

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
April 23, 1981

EVENING SESSION

COMMITTEE OF FINANCE

CONSOLIDATED FUND BUDGETARY CASH OUTFLOW

AGRICULTURE

Ordinary Expenditure — Vote 1

Item 1 (continued)

MR. TAYLOR: — Mr. Minister, before supper we were discussing crop insurance and I pointed out that after three consecutive failures one's coverage is reduced, and you said that is so. I pointed out that I feel this could be an injustice to a person who, through no fault of his own, by acts of God, has suffered a string of bad luck. And, looking at this year in particular, he may need every available resource he has to maintain his farm but he would be cut back in his coverage. I didn't get the rationale from you as to why that is so — why the coverage should go down? In other insurances (life insurance and so on), this does not happen. On this side of the House, we would agree with changing the premium, but certainly not with changing the coverage. I'd like to hear from you the rationale for that type of policy.

HON. MR. MacMURCHY: — Mr. Chairman, if the hon. member looks at the table, he'll see the reasoning for it. I think if the hon. member was suggesting that crop insurance should implement the policy I think he wants crop insurance to implement, then the coverage would have to stay at 100 per cent. In the good years the coverage would not go up and in the bad years the coverage would not go up. I don't think legitimately you can have it both ways. Here's a proposal where in the good years you can go as high as 125 per cent, and, when things aren't as good, you come down. That's really what the farmers have asked for. I suspect a great many farmers, in the region to which the hon. member was referring, were likely, until at least 1979 and likely 1980, at the maximum of benefits. I certainly know that's the case on my farm, where we had never received crop insurance for drought until 1980 even though there has been coverage on that farm since we reached the agreement under this crop insurance program. So, I think, if the hon. member is suggesting we don't have an individual farm program so that a farmer benefits from his efforts in the good years (as the hon. member describes) and faces the problems of the bad years, then you have to go to a flat 100 per cent with no adjustment upward and no adjustment downward. It doesn't seem possible to have it both ways.

MR. TAYLOR: — Well, you explained the rationale for it. I would just say again it seems to me kind of tough for a fellow that there has to be a downward adjustment. I suppose it would be quite acceptable for farmers to have the upward adjustment. I don't think anybody is going to fight that. But, it just seems to me that as it is now, it is possible that a fellow, through no fault of his own, when he needs it most, could be getting less than he would at the 100 per cent. However, you have given your explanation; I think we have a little disagreement there.

I'd like to move on to your agricultural development corporation. If I understood you

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before we broke for supper, you said you would supply the answers. I think this was gone through fairly thoroughly last year in Crown corporations. I wasn't present at that time in Crown corporations; I wasn't on the committee. So, I just have two or three questions I'd like you to respond to; if you don't have your official with you. I will accept a response at your convenience. Looking at your corporate goals, I see that it says that Agdevco (agricultural development corporation) began in 1980 to concentrate greater efforts on developing supporting research projects which would add value to Saskatchewan agricultural commodities. I would like to know what research projects you developed.

Do you want me to list all of these for you, or do you want to deal with them one at a time?

HON. MR. MacMURCHY: — Perhaps we can answer some of them for the hon. member. We will take notes and provide the answers that we can't right now.

MR. TAYLOR: — I'll go through them slowly so that your officials can make a notation of where I would like responses. If you can answer them, fine; if not, as I said earlier, I would accept your written responses.

To go on with the crops and the crop products, it says that Agdevco continues to be a major contractor of specialty crops grown in 1980. I suppose that some of these are now being sold abroad. I just want to know what different types of crops these are and how much was exported.

In the livestock, I see that during 1980 Agdevco successfully marketed cattle to Hungary and Mexico, as well as sheep to Mexico and swine to Southeast Asia. Again, I would like the numbers in each case. I think that would be all.

I was noticing in you remuneration of directors and officers that you are paying \$2,200 to your directors. I wonder how many meeting they are required to attend. I see you have \$188,576 in salaries to your five officials, which is rather substantial amount. I would compare that figure to what you are doing. This is what I would like to know in that regard. So if you want to respond to any of those now, fine.

HON. MR. MacMURCHY: — I think to be safe, Mr. Chairman, we'll get the information from the general manager and the staff of Agdevco and provide the answers, including the breakdown of the salaries and the activities of the board. I believe the Leader of the Opposition had a question relating to Agdevco as well, and I don't know whether we had that one recorded or not. I suggest that perhaps he can make a note and forward it to me, either here in the House or at my office.

MR. TAYLOR: — That would be acceptable to me.

Turning now to the land bank, I was looking through this document and I suppose this was a copy of this other one. Is that correct? Are they the same document? This is the published form and this is the one you sent over to us yesterday. Is that correct?

HON. MR. MacMURCHY: — That's the same document. I think there was a request yesterday from one of the hon. members that we table it and we did. This was just a printed or rough copy and we now have received from the printers the actual copy, so the two are the same.

MR. TAYLOR: — I noticed that the number of lessees who have purchased has decreased; there were 34 or there, if I read this correctly, in 1980 out of a total of 909 who were eligible. There were 42 out of 654 in 1979 who were eligible. That's quite a decrease when you look at it percentage wise. The number of acres is some 4,000 acre less. I was wondering why fewer people purchased when there are more eligible. Secondly, I don't have a calculator with me but probably your officials know, what was the average per acre purchase price for those who did purchase?

HON. MR. MacMURCHY: — I am sorry, I was listening to one of my officials on the reason. I wonder if the hon. member would repeat his last question so I can attempt to answer it.

MR. TAYLOR: — Well, it was just that I noticed that there had been a decrease. I said that I could probably calculate these but your officials probably have it right there. What was the average purchase price per acre of the up to 34 purchases made in 1980 of the 8,000 acres?

HON. MR. MacMURCHY: — Mr. Chairman, I would suspect the answer to the hon. member's first question — why a relatively low number of those who have an option to purchase did so — is that they have the option to re-lease for another five years, with then an option to purchase. The whole economic climate is not encouraging right now in terms of interest rates and the increases in land prices, fairly obviously, and I suspect they are looking perhaps five years down the road. A number of them have made capital investments in other areas, such as to improve their equipment and improve the farmstead and so on. The average cost was \$242.80 per acre in 1980.

MR. TAYLOR: — Okay. You say that some of them, whose five-year lease is up, have embarked upon another five-year lease period. Does this go on indefinitely? I mean a farmer who has gone through one five-year period leasing, and now he decides, "No, I'm not going to buy because of interest rates and because of land values," which, at \$242.80 per acre, does not seem that prohibitive to me. I think that many people would be wanting to jump at land at \$242 per acre. That seems to me to be rather lower than I suspected, so therefore, it leads to another question. My question would be: are you able to go on a five-year lease indefinitely — five years, five years, five years?

HON. MR. MacMURCHY: — I'll try to clarify my answer, because perhaps as I answered there was some confusion.

He has an option to lease until age 65. I think the hon. member will note that in a bill before the House we are putting lands branch land on the same basis. He has an option to buy after five years, and that's a continuing option to buy. It might be that option comes up in year six or year seven or year 7.5 — and that's the program.

MR. TAYLOR: — The \$242.80 per acre intrigues me. Would these purchases have been in an area of the province where the assessment is lower, or can you give me the low-high? Can you give me the lowest purchase price per acre of one of the 34, and can you give me the highest purchase price per acre of the 34 purchased?

HON. MR. MacMURCHY: — Mr. Chairman, we don't have the figures here to give the highest and the lowest. We've provided the average. I think if the hon. member want a better breakdown on that, we'd have to go back and do a review similar to the review that the hon. member for Kindersley requested. The parcels are scattered pretty much all over the province — some will be a lot higher; some will be a lot lower. All we did was

divide to come up with the figure.

MR. TAYLOR: — Well, it would be interesting to know. I wouldn't want to put you through a great amount of work, but out of the 34 purchases, I think we could come up with what the lowest and highest ones were without taxing your department too much.

What would be the purchase price of that land — the average purchase price? this is the average selling price to the people. What was the average purchase price? Do you know that?

