made any representation to the Department of Continuing Education to get such funds to expand these facilities so that they would be adequate?

HON. MR. MacMURCHY: — Mr. Chairman, it comes through the Department of Continuing Education as part of a request from the universities commission. The priorities of the commission and the department are reviewed by the government as part of the normal budgeting process.

MR. PICKERING: — Is this the only soil testing lab in Saskatchewan — the one in Saskatoon?

HON. MR. MacMURCHY: — Yes, it is the only public lab.

MR. PICKERING: — Has there been any thought given to establishing such a laboratory in Regina, which is the so-called heart belt or the wheat belt or whatever?

HON. MR. MacMURCHY: — I think that there are no plans at the present time for a lab in Regina. I think, very clearly, the economies would dictate an expansion at the University of Saskatchewan in Saskatoon; therefore the proposal coming forward from that university is a legitimate one in that sense.

MR. BIRKBECK: — You mentioned quotas a while back in answering the questions of the member for Indian Head-Wolseley. Could you tell me what Saskatchewan's market share of the milk quota was for each consecutive year, going back 5 years? Take it from 1975 to 1980. What was Saskatchewan's share?

HON. MR. MacMURCHY: — Mr. Chairman, the quota hasn't changed over the last five years; it's been the same, at 2.9 million pounds of butterfat.

MR. BIRKBECK: — Well, then you're indicating that we haven't lost any of Saskatchewan's market share to Quebec, British Columbia or Ontario?

HON. MR. MacMURCHY: — No.

MR. BIRKBECK: — Okay. Thank you. That's what I wanted to have on record.

I want to pursue the line of questioning that the member for Indian Head-Wolseley was pursuing with reference to the apparent inability of the government opposite to address itself to the really small farmer. A lot of people don't want to be big farmers. I can tell you very sincerely that I didn't have any ambitions to be a large farmer milking 100 cows or farming three or four sections of land. I really wasn't concerned about that; I was concerned about having an operation that would provide the standard of living that I, at that time, felt necessary and that my own lifestyle required. Having said that, I want to indicate to you that there are a lot of people out there who want to farm on a smaller scale. I don't really believe that the government has taken initiatives and steps

to assist those smaller farmers.

I want to read a letter into the record. I want you to take note of it; have your officials take note of it, look into this matter for one of my constituents, and, of course, report back to me. I would hope that you would correspond at your earliest possible convenience with this particular constituent of mine. It's a very short letter. I'll just read it into the record:

Dear Larry: I have recently sent a letter to Mr. Whelan concerning the negotiations that are coming up with New Zealand and Australia, in particular the trade agreement concerning the importing of lamb to this country. At the present time, the Canadian producer is supplying 8 per cent of the market and 92 per cent of consumed lamb is imported, mainly from these two countries. From this our prices have come under pressure, but most important is the lack of confidence that this type of agreement produces among the sheep farmers of this country. As a lamb producer I would like to increase my flock to supply the Canadian market, but like many other producers, really can't feel protected to have a market for a product when the federal government sees fit to allow such a large, uncontrolled import of lamb.

Surely we should be allowed to supply far more than our 8 per cent of national consumption as we do now. We have the facilities, the land, the know-how and the people to consume our product. We haven't, though, the support from our government to allow us to expand.

I would like you, please, to voice the concerns of Saskatchewan sheep producers in any way possible so that we can at least be allowed to compete for our own market. Yours truly, Martin Penfold, Fairlight, Saskatchewan, S0G 1M0.

The letter is dated April 14, 1981. I would appreciate it very much if your officers were to correspond with him and answer those particular concerns that he has expressed — concerns that have been expressed by the opposition through our sheep farmer and the member for Indian Head-Wolseley.

I think it's a damnation on not just the provincial government but the federal government that there haven't been some measures taken to allow a smaller producer, one similar to Mr. Penfold from Fairlight, to expand marginally his sheep farming operation. He cannot find the market for the increased production that he would like to move into.

Now, he talks of some import controls. That leads me to the question of the short-lived, unfortunately, federal Tory government, which placed on the books in the House of Commons a beef import law. That law was introduced by the Tories; it has been left on the shelf in the House of Commons. There were amendments that they had wanted to attach to that particular legislation making it much more effective than it is in its present form.

