

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**  
**June 28, 1982**

The Assembly met at 2 p.m.

Prayers

**ROUTINE PROCEEDINGS**

**REPORTS OF COMMITTEES**

**Private Members' Bills**

**DEPUTY CLERK:** — Ms. Zazelenchuk, from the standing committee on private member's bills, presents the second report of the said committee which is as follows:

Your committee has considered the following bills and has agreed to report the same without amendment:

Bill No. 02 — An Act to amend An Act to incorporate the South Saskatchewan Bible Society;

Bill No. 03 — An Act to amend An Act to incorporate Canadian Theological College.

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

Bill No. 01 — An Act to amend An Act to incorporate the North Saskatchewan Bible Society.

Your committee recommends that under the provision of rule 58 fees be remitted, less the cost of printing, with respect to Bills 01, 02, and 03.

**MS. ZAZELENCHUK:** — Mr. Speaker, I move, seconded by the member for Quill Lakes:

That the second report of the standing committee on private members' bills be now concurred in.

Motion agreed to.

**WELCOME TO STUDENTS**

**MR. SUTOR:** — Mr. Speaker, I would like to introduce to you, and to other members of the Assembly, the grades 3, 4, and 5 students from St. Paul School. They are in the Speaker's gallery. They are here this afternoon with their teachers and chaperones, Al Jurzyniec, Loretta Tetreault, Marcel Dubord, Dennis Robson, and Norm Pelletier. I would like to advise them that I will be meeting with them at 2:30. At this time, I would ask all members on both sides of the House to welcome them to the legislature.

**HON. MEMBERS:** Hear, hear!

**MR. RYBCHUK:** — Mr. Speaker, I would like to introduce to you, and to this Assembly, a

group of grades 5 and 6 students from St. Joseph School in Regina. There are 22 of them sitting in the west gallery. I would like to advise them that I will be meeting with them at 3:15 for refreshments. I ask the Assembly to give them a warm welcome.

**HON. MEMBERS:** Hear, hear!

**HON. MR. PICKERING:** — Mr. Speaker, I'd like to introduce to you, and through you, 14 grade 8 students from the Avonlea School. They are accompanied here today by their teacher, John Hanson, and their bus driver, Larry Watson. They will be in the Assembly here from 2 to 2:45. I look forward to meeting with them for pictures and refreshments at 2:45. I hope they find their stay in the legislature here today informational and perhaps educational. I would like all members to join with me in wishing them a pleasant stay in the legislature and a safe trip home.

**HON. MEMBERS:** Hear, hear!

**MR. HAMPTON:** — Thank you, Mr. Speaker. I would like to introduce to you, and to the House, two groups that are visiting today. First, from my home town of Preeceville in the Canora constituency, five young gentlemen who are sitting in the Speaker's gallery. They are humorously known as the Preeceville space cadets. They are part of our youth group. They did an extremely good job for me during the election campaign.

Also with them up there today is a group from Shaftsbury School in Hazel Dell. There are nine students. They are accompanied by their teachers and chaperones, Gordon Schultz, Bonnie Antonio, and Harvey Collinge. I would like to advise the group from Shaftsbury school I will be meeting with you at 3 o'clock for pictures after which we will be going for refreshments. I ask, Mr. Speaker, that you and the House would join me in welcoming both of these groups to our legislature today. Thank you.

**HON. MEMBERS:** Hear, hear!

## QUESTIONS

### Availability of Physicians in Uranium City

**HON. MR. TAYLOR:** — Mr. Speaker, on Friday a question was asked pertaining to the physician coverage in Uranium City. It was suggested that it is only provided for five days a week. It may be of interest to you that according to information received from SHSP (Saskatchewan Hospital Services Plan), medical coverage at Uranium City is provided seven days per week, with one physician remaining in town on weekends. For a period of time there has been a physician who was assisted by a resident in training. The second member of the medical staff is expected to return from vacation on June 30. Mr. Speaker, Uranium City is being looked after in view of medical people on staff.

### Gilson Report on Rail Transportation

**HON. MR. BLAKENEY:** — Mr. Speaker, I have a question for the Premier. In a recent issue of the *Western Producer* the Premier is quoted as saying that there would be no backing down by the Saskatchewan government if the federal government imposes very high transportation costs on Saskatchewan farmers. It went on to refer to the fact that he, the Premier, would be prepared to pull the province out of existing federal-provincial agreements. Mr. Speaker, as will be known to hon. members, the report of Professor Gilson is public this morning. By my calculations, costs for new grain, that is,

grain over 30.4 million tonnes, will increase 5.3 times — more than 500 per cent — immediately. And for old grain, a very, very conservative estimate (if I may use the term) is that costs will double in 5 years, will quadruple in 10 years, and will multiply by eight in 15 years. My question to the Premier is this: does he agree that those are very high transportation costs which would be imposed if the Gilson report became law?