HON. MR. MacMURCHY: — Mr. Chairman, I don't have this annual report, but in the paper I have (which is the one we tabled yesterday) on page 15 the hon. member will see that the average purchase price was \$280.84. That indicates how much the price of land, purchased by land bank, has increased over the years. The table is there.

MR. TAYLOR: — With so few purchasing (interest rates and other capital investments may be a reason) do you have an average rent figure? Is it in the book? I would like to know these things. If it's in the book, you can direct me to that and I will certainly look it up there. But do you have an average rent that is paid, say, per quarter?

HON. MR. MacMURCHY: — Mr. Chairman, I indicated to the hon. member for Kelsey-Tisdale that I would provide the regulations which establish the productivity rent. We can figure out the average for the hon. member and give him the information. We do not have that with us. It will take some work, but we can provide it for the hon. member. It's not provided here in the annual report.

MR. TAYLOR: — It would somehow be tied to assessment and acreage. Is this how you come to this productivity factor? Is that correct? Is that the way you come to it? There must be a relationship to the productivity of that land to establish the rent for that land. It would seem logical to me.

HON. MR. MacMURCHY: — It's based on the 15-year average yield in the various classes and types of land. That information comes from crop insurance to land bank and is multiplied by the average price of the particular grain from the previous year. I think the best thing to do is to have a look at the regulations. But that's really the basic formula.

MR. TAYLOR: — Assessment then would come into that too. You'd look at the crop insurance figures that are used for the productivity of the average 15 years. But then the assessment of that land would be figures in there in some way, too, would it not?

HON. MR. MacMURCHY: — I suppose their assessment will be a factor in it because you're looking at the types of land in arriving at the formula, but it's really the 15-year average of productivity in that particular type of land. That information comes from crop insurance and land bank takes that information and multiplies it by the price for the product of the previous year, and that's the productivity rent.

MR. TAYLOR: — What about non-cultivated land? How is that worked out?

HON. MR. MacMURCHY: — Mr. Chairman, that comes under lands branch policy which is separate from land bank. It's based on the carrying capacity of cattle times the price of livestock six months previous.

MR. TAYLOR: — For example, if one had a quarter which had 100 acres which were broken and 60 acres of pasture, how would you establish a lease on it?

HON. MR. MacMURCHY: — If the land is administered by land bank (and I suspect likely it would be), they would take the formula used by lands branch and apply it to the 60 acres of grazing land. Then, they would take the formula which applies to cultivated land, as I indicated to you, for the other 100 acres. That's how they would arrive at the productivity rent.

MR. PICKERING: — Mr. Minister, what formula do you use when you're purchasing land for the land bank? Do you use a figure times the assessment?

HON. MR. MacMURCHY: — Mr. Chairman, the policy is laid out by regulation. I can provide the regulations to the hon. member. Basically, the policy is to take an average of the transactions made in the area over the last two or three months and to do an appraisal to arrive at the price. One would say that it's really the current market value of the land.

MR. PICKERING: — I don't think you've totally answered my question. I know of some instances where you would pay, maybe, 30 times the assessment. If the assessment were \$2,000 on a quarter, you would pay 30 times. On some, you would pay 33 times and so on. Is that not the formula which you are using on all land purchases?

HON. MR. MacMURCHY: — The formula doesn't provide for a multiple of the assessment. It may well be that, when the actual price is arrived at and one looks at the assessment, one can multiply it by a figure of 25, 30 (or whatever figure one wants to choose) and arrive at the price. But that's not the basis of the regulations nor of the formula which is used. It's really a formula of the current market price in that given area, looking back two to three months for transactions in the area, to arrive at what the price will be.

MR. PICKERING: — Mr. Minister, for example, if there were a quarter with a \$2,000 assessment and a quarter with a \$5,000 assessment, how do you arrive at a price? That's what I want to find out. You must have some formula to arrive at a price. you can't walk out there and say, "We'll give you \$1,000 an acre."

HON. MR. MacMURCHY: — I think I've answered the hon. member's question. Perhaps I can clarify my answer because it might not have been clear. Mr. Chairman, that if it's land assessed at \$5,000, then they look for sales in the area of land that's assessed at \$5,000. If it's assessed at \$2,000, then they look for sales in the area that have sold for \$2,000 in order to arrive at what is a fair market price.

MR. BIRKBECK: — Mr. Minister, I wanted to ask you a question with regard to the objectives that are outlined in the report. It is to provide a continuous sales opportunity to people who own farmland in Saskatchewan. Does that mean that the land bank is prepared to buy any land that is offered to it?

HON. MR. MacMURCHY: — Mr. Chairman, the answer to that is yes, with a limit established by regulation. I have this written out so that I can be sure in my answer to the hon. member what that limit means and I'll just take a minute to do it.

The formula used to arrive at a ceiling in terms of price is: net return over the

capitalization rate which arrives at the productive value, so that if the land is selling higher, then an offer will not be made by the land bank commission.

MR. BIRKBECK: — I have one further question on that. How do you establish the capitalization rate?

HON. MR. MacMURCHY: — In 1976, the decision was made to set the capitalization rate at 9 per cent. It has remained there but there have been adjustments to the cost of production and the price of grain and that's been figured into the formula. It would be on the net return side.

MR. BIRKBECK: — Well, given the fact that your government has been very consistent in wanting to stabilize and take the ups and downs of the economic cycle out of agriculture, then how is it logical that the lease policy for land bank land is set on two variables? They're not constant. They're not stable. They're highly variable — in particular, productivity and the price of the commodity that you sell. The price fluctuates up and down and productivity goes up and down and subsequently the lease for land bank land is going to go up and down. That's not consistent with the government's policy of attempting to establish some stability in terms of long-term productivity and pricing so that young farmers, and farmers generally speaking, can properly project on a five- or ten-year basis the management practices, and economic management practices in particular, which are required. Certainly, if you go to a bank to borrow money (it doesn't matter what you go there to borrow it for), make a good case as to why you require the money and can project on at least five years how you intend to pay that money back — either on a monthly or a biannual basis — then the chances of getting that money are quite substantial. That, as I say, does not make a lot of logic to me, given the fact that there is enough instability in the agricultural sector now to have changed your lease policy. It wasn't this way originally. This was a new lease policy which came in two or three years ago, I think.

I find it unusual, in particular coming from the government opposite, to tie that lease policy to two variables. I wonder if you have an explanation for that.

HON. MR. MacMURCHY: — Mr. Chairman, the land bank, as the hon. member will recall, started out on a lease based on market value — 5.5 per cent of a three-year average market value. In 1978, at the request of producers, the productivity formula (I think that is the best description of it) was introduced. The people who were under the old policy had the option of staying under the per cent of what I will call "market value" or moving to the productivity formula. I report that not all, but virtually all of them, moved to the productivity formula. Since 1978, the new lessees have been on the productivity formula. I suspect there is obviously some fluctuation in it, but I think it is a fluctuation which is fair because the components which are taken into account are the yield over an average period of time and the price which they receive for the product. I think that is a reasonably fair basis upon which to arrive at a lease fee.

MR. BIRKBECK: — Then let me ask this further question. Notwithstanding the fact that there is no encouragement there to produce, since the more you produce, the more you pay for your lease, what would you estimate would be the average lease paid? Do you have any statistics to indicate what the average lease is now on the land bank land which is currently held by lessees?

HON. MR. MacMURCHY: — Mr. Chairman, in response to the hon. member's last question, the hon. member sitting beside him for Indian Head-Wolseley asked the

question. I indicated to him that we would provide the answer on the average lease fee.

I argue with the hon. member that the productivity formula does not give an incentive to produce. It seems to me that when you look at a 15-year average yield, everything over that is obviously his. I think that's a fair incentive. I have a number of land bank farmers with whom I am in contact and they're sure out to produce.

MR. BIRKBECK: — The point I am attempting to make, and the information which I am attempting to acquire, is whether or not the new lease policy is better for land bank lessees than the old one was. Let's use your figures and assume my calculations are correct (and I would hope they are reasonably accurate). If an individual in Saskatchewan today were to buy a section of land, 640 acres, at the average selling price of \$242 an acre, using the old policy of 5.5 per cent of the value, for a section of land it would work out to approximately \$8.525 for the lease for a year.

