

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
April 23, 1981

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

REPORTS OF COMMITTEES

Standing Committee on Private Bills

THE DEPUTY CLERK: — Mr. Skoberg, from the select standing committee on private bills, presents the first report of the committee which is as follows:

Your committee met for organization and appointed Mr. Skoberg as chairman and Mr. Katzman as vice-chairman. Your committee has considered the following bills and agreed to report the same without amendment.

Bill No. 01 — An Act to amend An Act to incorporate Radville Christian College

Bill No. 02 — An Act to amend An Act to incorporate the Congregation Agudas Israel

Bill No. 06 — An Act to amend An Act to incorporate Notre Dame College

Bill No. 03 — An Act respecting St. Peter's Hospital, Melville, being An Act to amend and consolidate An Act to incorporate St. Peter's Hospital, Melville

Your committee has considered the following bills and agreed to report the same with amendment:

Bill No. 04 — An Act respecting Montreal Trust Company and Montreal Trust Company of Canada

Bill No. 07 — An Act to incorporate the Canadian Baptist Theological College

Your committee recommends, under the provisions of rule 58, that fees be remitted less the cost of printing, with respect to Bills No. 01, 02, 03, 06 and 07.

MR. SKOBERG: — Mr. Deputy Speaker, I would like to move, seconded by the hon. member for Rosthern:

That the first report of the select standing committee on private bills be now concurred in.

Motion agreed to.

INTRODUCTION OF GUESTS

MR. SHILLINGTON: — Mr. Deputy Speaker, I take great pleasure in introducing to the Assembly 12 adults from the Regina Plains Community College. They are accompanied by their teacher, Debbie Thomas. I know, Mr. Deputy Speaker, that in The International Year of the Disabled, you and the other members of the Assembly would want to join with me in welcoming these people. They are part of the Independent Living for the Handicapped course.

HON. MEMBERS: Hear, hear!

HON. MR. SNYDER: — Mr. Deputy Speaker, it is a genuine pleasure, on behalf of the member for Moose Jaw North, Mr. Skoberg, and me, to introduce to the House a group of visitors, Cub Pack No. 15 from the city of Moose Jaw. They are grade 5 students who are here to visit the legislature this afternoon. They are accompanied by their leaders, Jerry Chute and Dave Claffey, also Mr. Reaney and Mrs. Laurie. I am sure that all members will want to extend a very warm welcome and express the wish that their stay in the House will be a pleasant one, and that they will enjoy the proceedings this afternoon. Mr. Skoberg and I will have an opportunity to meet with them after the question period. I would like all members to join with me in welcoming them here today.

HON. MEMBERS: Hear, hear!

QUESTIONS

Suspension of Correctional Camp Employees

MR. HARDY: — My question is to the Minister of Labor. For the last couple of weeks I've been asking you about the SGEA (Saskatchewan Government Employees' Association) employees. They are correctional worker camp employees around the province at six camps. I understand at the White Gull camp 12 employees have been told verbally that they will be suspended. I asked you last week what you were going to do about it. You told me you were taking an audit. Could you inform me if that audit has been completed and, if so, what procedure has been taken?

HON. MR. SNYDER: — Mr. Deputy Speaker, I wouldn't want to mislead the hon. member. It may very well be that the audit has been completed. My latest information (as late as yesterday afternoon) was that the audit was not yet complete, but would be completed in the near future. I think that probably meant sometime today or before the end of the week. I can't say with a degree of certainty whether the labor standards people of the Department of Labor have completed that audit or not.

MR. HARDY: — Supplementary, Mr. Deputy Speaker. Mr. Minister, would the suspension of these employees while negotiating an agreement not be considered under The Labor Standards Act as an unfair practice?

HON. MR. SNYDER: — I don't know how often, Mr. Deputy Speaker, I have to go through the ritual of suggesting to the hon. member that he should read The Trade Union Act, and he should satisfy himself with respect to what an unfair labor practice is. Section 11 of The Trade Union Act outlines clearly what is an unfair labor practice. Nowhere will you find any reference in The Labor Standards Act to an unfair labor practice. It's The Labor Standards Act that is being applied in this set of circumstances, and accordingly the member is asking a question which defies an answer. I cannot provide an explanation to him, other than to repeat over and over and over again that an unfair

labor practice is defined in section 11 of The Trade Union Act.

MR. HARDY: — Final supplementary. Under The Trade Union Act you say it is not unfair. I am not ready to dispute that, but the point is these employees have been out of work now for two to three weeks. I asked you in that time if you would not consider looking into the matter. You said you would. Since you said that it has escalated from one camp to two camps to six camps. Now there are 30 to 35 employees out of work. There appears to be no negotiation going on. Will you now not look into it, and see that this labor practice is carried out in a fair way and that these employees do get back to the table to negotiate?

HON. MR. SNYDER: — Well, Mr. Deputy Speaker, I don't know what I can do more other than indicate to the hon. member that I have made available to the parties an individual, a senior industrial relations officer, who is in touch with the parties on a daily basis. He is offering his services in terms of negotiating or attempting to reach a conclusion to the arrangement which might put an end to the difference of opinion which exists between the parties. I can't tell him a great deal more than that, other than that the appropriate route to follow under this set of circumstances will be for the labor standards officer to deliver an audited report, and then to proceed from that point. I rather wonder what it is the member would have me do. We have done, I think, everything that is possible under these circumstances. I somewhat hesitate to mention to the hon. member that the name of the member for Rosthern has been drawn into the question, and there is an inference that the hon. member for Rosthern is counseling the members not to negotiate and that they should go the labor standards route. Maybe the hon. member for Rosthern . . . (inaudible interjection) . . . Well, I'm not in a position to prove it, except the story is very rampant.

MR. DEPUTY SPEAKER: — Order, order! The hon. member for Kindersley.

Lalonde-Leitch Meeting on National Energy Policy

MR. ANDREW: — My question is to the Minister of Mineral Resources. Mr. Minister, as you know and I take it, most of the people in this province have heard of or felt the impact of the national energy policy, in this province and probably in the entire country. I believe it was last week that Mr. Lalonde and Mr. Leitch met in Winnipeg. The recent press reports that have come out of that, and in particular an interview by the former minister of energy in Alberta, Mr. Getty, would indicate that there is some optimism resulting from that Winnipeg meeting. As you have indicated to this House on several occasions, you are in very close contact with Mr. Leitch in Alberta. Has Mr. Leitch given you any indication that there is more optimism now that a pricing agreement between Alberta and Ottawa could be forthcoming as early as this fall?

HON. MR. COWLEY: — Mr. Deputy Speaker, I think I spoke with Merv Leitch by telephone the day after the meeting he had with Lalonde. We had a reasonably long conversation in which he outlined to me what had gone on in the meeting. I don't think I want to comment further on what he said, other than that I think his comments to me followed the statements he made in public and in the press — that there was at least enough (I don't know whether "progress" is the right word) discussion at the meeting to warrant the decision to get together again late in May, when I gather they will meet again. My personal view is that if there is to be an agreement or an accord or whatever you want to call it, it is unlikely that it will happen this summer. It will probably be toward fall, with all of the best efforts on both sides of the table, before it could be worked out.

I guess I'm slightly more optimistic than I was when I responded to the member's question a couple of weeks ago, but I'm not overly optimistic that anything is going to happen. I think we will wait to see what happens at the next meeting.

MR. ANDREW: — A supplementary question. Without going into the details of the negotiation, which, obviously, are going to be confidential, was there any indication by Mr. Leitch to you that the federal government is prepared to move on the question of pricing and increasing the pricing of oil from the national energy program proposal?

HON. MR. COWLEY: — I think, Mr. Deputy Speaker, that I would rather not comment on that, particularly. It was a general conversation and Mr. Leitch can make public whatever information he wishes to in terms of his discussion with Mr. Lalonde. I think the only conclusion I would draw from the discussion, and the only public comment I would have, is that the indications were that there were some positive signs and it was worth having another meeting in May. I think I will leave it at that.

MR. ANDREW: — A supplementary question. Mr. Minister, could you advise the Assembly as to whether you or any members of your department have been involved in any negotiations with Ottawa, or is it still simply a question of you waiting to see what kind of pricing agreement Alberta can make and then tagging onto the end of that?

HON. MR. COWLEY: — Well, my officials in the department have, on a reasonably frequent basis, been talking to the people in Ottawa, basically with respect to numbers, so that we have the same base numbers to operate from, etc. We don't have any new proposals from the federal government; we don't have anything new to propose to them, except to say that we're not satisfied with the national energy program. So, presumably, the officials' discussions will continue. If it seems appropriate, if we have some new information to offer or another position we want to take, certainly I will be in contact with Mr. Lalonde. I will also, of course, if he has something he wants to put to us. I think he knows our position reasonably well. He obviously doesn't agree with it at this point. We know what position he has taken. The officials are discussing and are obviously talking about many options which there could be with respect to changes, but I don't have any progress to report.

Withdrawal of Gasoline Tax

MR. LANE: — Mr. Premier, in light of the statements that the minister is somewhat more optimistic that an agreement will be reached, the agreement, in all likelihood, will mean significantly higher oil prices for Canadians and the people of Saskatchewan. Given the higher revenues that would accrue to the Government of Saskatchewan by reason of the provincial gasoline tax in a bill just introduced by the minister responsible for SGI. Given the possibility of an agreement and significantly higher prices for gasoline, would you be prepared to withdraw the bill which means higher taxes to the people of Saskatchewan and a higher subsidy to SGI?

HON. MR. BLAKENEY: — Mr. Deputy Speaker, the hon. member asks that we withdraw a bill based upon the proposition that there may well be an agreement between the federal government and the producing provinces which may produce additional revenues. I think prudence dictates that we wait to see whether one or both of those contingencies happen before we decide that the money is in hand.

MR. LANE: — By way of supplementary, I wonder then if the Premier . . .

MR. DEPUTY SPEAKER: — Order! Your supplementary is based on your original question, which was hypothetical, so the supplementary would be out of order. The hon. member for Saskatoon-Sutherland.

Energy Conservation Program

MR. PREBBLE: — Thank you, Mr. Deputy Speaker. My question is to the minister responsible for the Saskatchewan Power Corporation. There have been a number of questions raised lately as to whether our government should be pursuing the construction of a coal power generating station near Gravelbourg, or whether we should be looking at a number of other possible power projects in the province. My question is whether the minister would consider another alternative, and instead of building any of these power projects in the immediate future, spend an equivalent amount of money on a major energy conservation program for the province of Saskatchewan?

HON. MR. McARTHUR: — Mr. Deputy Speaker, I should first point out that the projects which are being considered are alternatives or options that are being looked at in terms of projections with respect to future electrical needs in the province. Certainly, at the same time, we are examining options with respect to conservation measures. We have undertaken a certain number of conservation measures as part of our overall program. But within the corporation we are now looking at other alternatives which, if justified, could involve a considerable amount of capital investment in such opportunities. However, I am not in a position at this time to indicate to the hon. member that the amount of money which would be invested could be equivalent to the estimated costs of some of the options that are being looked at in terms of electrical generating projects. Certainly, there will be some increased expenditure in this area.

MR. PREBBLE: — Supplementary, Mr. Deputy Speaker. I am pleased to hear these studies are under way. In light of a number of important studies, particularly the Harvard Business School study in the United States showing that an equivalent amount of energy can be saved through conservation investment as could be generated with an equal amount of money being spent on new power projects, I would like to ask whether SPC would undertake a comprehensive review of conservation as an option to these power plants, particularly in light of the fact that conservation would also have a much smaller impact on the environment than any new power project would have?