**HON. MR. DEVINE:** — Mr. Speaker, I would say that any increases in costs would be too high for Saskatchewan farmers today. I would also like to say that there's a great deal coming out of Ottawa that we don't like. What we're always reminded of is: who put them in there?

I would just say that there are obviously some things with respect to the national energy program and the budget, changes with respect to VIA Rail, and now changes with respect to farm transportation that we disagree with, and we will be doing whatever we can, as the Government of Saskatchewan, to protect the farmers.

**HON. MR. BLAKENEY:** — Mr. Speaker, I have a supplementary for the Premier. I take it from that statement that he is not denying his previous assertion that there will be no backing down, but is in fact underlining his assertion that there will be no backing down.

May I ask the Premier, what steps does your government propose to take in order to head off the direction of the Gilson report now, to see that it does not become the voice of prairie Canada, to see that it does not go forward as the voice of Saskatchewan agriculture?

**HON. MR. DEVINE:** — Well, Mr. Speaker, in response to that question, I can say that we have already requested that the federal government completely remove the 54.8 cents a gallon tax on farm fuel that is being registered against farmers here in the province of Saskatchewan.

With respect to conditions regarding their budget and VIA Rail and others, we have made representation. But let me share with you a telegram that went out today with respect to the recent report that came in from Mr. Gilson. This was forwarded by the Minister of Agriculture on behalf of the Government of Saskatchewan.

I have received a copy of Dr. Gilson's report this morning on behalf of the Government of Saskatchewan. I wish to express my opposition to any plan arising out of this report which does not clearly protect producers. The Crow's Nest Pass agreement recognized this essential measure of protection for farmers, and the historic argument remains valid today.

Farmers are faced with rising costs of production, falling grain prices, and therefore cannot afford further cost increases. Farm production costs are already higher than they need to be due to exorbitant interest rates and the 54.8 per cent federal tax on farm fuels. Changes to the capital gains structure and capital cost allowances in the last budget also aggravate a tight farm cost-price situation.

It is the position of the Government of Saskatchewan that the crowrate remain unchanged, and that the federal government is responsible for paying the revenue shortfall.

**HON. MR. BLAKENEY:** — Mr. Speaker, I am delighted by this statement by the Premier. I am delighted that he is calling upon the federal government to act, and I know that his government will equally act. The question I have to direct to him is this: since the Gilson report was conceived in private meetings, where ordinary farmers had no opportunity to state their views and many farm organizations did not have an opportunity to state their views, will the Government of Saskatchewan organize a royal commission or other forum so that farmers can air their views and state their views with precision so that they may go to Ottawa not only with precision but indicating a wave of support in opposition to the views stated in Professor Gilson's report?

**HON. MR. DEVINE:** — Mr. Speaker, we stated opposition very, very clearly during the recent campaign with respect to the crowrate and transportation costs. There is money that needs to be spent on transportation. I believe the whole House agrees with that. We said that we believed the federal government should be paying. The people of Saskatchewan agreed with that and reflected that in the election of April 26, 1982. We've stated our position and we'll fight for it.

**HON. MR. BLAKENEY:** — Supplementary, Mr. Speaker. May I take that answer as a refusal by the Government of Saskatchewan to form a royal commission or otherwise give farmers a public forum where they may state their views on the Gilson report?

**HON. MR. DEVINE:** — My first preference, if I were going to establish a royal commission, would be to find out how we would get approximately \$500 million back into the hands of Saskatchewan farmers — that money was taken out of their hands (because of the land bank commission) by the other side. And before we would have a royal commission to spend more of the farmers' money, I would like to know how the party opposite would ask how or would determine how they could replace that money — they bought land for \$60 an acre, and that's the biggest economic sin ever perpetrated against the western farmers. How will they pay for that, Mr. Speaker?

**HON. MR. BLAKENEY:** — Mr. Speaker, I have a new question to the Premier. I understand why the Premier doesn't want to talk about the crowrate and why he wants to talk about the price of gasoline and land bank and all the rest. But this morning we had the Gilson report. This morning we had the greatest threat to the farm economy that this province has seen for many a year. What I want to know is: what is your government prepared to do, other than send a wire, and why are you not prepared to give farmers an opportunity to give their opinion on the Gilson report?