That seems like a reasonable amount of money. I'm not sure how the new lease policy would balance out when compared with that on an overall average basis. Maybe if your calculator reads differently than mine — good if it does — you could calculate that for me. I worked it out quickly, expecting to have to answer the minister. That's the point I want to make. If the new lease policy, notwithstanding the fact that it is tied to two variables, is a lesser amount than the old policy, then I suppose we would have no argument against that.

HON. MR. MacMURCHY: — Well, Mr. Chairman, I don't want to get into arguing calculators. Perhaps the operators of calculators can argue that. I will only say that there are some 2,700 lessees who were under the percentage of market value. About 2,400 of them opted for the productivity formula. I think, likely, the farmers were using some calculators, too, and decided it was better to go that route than to stay with the original scheme.

MR. PICKERING: — Mr. Minister, I would just like to ask a few questions on the Clemenceau productivity project which is in the Hudson Bay area. Apparently it was brought about by complaints by farmers in the area. The area is a strip about eight miles by 25 miles or so and includes about 12,000 acres of land bank land. It has not gone through the third year of tests. I understand the test farm is 390 acres, operated by an Arnold Denham of Weekes, Saskatchewan. You are applying fertilizers and using large machinery and so on. I would like to know who owns the machinery that is being used on that land and who is reaping the profits, if any.

HON. MR. MacMURCHY: — Mr. Chairman, in answer to the hon. member's question, all of the equipment is the farmer's and all of the operating costs are the farmer's. The rental is reduced as a result of two things: he is asked to report, and he is about 20 miles from the particular land that is under the project. Therefore, a rental reduction is provided to him. There is a contract arrangement with this particular farmer on this research project.

MR. PICKERING: — Mr. Minister, in this press release which is dated in 1979, Lars Bracken, who seems to be a familiar person (his name came up in the Kelsey-Tisdale by-election, I think), in this report didn't feel it would be a true test because many of the farmers there wouldn't be able to afford fertilizers and soil testing such as you are doing on the Denham farm.

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He also suggested that the tests could be unfair because of the use of equipment which would not be available to the average farmer. That is the reason for the question I asked earlier about who owns the machinery. Does the land bank not own a portion of it?

HON. MR. MacMURCHY: — I answered the hon. member's question — no, the land bank does not own any of this equipment.

MR. PICKERING: — Well, why would Mr. Bracken make such a statement if the land bank doesn't own some of this machinery? He indicates that larger machinery is being used in comparison to what they would be using if they were doing it on their own. You're saying that land bank doesn't own any of the equipment. I would like you to clarify whether it does or does not. I can't substantiate it at this time, but I have an indication that part of this machinery is owned by the land bank.

HON. MR. MacMURCHY: — Mr. Chairman, if the hon. member has some information to provide on this issue, we would be glad to have him table it. If he can't table it now, I would be glad to pick it up if he wants to table it with me later in the House. I would be glad to review it. I just indicated that the answer is no, but if the hon. member has some information, then perhaps it ought to be run to the ground and corrected. I would be glad to assist him in doing that.

MR. PICKERING: — Mr. Minister, I just received a phone call on it. It isn't something I could table. Whether the gentleman knew what he was talking about. I don't know. That's why I asked you the question.

HON. MR. MacMURCHY: — I suggest that you go back and phone the caller and ask him to please provide this information in writing, because I think that's only fair.

MR. PICKERING: — I'll table the phone calls for the benefit of the Minister of Labor.

Mr. Minister, because of these tests — there are 12,000 acres involved — you indicated that you had reduced the cost on the Arnold Denham farm. Have you reduced the cost to the producers on the other farms involved also?

HON. MR. MacMURCHY: — Mr. Chairman, there have been adjustments to the land bank lessees in the area, but not based on the results of this project because the contract is not yet complete . . . (inaudible interjection) . . . Yes, two more years to go. And it's a project involving three quarter sections of land. We'll make that clear, so that you correct the phone caller when you phone him back to ask for the information. But the adjustments were made based on the selling price of the land, which is down; I suspect due to the problems that have been in that particular Clemenceau area of the province because of bad crops and, basically, weather (fall weather, to a large extent). So there were adjustments for the land bank lessees relating to the value of the land. But this project is not yet complete.

MR. KATZMAN: — Mr. Minister, switching to a different area, I understand the Department of Agriculture gives permission for people to pump water out of the rivers for irrigation purposes. Is that correct?

HON. MR. MacMURCHY: — We don't. The permit comes from the water rights branch of the Department of the Environment, not from the Department of Agriculture.

MR. KATZMAN: — What's the Department of Agriculture's involvement? I know a lot of

the fellows, who are involved, have to be involved with your department for doing some of the work.

HON. MR. MacMURCHY: — Well, Mr. Chairman, we are providing technical assistance, which may come to the farmer before he makes application for his permit and would, obviously, come after he has received the permit — technical advice in setting the project up. That's the role and I think the PFRA plays an important role in this area as well.

MR. KATZMAN: — Mr. Minister, confusion is going on here. I understand that, for example, the South Saskatchewan River is classified as a navigable river. Yet irrigation from that river is your department's responsibility, in some way, along with the environment people who issue the permit. I agree with you, but that's a federal river, because it's a navigable river by the rules of Canada. I'm trying to understand how the departments of agriculture and environment of the Government of Saskatchewan are involved and under what jurisdiction or what rules does it come into their hands?

HON. MR. MacMURCHY: — Mr. Chairman, the prairie provinces happen to have an agreement with Ottawa for the use of water along this river — what is called an apportionment agreement. Each of the provinces has an apportionment agreement and, therefore, we have a water right on that particular water.

Now, if the hon. member want a copy of the agreement, it will be with the Department of the Environment, not with the Department of Agriculture.

MR. KATZMAN: — The reason for the questioning, obviously, Mr. Minister, is because of MVA (Meewasin Valley Authority) in Saskatoon. The concern is who really has the right to that river. In fact, if you check some of the titles to that river, you'll find them even more strange on the river bank because they go to the centre of the river, which I have never heard of before. That's why, if I could have a copy of that document, it might answer some of the questions on how they give away their authority. I thank you for offering it.

MR. TAYLOR: — Mr. Minister, I have a question concerning bees. These are the honeybees from the Saskatchewan Beekeepers' Association. They've put a brief to you, with which I'm sure you're familiar, dated March 20, 1981. In this brief, they point out the need for a full-time field assistant. They say that a full-time position is necessary to attract competent personnel. Their present extension staff, which they point out is only half of what it was in 1960, is being bogged down by the added responsibilities in two areas: basically, FarmStart and the leaf cutter bee industry. They go on to say that there was a six month part-time person, but what I found interesting is the way they end their brief. They say, "The Saskatchewan Beekeepers' Association strongly urges the minister to make good the promise made by his deputy minister on his behalf on April 23, 1979, that the position of apiary assistant would indeed be filled."

They represent 1,700 registered beekeepers in this province and they are wanting field staff. It seems to me that they were promised this by your deputy. I think the question would be this: are you going to come good with your promise and give them the added person they are wanting? It seems strange to me that they would have fewer extension staff than they had 20 years ago.

HON. MR. MacMURCHY: — Mr. Chairman, in answer to the hon. member's question, since the brief was received by the department, we've been able to find a person. The

person is on a temporary basis because that's the position which was available in the budget structure under which the deputy minister was operating. We found a very good person and the position was filled: albeit, it's on a temporary basis now, but there's a person there working full time.

MR. TAYLOR: — Their concern, as I grasped it from the brief, is that they thought if it were a full-time permanent position, it would attract a more qualified person. They say, "This we feel will not attract qualified or motivated persons. It is likely to be nothing more than another bee disease inspector. The area of bee disease inspection is the one area in which good levels of service are now in place."

So, I'd like to know, if you feel that you have a well-qualified person and if you will keep this person there to satisfy this need which apparently they feel exists?