HON. MR. McARTHUR: — Certainly. Mr. Deputy Speaker, it is our intent to examine conservation options as options that could reduce (and, indeed, if they are to be effective, they must reduce) the future investment needs in terms of electrical generating plants. As part of the further review that we are doing, we will be looking at the capital investment option, in terms of conservation measures, as one alternative. Again, I must indicate to the hon. member that we will no doubt be facing growing energy needs and we must be looking at options for generation as well as for conservation. I agree with the hon. member that the two can work together. Certainly we will be pursuing that as part of our overall program.

MR. PREBBLE: — Final supplementary, Mr. Deputy Speaker. Since the present energy rate structure in some ways discourages conservation by charging consumers lower rates as they use more energy, would the minister look at the possibility of reversing the present rate structure for each category of energy user, so that for smaller users and for those who conserve within each use category, the rates would be lowered and

consumers would then be charged higher rates as they consume more energy?

HON. MR. McARTHUR: — Mr. Speaker, we do have a special review of rate structures going on within the Saskatchewan Power Corporation. One of the things which is being looked at is possible restructuring of rates in order to encourage conservation. I cannot say to the hon. member at this time that the particular proposal that he indicates would necessarily be one, if any, we would adopt in this general direction. I can also indicate that through time we have been changing the relative position of rates to try to ensure that the large users who place growing new demands on the system do pay their fair share of the extra costs and new costs of electrical generation.

As far as longer term restructuring of rates — that review will be continuing. I hope at some time in the not too distant future we can conclude that, and I can give the hon. member some further information about the possibilities in that regard.

Hydro Power Versus Thermal Power

MR. BERNTSON: — A question to the minister responsible for the Saskatchewan Power Corporation. I don't know that the minister has ever given his position on this, but I understand the Premier in his news conference yesterday indicated that his government leans toward hydro rather than thermal power for the future, because hydro power costs are not likely to rise as quickly as thermal power costs. He went on to say that an agreement on the western power grid is possible within a short number of months. I wonder if the minister could be a little more precise and tell us when he expects this agreement to be signed or completed.

HON. MR. McARTHUR: — Mr. Deputy Speaker, with respect to hydro power as opposed to thermal power, there are some advantages which can be looked at. The operation costs over the long term are lower for hydro power, however, the up-front investment costs are considerably higher. So the trade-off between the two is something which needs to be looked at in terms of the particular projects that one has to consider.

Certainly, we are considering, as one option in terms of hydro power, the Manitoba limestone development which is associated with the western power grid. There have been negotiations proceeding on that matter, as I have indicated in this House before. There are a number of very difficult and complicated questions which need to be worked out if we are to proceed with that project. Certainly, the questions of pricing the power, the nature of the supply arrangement, and the routing of the major transmission line are all very complex and difficult.

Our staff in the Saskatchewan Power Corporation, as well as staff from the Department of Mineral Resources, has been working on working groups with Manitoba and Alberta to try to work out some resolution of some of the difficulties and differences which occur with respect to those questions. Exactly how long it will take until we are in a position to be able to examine the precise proposals and make decisions, I am not able to say. Certainly, we are moving along and progress is taking place with respect to examining that project.

MR. BERNTSON: — Could the minister be more precise? Is it a few short months or is it some time longer than that? Obviously, the trade-offs haven't all been analysed or calculated. Surely, you must have done some studies relating to power needs over the next several years, some projections as to the power needs in Saskatchewan. If in fact this western power grid is coming on stream, or the agreement is going to be signed, in

the next few months, could you indicate to this Assembly and to the people of Gravelbourg that you are prepared to put that one on the shelf until you make a decision on the western power grid?

HON. MR. McARTHUR: — Mr. Speaker, there is no decision at this time to proceed with either the western power grid or Gravelbourg or any other particular project. Those projects are being looked at in terms of options which could be pursued in order to meet our electrical energy supply needs in the 1987-88 period. Certainly, if conservation measures can be utilized to effectively reduce some of the growth in demand, it might be a little further ahead in the future than that until we need to meet our needs with the new generation option.

With respect to Gravelbourg, again I indicate to the hon. member that we indicated to the people of Saskatchewan about a year and one-half ago that we wished to undertake long-term planning with full information to the people of the possible options which exist, so that we could test the environmental and other impacts of these possible options and so that we could also receive opinions and feedback from the communities and the people affected. That is what we are doing with the Gravelbourg project, as well as the other projects. We are simply examining and trying to get data information for purposes of assessing the impact, in terms of community, social, and environmental impact. In order to do that, we must gather a certain amount of information which we are currently doing. That process is an important part of the public participation process which, I think, is followed by no other utility anywhere in Canada.

Canada-Saskatchewan Flood Prevention Program

MR. LANE: — A question to the Minister of Urban Affairs in the absence of the Minister of the Environment. At the meeting in Lumsden the other night, there were approximately 275 citizens who were very concerned about the proposals under the Canada-Saskatchewan Flood Prevention Program. Would the minister be prepared to confirm today that the operation of the program will not apply to the town of Lumsden until there are full public hearings?

HON. MR. SMISHEK: — Mr. Deputy Speaker, I am not prepared to make that commitment. I am prepared to discuss the matter with the minister in charge of the Department of the Environment.

MR. LANE: — Would the minister be prepared today to give the six months' notice as required by the act as to termination of that program? The program is running into considerable resistance, certainly in the Qu'Appelle Valley. Obviously, the citizens have not been consulted. Would the minister then be prepared to give six months' notice of termination of that agreement?

HON. MR. SMISHEK: — No, Mr. Deputy Speaker.

Planting Shelterbelts

MR. TAYLOR: — A question to the Minister of Agriculture. in view of the very serious soil drifting conditions which are on a line from about Gravelbourg across to Yorkton in the southeast corner of Saskatchewan, and in view of the fact that, because of the mild winter, a great amount of brush has been cleared out in this area, and also in keeping with the meeting of the ministers of environment where they said that we may be into a prolonged dry cycle in western Canada, would the minister agree that there is a great

necessity, at this time, to encourage farmers to plant shelterbelts in their fields to combat this wind erosion? I notice in your *Farm Notes* which were handed out today, there is no mention of such a thing. Would you agree that this is a concern which should be acted upon? What action, as minister, have you taken in this regard?

HON. MR. MacMURCHY: — Mr. Deputy Speaker, we haven't put forward a policy of planting shelterbelts. The idea has been around for some time.

AN HON. MEMBER: — So was drilling for water and you never acted upon it.

HON. MR. MacMURCHY: — Mr. Deputy Speaker, I always enjoy the farming expert for the constituency of Qu'Appelle. He seems to be an expert on farming, particularly when he is sitting in his seat, rather than standing on his feet. I think the hon. member for Indian Head-Wolseley has put forward a legitimate question and I am seeking to answer it.

No, we do not have a specific policy with respect to encouraging farmers to plant shelterbelts, although there has always been that kind of proposition put before farmers. In the situation which exists right now, I would encourage farmers (and I think the hon. member should encourage farmers) to stop in at the ag. rep. office and discuss the particular situation with the ag. rep., because the situations will vary within a community and will relate to the condition of the soil. Whether they can perhaps cultivate it up in some rows and that will suffice, or whether some other application will have to be attempted, I think would best come, not on the advice of the Minister of Agriculture nor on the advice of the member opposite, but on the advice of the ag. rep., who will be knowledgeable in the field.

MR. TAYLOR: — Supplementary. Mr. Minister, I think the need right now is perhaps to alert the population as to what may be coming down the road, if what the scientists say is true. I have checked with the Indian Head tree nursery which supplies all of Saskatchewan, Manitoba, and a part of Alberta. The demands being placed upon it are increasing daily because of the situation. Will you contact the federal government to see that the Indian head tree nursery will be adequately supplied and staffed so that it can satisfy this need? Failing action by the federal government, would you, as Minister of Agriculture, be willing to put forth some provincial funds to make sure that we do have the facilities at the Indian Head tree nursery to combat soil erosion by the only real means, which is by shelterbelts?

HON. MR. MacMURCHY: — Mr. Deputy Speaker, I'll be happy to forward such a communication to the federal Minister of Agriculture or whoever is responsible. It's hard to figure that out in the Ottawa scene. In fact, I would be glad to share a communication with the hon. member opposite. I would hope that the member of parliament for that constituency who, I understand, is the former minister of agriculture, Mr. Hamilton, will raise the issue in the House of Commons and share with us the possibility of expanding the Indian Head nursery. I suspect what's happening at the Indian Head nursery (the pressure on the Indian Head nursery) is the result of a number of young farmers who have moved out into rural Saskatchewan and are planting, not shelterbelts as far as their land is concerned, but shelterbelts around the homesteads — around the fine new homes and building which they're putting up — planning for the future.

INTRODUCTION OF BILLS

Bill No. 81 — An Act to amend The University of Regina Act

HON. MR. McARTHUR: — Mr. Deputy Speaker, I move first reading of a bill to amend The University of Regina Act.

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

Bill No. 82 — An Act to amend The University of Saskatchewan Act

HON. MR. McARTHUR: — Mr. Deputy Speaker, I move first reading of a bill to amend The University of Saskatchewan Act.

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

Bill No. 83 — An act to amend The Workers' Compensation Act, 1979

HON. MR. SNYDER: — Mr. Deputy Speaker, I move that a bill to amend The Workers' Compensation Act, 1979, be now introduced and read a first time.

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

POINT OF PRIVILEGE

MR. KATZMAN: — On a point of privilege, Mr. Deputy Speaker: the Minister of Labor today made accusations which were totally unfounded and untrue. If the minister is accusing me (as he is from his seat presently) of making suggestions while I stood on my feet in the Department of Social Services estimates, may I suggest to the minister that he made suggestions which went along the lines that people should be suspended if they don't want to go to work. He made those accusations . . .

MR. DEPUTY SPEAKER: — Order, order! Let's have some order and see if we can't deal with this matter. If the hon. member for Rosthern could state his point of privilege, we could get on with it.

MR. KATZMAN: — The point of privilege is that the Minister of Labor made a false accusation in the House. I suggest that he either withdraw it or we'll have a go at it.

MR. DEPUTY SPEAKER: — I listened carefully to the words of the Minister of Labor when he was dealing with the member for Rosthern. Whether or not the member for Rosthern advised the workers one way or another would not be an unparliamentary way to operate. To accuse the member of doing so, similarly, wouldn't be unparliamentary. I view that as a question of debate and not a question of privilege. The hon. member certainly had an opportunity to deny what the minister stated.

MR. TAYLOR: — Mr. Deputy Speaker, I don't know how closely you listened. He didn't say anything about its being unparliamentary; he said it was a false accusation.

MR. DEPUTY SPEAKER: — Order. I have made a ruling. I ruled that that is a question of debate and not a point of privilege. I will read the section, for the hon. member, from Beauchesne. Section 19 from Beauchesne's *Parliamentary Rules and Forms*, Fifth Edition:

A dispute arising between two members as to allegations of fact does not

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fulfill the conditions of parliamentary privilege.

MR. KATZMAN: — I have a point of order. I can stand on my feet and say that the Minister of Labor told social services to suspend everybody . . .

MR. DEPUTY SPEAKER: — Order, order! We're getting into debate here. I made my ruling. Are there any further points before orders of the day?

ORDERS OF THE DAY

GOVERNMENT ORDERS

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Robbins that Bill No. 71 — **An Act to amend The Public Service Superannuation Act** be now read a second time.

Motion agreed to, bill read a second time and by leave of the Assembly referred to a committee of the whole later this day.

COMMITTEE OF THE WHOLE

Bill No. 71 — An Act to amend The Public Service Superannuation Act

Sections 1 to 10 inclusive agreed.

The committee agreed to report the bill.