**HON. MR. DEVINE:** — We learned some lessons from the former government. The former Minister of Agriculture spent about \$100 million of Saskatchewan taxpayers' money travelling all over Saskatchewan, and he held meetings and he talked to people and he held hearings. Mr. Speaker, the people addressed that question on the election day of April 26, and they said, "We buy the proposals." In fact, virtually every rural seat in the province supported our position, and they still do. We will be in Ottawa representing the farmers of Saskatchewan, and we are not about today to start another royal commission when we can be there defending the farmers as we said we were going to do on April 26.

**HON. MR. BLAKENEY:** — The Premier's logic is as bad as his arithmetic, and if he asserts for one minute that the previous Minister of Agriculture spent \$100 million travelling across this province . . .

**MR. SPEAKER:** — Order, order! Supplementary questions are not to be prefaced with a statement, but they are to be questions. Has the member a question?

**HON. MR. BLAKENEY:** — I could, if you wish, Mr. Speaker, but I will address this question to the Premier. What are you prepared to say at next Wednesday's conference? Publicly, what are you prepared to say is the position of the Government of Saskatchewan with respect to Professor Gilson's report? Are you prepared to say that it is totally unacceptable, acceptable in part, or acceptable in full? Would you kindly indicate what the position of your government is?

**HON. MR. DEVINE:** — Mr. Speaker, I will admit that it wasn't \$100 million; it was \$100,000. My argument is still valid. It showed up very clearly, Mr. Speaker, that the people of Saskatchewan rejected that little ploy.

What they want to see is not the kinds of things that the former administration did, but what we are prepared to do. What we are looking at, Mr. Speaker, is saying that we reject any increases in the crowrate. We say that farm costs cannot afford to go up any further and we will bargain on behalf of the farmers of Saskatchewan for lower prices on energy, for increased transportation funds coming out of the federal government, to renegotiate the entire energy agreement, the national energy program, as well as the budget. Now you deal with all of those together and it means we have to fight to reduce farm costs, not increase them.

**MR. ENGEL:** — I have a question for the Premier, Mr. Speaker. On Page 5 of section 6 in Gilson's report, he said:

We anticipate that any remaining differences will receive a full and fair hearing as the next steps are taken to develop the appropriate legislation-implementing plans.

Is he still saying that he is not in favour of having a hearing or some kind of report in Saskatchewan where the farmers can air their views and show their concern with this Gilson report?

**HON. MR. DEVINE:** — Mr. Speaker, there's a great deal in the report that is very unclear. To comment on specific details about the report . . . (inaudible interjection) . . . If the federal government wants to have hearings, then the federal government can have hearings. This is a federal report, and before we jump in saying, "We're going to hold a royal commission on it," I believe it would be nice to know the specific details in the federal report with respect to what it's going to do, if it's prepared to hold hearings, and who may be invited to participate in those hearings.

**MR. ENGEL:** — Mr. Speaker, I have a new question. In the *Western Producer* prominent Conservatives were asked for an interview on Thursday, May 6. The then critic of agriculture said:

The new government will also raise its voice in the debate over the Crow's Nest Pass freight rates.

Up to this point the silence has been deafening, with due respect to the new Speaker. But does the minister plan on making representation to Ottawa in relation to the Gilson report, as far as the costs to farmers are concerned, other than this telegram?

**HON. MR. BERNTSON:** — Mr. Speaker, this is for the benefit of that member because obviously he slept through the one that was read earlier. This is a telegram to the federal Minister of Transport from me, and it says:

I have received a copy of Dr. Gilson's report this morning. On behalf of the Government of Saskatchewan, I wish to express my opposition to any plan arising out of this report which does not clearly protect producers. The Crow's Nest Pass agreement recognized this essential measure of protection for farmers, and the historic argument remains valid today. Farmers are faced with rising costs of production and falling grain prices, and therefore cannot afford further cost increases. Farm production costs are already higher than they need be due to exorbitant interest rates and the 55 cent a gallon federal tax on farm fuels. Changes to the capital gains structure and capital cost allowances of the last budget also aggravate a tight farm cost-price situation. It is the position of the Government of Saskatchewan that the crowrate remain unchanged, and that the federal government is responsible for paying the revenue shortfall.

**MR. ENGEL:** — Supplementary, Mr. Speaker. The minister sent a telegram. Is that raising your voice, and is that all the minister is going to do regarding this serious impact on farmers in this province?