HON. MR. MacMURCHY: — Mr. Chairman, I'd be glad to provide the name and the background of the person, including experience and education, to the hon. member. I indicated to him that it was a temporary position in the budget; we filled it with this particular person. I think we want to see how it works out before making it into a permanent kind of position. But in our minds or in the minds of the department, this person is just an excellent person. It's a girl, I believe, is it not? It's a young lady and we'll see how she works out with the beekeepers.

MR. BIRKBECK: — A few moments ago, you indicated that, generally speaking, you were in a position to purchase the land that was offered. I look at a news clipping here, where Mr. Wesson has stated that even with the \$15 million budget increase, the Saskatchewan Land Bank Commission will only be able to buy two-thirds of the land offered to it.

AN HON. MEMBER: — You said that was for the whole land in Saskatchewan a little while ago.

MR. BIRKBECK: — That isn't the point. You're just thinking along the lines of your philosophy. The point here is this: why would there be people lining up to buy land from land bank if in fact land bank were one of the best places to sell land to? In other words, you are really competing with other purchasers of land, and that competition, as we've maintained, is part of the reason for driving the price of land up. It's admitted right here that even with the increase in your budget, you're still not able to buy all the land that's offered to you. Now, people wouldn't be offering it to you if it weren't a real good deal. So that's either the case on that side or these people are just offering it to you, but not really offering it to you — they just want to get a price quote. Now, maybe you could respond in that context as well. Do you find that a lot of people offer land to land bank just to get a price quote from land bank?

HON. MR. MacMURCHY: — Mr. Chairman, I provided for the hon. member the principle of the formula supplied for the purchase of land, and it tends to be looking back rather than looking ahead, and looking back at transactions that have taken place in the past two to three months. I'm going to provide the hon. member for Milestone, I think, because he asked the question, with that formula.

The level of funding is a significant increase. The budget of last year was \$25 million. We provided throughout the fiscal year an additional \$5 million, and then we provided an additional \$5 million this year. And we will, as a government, be watching very closely the pressures that remain on land bank. About 50 to 60 per cent of the

producers who offer to sell to land bank accept land bank's offer.

MR. BIRKBECK: — Well then, do I assume from that that the other 50 per cent is just applying to get a price quote?

HON. MR. MacMURCHY: — Well, not necessarily. But we really can't answer that question. It's up to them. They offer to sell to land bank; land bank makes an offer and they can decide whether to accept the offer or not.

MR. BIRKBECK: — I want to ask you if you would agree that land bank's existence as a purchaser of land in Saskatchewan does have an effect in escalating the price of land? Do you not agree with that?

HON. MR. MacMURCHY: — No, I do not agree with that. I think if we were out front on the price of land, then all of the applicants would be accepting land bank's offer. I think that is one very simple argument that says that we are not, in fact, doing that.

MR. BIRKBECK: — Have you any figures to indicate currently how many people are on that waiting list to sell land to land bank?

HON. MR. MacMURCHY: — About 650.

MR. TAYLOR: — Do you remember what it was at the first of the year?

HON. MR. MacMURCHY: — About 600.

MR. BIRKBECK: — Going back to your statement where you disagreed that land bank does drive the price of land up, I don't know how you can disagree with that, quite frankly — I really don't. You must have attended an auction service ring and noted that when there are more buyers for cattle the price is always higher than where there's only one or two sitting there. Mr. Wesson has even stated further that that \$15 million would increase the buying power of the commission, in other words, put you in a position to compete with other purchasers of land. I don't know what that means — your buying power. I see them shaking their heads — answer that.

HON. MR. MacMURCHY: — Mr. Chairman, I answered the hon. member's question both with respect to that formula and how it applies and with respect to the very simple argument that if land bank were leading the field, everybody who applied to land bank would simply be accepting land bank's offers.

MR. BIRKBECK: — One final question on that: is there any fee for those that apply to sell to land bank and then don't?

HON. MR. MacMURCHY: — The appraisal fee is \$50 per quarter. if they accept land bank's offer, then the appraisal fee is not required. If they don't accept land bank's offer, and they have an appraisal, then the fee is \$50 per quarter.

MR. BIRKBECK: — I note as well on page 17 of the report that custom work contracts are used to get land into condition prior to leasing it out. There were 11 such contracts in 1980. I wonder if you could advise the committee as to who received those contracts.

HON. MR. MacMURCHY: — The hon. member will recall that the Hon. Leader of the Opposition asked for a list of names which I said I would provide to him on a confidential basis. We will provide the names to the Leader of the Opposition as an addition to the list that he requests.

MR. BIRKBECK: — Would you include in the list the amount of money paid out for those contracts?

HON. MR. MacMURCHY: — I think that kind of information was requested in the documentation asked for by the Leader of the Opposition.

MR. TAYLOR: — Mr. Minister, in terms of land bank leases, I notice in the foreign ownership of land a five-year period, and then you have to give it up. And non-residents, people from Alberta or Manitoba, can't own land in Saskatchewan. What about land bank leases? If land bank leases come up, do Saskatchewan people have the priority? And, are other people excluded from leasing land bank land as they're excluded from owning land here?

HON. MR. MacMURCHY: — There were amendments to The Land Bank (I think the last changes were introduced by the former minister of agriculture) which provided that persons could make application to lease land bank land if they lived outside Saskatchewan, but by the time the lease was granted they would have to be residents of Saskatchewan. In other words, they can make application, but they would have to come to live in Saskatchewan in order to take up the lease.

MR. TAYLOR: — So what is happening is that (and you've heard my colleague, the member for Souris-Cannington talk about this before) if a young Saskatchewan boy wanted to work in Alberta in order to pay off the land he had here, he would have to give that land up. However, an Albertan could make application for various parcels of land bank land here, and just as it was processed could move here. Is that correct?

HON. MR. MacMURCHY: — Mr. Chairman, I'm not sure that I follow the hon. member's question. I think the hon. member said that a farmer who farmed in Saskatchewan and owned land in Saskatchewan, and went to work in Alberta, would lose his land under The Saskatchewan Farm Ownership Act. That's not true. No, that's not true.

Having farmed the land in Saskatchewan, I can live any place in the world and still retain the right to own that land in Saskatchewan.

AN HON. MEMBER: — Florida?

HON. MR. MacMURCHY: — "Florida," the hon. member says. Living there and having a son living in Vancouver, let us say, I can transfer that land to my son and not be in conflict with farm ownership legislation . . . (inaudible interjection) . . . He can continue to own section 35-27-20, which is really my land, and live there. That's the principle.

MR. TAYLOR: — What you're saying is that if you had a son in Vancouver, you could transfer land to him. Is that what you told me? And he could remain there and that land would still be his?

MR. BIRKBECK: — I have one question with respect to page 14. I wonder what the land bank involvement is with the Fairlight forge project? What is the extent of your

involvement in that particular project?

HON. MR. MacMURCHY: — Mr. Chairman, land bank owns the land. That is land bank's involvement. Agriculture has a demonstration project there.

MR. BIRKBECK: — Mr. Minister, I think we're just about finished with the land bank part of the questioning. I would just ask you this question. Do any members of the legislature from the government side of the House have land bank land in their names or FarmStart loans?

HON. MR. MacMURCHY: — Mr. Chairman, we'd want to check, but one of the members on this side of the House had a lease for land bank land. We want to check whether he still has or whether he picked up the option to buy. We want to check that for the hon. member.

MR. MOSTOWAY: — Mr. Chairman, I wonder if I could ask the minister if he could check to see whether any member of this legislature, or immediate relatives of members of this legislature, have made any application or are farming any land bank land. I wonder if you could accommodate me in that regard?

HON. MR. MacMURCHY: — I'm sure, Mr. Chairman, I can accommodate the hon. member for Saskatoon Centre. I will not table the names. With respect to FarmStart, no, we can't. We'd have to check back in the records of FarmStart to find out.

MR. BIRKBECK: — So that we're clear on the question, Mr. Chairman, what I've asked is whether there are any members from that side of the House that have land bank land and I would like as well for you to check our members. I can tell you now that none of our members have land bank land and therefore . . . (inaudible interjection) . . . If you were listening you would have heard my question. I asked if there were any members of the Assembly who had land bank land. I would expect that that is the information that the minister would be providing. As well, you might provide the information as to which members of the Assembly, opposition included, have FarmStart loans or have a contract for leased lands. Now, I want to include leased lands as well. I certainly won't hold you to naming those individuals. It would be nice to know if there are any members that do have contracts in any of those three given areas.