THIRD READINGS

Bill No. 71 — An Act to amend The Public Service Superannuation Act

HON. MR. ROBBINS: — By leave, Mr. Deputy Speaker, I move this bill be read a third time and passed under its title.

Motion agreed to and bill read a third time.

COMMITTEE OF FINANCE

CONSOLIDATED FUND BUDGETARY CASH OUTFLOW

AGRICULTURE

Ordinary Expenditure — Vote 1

Item 1 (continued)

MR. TAYLOR: — Just one question that may lead to many others. The other day I heard you questioned in the House on the gasoline tax rebate. If I remember correctly, Mr.

Minister, you gave the same answer that the Minister of Revenue gave us: that this is some method for conservation. I believe that is what you said and I was going to spring to my feet at that moment but I thought I'd wait. You said in that question period, when you were asked, that it really was for conservation. Now, I can understand the Minister of Revenue thinking that way, but surely to goodness an old salt of the earth farmer like you must realize that certainly that is the most foolish statement that I have heard you say.

You know, one of the things is diesel fuel and you know of these big tractors out there that the farmers have; you probably have one yourself. Now, can you tell me that this fellow, if he had the farm fuel rebate, would make a few more tears up and down the field just to waste that energy? I don't believe farmers are that way inclined. You tell me every time that it's to conserve energy? Do you think the farmers in this province are wasteful of energy? I say that's a bunch of baloney and I'd like to let the farmers out there know what the government opposite thinks. You give them a subsidy — a \$300 subsidy when inflation is hitting them, when their soil is blowing away, when their farm income is down — then this government takes it away because the farmer might waste this amount of fuel.

I've never heard such convoluted reasoning in all my years and I would like you to explain, Mr. Minister, why you as Minister of Agriculture didn't stand up and use your strength in the cabinet of this province. I think you do have a considerable amount of muscle in there; you're one of the brighter ones I would say. Yet you let them talk you into taking away the one thing that the farmer was getting that was appreciated: the farm fuel rebate at a time when his costs are going up, his productivity is going down, his soil is blowing away. How do you explain that? I'd like you to go out in the hustings and tell the farmers of Saskatchewan the brilliant rationale of the government opposite in making that wise decision.

HON. MR. MacMURCHY: — Mr. Chairman, I really enjoy and appreciate the comments of the hon. member for Indian Head-Wolseley. It seems to me we'll get a good letter off to Ottawa about planting trees and the operation at Indian Head if he's in as good a humor as he is this afternoon. I can't recall it (I would have to check the record), but I think what I did say was that as far as the government was concerned in dealing with the 10 cents a gallon rebate or the farm cost reduction program and the issues we thought were ahead, we felt that the issue of supply of energy was far more important than the issue of the cost of energy at this time.

If the hon. member looks at the budget, there is a broad area addressing the issues of supply. I think he will note roughly \$65 million toward SaskOil for exploration, development production; another \$65 million to the other oil companies in the province, the private companies, on the same basis. So we're attempting to get a handle on supply with the policy. Additionally, there's a conservation package, and I think the hon. member would agree that looking at conservation is a sensible thing on the farm as well. I would suggest to all hon. members that if they're going to buy a new tractor that they look at the green tractor which is sold by CIL (Co-operative Implements Ltd.). My son has one on his farm and he tells me it's the most efficient tractor on the market. It's just an efficient, fuel-burning tractor, no question. So I would encourage all hon. members to go out and sing the praises of this tractor sold by Co-op Implements, because it's a very good tractor. But there are ways of looking at conservation in the pig barn and the dairy barn and so on, and I think the hon. member would agree with that.

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I would agree that when it comes time to seed and time to harvest and time to summerfallow, that tractor has to go, that truck has to go and the farmer isn't going to be thinking about conservation; he's going to be thinking about getting the job done. That's very, very necessary. But there is a role for conservation.

I think additionally (and the budget provides for this), we have to be looking at ways in which we can supplement the petroleum fuels. We have to be thinking ahead and any way we can look at supplementing the petroleum fuels should be researched and developed.

The hon. member will note in the budget an amount set aside for research into hydrogen. There's been a great deal of work in this area, but more needs to be done in the technology of the use of hydrogen. I think we had debate on the ethanol plant earlier in these estimates, with our budget providing for research, but also some commercial development in this area, which is a supplement to the petroleum fuels. So the budget, it seems to me, begins to address in a significant way the issue of supply. That's where our emphasis is at the present time. We think it's a more important area to address than the issue of cost.

We can argue about that and certainly I discuss it when I'm at farm meetings. I was in Canora last night with a group of farmers attending a meeting as part of Agriculture Appreciation Week. I talked about it and put forward the position on why we have dropped the farm cost reduction program for 1981 and the emphasis we're going to place on the supply of energy.

MR. TAYLOR: — Reverting back to our question period and the trees for Saskatchewan, I think that is a serious thing and we may well go down as the Johnny Appleseeds of this province. I think he did something for the United States in his history too.

Leaving that as it may be, and not arguing the merits of various types of tractors (because I don't want to get into that type of debate at all), I can't really understand what you're telling me here. You're saying that we have to take moneys in the budget to research new means of petroleum vis-a-vis your gasohol experiment, but you're taking the money away from the farmers, which they previously had (little bit that it was). So really the farmer is subsidizing this new method of fuel production. It's not coming from our wonderful resource development' it's not coming out of the proceeds of that. It's being taken away from our farmers who, I maintain, in the part of the province that I represent, are facing the most drastic environmental conditions that they have seen in the last 50 years. They are pinched. We talked the other day about the number of cattle being down, the number of hogs being down, the farm profits being down. And this government sees fit to take away this farm fuel rebate. At the same time, I see the same minister (and that puzzles me further) remove the farm fuel rebate. In the next breath he announced a fuel rebate for the native people of this province. I don't know how he figures out that type of thing.

I thought the Minister of Agriculture would be here to try to get the maximum productivity from the farms in Saskatchewan. I think the farm fuel rebate goes to helping the farmers out there reduce their costs so that they can come up with more productivity.

I would like you, as Minister of Agriculture, to explain why you did not stand up in the Executive Council and fight hammer and tong for retaining the farm fuel rebate, why you let that go and then turn around and announce fuel tax rebates for the native people

of the province.

HON. MR. MacMURCHY: — Mr. Chairman, I think the hon. member should turn his mind to whether energy security is important. If he believes it to be important (and I'm sure he does) then we should concentrate as much effort as we possibly can on achieving that goal.

There is \$140 million set aside in this budget, this year, to start us down that road. It involves, as I indicated, looking at three broad areas. I would say that we are probably well ahead of other provinces in the areas of supplement, in the areas of conservation, and here is an effort on the production and development side in the petroleum fuels.

I make the point to the hon. member that every citizen of Saskatchewan clearly is sharing in this effort. The hon. member made reference to a program which I have announced as minister responsible for treaty Indians in the province, and related that announcement to the elimination of the farm cost reduction program. Mr. Chairman, let me make it clear that the farm cost reduction program was not a tax rebate, because there was no tax paid. It was a grant. Let's get that clear in our minds.

With respect to the program for Indians, which is a tax agreement on petroleum products, that is not a rebate, because treaty Indians will pay the gasoline tax whether they live on the reserve or off the reserve. We have embarked on this program as a further step of recognizing (and I'm referring specifically to the agreement on petroleum products with the Saskatchewan Indians) the spirit of the treaties, and of the Indian Act (the federal government's Indian Act). I say "the second step" because the first step was recognized in 1937 by the then Liberal government, and that is the E&H (Education and Health) tax. The hon. member opposite will know about conditions of that particular program.

The spirit of the treaties, and the spirit of the Indian Act, say that on reserves Indians should not be paying tax. Turn your minds to how you can recognize this right. How is it best done when you have Indians living on the reserves and you have Indians living off the reserves? How do you do it?

We decided the best way is to have the Indians continue to pay the tax and, recognizing that they do pay the tax and have these rights, try to figure out a formula of how much would be spent on the reserves by those Indians living on the reserves, and what amount would be spent by Indians living off the reserves when they go back to the reserves. This is what we have attempted to do. In order to recognize it with those kinds of problems, the Indians will still pay the tax and we will provide funds to the Indian band, the chief and band council, based on that formula to deliver programs as they see fit on their particular reserve.

In both cases it is not a rebate and we should make that clear. It's unfortunate that in the announcement of the program and in the early discussions of the program with respect to treaty Indians of Saskatchewan the term "rebate" was used. The connotation of rebate has been carried forward, particularly by the press. It is not a rebate program at all, nor was the farm cost reduction program a rebate at all. I say to the hon. member that what we are doing with the treaty Indians of Saskatchewan is responding as best we can with a right that the treaty Indians in Saskatchewan have with respect to gasoline that they use on reserves.

MR. BIRKBECK: — Yes, Mr. Chairman. The minister has attempted to explain it in detail, and I think he has done reasonably well, except, Mr. Minister, you have a program right now that you are looking at with reference to reserve Indians. What you are saying is that under the treaty act, they are not, nor should be, required to pay tax. I'm sure I'm correct on that. As well, farmers don't pay tax now on farm fuel, and they don't have to submit any receipts — they just simply don't pay tax. Is that correct? Let's get things straight one at a time. The farmer doesn't have to pay tax for farm fuel. That's correct, is it not? And he doesn't have to submit receipts to get that tax exemption. That's correct. But in your program as it relates to native people, you have a program of payment by the government directly to the reserves — or somebody; it has to go to somebody. Let me ask you: to whom are you going to pay the money as it relates to the reserves in reference to gas tax?

HON. MR. MacMURCHY: — Mr. Chairman, under the proposal that's put forward, the payment from the provincial government, from the Department of Revenue and Supply, will be made to the chief and band council of each reserve. We will enter into an agreement with the chief and band council of each of the reserves with respect to this particular program.

MR. BIRKBECK: — Would it not be much simpler to have the program, as it relates to the native people on reserves, in a similar fashion as to that of the farmers as it relates to gas tax.

HON. MR. MacMURCHY: — Mr. Chairman, I've tried to explain it by expressing it in terms of "how is it best to recognize this?" How is it best to do it? If you say that it applies to gasoline consumed on the reservation . . . (inaudible interjection) . . . Well, that's our interpretation of the spirit of the treaties and our interpretation of the Indian Act.

We recognize the principle that an Indian is an Indian regardless of where the Indian decides to live. The Indian may be an Indian of the Gordon Band and live on Gordon Reserve or may be an Indian of the Gordon Band and live in Regina or live in Moosomin; he is still an Indian and a band member of the Gordon Band. From time to time he will come back to the band and spend some time in the boundaries of that reservation. So, you recognize that kind of a problem and you say: "Well how is it best to deliver on the principle of the spirit of the treaties and the Indian Act with respect to gasoline?"

When you start to run your mind around that, you find the difficulties. Through discussion with chiefs we've arrived at this as being the best way to do it, even though they still aren't sure and want to discuss it further. It is just hard to figure out and we've tried to figure it out as best we can. If the hon. member wants to argue that there's a better way — fine. We'd be glad to listen to it. The hon. member says that the Indians of Saskatchewan don't have this right . . . (inaudible interjection) . . . We should hear that, too. I don't think he says that but he rather suggests that there might be a better way of delivering on the responsibility which we feel we have.

MR. BIRKBECK: — So you're working out a formula so that the reserve Indian, who from time to time strays off from the reserve and is consuming fuel, is able to get a piece of the action because he returns to the reserve occasionally? What you are doing is extending yourselves beyond what is required in the treaty act which says they should not have to pay taxes on the reserve. That's what you're saying.