I haven't been aware of any correspondence between your government — the Government of Saskatchewan — and the federal Liberal government on that particular beef import law. It would place restrictions on offshore beef, Australian beef, New Zealand beef, and, as well, would place some moderate restrictions on U.S. beef coming into Canada. Now further to that, Mr. Minister, one of the things that was to be

contained in that particular legislation was a balancing mechanism built into that beef import law, so that as Canadian production went up imported beef would go down — the amounts allowed into the country — therefore allowing Canadian producers to take up the slack here in Canada as there is demand. It would allow Canadian producers to meet that particular demand. Now, that was a very important piece of legislation as it affects the cattle industry in particular, and could be applied across the board. It's a national program, as those much supported by you and your government opposite, particularly relating to agricultural problems, and I think that it's incumbent upon you to take a look at that as one particular aspect in correcting some of the problems that the current beef industry is experiencing.

So, those are some of the problems that I want to address myself to in that regard. Now if you can make a note of that, if you have some things that you would like to reply to, I will give you an opportunity to answer before I ask you the other question.

HON. MR. MacMURCHY: — Mr. Chairman, we will be glad to receive a copy of the letter from the producer at Fairlight and to respond to him. We will forward a copy of our response to the hon. member. I would hope that the hon. member would do likewise as he responds to his constituent, and forward me a copy of his letter to him as well.

I think the Hon. Minister of Agriculture in Ottawa, in responding to the member for Moose Jaw, said the problem was the General Agreement on Tariffs and Trade, otherwise known as GATT, and he didn't hold out very much hope of dealing with the issue of sheep farmers other than that he would talk to the governments in New Zealand and Australia. I don't know what that means. The hon. federal minister is a great talker and not exactly the greatest doer in the world, from the experiences that I think we all have had in this Assembly in recent months.

The hon. member raised the issue of the beef law moved in the House of Commons by the Clark government and asked our position on it. I think our position on it was that it was a start, but it was really not a tough enough law to deal with the problem in that it was a year to year kind of thing rather than a law that would have an impact in a short term. One can see what can happen on a very short term when one looks at what happened to our industry from imports coming in during the months of January, February and March. It just wasn't tough enough, but I think that we would say to the hon. member that it was a good start but needed to be tightened up.

MR. PICKERING: — Mr. Minister, I would just like to return to this soil test laboratory for a moment. This starts out by saying:

The University of Saskatchewan is seeking financial help from the provincial government (which you mentioned) to increase the throughput and efficiency of the soil testing laboratory. Negotiations are now taking place between the university, represented by President Leo Kristjanson and Dean of Agriculture Jake Brown and the provincial Department of Agriculture.

It would appear to me, Mr. Minister, that you are trying to scapegoat this by referring it to the Department of Continuing Education when it is your own responsibility. You are just not wanting to deal with the question and you're passing the buck.

HON. MR. MacMURCHY: — Mr. Chairman, there are talks taking place between the president, the dean and the Department of Agriculture at the officials level, but the talks relate to the service to farmers rather than to the provision of the capital required to

update and expand the facilities. I think that is legitimate.

MR. PICKERING: — How are you going to provide the service to the farmers if you don't expand the facilities?

HON. MR. MacMURCHY: — I am not arguing that it isn't an issue of the government. I'm just arguing that there is a direction to go in terms of university capital. That direction is through continuing education rather than through the Department of Agriculture. I think we are hung up. The hon. member would have to agree that if capital were required in the areas of health, social services, agriculture and so on, you would go separately to each department in order to provide the capital for the university; that would be chaos. The policy of this government (and I think it has long been the policy of governments in this province and I think you'll find it in other provinces) is that when capital is required at the university level they go to the department that provides it. In this case it is the Department of Continuing Education.

MR. PICKERING: — Mr. Minister, it also states in the article that a measly \$150,000 is all they would need to upgrade this facility so they could meet the demands. You said that you have been negotiating with the university. With farming being our main resource in Saskatchewan. Why hasn't a small amount such as this been allocated through the Department of Continuing Education? You should have made representations to make sure it had been.

HON. MR. MacMURCHY: — Mr. Chairman, are you quoting Dean Brown or Dr. Kristjanson when you raise the figure of \$150,000? It's our information that their capital requirements are more than double that. I don't want to continue the argument about where this should be pursued. I put the administration of the government before you. I have to stand on that because I think that is the route that we should operate.

MR. PICKERING: — I'll just switch to something else for a moment. A couple of weeks ago the member for Thunder Creek tabled some documents. They related to the difference in the durum prices and spring wheat prices during the 1979-80 crop year in which it would indicate that the durum producers were short-changed by approximately \$1. Have you contacted the Canadian Wheat Board on these documents that he tabled? Did you receive any answers as to the reasons why there was \$1 missing?