HON. MR. MacMURCHY: — We'll check and make sure and provide all members with the answer to the question.

MR. BIRKBECK: — I just have one further question. Assuming that the answer could well be yes, in particular from that side of the House, would you know offhand, as minister, if that would be a conflict of interest?

HON. MR. MacMURCHY: — No, it's not a conflict of interest.

MR. BIRKBECK: — Okay, thank you. I want to move into a different line of questioning and out of land bank.

There are some indications that ecological reserves will be established in the province of Saskatchewan. Do you have any information as to where those reserves will be? Are there any chosen sites at this time? Could you give some indication as to which sites are being speculated as to possible sites for ecological reserves? If so, how many acres are involved and where are they?

HON. MR. MacMURCHY: — No, we do not have that information, from agriculture, to provide to the hon. member. I understand there has been some discussion about ecological sites, but we do not know where they would be located, or the basis for establishing them.

MR. BIRKBECK: — Okay. I noted a matter in the Saskatchewan Crop Insurance Corporation report this morning, but because of the time restraint I did not have an opportunity to pursue the particular matter. It is with regard to remote sensing. You are apparently doing some pilot projects in remote sensing as it relates to crop assessment. I would like to know what satellite is being used? Who owns that satellite? What mechanism in Saskatchewan or in Canada is receiving the information? How is the information received by the Department of Agriculture? Would you mind forwarding to the opposition Xerox copies or prints of the photos of all the lands which were used as part of this pilot project in remote sensing?

HON. MR. MacMURCHY: — Crop insurance is not doing any remote sensing and Saskatchewan Agriculture is not doing any remote sensing.

MR. BIRKBECK: — Unfortunately I don't have the report before me, but it definitely states in the Saskatchewan Crop Insurance Corporation report that one of the pilot, experimental projects is remote sensing. I read it just this morning. I'll have to assume that I'm wrong and the minister is right; I'll have to look into that particular matter.

Let me phrase the question this way: are you, as the Department of Agriculture, planning to use, within the next year or two, remote sensing as a means of assessing farm management practices in terms of the crops they have in?

HON. MR. MacMURCHY: — No.

MR. BIRKBECK: — Would you also claim that your department, your officials and you, as minister, have never used remote sensing photos for agricultural purposes or just plain perusal?

HON. MR. MacMURCHY: — I think aerial photos are used.

MR. BIRKBECK: — Not aerial, remote sensing.

HON. MR. MacMURCHY: — No.

MR. BIRKBECK: — I suppose the obvious question is: why is the Department of Agriculture and why is the government opposite, generally speaking, not using the advanced technology of remote sensing? I know that here in Saskatchewan the information is readily available. I am quite impressed by the quality; I looked at them some two years ago. I'm sure the quality of those particular photos is much improved by this time. I'm wondering if there could be some advantage, in terms of improving productivity, in using that remote sensing process which is available to us today?

HON. MR. MacMURCHY: — Mr. Chairman, the opinion of the officials is that it is simply not refined enough to be used in the same sense which the hon. member suggests.

MR. BIRKBECK: — Well, certainly I could be out of place in questioning your officials,

except that the technology in that particular field is such that in a very few years we will be able to get pictures which indicate the time on a person's wrist watch as he is walking down a street in Montreal or Regina. That's how refined it is. They will in fact be able to detect what time your wrist watch shows by way of satellite. If it is that accurate, I am sure it could tell what crops are in place. In fact, that information is available today. They can indicate today what crops you do have in, whether it is summer fallow or whether it is a field of oats, wheat, barley, rye, or flax. That information should be available and, I think, should be an asset to the Department of Agriculture. There must be some information. I mean, you people are acting like you have never heard of the thing before.

HON. MR. MacMURCHY: — Mr. Chairman, perhaps it will help the hon. member if I report to him that what he noticed in the annual report was the exploratory phase of the use of remote sensing and adjusting. The participation of crop insurance in this is to provide a person who sits on a committee of provincial and federal people who are (I suppose the word would be “experimenting”) studying this area. Based on this person's involvement, we provide the responses which we have provided.

MR. BIRKBECK: — Mr. Chairman, only moments ago, I admitted that your officials must be right and I must be wrong. Now you are saying that I was right and your officials were wrong — that in fact you are doing some experimentation. Either you are or you are not. The minister just admitted that there is an individual who sits on a committee which is experimenting with the possibility of doing assessments for the crop insurance corporation. Now, if he is not, I suggest to you that that is feasible and could be looked at. None the less, with regard to that particular subject, I don't have any further questions.

HON. MR. MacMURCHY: — Mr. Chairman, I would just respond by saying that the hon. member asked whether we were using remote sensing in crop insurance for Saskatchewan Agriculture. I responded that no, we were not.

Item 1 agreed.

Item 2

MR. TAYLOR: — There is a considerable reduction there in personnel and expenditures. What does this communication do? What is the reason for the decrease?

HON. MR. MacMURCHY: — Mr. Chairman, it is part of a reorganization in the department. If the hon. member looks at number 2 and number 4, there was just really a movement of people between the two particular areas of the department.

Item 2 agreed.

Items 3 and 4 agreed.

Item 5

MR. TAYLOR: — It says: “To provide for and authorize a grant to the Agricultural Development Corporation of Saskatchewan — administration.” What are the projects here? what is that money for? Is that Agdevco?

HON. MR. MacMURCHY: — Mr. Chairman, Agdevco is a new corporation. In

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establishing a corporation a grant was provided basically for the administration of the corporation to put it under way. The hon. member will note that last year the amount was \$235,000; this year it's \$224,000; they're gradually phasing down the grant from the department as Agdevco establishes itself.

Item 5 agreed.

Item 6 agreed.

Item 7

MR. TAYLOR: — “Grant to FarmStart for operating the cash advances to cattle producers under The Agricultural Incentives Act” — why are we decreasing this type of a grant to cattle producers when the number of cattle is also decreasing? It would seem to me if we want more cattle in Saskatchewan that you would be increasing this grant to get people into the cattle business rather than cutting back on it.

HON. MR. MacMURCHY: — This is payment for the administration of the old beef industry assistance program. Collections are still taking place under that program which was in place, and this is paying the administrative costs for FarmStart in order for it to clean up those accounts.

Item 7 agreed.

Items 8 to 12 inclusive agreed.

Item 13

MR. TAYLOR: — One question here. Under other expenses, I see a considerable jump from \$609,000 to \$1.8 million. What's going on there that you need this amount of money?

HON. MR. MacMURCHY: — Mr. Chairman, this is part of the new research program — the \$25 million over five years.

MR. TAYLOR: — What kind of research did you say this was?

HON. MR. MacMURCHY: — Mr. Chairman, I think the best way to deal with that is this: there is a bill before the Assembly, Bill 60, which is an amendment to The Department of Agriculture Act. It is a fairly simple amendment, but the program that will develop out of that amendment (which we will have an opportunity to debate because I intend to speak on it) relates to the agricultural research program which we announced in the budget that we'll be embarking on. So we'll have an opportunity to debate it. It involves a university component and a farm component. We'll be able to debate it as part of the legislation and as part of committee of the whole.

MR. TAYLOR: — That's fine, but that seems rather vague, Mr. Minister. Could you not tell me now what type of research this is? That's what I was asking. I'm willing to debate it but it would be kind of nice to know what you are doing here. You want the money; we have every right to know what you are researching.

HON. MR. MacMURCHY: — We're embarking on a very, very new venture here and a fairly important one, I think. In fact, the budget this year provides \$4 million for

agricultural research with a commitment of \$25 million over five years. The areas under this particular program that we are going to contract with the university for research have yet to be determined finally. The reason for that is that we have put together a committee representing the farm organizations and farmers to advise us on what research areas should be covered in each year of the program. The university has provided a list of proposals that they would like to see carried out in agricultural research; there are some ideas that have come forward from Saskatchewan Agriculture. The committee is in the process of reviewing those proposals; they have had two meetings so far. Perhaps by the time we complete our debate in respect to the bill, I can indicate to the hon. member, and the Assembly, the areas which we will be contracting with the university — things like soil salinity, plant breeding, and so on. Those areas have yet to be determined.