I could make the same argument that a farmer occasionally strays off the farm and he goes on a holiday with his truck, but he's not allowed to go out and burn purple gas

when he's doing it. You haven't extended that particular privilege to him. You haven't done that as it relates to the gasoline tax for on-farm use. As soon as he leaves the farm he has to have amber gasoline in his truck. He doesn't have the same privileges as does the native person, by your policy, and not by the treaty act. You've extended yourself, your program and your particular formula, beyond that.

You can respond to that particular case. But, if you want a better way to administer the right of the natives as it relates to paying gasoline tax — that they're not supposed to pay tax — then simply do as they do in Manitoba. For purchases in dry goods stores, whatever (say they are going through Canadian Tire), they simply have to take their receipts and submit them for reimbursement. They pay the tax and then submit their receipts for their purchases, which they are not supposed to pay a tax on under the treaty, to the provincial government and the provincial government, in turn, pays them back the tax they had previously paid. You could do that with gasoline tax. If we're looking at this tax as it relates to farm fuel, does it extend to all commodities? In other words, is a bottle of liquor, consumed by a native on the reserve, exempt from tax? Now you have three things to respond to.

HON. MR. MacMURCHY: — Mr. Chairman, the hon. member is saying, with respect to how we are delivering the program, that our position is that an Indian is not an Indian unless the Indian lives on the reservation. The treaties say that an Indian is an Indian. Surely the Indian has a right to decide in this province whether he lives on the reserve or off the reserve, and if he moves off the reserve he doesn't lose his status as an Indian.

Now I know that the federal government is attempting to do that with the Indians of this country, but I thought we were progressive enough in Saskatchewan to recognize that an Indian is an Indian.

The hon. member is saying that is not so, if he says we should not recognize those Indians who live off the reserve and come back to the reserve and consume gasoline on the reserve when they come back. There is a very important principle here which we have tried to recognize as best we could.

The hon. member says that if I have an F-plate on my half-ton, and I go to church with that half-ton, I can't use purple gas. I don't know how many farmers in Saskatchewan have been charged for going to church using a half-ton with the F-plate on it. If I got a job in Regina and I used that half-ton with an F-plate to drive to my job in Regina there is no question charges could be laid. That is legitimate. It is required to place on our plate and consume bronze gas or whatever gas in that half-ton.

With the F-plate, I think the farmers of Saskatchewan do a fair bit of touring around — going to church, sometimes to ball games and they may even go to the lake. I don't think many do that; they always take their cars.

Mr. Chairman, the final question relates to why we didn't apply the principles in the E&H tax to this program of petroleum products. I will say that it was because of our recognition of the jurisdiction of the band and the reserve as it applies to this province.

The member, in his final question, asked about liquor and about tobacco. This plan is for gasoline and petroleum products and is not for liquor or tobacco.

I have told the chiefs of Saskatchewan that as far as we are concerned, if they are going to buy tobacco and liquor, they can pay the tax like every other citizen of this province

as it is not essential for their lifestyle. Therefore they can expect to continue to pay the tax on those two items.

MR. BIRKBECK: — It's not a contravention of the treaty act?

HON. MR. MacMURCHY: — Well, we will probably get into an argument with the federation but I would say, under the spirit of the treaties and of The Indian Act, we are right on. I would like to hear the opinion of the hon. member with respect to the position the Government of Saskatchewan takes on tobacco and alcohol as it relates to rights of Indians under treaty, and under the Indian Act.

MR. BIRKBECK: — My position is very clear on that. You are the people who are selling it. If you had the courage of your convictions to stand for the principles which you espouse all the time, you would quit selling the stuff in the province. That is my position on it. That's easy for me to say because I don't drink.

The Minister of Health is always talking about how we should be looking after our health. I took his good advice about three or four years ago. So, I don't drink any more. The fact of the matter is (I am cutting some fine hairs here, but none the less, it's proving a very valid point here) that the government wants to apply a particular philosophy with reference to the treaty act, and use that as its argument as it relates to gasoline consumption by natives. But, it's not prepared, nor does it have the courage to carry it right through to all tax — in particular, to tobacco and alcohol. That is the fact of the matter, and the very bottom line on it. That is basically the question. Obviously, I don't need to ask: are you going to extend that philosophy to apply to all taxes on goods that the native people are required to purchase? The answer is, no, you're not going to. You don't have the courage to. You know that if you give them a tax break in line with the treaty on gasoline, that's good for votes. If you took away their tobacco and alcohol by maintaining tax, that would be pretty tough. You couldn't win on that.

You have just done what would be politically wise for you. You haven't carried the principle, and the basic philosophy in which you particularly believe, right through. That's the point I am making. So that backs right up to the question of the farm cost reduction program.

Certainly we recognize that it was, in fact, a rebate. At that point the farmers weren't paying tax on gasoline at all. That was over and above, in terms of a rebate. We recognize, as well, that it's not a rebate to the native people for consumption of fuel. It's an elimination of the tax in line with the treaty, as described by you, and with which I agree. You must concede that you are not prepared to carry that particular line of argument, which you use as it relates to gas, through to other goods — in particular, tobacco and alcohol.

I know you don't want to get into that because there is no argument for it. From time to time you get beaten in an argument in this House. This is one of those times. I think what we need to do is get back to the central issue of agriculture, look at the problems described by the member for Indian Head-Wolseley, and realize that regardless of what you call it — whether it's a rebate or whatever — it was worth some \$25 million to \$30 million. You have admitted here today that, in fact, you agree with the decision made by the minister responsible for revenue and supply to remove that particular rebate in the name of supply — that supply is more important than price.

I suppose I could agree with that, too. Mind you, that doesn't go hand in hand with the fact that you have a 20 per cent gas tax. I don't know whether you are concerned with the supply or the price. I'm not too sure which one you are most in favor of. You took some pretty wide swipes in terms of price, as well.

Before we get too far away from the issue, I would like to get an answer. I was just thinking while I was speaking that you didn't answer the suggestion I made with reference to a formula or a better way of handling a tax rebate. Would you not agree that requiring native people to submit a receipt for reimbursement would be a very simple way to do it? They could buy fuel on the reserve or off the reserve, and it wouldn't matter whether they were on or off the reserve. They would just have to get a receipt, send that in, and the government would reimburse them. Wouldn't that be a pretty simple way to do it? Am I missing something here? Maybe you would respond to that.

HON. MR. MacMURCHY: — Mr. Chairman, I will respond to that. The problem with that, as we understand the treaties and the Indian Act, is that it has to apply to gasoline consumed on the reserve, not off the reserve. The hon. member is suggesting that it doesn't matter where the Indian goes to buy his gasoline; he should be rebated. How can that work if it applies only to gasoline consumed on the reserve? It can't work. You have to arrive at some kind of formula in order to deliver the commitment to it.

The hon. member says that it's politics and there's no principle and no philosophy. I was amazed at the hon. member standing on his feet saying, "There's no principle. There's no philosophy. It's politics." There is principle and philosophy with respect to our commitment to the Indian people of Saskatchewan. There is philosophy with respect to our approach to security of supply of energy. The hon. member may not agree with it. The hon. member may say, "Let's leave it to private enterprise. Let Esso and Gulf take over." We don't agree with that. You can argue that the philosophy is wrong — fine. Don't say that it's politics, because I will defend the position against the hon. member any place and any time on the basis of philosophy, if he would do the same instead of talking about politics.

MR. BIRKBECK: — Mr. Chairman, about 10 minutes ago, the minister said, "I don't think the member is trying to tell me that an Indian is not an Indian off the reserve. An Indian on the reserve is an Indian off the reserve." that's what you said. I agree with that. An Indian on the reserve is an Indian off the reserve. What you're trying to tell me now is that he only qualifies for a tax exemption if he consumes the fuel on the reserve. Now, you're discriminating. You're discriminating against the Indian people. That's the fact of the matter. You can't have it both ways.

You're using the argument that we have to extend the gas tax exemption by means of a formula to apply to Indian people when they're off the reserve, straying away for a week or two and then coming back to the reserve. That's the type of formula you put in place. That's why you won't use a straight receipt system where you just submit the receipts. You aren't going to live up to the letter of the law which you described. I didn't say it; you did a while ago: an Indian is an Indian on the reserve and off the reserve. Agreed. If the treaty act says that he shouldn't pay tax, then he shouldn't pay tax, whether he's using it on the reserve or off the reserve. Now, what's the answer to that one?

HON. MR. MacMURCHY: — Mr. Chairman, our interpretation, with respect to the act and the spirit of the treaties, ties us to the consumption on the reserve. It would be easy to say that only the Indians who are living on the reserve can benefit from this program.

It would be easy to say that, but we have to recognize that there are members of a band council who choose to live off the reserve for certain periods of time. They do come back to the reserves. The hon. member knows that. Somehow we have to make an effort to recognize that. That's what we have done.

The hon. member is suggesting that the alternative to our program is to exempt every India from paying tax on gas. All he would do, wherever he went to buy gasoline, would be to submit his or her treaty number. That's what he is saying — right across the province, right across the country. I want the hon. member to put this in terms of the spirit of the treaties, if he understands them or if he thinks he understands them, and in the spirit of the Indian Act.

MR. BIRKBECK: — Mr. Chairman, what I am attempting to do is to get a clear and concise policy from the minister as it relates to this tax. He is not giving us one. He plays it on the one side one time when he gets up; then he switches over and he's on the other side. He defends the India people one time he is up; then he says that we don't want to give it to all of them the next time. I am trying to pin you down as to what position you are prepared to take — either you are all for the Indian people or you are not. It has to be one or the other. you can't dabble around in-between on the basis of your interpretation of the Indian treaty. That's the point I am attempting to make.

It is obviously a little difficult for you today. You don't seem to be able to understand that. I know why you don't understand it — you don't want to take a position on one side or the other. It is that simple. All the debate between you and me this afternoon wouldn't achieve anything because you won't admit to that. Even all the help the Attorney General may give you on this question will not help you either. You are not prepared to take a position with your philosophy and policy — all one way or all the other. You are using your interpretation of the treaty act as if it were an interpretation of the *Bible* or something, and it is not. That is a fact.

You can respond if you like. I might warn you that every time you do and the more absurd you get, the more response you will get from this side of the House.

HON. MR. MacMURCHY: — Mr. Chairman, that is a threat from the hon. member. I would be glad to keep this going all day, all the next day, and all week until July 1, with the hon. member opposite. I only say to the hon. member that it is interesting that the hon. member opposite does not understand what we are attempting to do. The Indian people of Saskatchewan who live with the treaties, who live with the Indian Act, understand what we are attempting to do. They are considering seriously entering into a four-year agreement to implement this program. I say to all members in this Assembly and to the people of Saskatchewan: isn't that interesting?

AN HON. MEMBER: — What do you say to that?

MR. BIRKBECK: — I don't have anything to say to it. What I have been asking for is a clear-cut policy. The government opposite is not prepared to give us a clear-cut policy on it. He attempts to deflect the matter onto the issue of giving all the money to the multinationals. It was just yesterday that I heard on the radio that we are going to be looking at higher gasoline prices now because we have to pay for the purchase of Petrofina for all that wonderful Canadianization, which is just not so. It is nationalization under the guise of Canadianization, either way you cut it. It is going to cost us more for our fuel because of these takeovers with Petro-Can, but that is another argument.

The member for Kelsey-Tisdale has some further questions on rebates as well. I want to let him in for a moment. I hope he is more successful in getting some concrete answers and clear-cut policy statements from you than I was.