HON. MR. MacMURCHY: — Mr. Chairman, I have received the documents from the Clerk's office. My plan was to turn this over to the Natural Products Marketing Council, which, as the hon. member will recall, completed a study on the domestic feed grain policy, and is now just wrapping up a study on rapeseed. And because they were experienced in this area, I plan to place this matter in their hands. Shortly I will be tabling the study completed by the Natural Products Marketing Council, on rapeseed. And then they can pick up on the issue put forward by the hon. member for Thunder Creek.

MR. PICKERING: — Well, Mr. Minister, approximately how long has your rapeseed study been going on? How long do you feel it will take to complete the study on this question the hon. member for Thunder Creek brought to your attention?

HON. MR. MacMURCHY: — The rapeseed study was under way last fall, and is now completed. I would assume that this issue is not as large an issue as the study on

rapeseed would be, and therefore we'll put them to work right away. I can't respond on how long it will take, but I don't think it should take too long. Based on their study, we'll bring the matter to the attention of the Canadian Wheat Board and to the attention of the members opposite.

MR. PICKERING: — Mr. Minister, would you provide us with that information just as soon as you receive it?

HON. MR. MacMURCHY: — Yes, and I will also provide the hon. members with the information on the rapeseed study as soon as I receive it.

MR. BIRKBECK: — Mr. Chairman, I would just like to ask a series of quick questions on a variety of topics — about four. If the minister's officials could maybe just take note of them, I will get all of this off at once. And then the minister, then, could reply in the same fashion.

Firstly, with regard to the grain embargo that was placed with respect to the Russian invasion of Afghanistan, it was said that there would be compensation paid to farmers. These figures that have been bandied around from time to time as to projected losses incurred by western Canadian grain farmers. That man for all seasons — all reasons, maybe would be a better word — Blazin' Hazen, the minister responsible for the Canadian Wheat Board, said at one time, speaking to a group of farmers and interested parties, that the cheques were in the mail. He said the cheques were in the mail. The only thing was they hadn't decided how much the cheques were going to be. Now, I don't know how the cheques could be in the mail. But that's the kind of double-talk that that particular minister responsible for the Canadian Wheat Board has used all along on a variety of topics. "The cheques are in the mail," he said. And that just quieted everybody. They were all happy. And then he said that the figure hasn't been established yet. Well, how you could put a cheque in the mail and not establish a figure is far beyond me. Of course, it's not beyond that man for all reasons. So, I would like to know what the current situation is regarding the compensatory adjustments that are supposed to have been made to farmers, and when that's forthcoming. And I would just suggest that I don't feel particularly that you, as Minister of Agriculture, have applied enough pressure, and quite frankly, been on the heels of the minister responsible for the Canadian Wheat Board hard enough on that particular issue.

Moving away from the grain embargo question, and into orderly marketing, I would just ask a very simple question. Does all of your staff now believe in orderly marketing? Are there any left that don't agree with orderly marketing? That's a simple question. Just mark that down, and in answering that question, I wonder if you could give us some indication as to how many people were dismissed from your department because they didn't agree with your concepts of orderly marketing.

Moving from orderly marketing into your ads, could you give this committee some estimates as to the cost of the ads that you are placing currently in the daily papers and in the weekly papers? I give the two examples of the crow rate — you know, "the crow must stay" proposal — and "Breaking the stalemate." "Breaking the stalemate" was one of the last ones. There must have been others since, but it is only the two that I can remember right now and that I've noticed in my own weekly papers.

I happen to know what the cost of quarter-page ads in the paper are. I've placed a number of them there myself, and I know, because I have to pay for them. I would like to know what your total cost is. Certainly you're going to give me a figure. I can count on

you for that. I would appreciate it, as well, if you would tell me who's paying for it. I don't know whether that comes out of your member's communication expense allowance, as it does mine, or whether there is a different source that you get the money for those particular ads. I might say that they are fairly good ads. They show you in a working position, sitting at your desk, and the old finger out there. You're dealing with the questions and the issues they relate to the farmers. I'd like to know then, very simply: what are the costs of those ads with direct reference to you?

The last question that I want to address is the question of farm labor. I don't have all the statistics on it here, but I have been taking a look at the Alberta program. It is called the green certificate program. Your department, I'm sure, would be familiar with it. I am currently awaiting information from New Zealand. I understand it has a program much superior to that of Alberta. I'll be very interested in looking at that particular documentation when it arrives. I will advise you, as well, Mr. Minister, at this time, that I will be taking up this matter in more detail and more length in the future, hopefully within the time of this Assembly.