MR. TAYLOR: — Mr. Minister, usually you're quite straightforward in your answers. But, I detect a bit of hedging at this time. I just picked up a few of your words. You said to me, "It looks like this is going to be a new project." You said that it is going to be an important project. Then, you say, "It's not the determined project yet."

Now, how in heaven's name, can you tell me it's new and important when you don't know what it is. Then you expect us to say, "Okay, take \$1.2 million. Go at some nebulous thing that's new and important, but we don't know what it is." That doesn't make sense to me, you, or anyone else. If you know what you are doing then come forward and tell us so we can say, "Okay, have the money, and let's go at it." I would think it has to be something that is beneficial to agriculture. Don't be hiding anything. You're not that type of minister. I detect a hedging this time.

HON. MR. MacMURCHY: — Mr. Chairman, there is no hedging at all. I was perfectly honest with the hon. member in saying to him that we have not yet determined the areas, specifically, which we want the university to deal with, in this particular fiscal year. The reason for that is the involvement of producers to assist us to arrive at that.

I say to the hon. member that we will have an opportunity to debate this. It may well be, that before the debate is completed — because it is an important debate — we can indicate the areas which will be covered.

The hon. member was here for the budget debate and speech. I talked about the items that conceivably would be considered — things like plant breeding, toxic residues in plants and animal productivity, disease, and so on. These are the kinds of items that are on the list. It hasn't been determined yet, specifically, the areas which will be involved in the research proposal this year.

MR. TAYLOR: — How is it that this has not been specifically determined at this time? You mentioned Bill 60 and that we would be debating this in the near future. Bill 60 has been introduced. So, if we are going to have to debate it at that point in time, let's find out now so we can warm up to it.

HON. MR. MacMURCHY: — Mr. Chairman, the hon. member is saying that we should forget about the farmers, and their input into this program, and that we should just arbitrarily say, "These are the areas we believe should be researched." That is what the hon. member is saying.

What I am saying is that we want producer involvement in this program. It's not just intended to be a contract with the university to deliver research in specific areas. It is

intended to be matching up on the farm. Therefore, the farmer involvement is absolutely essential. We are trying to develop this. We have the budget in place and the long-term commitment. We just need a little time to get things better organized. That process is already under way.

MR. TAYLOR: — Well, Mr. Minister, I'm not going to sit here in debate. As I say, I detect something is not quite right in this situation. We're going to get a chance to debate this later on. I guess that's what I'm going to have to wait for. It just seems a little different from the way this discussion has been going in these estimates. I guess that all we can do is wait, because you're not going to give the information. It makes no sense for me to keep standing and asking for it, so we'll have to wait and see what comes of it. But when you start talking about these farm experiments and \$1.2 million going out there, and when you are not coming forward to tell us what it is, I can tell you that we're going to be watching Bill No. 60 pretty closely.

Item 13 agreed.

Items 14 to 17 inclusive agreed.

Item 18

MR. PICKERING: — Mr. Minister, I would just like to ask one question on the Saskatchewan Farm Ownership Board. Is this the board that looks into the act as far as foreign ownership or non-residents of the province buying land within the province is concerned?

HON. MR. MacMURCHY: — Yes, it's the board that administers The Saskatchewan Farm Ownership Act.

MR. PICKERING: — Is this board in an office in Regina, or are they people who live in other parts of the province?

HON. MR. MacMURCHY: — Mr. Chairman, there is the board but there is also the staff. There is a staff of eight and the office of the Saskatchewan Farm Ownership Board is in Saskatoon.

MR. PICKERING: — Well, to your knowledge, Mr. Minister, are they keeping things pretty well under control? Is there still foreign money being brought in? Are non-residents buying more than the 10 acres they are allowed to buy in the province?

HON. MR. MacMURCHY: — We and the board are watching it fairly carefully. We think the amendments brought forward last spring, in the session, are doing the job they were intended to do. We have to watch all the time. They are doing the job they were intended to do, but I think we have to watch all the time to ensure that they are not looking for ways to get around the legislation. The reports from the farm ownership board are very positive.

MR. PICKERING: — If you do find that people are buying land illegally, do they have a certain period of time in which to get rid of it? Do they have something like three years to get rid of it?

HON. MR. MacMURCHY: — To divest themselves of it, yes.

Item 18 agreed.

Items 19 to 21 inclusive agreed.

Item 22

MR. TAYLOR: — I see that you are reducing expenditures in your personnel. Are you planning to phase out the Lebret training farm?

HON. MR. MacMURCHY: — No, we're not. In the past, we have put it on the table as part of our program under Indian land entitlement. It has not yet been selected by Indian land entitlement. Some work has been going on as well, by AMNSIS (Association of Metis and Non-Status Indians of Saskatchewan) in some research into past history relating to this farm. What we have done with a portion of the farm is to lease it out to farmers on a one-year basis until things clear away with respect to the other issues.

Item 22 agreed.

Item 23 agreed.

Item 24

MR. TAYLOR: — Assistance to general agricultural interests is just about \$5 million — up to \$2 million. That's as broad as the province of Saskatchewan. What are the general interests, Mr. Minister?

HON. MR. MacMURCHY: — I will supply the hon. member with a list.

MR. TAYLOR: — You will supply me with a list of these?

HON. MR. MacMURCHY: — Yes.

Item 24 agreed.

Items 25 to 34 inclusive agreed.

Item 35

MR. TAYLOR: — "Grants to FarmStart for an allowance for losses on loans under The Agricultural Incentives Act" — \$3 million. Where did that \$3 million go? Where is this going?

HON. MR. MacMURCHY: — . . . (inaudible) . . . The provincial auditor has ordered that FarmStart establish a loss fund which requires 5 per cent of total loans. We have attempted to establish this fund over a 10-year period. The \$3 million is to go toward this fund that the auditor has ordered to be established.

MR. TAYLOR: — That it's gone from \$2.5 million to \$3 million doesn't mean that there are more FarmStart losses. It means you're lending out more money, and the percentage that you have to put in this slush fund has to increase — is that the answer?

HON. MR. MacMURCHY: — In response to the hon. member's question, because I think

it's important to know this, the actual losses under the FarmStart program total \$1.1 million from the program's inception until March 31, 1981; it's less than 1 per cent of disbursements. So it's an excellent record.

MR. BIRKBECK: — Mr. Chairman, on that same item, the interesting aspect of that particular question is that you have taken the recommendations of the provincial auditor. Now, you would be aware that we, on this side, have suggested on different occasions that the provincial auditor should be given the latitude of making recommendations to the government on fiscal and managerial practices. Now, this falls in that category, and you have accepted his recommendation. We commend you for that. I wonder, does that not strengthen the argument for the provincial auditor's authority being expanded to the point where he can make recommendations to the government where he feels it has been making managerial errors or expending money unwisely? Then the government would be able to respond to that, as you have to his recommendation here, and make the necessary adjustments. Would you not agree with that?

HON. MR. MacMURCHY: — Mr. Chairman, the auditor brought it to our attention, pointing out that it's a common practice with lending organizations and institutions. Our response is based on that.

Item 35 agreed.

Item 36 agreed.

Item 37

MR. TAYLOR: — You're spending quite a bit more money here on pollution from intensive livestock operations. What are you planning to do?

HON. MR. MacMURCHY: — Mr. Chairman, it's part of the Qu'Appelle agreement, and it's to respond to some situations that have been identified and brought to the attention of the department. So, it's based on what the department has been called on to do.

MR. TAYLOR: — I'd be interested in knowing what kinds of things you are being required to do.

HON. MR. MacMURCHY: — I don't have all of the details for the hon. member, but the increases are required under the Qu'Appelle implementation agreement. There were approximately 30 projects for last year and 40 to 50 proposed for 1981. They're relocating and that sort of thing. I think I can provide for the hon. member additional information on more of the details involved. But rather than take up the time now, we could forward it to him. I have the general grant programs for him and I'll send those across right now as well.