MR. HARDY: — I have a few questions on that rebate. I think the member for Indian Head-Wolseley made some remarks at the beginning on the rebate program of 10 cents a gallon. You said this was not a rebate program, it was an incentive program. Whatever it was, it was discontinued. I just wonder why it was discontinued with the rate of fuel going up. Today there was an announcement of an increase of 3 cents a gallon across the board by the federal government. I am sure all the farmers realize that the cost of fuel today is one of the major costs in farming. I wonder why the Minister of Agriculture, instead of discontinuing the program, didn't double it to 20 cents with a \$600 maximum. I'm sure that most farmers in the area, in fact I think I'd be safe to say all farmers, do need that type of assistance. It would not just be appreciated; it is needed in the area. I think we've been discussing Indians here, and I don't really know how it got into the format of this discussion; but rebate or incentive help for the farmers of 20 cents a gallon to a maximum of \$600 I think is a very, very good thing to be taking into consideration. I just wonder what your views are on rebate itself—the rebate program or incentive program, as you call it.

HON. MR. MacMURCHY: — Mr. Chairman, I heard some wild exaggerations about the farm cost reduction program. One of the hon. members said it was \$25 million. You are making the point that it is \$600 maximum at 10 cents. The fact is that with the program it was 10 cents per gallon to a maximum of \$300 per farmer. That's what it was. The expenditure in 1980 will be about \$15.6 million. That was the program. I can take the hon. member through the reason, but clearly the reason was that we felt (you can argue about that) it's time to look ahead — not look at just now — in terms of energy. I suppose it would be simple to maintain the farm cost reduction program, because you know how much it is going to cost.

But we decided that was not the route to go that we should attempt to be sure that in 1990 and 2000 there is still fuel for those tractors and for those cars and vehicles that move about Saskatchewan, which are so essential because we are a spread-out province. That's clear. You know that. You want to be able to farm in the Kelsey-Tisdale constituency; there's no question about that. So we decided in our policies to look ahead and to put our efforts into the supply. This is in fact what we have done. It is a broad program. There's a fair bit of money involved — \$140 million in total. I think farmers who are thinking about this issue, who look at what's happening — in this country, Alberta turning off the taps; the Middle East situation not clear, always unsettled — know that there has to be some effort to get some kind of a handle and some kind of a control on the supply of energy. It is fairly clear unless we do that in this country we will never get any kind of handle on the price. Think about that. But if we don't get some security in Canada and try it in Saskatchewan as well, and continue to export oil to other countries, which has been the policy, even though we have sufficient supplies in this country to meet our needs, we'll never get some control on the price. So we think it is wise.

You can argue about it. Farmers argue with me about it. We think it wise to look ahead and address ourselves to getting some handle on supply. We've got so many ways of doing it. I just ask hon. members to consider that in terms of our energy policy. You can disagree and go around the country saying that this was stupid, but I think farmers who are thinking will agree with this policy and will look at the various areas we are

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attempting to develop in getting some control and some kind of a handle on the supply. I think they would like nothing better than to see that heavy oil in the Lloydminster area developed and an upgrading plant and a refinery in Regina — expanded refinery — that will refine that oil so they have some confidence there is going to be fuel available to fuel up that tractor which they buy from Co-op Implements.

MR. HARDY: — I don't know who would buy a Co-op tractor.

AN HON. MEMBER: — Would you buy one, Neil?

MR. HARDY: — No.

AN HON. MEMBER: — Why not?

MR. HARDY: — Because it can't pull anything. Have you ever farmed? It is nice to hear the member for Saskatoon mention farming. I hope he knows as much about farming as I do. Getting back to that farm fuel rebate program it is fine for you to say that we have to look to the future (and I agree we have to look to the future), but you realize, as well as I do, that the farmers in 1980 went through a hard time. There has been drought over most of the period. We are facing drought in 1981. I think there has been a consensus that the drought is there. With the drought probably being a major issue facing us in another year, the farm cost of everything being exceptionally high (whether it is a Co-op tractor, a Case, a Massey, or whatever), instead of taking off 10 cents a gallon on that farm reduction, would it not be proper to increase it to 20 cents a gallon, with \$600 maximum? (I knew it was 10 cents a gallon and \$300 maximum.)

What I asked you was: why did you not consider increasing it? I think all the farmers in Saskatchewan need that kind of assistance, especially in the years to come. This year we have had a tough time and maybe even our price of grain is going to falter a little bit. I wonder why your department hasn't considered increasing it to 20 cents a gallon to a maximum of \$600, as we suggested over here?

HON. MR. MacMURCHY: — Mr. Deputy Chairman, I hear clearly the Conservative policy with respect to the issue of energy on the farm. They say clearly: "Today is important. As long as we have cheap energy today, that is what is important for the farm situation. Keep it in place; increase it \$600, \$900, \$1,200; sap up all of your economic resource." That is what he is talking about in taking care of today.

AN HON. MEMBER: — How much of the fuel consumed is farm fuel? It is very little.

HON. MR. MacMURCHY: — Mr. Chairman, the hon. member for Indian Head-Wolseley, who is the greatest tree planter in the world, can get into this debate from his feet rather than his seat. I am responding to the hon. member for Kelsey-Tisdale . . . (inaudible interjection) . . . Because the hon. member for Kelsey-Tisdale had to take over from the hon. member for Moosomin.

That is what the policy is, Mr. Chairman. I think it is legitimate to put forward that policy. But if the resource runs out in 1990 or 1995 and there isn't the development in this province (and it sure isn't taking place today under the existing national energy policies), I think the farmers are going to say, "What on earth were you doing? What are we going to burn in our tractors? Ethanol? Are you going to have a still on your farm?" I don't think so, Mr. Chairman. The basis is petroleum. We have to supplement

petroleum and we are attempting to do that. I think our efforts should be directed to getting some handle on the supply, rather than the approach that the hon. member suggests. Now, we can continue to argue this all afternoon. I don't think we will resolve it, because I think you have to look one way or another. When you are looking one way, you want to get all of your efforts and your concentration in that direction, and that is what we are attempting to do.

MR. HARDY: — Mr. Minister, just what percentage of the fuel is really consumed by farmers? Is it 5 per cent? Just what percentage is consumed by farmers?

HON. MR. MacMURCHY: — Mr. Chairman, of the total gasoline and diesel fuel consumed in Saskatchewan, the farmer consumes about 40 per cent.

MR. HARDY: — So you're telling me that the overall consumption of fuel is about 16 per cent of the consumption of the province. You made a statement here a few minutes ago that the money is going into SaskOil and into other aspects of development, but is SaskOil not out in B.C. doing some drilling? Is it not down in the States looking at some and is not our heavy oil right now going south? It's not really helping the farmer today. I can see maybe in the future it is there and I can see part of our stuff being set aside for the future, but if we don't help the farmers today, will they be here for the future? that is probably the question which has to be asked in the House.

If the government isn't prepared to assist those farmers with some kind of a rebate program, a reduction program (or whatever you want to call it), do you not think that perhaps some of those farmers (or perhaps a great number of them) may have to either quit farming or reduce farming? I just wonder, without that program, what is going to be the end result. You said you're diversifying it but, specifically for this year when we have tough times, why would you not implement that program again?

HON. MR. MacMURCHY: — Mr. Chairman, I pointed out earlier, in response to the hon. member for Indian Head-Wolseley, that \$65 has been provided for SaskOil, which is not drilling south of the border, as the hon. member suggested that it was. It is not.

There is \$65 million and an equal amount in grants for exploration and development for the private companies. A great portion of that will go into the Lloydminster field, obviously, because that's where the potential is. I think the hon. member will agree that a lot of work needs to be done, but there's a great opportunity there. I think farmers would feel really confident if they knew for sure that development was in place and they were sure that development would mean diesel fuel (because that's what the farm situation is now — diesel fuel) would be available for their use.

I don't know how long we can continue this, because we are on a different philosophical track. The hon. member says, "Why didn't you leave it in place this year, because it's a bad year?" I suspect if we did it next year, it would be a bad year, as far as the hon. member was concerned, or the year after would be a bad year. It's always a bad year but we felt, given the unfortunate climate situation in the energy field, now was the time to move.

MR. SWAN: — Mr. Minister, your answers have been a little different than normal, but when we deal with this farm fuel rebate, it seems strange to me that all of a sudden we're on a conservation kick. You went on a conservation kick, perhaps, back in 1977

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because there was no farm fuel rebate at that time. In 1978 there didn't seem to be any need to conserve fuel but right away the program came in again. Is that what the program is this time? Are you discontinuing it for this year so that for 1982 (or whenever the election is going to be), you can make a big offer of a farm fuel rebate program again for another year? Is that the intent? That's the way it appear from this side.

HON. MR. MacMURCHY: — Mr. Chairman, I'm sorry if I appear to be a bit irritable. I apologize; I don't usually do that.

I make it clear, as I tried to do earlier, that this is not a conservation program. This is an attempt to address the security of supply of energy. Clearly, conservation has to be part of the policy. If the hon. member suggests that there shouldn't be a conservation aspect of our energy policy, then let him stand on his feet and say so. I don't think he will say so because we have to look at all ways, and this is a program that attempts to look at all ways.

I think we have to feel our way a bit, and this \$140 million is a pretty good start at feeling our way. I can say to the hon. member that there are no plans to reintroduce the farm cost reduction program. The hon. member for Moosomin will recall from Crown corporations this morning that on May 24 it is going to rain two inches; then we're going to call an election so we have two more inches of rain a month later. I think that if that were our plan, we would be announcing the reintroduction of the farm cost reduction program quickly, as the hon. member tends to suggest. No, we do not have plans to reintroduce the farm cost reduction program. We are going to put our attention on security of supply. I seriously think that the people of the province will support us on this policy, and I think, as the farmers think about it when they are on their tractors this spring that they will support us on this policy.

MR. SWAN: — I think you will have to do a lot better selling job than you have done so far, if you think they are going to support you on it. I believe, Mr. Minister, that you didn't answer my question. Were you on a conservation program back in 1977? Was that the reason it was discontinued at that time? What kind of program did you institute in 1978? Is that still a conservation program?

You are standing up here and making statements, but I don't think that most people are going to put much credence in those statements because your actions are what we are going to have to look at. I am concerned that you have no interest in seeing that the farm people are able to operate again this year. Some areas of this province had a very difficult time last year, and had practically no crop, as your crop insurance program will tell you. Are you going to find that these same people are going to be able to afford to see you cut back on the farm cost reduction program when at the same time the cost of farm fuels have risen rapidly throughout this year? Have you no thought for the people out there in the agriculture industry? Basically, that is what you are saying: "Let them shift for themselves; we have no concern, as a government."

HON. MR. MacMURCHY: — Mr. Chairman, the hon. member says the energy situation in this country in 1977 and 1978 showed little difference in 1981. I would argue with him. Looking at the energy situation in this country and the demands which are going to be made, it was appropriate that we take a look and shift our gears and that is, in fact, what we have done.

If the hon. member for Moosomin wishes to talk about politics (which he referred to

earlier), clearly that's a tough political decision. We understand that. But we think it's an important one which may not be fully understood in the short term, but if we can deliver on the effort, it will be very well-understood and very well-accepted in the long term.

I remember when we addressed the issues of resources and potash in this Assembly, the hon. members were saying, "Oh, no; what are you doing spending all that money on holes in the ground?" I say to hon. members now, look what those huge holes in the ground are doing for the economy of this province today. I think it is wise that we make a determined effort in the energy field as we did with potash. And here is the start of it.

MR. SWAN: — I understood, when we started this discussion, that we were dealing with the Department of Agriculture. It seems as though we have gone over into the energy department. Are you minister of all departments? Maybe we can broaden this out a bit more.

I am raising this because I am concerned about the farm people, and that is the only reason I raise it. The answers that the minister is giving, I don't think have much backbone.

You say there was a lot of difference in the fuel condition between 1977 and 1978 — there was very little. In 1981, sure, that's another three years down the road, and there has been change. But each year when we get really concerned, then somebody else goes out and finds a major oil find. Today we see another major find in Alberta as far as natural gas is concerned. Perhaps the way we have to keep going is to keep finding new resources.