Basically, what I'm saying with regard to the farm labor question is that we have a problem. We have to import about a third of our farm labor from outside the province. A lot of them come from, as an example, the Maritimes. I don't criticize your particular government, but the federal program where these people are brought out here from the Maritimes to work on farming operations. They take a look around and see more land in the control of one farmer here than there is in the control of 10 in Prince Edward Island. It's just a totally different situation. They end up saying, "Well, my goodness." They look at the massive machinery that we use out here and end up going back to the Maritimes. The problem with that is that we're paying to bring them out here for a little joy ride and then send them on back. What we need to do is to look at people right here in Saskatchewan. This will tie right into the land bank program. I suggested to you that if we're going to have to keep that weight around our neck as people in this province as farmers . . .

AN HON. MEMBER: — Millstone.

MR. BIRKBECK: — Yes, millstone, if you like, around their necks, then we're going to have to look at modifying the thing. If you're bent on keeping it, then the only alternative we have is to modify it and make it better so that it will work to meet the aims and objectives that were set out originally.

The green certificate program in Alberta is a three-phase program. Without taking much time, I'd like a couple of minutes to explain it. The farmer is paid 60 per cent of the employee's salary by the government. It's paid to the farmer and the farmer pays the employee's salary. So he's getting 60 per cent of that employee's salary covered by the government. Now, that's the trainer farmer. As far as the training individual who's taking the course, he has to spend some time on the farm, as you can well imagine, and some time in classroom. While he's in classroom that's completely covered by the government, depending on what his former experience was.

I'll give you two examples. If one were born in the city and was never on a farm, it's understandable it will take him a lot longer to be educated and to get the three certificates in the program. On the other hand, if he were born and raised on the farm, I'm sure he could work through the program much quicker.

When they complete the course, it makes it very easy for them to get a job farming. The

farmer who wants to hire experienced labor now has access to experienced labor, trained here in Saskatchewan on Saskatchewan farms. But the greatest advantage to what whole program is that the Alberta government provides a low-interest-rate loan to those farmers who have completed the green certificate program, so it allows those trained farmers to move into actual farming on their own, not on land bank land. They make money available to those young farmers, who want to get into the business after having a number of years experience, to begin farming, as I said earlier this evening, and to have clear title to that property and to that land. There are a variety of benefits: there are benefits to the employee; there are benefits to the employer and there are benefits in terms of being able to get young farmers onto the land.

You could take your land bank land and make that available to these young farmers. In your land bank program, you have to keep them on for five years and say that you can't sell it back to them for five years and that's your training program as far as I'm concerned. You may differ with that. But I see this other program in Alberta and I'm waiting for this program out of New Zealand; I'll be very interested in looking at it. When I do I am going to look at it very fairly and in context. I will take out what I think is applicable and would work well here in Saskatchewan, and will present it to you in one form or another, whether it's through a motion in the House or simply sitting down and talking to you about it. But I say there is a problem with farm labor in Saskatchewan and I think your government has failed miserably in addressing itself to the problem of farm labor in this province. Those are the issues. Thank you.

HON. MR. MacMURCHY: — Mr. Chairman, I think perhaps I can answer the questions and then we'll rise and report progress.

On the Russian grain embargo, I think hon. members opposite will know as much as I know. I think we made a decision in this Assembly that it wouldn't be pressure from the Government of Saskatchewan, but that it would be pressure from the legislature of Saskatchewan. If the hon. member suggests that I have not been pushing hard enough, I can suggest equally that the Leader of the Opposition with whom I share the communique to Ottawa has not been pushing hard enough; perhaps we can get together to see how hard we can push.

We hear statements from the Prime Minister, statements from respective ministers saying that they are going to compensate producers for their losses, and we have to make sure that they live up to those commitments.

I can't answer the second question, Mr. Chairman, because I have not talked to each employee of the Department of Agriculture with respect to his position on orderly marketing. I don't think the hon. member is really asking me to do that. With respect to the second part of that question, there have been no dismissals as a result of this issue.

The costs of the ads were for two ads which were placed by the transportation agency. Those dealt with two items on the crow, moving grain and the breaking of the stalemate. The costs were \$25,550 for those two ads. The breakthrough ad which was placed by the Saskatchewan Grain Car Corporation was \$16,712 and the invitation to the ceremony at Melville cost \$2,929. That's the complete program, the three ads plus the invitations leading up to the arrival of the grain cars.

On the farm labor issue, we are involved, as the hon. member will know, with Canada Manpower and the farm pool there, and I can provide the information of what's happening this spring under that particular program. The hon. member will know also

that we do have farm training program grants paid to clients, as well as to trainers, so that we are touching on this. One thing that is lacking, which has been built into the Alberta program, is the involvement of the university and the training there. Certainly we will watch Alberta in their effort and see if we can build on their particular experience.

The committee reported progress.

The Assembly adjourned at 10:00 p.m.