MR. TAYLOR: — I take it you are providing a list of what's planned to be done for these 30 or 40 projects — what you are doing. All right.

Item 37 agreed.

Item 38 agreed.

Item 39

MR. PICKERING: — Mr. Minister, regarding the grants under the homestead rebates program. Could you very briefly explain exactly what these are?

HON. MR. MacMURCHY: — Mr. Chairman, I think the quickest way to deal with this is to read the description for the hon. member. It's payment of rebate on the purchase price of land sold to former land bank lessees who had lease their land for five continuous years. The refund is calculated on 20 per cent of the purchase price of the homestead quarter to a maximum of \$5,000, provided the rebate does not serve to reduce the cost of land below the commission's capital investment. The rebate is payable at the rate of 20 per cent per year, upon application to the purchaser. Approximately 73 lessees will be eligible to receive the grant in 1981-82 and the level of the grant is the same as last year. Approximately 73 lessees will be eligible to receive the grant in 1981-82.

Item 39 agreed.

Item 40

MR. TAYLOR: — Regarding grants to individuals for general agricultural purposes, can you supply me with a list of who these individuals are and what they are getting a grant for?

HON. MR. MacMURCHY: — Yes.

Item 40 agreed.

Item 41

MR. TAYLOR: — I assume this tremendous increase (it says here) is because of the bee stabilization program. We've argued that so we won't go into it. But, there is a tremendous increase here in SHARP (Saskatchewan Hog Assured Returns Program). What does that indicate? Does that indicate that we're having to subsidize \$1 million to the pork industry in this province — that we can't get the price? There was that big of a change — from \$135,000 in 1980-81 to \$1 million in 1981-82.

HON. MR. MacMURCHY: — The reason for the increase is twofold, Mr. Chairman. We talked about the first one earlier — the large increase in the number of participants in SHARP. Secondly, there was a change in the program. The change was to move to a new levy formula which is a 6 per cent formula, shared 3 per cent and 3 per cent by the producers and the province. So, it was an increase in participation and a new levy decided upon in the new SHARP, which was announced before Christmas.

MR. BIRKBECK: — In the last year, were there not more stabilization payments made under SHARP than in the year prior?

HON. MR. MacMURCHY: — The answer is yes.

MR. BIRKBECK: — When you have a stabilization program and an increase in payments is required under that particular program, does that not indicate that sales are below a five- or ten-year average, whichever average the commission is using?

HON. MR. MacMURCHY: — Could the hon. member repeat the question? I was getting some information.

MR. BIRKBECK: — Yes. The question is very simple. When you have a stabilization program and there is an increase in the pay-out under that particular program per producer involved in the program, does that not mean that the price of that particular commodity — hogs in this instance — is falling below a five- or ten-year average, whichever average is used in that particular commission?

HON. MR. MacMURCHY: — Mr. Chairman, we're on a cost of production formula on a quarterly average.

MR. BIRKBECK: — Yes, that's the point I'm attempting to make. You're on a cost of production average, and when you have an increase in stabilization payments it means you're falling further below that cost of production. Now, you've agreed to that. And I would like to ask you, since that is the hog marketing commission, does that not indicate that it is not too successful in the marketing of hogs in such a way that it's going to bring a return that's par, at least, or above that quarterly average?

HON. MR. MacMURCHY: — Mr. Chairman, if the hon. member wants to argue that the Saskatchewan Hog Marketing Commission is not doing its job, equally so the Alberta Hog Producer's Marketing Board is not doing its job, because Alberta introduced a stopgap program to stabilize the hog industry in Alberta. I understand they're going to be announcing (if they've not already announced a stabilization program based on the principles of Saskatchewan's SHARP.

MR. BIRKBECK: — Now, the very simple point is that fuel energy is one of our number one commodities right now, and one of the problem areas we have in our society. But if we think that's a problem, in the next years we're going to be looking at a food energy problem that is going to make the energy problem we have today look like absolutely nothing.

The point I'm attempting to make is that here we were in Saskatchewan— one of the breadbaskets of the world. We have what everyone in the world wants, and yet we have the necessity of hog marketing commission and stabilization through SHARP; we have a beef stabilization program coming in; we have grain stabilization; and we need all these stabilization programs to offset the losses to the farmers when the price of their commodity falls below the cost of production. I'm saying that indicates very clearly to me that there is a lack of marketing ability in this country and in this province for a very hot item, namely food. And there shouldn't be the necessity for stabilization. You know, it's a subsidization, quite frankly, of the producers of this country, and particularly of Saskatchewan and, I suppose, it's in all probability done because there are more consumers than there are producers. I find that is a pretty sad commentary on agriculture in Saskatchewan, that there is a necessity for stabilization programs.

I would like to think that we could market our product in such a way as to return 10 per cent on our investments. Any other business wouldn't operate; they would simply shut down. They don't operate unless they get 10 per cent return on their investment. You have various marketing concepts in your department. You have Agdevco, and if that's what it's for — to develop marketing and agricultural commodities — then obviously it's not doing anything either. I suggest to you that we're falling badly in the marketing concept. Possibly we need to use the good old dollar as motivation. We need to take a few individuals and instead of putting them on a marketing board and sticking them on a hog marketing commission, we need to stick them on a sales commission and say,

“Look, we have the ability in this province to produce grain, beef, pork, and poultry, a whole variety of food items that are in dire need all over the world with literally millions of people starving.” If we had some people who would say, “All right, here’s what we can produce. Now you get out there and sell it. You find the market for it.” Maybe it’s high time the government involved itself in a marketing concept not a marketing board, as it relates to supply and demand; the supply is no problem. You tell the farmers of this province that you can sell everything that they can grow and watch productivity increase.

I tell you this: if you look at our productivity figure, you will find that on a per acre basis, we don’t produce an awful lot more than we did say, 20 or 30 years ago, even given the new technology that we have at our disposal. There needs to be an incentive there . . . (inaudible interjection) . . . Aw, never mind, get rid of the wheat board, you know the Tory government brought the Canadian Wheat Board in and you would also be aware that if you had had any meaningful discussion with the Canadian Wheat Board at all, you would find that from time to time (and they have admitted this to me) they have not been as active as they should be and have been a bit slack in terms of going out and looking for new markets. I recall one time when the barley sales were down. They said, “Well, we haven’t been out there, hustling and looking for new markets,” and they did shortly after that. There was political pressure applied. They went out and found some markets for barley. The quotas came on and the farmers were able to get rid of their barley.

What I’m saying is very simple and shouldn’t be difficult for the government opposite to understand. I know the Minister of Agriculture doesn’t really disagree that we require means of developing markets and finding sales for the commodities that we have the ability to produce. We have the farmers; we have the land; we have everything it requires to produce. The world wants it. I tell you that unless we find the markets in a very constructive and meaningful way, give us a decade or two decades, a hungry world will be at our doorstep to take that food at any price or for no price. It’s incumbent upon the province of Saskatchewan and your department to start meaningful discussions with other countries around the world. If they don’t have the cash, maybe they have commodities that we can trade with. We need to get into that. We need to take a look at marketing the products this province can produce. That’s what irritates me so much when I take a look at these stabilization programs and commissions. I’ve said it before and I’ve said it to farmers, and they don’t really disagree, that a stabilization program is nothing more than an admission by government and by the farmers themselves, that they can’t stabilize their own business. I’ve said that and they don’t disagree.

My grandfather came to this country and started farming back in 1904. He knew well enough that when he had a good crop, he should put some away. When he was able to sell it, he knew well enough to put some of that money away for the lean years.

The marketing board concepts that we have now, rather the stabilization programs, lend to more irresponsibility. People say, “Ah well, we’ll live high on the hog and we’ll live beyond our means. Don’t worry, there will be a stabilization program to pick it up.”

Now, I think I’ve made some pretty valid points and you need to look positively toward the marketing rather than the controlling of production.