I don't believe the farmers in Saskatchewan are going to be very excited about your program. Can you tell us anything which you have done in your department in the last year that will help our farm incomes come up to par with the other provinces across Canada? Saskatchewan's net farm income is behind those around us. I haven't seen you putting forth any programs which have done anything to improve the net farm incomes in this province. Have you any programs?

HON. MR. MacMURCHY: — Mr. Chairman, I'm going to quote the hon. member with respect to the average realized net income for farms as provided by the federal government at the Ottawa agricultural outlook conference: Saskatchewan, \$15,030; Alberta, \$11,930; Manitoba, \$9,590. These are the 1980 figures. Mr. Chairman, these are not our figures, these come from Ottawa. I think that gives an indication of what is happening, and that's despite (as the hon. member mentioned earlier) the severe drought conditions in the province of Saskatchewan. These same conditions would apply to the province of Manitoba, but did not apply to the province of Alberta. In the province of Alberta they had a record production of crop last year because they (as the hon. member knows) were fortunate to get a good deal more rain.

Here we have statistics put forward to us by Ottawa which indicate there are surely problems in the two neighboring provinces, looking at the average net farm income, that need to be addressed. Certainly we agree that we need to address them in Saskatchewan. The budget begins a process of doing that. A lot of the programs will not have immediate implications in this budget. The research effort is long-term; there is no question about that. The investment in hopper cars is a long-term investment. The beef stabilization is not going to have an impact this year, but will certainly have an impact in the future. So, the budget this year addresses a strengthening of the farm income in

Saskatchewan; it's a good start for the future.

MR. SWAN: — Mr. Minister, I would like a copy of the paper you are reading from, because StatsCan is not saying what you are saying. I would like to know whose figures you are quoting. Are they your own figures? . . . (inaudible interjection) . . . No, they're not saying it. Just wait, I'll have to go down and get it.

HON. MR. MacMURCHY: — I will forward to the hon. member the figures which we used. The figures which were used came from the farm outlook conference in Ottawa.

AN HON. MEMBER: — Where did they get their figures?

HON. MR. MacMURCHY: — Mr. Chairman, I can't answer that question. I don't know whether StatsCan, the agriculture division, provided the figures.

MR. BIRKBECK: — Mr. Chairman, I just want to make one comment and then let the member for Rosetown-Elrose get back to his line of questioning.

You stated that the realized net farm income for farmers was somewhere in the neighborhood of \$15,000. Am I correct on that? You would also be advised that the National Council of Welfare in Canada has indicated that the poverty line for Saskatchewan residents is in the \$15,000 range.

HON. MR. MacMURCHY: — Mr. Chairman, I'm talking about the net farm income. If the hon. member wants to make this comment with respect to Saskatchewan, I ask him to consider the plight of the farmers in Alberta and the plight of the farmers in Manitoba, where it was less than \$10,000 rather than \$15,000.

MR. SWAN: — Mr. Minister, can I get the information which you were going to provide with regard to the irrigation contract? I would like to have that while we're still in estimates.

HON. MR. MacMURCHY: — Mr. Chairman, we're going to xerox a copy of the figures.

MR. SWAN: — Mr. Minister, where are the figures dealing with the irrigation contract?

HON. MR. MacMURCHY: — The hon. member will recall when we were in estimates on Tuesday I indicated to him that I could table, by yesterday afternoon, all of the documentation relating to the agreements. I am not able to do that because all of the documentation (going back to the early history) is not in the Department of Agriculture. We're not sure, but we think some of the files could be in the Department of the Environment and some could even be in the Premier's office. We have to do a search of other departmental files. I really apologize to the hon. member sincerely. I'm not trying to withhold any information from him.

As soon as we find it and get it assembled in one place, I'll be glad to forward it to the hon. member. I apologize. Certainly Dr. Gartner here, who was familiar with it, having worked with DREE (Department of Regional Economic Expansion) at the time of these agreements, was sure of the correspondence but, when he went back to the Department of Agriculture, he was not able to put his hands on it. Those are the facts. As soon as we can round them up into one place, we will forward them to the hon. member.

We can delay estimates or deal with it through question period, if that's what he'd like. Or we can meet and discuss it, which we have done with respect to the development on the west side. I'm happy to work with him on that project. I have to apologize. Those are simply the facts of life.

MR. TAYLOR: — Mr. Minister, I'd like to move to your beef stabilization plan. Looking at your little *Farm Notes* which came out today, if I were a farmer out there reading this, it would appear to me that this is established. It comes as a bit of a shock because I thought we would certainly see a bill come forward in this legislature which we would be able to debate and perhaps amend. But if this has gone out to the farmers in farm week, I would think well, boy, there she is — lock, stock and barrel.

There are a couple of things I'd like to ask you. The first one is about the marketing of cattle. It says:

The board will make an arrangement for marketing beef in the manner that obtains the highest return for producers.

My question, Mr. Minister, is: will that board advocate marketing outside of the province of Saskatchewan, or will it be looking at marketing entirely within the province of Saskatchewan?

HON. MR. MacMURCHY: — Mr. Chairman, with respect to the beef stabilization plan, what's outlined in *Farm Notes* is the principles of the plan. I've been at a number of farm meetings around the province where I've talked about the principles of the plan. In fact, I provided a list of these principles for the hon. member for Arm River and the hon. member for Wilkie. I think they're the same principles. We're going to have legislation. The process is almost in place to introduce the bill.

The hon. member will know that we went through a round of meetings with the farm organizations. They recommended some changes. Some of the changes which they recommended are going to be implemented in the legislation — not all of them, but some of them, the majority of them. We are going to touch base with them quickly once again, because they want to know this. It won't take any time; then we will have the bill in the Assembly. I hoped we would have it here by the end of this week. That does not appear possible, but I am told it is almost ready to go. It will appear before the Assembly, I hope, next week, because you will want to look at it and the people of the province will want to look at it. We want to debate it and perhaps suggest some amendments. It is an important part of this new program. This has not really been tried in this way before in the beef area.

What the board will do is market as best it can. It may market through Winnipeg. It will not necessarily be marketing solely in the province of Saskatchewan.

MR. TAYLOR: — Well, that is fine. I am glad to hear your answers. I say that in all fairness to the average person out there who would receive this (and I assume they have gone out to everyone in Saskatchewan), it might have been wise to say that this is what we are proposing. To me, it looks like a finished document. We won't debate that too much. It just looks that way.

I am glad to see that you are not going to limit it entirely to the marketing in Saskatchewan. I was talking to a young feedlot producer the other day who was telling

me he markets 1,300 to 1,500 head a year. He is trying to get the best dollar for his investment, which we want him to do. He tells me he only markets about 15 per cent of those cattle in the province of Saskatchewan. I am glad to see that it is not going to be entirely limited to Saskatchewan. I would like to see the cattle marketed in Saskatchewan and processed here in Saskatchewan. I think that is the end we want to see. But in the intervening time, if the better market is in Winnipeg, then I am glad to see this board will not be saying, "Well, you have to market here in Saskatchewan, come what may."

There is another topic I would like some clarification on. In this brochure it says, "A limit will be placed on the number of animals each producer can enrol." I would like to know what that does to the feedlot operator. We discussed the other day that we have some feedlots that have been shut down in this province; feedlots have moved out of the province. What is that limiting number which you envisage?

HON. MR. MacMURCHY: — Mr. Chairman, we have not yet determined that. It will not appear as part of the legislation, because it is difficult to determine. I start from the base that this is a producer program. It is a program for producers. Our experience with the hog program was that some kind of ceiling was a necessary part of it. We started out with the hog program at 1,000 hogs; now it is up to 1,500. Therefore the reasoning is to deal with the ceiling by regulation rather than by legislation. The board which will administer this program can then look at adjustments, and the adjustments can come fairly readily.

In talking to producers, we have talked in terms of 100 head, perhaps even as high as 150 head per producer — as in the case of the hog program in multiple units of three. Fairly clearly, it will have implications for the feedlot operator because of the manner some of them have been operating. It will not have implications for the manner in which others have been operating. A number have been operating on a contract basis and contract feeding for specific producers. Under the scheme we are putting forward, that will obviously continue and probably expand fairly significantly. But if I had a feedlot by myself, I would only be able to enrol whatever figure we set — 100 to, let's say, 125 or 150 — in the plan because it is a producer program.

MR. TAYLOR: — Mr. Minister, do you realize what you are doing? Do you really realize what you just told me? We discussed this in this House the other day. You told me that the 20-cow operator is gone, and so on. I told you why he has gone and where he is going; he is going off the farm to supplement his farm income. But 150 head — I don't know who is giving you that advice.

A young lad, my neighbor, is in the stock business. It is his only income. He has a cowherd of 275 head. Now he is not going to keep one-half of those heifers each year. He is going to want to market them. When I hear 150, I wonder what you are trying to do to any young fellow who has initiative. I know another boy who has three silos and who markets 1,500 head of cattle. He takes his dollar bill and goes out to buy them. He takes that risk. And you are going to shut him down. You are going to put him out of business, because you are saying he can only market 150 cows. That is typical of your thinking. Any young man who is willing to risk his labor and his capital is going to be put out of business by this stabilization program. I'm glad you told me that today because I'm going to let them know, just as soon as this House shuts down tonight, what you have planned under stabilization. That isn't stabilization; that's ruination.

HON. MR. MacMURCHY: — Mr. Chairman, I hear the hon. member for Indian Head-

Wolseley. I listened to him very carefully, and he makes the point that there is a need not to put the maximum figure into legislation — that the board will need some flexibility here. I make one further comment for the consideration of the hon. member for Indian Head-Wolseley. If the ceiling were 150, we would accommodate 95 per cent of the producers in the province of Saskatchewan.

MR. TAYLOR: — I would like to see that figure of 95 per cent. I'm not going to suggest that your figures are not correct. I'm not going to make any aspersions on you, but I'd like you to prove that to me. Secondly, 5 per cent of these people want to expand. I stand for expanding and developing the private sector. If a young man wants to enlarge his operation and can do it on a viable basis, then surely to goodness the government opposite shouldn't come in and put clamps on him. I can't believe that you are thinking of 150 head of beef. We are into specialization in agriculture. Look at the fellows who are in grain and the fellows who are going into oilseeds; they are specializing. That is what you have to do to survive. Look at the man who is going into beef; he is specializing. He's building, borrowing money and paying interest. You are saying, "You can only market 150 cattle in this province in a year." We have to fight that, and I'll fight that with every ounce of energy in me, because that's not the kind of dictation that I want to see imposed upon the young farmers of this province.

HON. MR. MacMURCHY: — Well, Mr. Chairman, the hon. member talks about the herds expanding, and says that we should have flexibility in the program to allow that. In response, the hon. member said that we need that kind of flexibility in the program to permit that. Therefore, we shouldn't set a figure right now, but set it, rather, by regulation. I remind the hon. member that when we started the SHARP (Saskatchewan Hog Assured Returns Program), we started with 1,000 per year. As it developed, and as the hog herds expanded, it increased to 1,500.

I think the hon. member is suggesting that is the kind of flexibility needed here. I would agree with him. I report to the hon. member the thinking and the discussion that is taking place with the farm organizations, and those are the kinds of figures which are being talked about.

Now, they may be adjusted higher; they may decide to go lower. I won't commit myself on that. But if the maximum is 150, it will cover, as I pointed out, the largest percentage — 90 per cent to 95 per cent of the producers in Saskatchewan. The average herd in the province of Saskatchewan is about 30 to 40 cows. There are big herds, but they are few in number. They may not be individual farmers; they may be partnerships, and then the maximum goes (if it's 150) to 450. That's the kind of thing the board will have to work through, when they are put in place, to administer the program.