**HON. MR. BERNTSON:** — Mr. Speaker, our position is clear. Our position is not too much unlike the position of members opposite if we can go by the joint communiqués that were sent from the last legislature. The former minister of agriculture and our agricultural critic at that time sent a joint communiqué relative to the whole crow question. Our positions aren't that much different. Putting our cards on the table publicly here before the negotiations even begin is like going into a poker game, Mr. Speaker, with all the cards face up.

**MR. ENGEL:** — Mr. Speaker, I have a supplementary. Is the minister saying that he is prepared to negotiate on the crowrate? Is this what you're saying you are going to Ottawa to do, to negotiate, and do you have terms that you are negotiating with on this issue? That's not what the telegram says, is it?

**HON. MR. BERNTSON:** — No, Mr. Speaker, we didn't say that we were prepared to negotiate. It may have sounded like it to the member for Regina Centre who has problems understanding things that go on in this House in any case. The simple fact is, Mr. Speaker, that the Gilson report has made recommendations that four or five committees be set up to discuss the various recommendations in the report, and I think it would be unwise for this government or any other government to turn its hand prior to seeing what's on the table in those committees.

**MR. ENGEL:** — Final supplementary, Mr. Speaker. The Minister of Agriculture indicates that he has some cards to place on the table. In light of what the Premier was saying earlier that he's negotiating on the 54.8 cents a gallon tax, is this what he's negotiating with and trading off for our freight rates? Is this one of the cards he has on the table?

**HON. MR. BERNTSON:** — No, Mr. Speaker, that was the position of the former government when it offered to put 50 per cent of the oil revenues on the table in exchange for protection of the crow. We are not prepared to give up 50 per cent of the oil revenues of the province of Saskatchewan in exchange for protection of the crow.

We want to protect the crow for the farmers of Saskatchewan because the farmers of Saskatchewan deserve the crow and they also deserve a fair return from the resources of Saskatchewan.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LINGENFELTER:** — Mr. Speaker, my question is addressed to the Minister of Agriculture. In the *Western Producer* of May 27, the minister is quoted as saying that the Saskatchewan Grain Car Corporation operations would not be changed. In light of the Gilson report, is that still true?

**HON. MR. BERNTSON:** — Well, of course, any new variable which is injected into the formula I suppose would cause someone to take a new look at things. I don't see how the Gilson report, before its adoption, is going to change anything about how the Saskatchewan Grain Car Corporation will act. Until and unless that happens, the Saskatchewan Grain Car Corporation will stay as it is.

**MR. LINGENFELTER:** — Supplementary, Mr. Speaker. The reason for asking the first question is, in fact, the recent agreement with the box car corporation stating that the 1,000 cars can be withdrawn at any time if the federal government tampers with the crowrate. Has the minister taken into consideration the alternative of removing the hopper cars from use if the federal government goes ahead with implementing the Gilson report?

**HON. MR. BERNTSON:** — Well, number one, Mr. Speaker, the question is in fact very hypothetical, and I think probably should have been ruled out of order, but I'm not telling Mr. Speaker how to rule. However, since the question is on the floor, I will answer it. And, if, for some reason, in all our vigour, we can't protect the farmers of Saskatchewan from inflated transportation costs, a double slap in the face would be to take their own grain cars out of the rolling stock fleet. We want the grain to move. I think it would be unwise, and I've already made a mistake by putting all those cards on the table.

**MR. LINGENFELTER:** — Mr. Speaker, it is fairly obvious that the member is saying that he is willing to accept the removal of the crowrate, and, also willing to not use the hopper cars . . .

**MR. SPEAKER:** — I believe the hon. members all know that you are not allowed a long preamble before a supplementary. You are allowed to stand up and ask the supplementary and that is all. Does the member have a supplementary?

**MR. LINGENFELTER:** — Mr. Speaker, can the minister give assurances to the people of Saskatchewan, the people who paid some \$54 million (in that area) for the hopper cars, that he will, in fact, use them as a bargaining tool to see that the crowrate is maintained for the benefit of the farmers of Saskatchewan?

**HON. MR. BERNTSON:** — Mr. Speaker, we will use the Saskatchewan Grain Car Corporation to the best possible advantage of the farmers of Saskatchewan.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LUSNEY:** — Mr. Speaker, I have a question for the Minister of Agriculture. In light of the fact that last Thursday (I believe it was) they said that neither the Premier nor the

Minister of Intergovernmental Affairs has had any contact with the federal government regarding the crow, could the minister tell me if he has, at this time, been in contact with his counterparts in Ottawa and directed them to oppose the Gilson report?