MR. TAYLOR: — Mr. Chairman, with the permission the minister, he sent me over this chart and I was just going through it and I have one question of your general grants

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program. I notice that in regional program development, you spent \$98,000 last year; this year you're going to spend \$658,000. I wonder what you're doing there?

HON. MR. MacMURCHY: — We're going to get into it again because that's the same research program that we're talking about. This is the on-farm operation and we hope we can get an opportunity to provide the list for the hon. member before the House prorogues.

MR. TAYLOR: — Well, I'm sure you must be thinking I have a nose for smelling out this project, but would that be in addition to what we discussed in the subvote?

HON. MR. MacMURCHY: — Yes.

Item 41 agreed.

Item 42

MR. PICKERING: — Mr. Minister, I notice the grant for farm sewer and water has been discontinued. Has it been discontinued or has it been put in another department?

MR. CHAIRMAN: — That's not item 42. The grants for farm sewer and water do not have an item number because there are no funds in it but if you would go back, I have covered it in other areas by reading the name.

HON. MR. MacMURCHY: — Mr. Chairman, the hon. member asked a question that I think I can answer. The grants for farm sewer and water were cut off one fiscal year ago. The \$180,000 provided there was for clean-up and it has been cleaned up.

MR. TAYLOR: — My concern is the \$730,000 to provide for and authorize payments under the drought relief program subject to the regulations. That's peanuts for a drought relief program that may be needed for this year.

HON. MR. MacMURCHY: — Mr. Chairman, when we were budgeting, we were optimistic and rightly we should be. I think we should continue to be optimistic. The figure of \$730,000 provided there is to clean up activity to the end of March 31, the end of the fiscal year. We have not provided for this year's drought program or the April-May extension in this budget. This will have to be provided for by virement. We estimate the cost by virement, based on the programs, will be about \$2 million and it's not provided for in the budget.

Item 42 agreed.

Vote 1 agreed.

CONSOLIDATED FUND BUDGETARY CASH OUTFLOW

AGRICULTURE

Capital Expenditure — Vote 2

Item 1

MR. TAYLOR: — It looks like an impending dry year and there will be a lot of pressure

from this side of the House and I think from farmers themselves. Why is the amount on irrigation projects being decreased?

HON. MR. MacMURCHY: — Mr. Chairman, we have already covered the grants for the individual farmers; these are the capital projects embarked on by the Saskatchewan Department of Agriculture and that's the level that can be handled.

Item 1 agreed.

Items 2 to 7 inclusive agreed.

Vote 2 agreed.

CONSOLIDATED FUND LOANS, ADVANCES AND INVESTMENTS

AGRICULTURE — Vote 46

Item 1 agreed.

Item 2

MR. BIRKBECK: — I wonder if the minister could explain that particular expenditure.

HON. MR. MacMURCHY: — That's SHARP. Once the fund is depleted the fund is covered by the government through an advance and we estimate this is what the loss will be to the fund in this particular fiscal year.

Item 2 agreed.

Vote 46 agreed.

CONSOLIDATED FUND BUDGETARY CASH OUTFLOW (SUPPLEMENTARY)

AGRICULTURE

Ordinary Expenditure — Vote 1

Items 1 and 2 agreed.

Vote 1 agreed.

HERITAGE FUND

BUDGETARY EXPENDITURE (ENERGY SECURITY DIVISION)

AGRICULTURE

Ordinary Expenditure — Vote 46

Item 1 agreed.

Vote 46 agreed.

HERITAGE FUND
BUDGETARY EXPENDITURE (RESOURCES DIVISION)
AGRICULTURE

Provincial Development Expenditure — Vote 2

Item 1

MR. SWAN: — Can you tell us what you're expecting to do in the Souris River Valley project?

HON. MR. MacMURCHY: — Mr. Chairman, the following items: flood proofing and relocation, \$200,000; construction and diking, \$300,000; preliminary and construction surveys, \$30,000; and \$150,000 for land purchase.

MR. SWAN: — Mr. Minister, who are you moving out of the valley? Are they farm people or are they town people? Who's involved in the relocation project that you're speaking of?

HON. MR. MacMURCHY: — Mr. Chairman, it involves allocation of funds for farmsteads, and also, allocations of funds — that's flood proofing and relocation — for communities, including Beaver Park, Roche Percee, Estevan and Weyburn.

Item 1 agreed.

Vote 2 agreed.

CONSOLIDATED FUND BUDGETARY CASH OUTFLOW
TRANSPORTATION AGENCY OF SASKATCHEWAN

Ordinary Expenditure — Vote 41

Items 1 to 3 inclusive agreed.

Item 4

MR. BIRKBECK: — Could you, Mr. Minister, explain what particular transportation research that money was designated for?

HON. MR. MacMURCHY: — I'll provide the hon. member with the list. It's broken down the following way:

Port of Churchill Development Board, Hudson Bay Route Association, Transport 2000 Saskatchewan and WESTAC (Western Transportation Advisory Council).

I'll send the information over to the hon. member. We'll run another copy for him.

MR. BIRKBECK: — Under that same item, Mr. Minister, could you comment on that non-permanent position that you have there at the bottom of that page? I wonder who that is.

HON. MR. MacMURCHY: — Mr. Chairman, the temporary position is one research officer. It's a level 2 position for 12 months, and we use it for temporary and casual as is required in the work of the agency.

MR. BIRKBECK: — Mr. Chairman, could the minister supply the name of that particular position?

HON. MR. MacMURCHY: — I don't remember the name.

MR. BIRKBECK: — Could you supply that name now? It's only one person — you must know.

HON. MR. MacMURCHY: — We have just used a portion of the allocation so far. The name (and we'll get the time frame of the employment) is Jim Liggett.

MR. BIRKBECK: — Mr. Chairman, is that not the last candidate in the Bengough-Milestone riding for the NDP?

HON. MR. MacMURCHY: — Yes.

MR. BIRKBECK: — I see. And has he a position here now as more or less a roving reporter for the department? He comes in and does certain projects here and there, and no specific duty is outlined. Maybe that would be the best thing that you could do. If he's organizing, what is he organizing under the Transportation Agency of Saskatchewan? Maybe you could provide me with the specific responsibility of that person.

HON. MR. MacMURCHY: — Mr. Chairman, yes, I'd be glad to.

Item 4 agreed.

Vote 41 agreed.

CONSOLIDATED FUND LOANS, ADVANCES AND INVESTMENTS

FARMSTART — Vote 47

Item 1 agreed.

Vote 47 agreed.

CONSOLIDATED FUND LOANS, ADVANCES AND INVESTMENTS

THE SASKATCHEWAN LAND BANK COMMISSION — Vote 50

Item 1 agreed.

Vote 50 agreed.

MR. TAYLOR: — Mr. Chairman, at this time I would like to thank the minister and his staff for providing the answers promptly. I think we have most of the answers we were looking for. There's a bit about future research that's puzzling, but we've been at this quite awhile and I think everybody is a little tired. Thank you very much for co-operating.

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HON. MR. MacMURCHY: — My thanks to the staff and my thanks to the members opposite who debated the issues. I think that's what debate should be about.

Mr. Chairman, before we leave committee of finance I just want to spend one minute to unveil in the Assembly — I did this last night in Canora at a farmers' meeting — what the Century Farm Award is going to look like. Hon. members will recall that last year under our heritage award program, which we all participated in, we identified some century farms. I think it makes sense to recognize them. This is the plaque that's going to be provided; it's going to be this size. It will be made of Plexiglas so it can be placed on the farm gate, in the kitchen or in the living room. The criteria are very simple: a quarter section or more farmed for at least 100 years; one of the family members or descendants actively farming the land, living on, or reasonably near the farm site. Those are the criteria. There will be a bit more advertising about this application that will go out to the municipal offices, and we hope in the fall to be in a position to make some Century Farm Awards. We identified a number in the Prince Albert area, some in the southwest, and in the southeast corner along the main line there will be a number. I think we can all share in this very important presentation.

We don't really know yet, but we will likely find a fair number. Thank you very much, Mr. Chairman.

SOME HON. MEMBERS: Hear, hear!

The committee reported progress.

The Assembly adjourned at 9:23 p.m.