I think the board will arrive at a recommendation to the government for regulation of a figure which is fair.

MR. TAYLOR: — Now, talking about average herds doesn't look after people who are specialized. The other day you were telling me that the 20-cow man is gone, but today the 30-cow herd is here. Now, I don't know where they have shifted to. But that man, Mr. Minister, who has 30 cows also has fairly viable grain, hog, or other production. The fellow in the upper echelons, the cattleman — this is his piece of cake. He has far in excess of 30 cows.

The other thing that I see in this is the feedlot. The person who will go out and invest capital, buy calves, and feed his grain under this situation is gone. The only kind of

feedlot you want to have is contract feeding. That is the only kind of feedlot that is going to exist in Saskatchewan.

Now, I can name two fellows in my constituency who will be broke if you bring this in. They will have absolutely had it, unless in one case the fellow reverts to contract feeding, which mustn't be his bag or he would have been doing that all along. If there are two in my constituency that I know of (within about 15 miles), I'm sure that if I went through the constituency I could find more. If they are in my constituency, they're in other constituencies in this province.

I don't see the role of the Department of Agriculture as putting people, with expertise in raising cattle, out of business because of some magic number of 100 or 150. Surely, your experience under SHARP . . . You told me that you started at 1,000 and now you are up to 1,500. Why did you go up to 1,500? The people who have stayed in the hog enterprise have specialized in hogs. The fellow who had a hog enterprise and grain farming has gone out of hogs.

I can take you to four hog barns within three miles of my own home, and the people there will tell you exactly that. You have had to raise your ceiling because there are people who stayed in hogs who like hogs and have specialized and upped their production. That's why you raised your ceiling. You are now coming in with a ceiling that is going to virtually drive out people who are in beef as a specialty — that's what they have invested in and that is what they want their lives to be. They're not going to become a giant with a ranch like the King ranch of Texas in Saskatchewan, if that's what you're afraid of. These young fellows have decided that they want to earn their livings by a cow-calf or a calf-to-finish operation, or they want to have a feedlot.

I can show you a boy with three silos (and you know how much it costs to put up three silos), who feeds them himself, and what you're telling him with this legislation is that he has to become a contract feeder. I don't think that's what the Saskatchewan farmer (regardless of his size) wants you to be telling the other farmers.

What initiative is there in this province for a young man to go out and try to build his little establishment where he can raise his family and set up his home, doing what he wants, to feed the people of this world? With this kind of restriction, that kind of person is going to be gone, because you want to stabilize and try to support some magical number of cow herds of 30 and 40.

I'd like to see the viewpoints of some of your other members on that side of the House toward this kind of regulation on the initiative of young people.

HON. MR. MacMURCHY: — Mr. Chairman, I think the important part of the legislation will be, in fact, to hear the viewpoints. I indicated in one of my earlier remarks to the hon. member that this is a producer program. We hope the heavy emphasis on the producer side will be the farmer who has the cows, raises the calves, feeds them and markets them. That is, I think, what we all would like to see.

I don't think the hon. member wants to see specialization in cattle. I don't think the hon. member wants to see the destruction of the mixed farm where, by far, most of the cattle are raised. We have to balance this out some way. I think the hon. member agrees that somehow we have to arrive at a ceiling. If it's going to be a producer program a ceiling is essential. What the ceiling should be is something for debate and we will likely not

arrive at what it should be in this Assembly. But the board which administers the plan will look at the situation and give us a recommendation.

Mr. Chairman, finally, I am pleased indeed to listen to the remarks from the member for Indian Head-Wolseley, because I think he is very interested in the stabilization plan. I think he wants to support the plan. I hear him suggesting ways that it can be improved and I am very pleased, Mr. Chairman, to hear the hon. member take this position and offer these kinds of suggestions.

MR. TAYLOR: — In all fairness, don't ever try to read too much into what my words are. Listen, but as to their value, you'll have to wait until the vote comes.

What I am saying is that I certainly agree we need to keep the mixed farm in Saskatchewan. I don't dispute that at all. But, on the other hand, I am very concerned with this ceiling. When you say you have listed your producer groups (and this is a producer program), you look at how many producer groups there are and if there are more producer groups which are saying they need that 150 ceiling, maybe that's what you come to, but I think you have to be careful that you're not cutting the throats of people who have established businesses out there.

I think you have to look at that and I am afraid that, in this situation, if you don't look at raising that type of thing and making some provision for the feedlot operator . . . The feedlot operator under this is done unless he goes to a contract feeder. I'd like you to explain to me how a feedlot operator can operate under this legislation, as you are bringing it out, if he doesn't go to contract feeding. He is virtually finished. Once he goes to contract feeding, he is not making any money from the investment of his capital; he is just a herd boy, really, for the other guy's cattle.

HON. MR. MacMURCHY: — I don't want to prolong the debate. I make the point with the hon. member that this is a producer program, not a feedlot program. I made that point. We're attempting to address the issues faced by producers because that's where it starts.

The hon. member has put forward a number of arguments about the ceiling. As I indicated to him earlier, we are going to have a short meeting with the representatives of the farm organizations, and I'll instruct the staff who will be meeting with them to raise the issue of the ceiling. I don't think they will necessarily say, "Well, it should be X," but I think perhaps we could get from them what kinds of ranges we should be looking at, and perhaps on that basis we can have a better discussion.

MR. TAYLOR: — Yes, but I think the one thing you have to keep in mind is (and I think we both agreed) that the ultimate end which we want to see for the livestock industry is calves that are born in Saskatchewan, grown in Saskatchewan, and eventually processed in Saskatchewan. That's what we would like to see.

If you do not save the feedlot industry, and it no longer exists in this province (there are very few feedlots of any size left), how are we ever going to get this secondary production of meat (the processing) to come about in this province? Because of an artificial ceiling, they will be driven out to Alberta, Manitoba and Ontario. That's what is going to happen.

You sit there and say that you are in favor of the processing of Saskatchewan beef in Saskatchewan with this program. It will not happen because the entrepreneur feedlot

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operator is going to leave this province, as he has been doing in the past. He is going to leave more quickly, and the production and the economic spinoff of producing that raw meat into the processed products is going to go more and more to Alberta, Ontario and Quebec. I would like you to answer this: how you are going to achieve this ultimate aim, that I would like to see, with the feedlot industry disappearing?

HON. MR. MacMURCHY: — Well, Mr. Chairman, I suppose that one would like to see (setting aside the issue of what the ceiling should be), as much as possible, the farmer himself involved in the process, from calf to final product. One would like to see that because, I think, for the farmer (while in many cases he may not be accustomed to it) that is kind of a nice operation. Perhaps as we look at the ceilings, this program might create an incentive for more of that to take place.

What is happening is that so many (and this will raise the issue of keeping the feedlots going) of our cattle are presently being shipped right out of the province to be fed. In developing stabilization, you have to take that into account, as well as what the ceiling should be — whether you start with a producer base and then expand, or what you do. I'm saying to the hon. member that ceilings aren't clear yet, and we will have many rounds on what the ceiling should be.

Right now, in Saskatchewan, of the cattle that are fed out, about 250,000 head are fed out on the farms and about 150,000 are fed out in the feedlots. That is for the year 1979 when prices were a lot better than they were in 1980 and what they are in 1981.

MR. TAYLOR: — I'm sorry, would you repeat that? That's 150,000 out of how many?

HON. MR. MacMURCHY: — Fed out in Saskatchewan in 1979 — that's a pretty good year, one of the better ones we have had. There were 250,000 fed on the farms and 150,000 fed in the feedlots.

MRS. DUNCAN: — Could you explain why there is the necessity for a ceiling? You said it was because it was producer-controlled and that's the reason you need a ceiling. Why?

HON. MR. MacMURCHY: — Mr. Chairman, it's a producer program. The requests for the establishment of stabilization have come from producer organizations — SFA (Saskatchewan Federation of Agriculture), Saskatchewan What Pool, Western Canada Cow-Calf Association, NFU (National Farmers' Union) and so on. They are the ones who have been calling for marketing stabilization. We are responding to those producer organizations with this program.

MRS. DUNCAN: — In this brochure you say that a limit will be placed on the number of animals that each producer can enrol. So, if one has a particularly large number of slaughter cattle and is able to enrol 200, or whatever, with another 200 remaining, will that person be able to sell the other 200 on an open market, or will he be restricted, once he enrolls in that program, so that he will have to market all of his cattle through this agency?

HON. MR. MacMURCHY: — That issue is not determined yet. I will indicate to the hon. members opposite that the original plan which we put forward was that if the producer enrolls his cattle in the plan, then all of those cattle would be marketed by the board. If you enrol, then they will market.

The hon. members should listen instead of getting excited. Some of the farm

organizations came back with the suggestion to us that it should be just a stabilization plan. In other words, only the cattle enrolled with the plan would be marketed by the board. So, that's where we are. I will not, nor should I, indicate what the answer will be, because we are committed to discuss this issue, along with other issues in the legislation, once again with the farm organizations. There are differences of opinion among the farm organizations with respect to this issue, obviously. We are trying to deal with that by going back to them.

MRS. DUNCAN: — That could have very serious consequences if a producer is going to be limited to marketing through your agency, even if his entire herd can't be covered under the stabilization plan.

I would like to ask another question. You say that the board will market the slaughtered beef on behalf of producers. Does that mean the government is going to set up a killing plant?

HON. MR. MacMURCHY: — Well, that is a very good suggestion the hon. member makes. Maybe we should do that. That is a good suggestion. We should maybe discuss that.

No, that is not what it means. It means that the board will market (we discussed this earlier) the cattle and they will market where they can get the best price, because of the investment by the producer and by the government in that particular animal. So they will market where they can get the best price. As I indicated to the hon. member for Indian Head-Wolseley, they may market through the yards in Winnipeg or whatever. The hog marketing commission operates on this basis. The sheep marketing commission has been operating on this basis, also. They try to get the best price for the producers who, in the case of hogs, have compulsory marketing. In the case of sheep, it is a voluntary marketing plan. So they attempt to get the best price possible for the producer. That is what this stabilization board will do. It will administer the plan and it will market the finished livestock — heifers and steers.

MRS. DUNCAN: — Then I assume perhaps this is a misprint. There is a big difference between slaughter cattle and slaughtered beef. And you are talking about slaughtered beef. We don't have a facility here, I don't think, where they slaughter cows.

HON. MR. MacMURCHY: — It is a misprint. It says, "slaughtered," I'm sorry. I apologize to the hon. member. It says, "slaughtered." It should be "slaughter." I'm sorry; I didn't check. It is a misprint.

MR. TAYLOR: — Just going back to the five- to nine-member board which arranges for the marketing of beef in a manner which obtains the highest return to producers, does that really give you some direction of where you are heading in this thing: controls, ceiling, only so many guys coming in, all your cattle? You didn't say whether that is going to be legislation or regulation. I would like to know whether that is part of the bill and whether, if I have 250 cows, they have to be all through this supposed stabilization program, or can only 150? Do I still have the right in this province to take the rest and do with them what I want? They're through this. Now, I would like answers to that.

Secondly, to me, when you are telling me how many (all or none) and that a nine-member board will do the marketing, I think you are just coming in with a beef marketing board under the guise of stabilization. That is all this is designed to be.

SOME HON. MEMBERS: Hear, hear!