**HON. MR. BERNTSON:** — Mr. Speaker, should I go through this telegram one more time?

I have received a copy of Dr. Gilson's report this morning. On behalf of the Government of Saskatchewan, I wish to express my opposition to any plan arising out of this report which does not clearly protect producers. The Crow's Nest agreement recognized this essential measure of protection for farmers and the historic argument remains valid today.

Farmers are faced with rising costs of production and falling grain prices and, therefore, cannot afford further cost increases. Farm production costs are already higher than they need be due to exorbitant interest rates and the 55 cents a gallon federal tax on farms fuels. Changes to the capital gains structure and capital cost allowances in the last budget also aggravate a tight farm cost-price situation. It is the position of the Government of Saskatchewan that the crowrate remain unchanged and that the federal government is responsible for paying the revenue shortfall.

**MR. LUSNEY:** — Supplementary, Mr. Speaker. The minister continues to ignore the question.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LUSNEY:** — I asked him if he had been in contact with his counterparts in the Conservative Party in Ottawa, and if he had informed them as to his position and instructed them to take the same position as members in Saskatchewan in opposing the Gilson report.

**HON. MR. BERNTSON:** — Well, Mr. Speaker, my counterpart in Ottawa relative to the Gilson report is in fact the Minister of Transport Canada. As I understood the question, it was: had I been in contact with my counterpart in Ottawa? Now that I understand what he is trying to say, I will simply say that I am in contact with my colleagues in Ottawa on a daily, sometimes, and almost always a weekly basis. As it relates to their position on the Gilson report, I will not pretend to speak for them. They have the forum for that and they do it very capably themselves.

**SOME HON. MEMBERS:** Hear, hear!

## **INTRODUCTION OF BILLS**

### **Bill No. 14 — An Act to establish the Department of Energy and Mines and to repeal The Department of Mineral Resources Act.**

**HON. MR. BERNTSON:** — Mr. Speaker, I move first reading of a bill to establish the Department of Energy and Mines and to repeal The Department of Mineral Resources Act.

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



**Bill No. 15 — An Act respecting the Consequential Amendments to certain Acts resulting from the enactment of The Department of Energy and Mines Act.**

**HON. MR. BERNTSON:** — Mr. Speaker, I move first reading of a bill respecting consequential amendments resulting from the enactment of the Department of Energy and Mines.

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

**Bill No. 16 — An Act to amend The Interpretation Act**

**HON. MR. LANE:** — Mr. Speaker, I move first reading of a bill to amend The Interpretation Act.

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

**Bill No. 17 — An Act to establish a Public Utilities Review Commission**

**HON. MR. LANE:** — Mr. Speaker, I move first reading of a bill to establish a public utilities review commission.

**SOME HON. MEMBERS:** Hear, hear!

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

**ORDERS OF THE DAY**

**Priority of Debate**

**HON. MR. BLAKENEY:** — Mr. Speaker, I rise and ask leave to move that the Assembly give priority of debate to a definite matter of urgent public importance:

The release this morning of a report on consultations and recommendations concerning western grain transportation, which report, if adopted, will undermine the principles of the statutory crowrate, and have a major effect on the economy of Saskatchewan, and the urgent need for this legislature to express its view on this matter prior to the release of the federal budget and the meeting of first ministers to deal with Canada's economy, which meeting is scheduled for Wednesday next.

**MR. SPEAKER:** — The Leader of the Opposition has asked leave to move a motion asking for priority of debate for the purpose of discussing a matter of urgent public importance under rule 17. The fundamental principle underlying rule 17 is to provide an opportunity within a proper framework of parliamentary procedure, where none otherwise exists, for the immediate discussion on any matter deemed to be of such urgency and importance that all of the normal business of the Assembly should be put to one side in order to provide complete right of way to a discussion of one specific subject. A notice regarding the matter proposed for priority of debate was received in

the Clerk's office at 11:45 a.m. today, for which I thank the hon. member. From my examination of the notice submitted, I find that the matter raised is of public importance, and urgent enough for the Assembly to have an opportunity to debate it now. Has the hon. member leave of the Assembly to proceed?

**HON. MR. BLAKENEY:** — Mr. Speaker, I will move, at the end of my remarks, that priority of debate be given for the purpose of discussing a definite matter of urgent public importance. The matter will be the same as has just been read and has just been dealt with by Mr. Speaker.