HON. MR. MacMURCHY: — We are starting to find out where the hon. member for Indian Head-Wolseley stands on this plan. Perhaps it sounded like he was trying to look at ways to improve the plan, and I think that was legitimate because we don't say this is the here-all and end-all. We are certainly open to suggestions. That is why the process of discussion with representatives of farm organizations has been going on. I think that is an important process. There is clearly a fair bit of support for the plan, including the stabilization, the establishment of a producer board to administer the stabilization, and including in the plan that the board should market and that it should be voluntary and all of the other principles which are involved. That is why the process is going on. Now, I think, during our debate earlier, we tended to agree that it would be difficult and not wise to set the ceiling in the legislation, because you need that kind of flexibility as the plan develops, in order to adjust to the ceiling. Therefore, more detail will be in the legislation, obviously, but I think there needs to be room for setting some things by regulation. I think the hon. member would agree to that.

MR. TAYLOR: — The thing that concerns me in this whole discussion (and I think we can wind it up here), is where we are headed in this province. Where are we headed with stabilization here? It's supposedly called stabilization; I smell something else in it. First it's beef; next it will be grain. What about these sorts of things where there are ceilings and it's either none or all — you take all your cows through me, or you don't take any through me.

Where is the chance for the individual to make the decisions that he wants to make for his livelihood going to fit into this canopy which is being brought down on people? I can't see it. I didn't get an answer as to why there really has to be a ceiling, unless you're afraid of something like the King ranch in Texas evolving here, and I don't think that's going to happen. I don't know why you need a ceiling. I didn't hear you answer that. I don't know why I have to take all of my cows through this stabilization board. Why can't I put half of them through? Let me take my own initiative, use my own judgment and do what I want to do with the other half.

Where are those freedoms for the farmer in Saskatchewan going, under these all-encompassing plans you are bringing in? I would like answer to those questions before we conclude.

HON. MR. MacMURCHY: — Mr. Chairman, let me make it clear once again. It's a voluntary plan. The livestock producer can decide whether he wants to join this plan or not.

I suppose, in many respects, it's an assurance kind of plan. There is an option to get out, but you're locked in for a period of time. I think the hon. member would agree that that is legitimate. There has to be some kind of locking-in, if a producer joins the plan. I think the hon. member agrees with that. With the SHARP, the period is three years. He can get out; he can also get back in. There are steps involved in getting back in. I can send that information to the hon. member.

What is being talked about in terms of locking-in with respect to this plan is four or five years. The hon. member for Milestone distracted me. I'll come back to the hon. member for Indian Head-Wolseley. There is a process of getting back in.

I repeat to the hon. member for Indian Head-Wolseley that it is, clearly, a voluntary plan.

I ask the hon. member to ask the producers, who are really being represented by the farm organizations, about the issue of ceilings. I am certainly prepared to ask the, to see where they come down. I ask the member for Indian Head-Wolseley to do likewise. As best we could, we attempted to make this a producer plan. I hope the hon. member will assist us in doing that, as well.

MR. SWAN: — Mr. Minister, will you tell me how many farmers we have in Saskatchewan? Would you have an idea of how many farmers are in Alberta?

HON. MR. MacMURCHY: — Mr. Chairman, the figures we have are as follows: 69,200 farmers in Saskatchewan and 59,500 farmers in Alberta. Those are StatsCan figures.

MR. SWAN: — I'm quoting out of StatsCanada farm net income and this goes as far as 1979. I dare to bet that the 1981 statistics are not printed yet.

In 1979, Saskatchewan's net farm income was \$800,022,000. In Alberta it was \$814,864,000.

Now with Alberta having fewer farmers than Saskatchewan, and having a larger net farm income, the figures you were tossing at me a few minutes ago have to be wrong. If you would like to take the figures, here's the book. I'll pass the book across to you. Those are the net farm incomes for Saskatchewan and Alberta from StatsCan. It is the closest source we can get to being accurate.

I don't know where your figures come from, because there is no way they can be identified here. If you go to the outlook conference for 1979, which was held in Ottawa, Saskatchewan's net farm income was \$934 million while Alberta's net farm income was \$971 million. Again, it shows the figures you gave me are wrong, completely wrong. I would like you to check out the figures and then come back and make a correction on the record, because you are wrong.

HON. MR. MacMURCHY: — Well, Mr. Chairman, here we go again. We had an awful time last year with the hon. member, the Leader of the Opposition. Here we go again with statistics. I didn't raise the issue of statistics; the hon. member did. What he is quoting is net farm income. What we are quoting is averaged, realized, net income per farm, when I use the figures, \$15,000, \$11,900, \$9,500.

The difficulty is that when you look at your figures, the StatsCan figures for 1979, the problem is getting down to the averaged, realized, net income per farm. The expenses per farm in Alberta are higher than the expenses per farm in Saskatchewan. I think those are the facts of life. When the farmer ends up with his averaged, realized, net income per farm, it turns out that we are higher than the province of Alberta. I think that should make the hon. member from Rosetown-Elrose feel good and beat his breast, rather than condemning Saskatchewan farmers for being efficient operators and having an averaged, realized net farm income higher than farmers in the other province.

MR. SWAN: — You're going to have to accept the Statistics Canada figure as being about as authentic as you will find anywhere. The figure you have from that outlook conference is not an accurate figure. No one will verify it. You try it. You can't find anyone to verify it. Statistics Canada will be as close as most of us to being right. When you are looking at net farm income, you have to take an average across the piece, otherwise you are not going to come up with it. My net income and the net incomes of

the neighbor beside me and the one beside him are bound to be different. We all realize that, but when you are looking at net farm income across the piece you have to take the total number of farmers and the total income. It is the only way to come by it.

So the figures you are giving me are not fact, and I think the minister should withdraw the figures from the record. I think this piece going out in the mail to the Saskatchewan public is a very misleading document and should not be mailed at government expense.

HON. MR. MacMURCHY: — Mr. Chairman, in order to end this discussion, perhaps I will provide for the hon. member opposite and for all other hon. members who wish it, the document (stamped by the federal government, which is the basis of the information we presented here. I think we have the document to which he is referring, and perhaps we can pursue this some other time, but I will present the document to the hon. member so he can pursue our use of these figures, and so he will understand clearly where they come from. That document will not have stamped on it “Government of Saskatchewan.”

MR. SWAN: — Mr. Minister, you talk about Alberta farmers paying more farm operating costs. I have an interesting graph here which shows a few things in which you might be interested. It talks about the net farm income increase in Alberta between 1978 and 1979, and in Saskatchewan and in all of the other provinces. It shows that Saskatchewan rose by about 2.5 per cent and Alberta rose by something like 57 per cent. I would like to have some of their troubles; they would be very easy to carry around, believe me.

HON. MR. MacMURCHY: — Mr. Chairman, I look at these figures, and we can argue about whether they are accurate or not, but I just suggest to the hon. member that if there is some basis to the statistics provided by the federal government at the outlook conference there is a lot of work to do in the province of Alberta and in the Conservative province of Manitoba.

MR. LANE: — One could ask the minister whether these farm notes shouldn't really be paid for by the New Democratic Party. That's not to say that the minister isn't photogenic, but he is worse than the former minister of highways — his picture is on every pamphlet which comes out at public expense. I notice, as well, that it looks like the Minister of Health is trying to figure out which end of the cow is which, on the inside there. I can't see his face, but it sure looks a lot like him.

My question to the minister: the land use policy commission is studying the limiting of farm size; what internal studies does the minister have on limiting farm size and will he table those studies?

HON. MR. MacMURCHY: — Mr. Chairman, I think the hon. member is making reference to regional planning studies which are going on involving Regina and the municipalities around Regina, Saskatoon and Prince Albert. They are looking at zoning and development control policy there. I don't know of any programs other than that. Those studies which are going on through the Department of Urban Affairs. In fact, when I was minister of municipal affairs, I was responsible, along with the respective councils in the federal government, for getting these studies under way. They're not dealing with farm size, as the hon. member suggests they might be, according to the concept which most people have with respect to farm size. There is nothing going on within the government, to my knowledge, with regard to studying implementation of a policy of farm size.

MR. LANE: — Does the department not have any input into the regional planning studies?

HON. MR. MacMURCHY: — Yes, we do have a representative from the Department of Agriculture involved in the studies. I'm informed that the studies are, in fact, complete. They're now being discussed by the respective municipalities to see if there can be a consensus achieved around the studies.

MR. LANE: — There won't be any further studies, and there are no internal studies by the department.

HON. MR. MacMURCHY: — No.

MR. BERNTSON: — Regarding the agricultural development corporation, Mr. Minister, I wonder if you could provide us with all of the Saskatchewan farm produce, etc., that was marketed through this corporation in the last year — amounts, prices, etc.

HON. MR. MacMURCHY: — Mr. Minister, the Agdevco will be dealt with through the Crown corporations committee.

AN HON. MEMBER: — We agree that it shouldn't be. We'll deal with it in here because it's just a quickie.

HON. MR. MacMURCHY: — Mr. Chairman, we will provide the information we don't have with us. I apologize to the hon. member. I was not aware of that. I do not have the general manager of the corporation here. If the hon. member will send me a note on the kind of information he would like, we'll provide it to the hon. member.

MR. TAYLOR: — So, this is going to be dealt with in the Crown corporations committee and we shouldn't question it here. Is that right?

HON. MR. MacMURCHY: — I thought it was going to be dealt with in the Crown corporations committee. The Leader of the Opposition says that it has been decided that it's not going to be and that he will raise the issues here in the Legislative Assembly. I agree to that, but I only have to answer the questions which he puts forward to me and send the answers over to him.

MR. TAYLOR: — I have an issue I'd like to ask regarding crop insurance. Will you answer that here? . . . (inaudible interjection) . . . All right. I may stand to be corrected here, but if you have three successive losses (like three years in a row), is your coverage reduced?

HON. MR. MacMURCHY: — Yes.

MR. TAYLOR: — Let me lay out a scenario then. Let's take a farmer in the area of, say, Melville. Over the last three years in that area, as you know, those people were subject to frost. One year they had frost damage; another year they had hail damage; and last year they had drought. Under those criteria, a person through no real act of his own (acts of God — he has no control over frost, moisture and hail) would have his coverage reduced. And, this year he may be hit by another drought. I think any person, looking at this logically, would think that that is when that individual needs his insurance. He doesn't need his coverage reduced.

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I can understand that you may have to adjust premiums. I know that you have a good-behavior clause — if you have no claims, your premium is reduced. That seems sensible. On the other hand, looking at other insurance (for example, life insurance), if you have a poor risk, you increase the premium. But, the coverage is still the same. If I am selling you life insurance for \$10,000 of benefits, you get that \$10,000 of benefits, whether you have high blood pressure or a family history of illness. I'll weigh that into your premium. You may pay higher, but, still, you get the same basic coverage.

It seems to me under your plan that after the poor devil has been frozen out, dried out and hailed out, he doesn't get as much coverage the next year because none of the three was any fault of his own. How is that a just system of crop insurance for farmers in this province?

HON. MR. MacMURCHY: — Mr. Chairman, I'm going to send the hon. member this pamphlet, which will give him the policy of crop insurance. I think that the argument for the coverage adjustment is in place as a result of the request that the crop insurance relate as closely as possible to your or my individual farm.

In an attempt to accommodate such a policy, the Saskatchewan Crop Insurance Corporation covered each crop on an individual basis. By doing that the insurance moves upward or downward from the basic level, according to each insured individuals cumulative crop insurance experience with that particular crop.

The coverage in the first year is 100 per cent of the basic coverage. This is increased in accordance with the number of previous no-loss years. Over a period of eight years he could be up to 125 per cent. likewise in the difficult years, on an individual basis, it will be reduced. The general manager of the crop insurance board, who is with me, indicates that, in their efforts to accommodate the individual's situation rather than the regional situation (which the hon. member is referring to), they felt this was the best way of dealing with it.

Mr. Chairman, I will send a copy of the scheme across to the hon. member.

The Assembly recessed until 7 p.m.