Mr. Speaker, we have before us the report of Professor Gilson. I think none of us will have had an opportunity, fully, to consider the report of Professor Gilson. But all of us, I think, even on a preliminary perusal, will reach the conclusion that there are a number of things in that report which are alarming and a number of things which are not in that report which are almost equally alarming.

I will not spend a long time this afternoon dealing with all aspects of it. Most members of this House, when they were members, and prior to becoming members, have considered the issue of the crowrate and they have considered what Saskatchewan people have been saying about this issue for a good number of years. I think distilled out of all of these discussions have been three or four principles.

Firstly, there ought to be a statutory rate, such as there has been since 1925. Secondly, that statutory rate ought to be distance related or non-variable or ought to provide for equal rate for equal distance, and that principle is frequently stated in different terms. Thirdly, there ought to be a mechanism whereby payments made by the federal government in support of a compensatory rate for the railway companies ought to be paid directly to the railway companies as a method of enforcing from the railway companies a standard of service which would not be able to be extracted from the railway companies if they are gathering their money from shippers. Fourthly, there has been, of course, great concern about the level of the rate. Farmers are naturally concerned about the rate being statutory and non-variable, but they are also very concerned indeed about the level of the rate.

Let me try to touch on several of those issues. I will try to touch first on the issue of the level of the rate. Not many months ago we had a number of discussions with respect to this in the public fora of Saskatchewan and we had the Hon. Jean-Luc Pepin coming to Saskatchewan and talking about the crowrate and talking about the possibility of increases of 10 percent, or 15 percent or thereabouts. I suppose that was designed, when he spoke to the Saskatchewan Wheat Pool, to lull people into the belief that the increases in the crowrate would be of a minimum amount. I don't know whether farmers would be prepared to contemplate any increase in the amount of crowrates, but if someone were talking about 10 per cent or 15 per cent, I suppose you might get some farmers to listen. Most assuredly that is not what is being talked about.

The Gilson report talks about dividing grain, for the purposes of rate calculations, into two categories: the first 30.4 million tonnes, which is about what we ship now (not all of it for export, but about what we ship now), and amounts over and above 30.4 million tonnes. And the first thing to note is that the Gilson report calls for farmers to pay, for what I will call new grain (over and above 30.4 million tonnes a year), the full cost — as I would judge from the glossary of terms at the back of the Gilson report, the full commercial rate, and that is going to be at least 5 times crow, or 5.3 times crow, if I understand the report. Now, that is, in anyone's language, a very substantial increase in

rates. And that's not to take effect some time in the never-never world, but it's going to take effect as soon as shipments exceeds 30.4 million tonnes, and it is at about that level now.

I will come to, in a little while, what effect that proposal would have on the growth of agricultural production in western Canada, and particularly, in Saskatchewan. But in anybody's language an increase of 5 times the crow is a big increase. With respect to even the grain we now produce, the Gilson report calls for what can only be called very substantial increases.

As I read the report, it suggests that, after a one-year moratorium, farmers are going to be asked to pick up somewhere between 3 per cent and 4.5 per cent of the increase in costs. Now, someone may think quickly that what the farmer is being asked to pick up is an increase in the crowrate of between 3 per cent and 4.5 per cent. And farmers may well think, well, what's wrong with an increase of 3 per cent or 4.5 per cent? But as I read the Gilson report it's not 3 per cent or 4.5 per cent of the crowrate, but 3 per cent or 4.5 per cent of the costs as arrived at by the Gilson commission. And those costs are many times crow. Indeed, they reach a figure for costs even higher than the Snaveley report. They reach a figure for costs which would have those costs be more than five times the current crowrate.

But let's assume for ease of exposition that the costs are five times crowrate. If farmers are asked to pick up 3 per cent to 4.5 per cent of that amount, they are being asked to pick up an increase of somewhere between 15 per cent and 22.5 per cent of crowrate, and that is a very substantial increase. And this will be each and every year.

Again, there are some qualifications that this current crop year would be nothing, the next year it would be 3 per cent, and, thereafter, between 3 per cent and 4.5 per cent. But essentially, what we are talking about is increases in the crowrate of between 15 per cent and 20 per cent compounded, and compounded into many years hence. And that is a very, very large sum of money. That will produce, as I say, on a very careful calculation, on the calculation most favourable to the farmer, a doubling in 5 years, a quadrupling in 10 years, and an increase of 8 times in 15 years. That's a lot of money for farmers to look at, particularly in these times . . . (inaudible interjections) . . .

Mr. Speaker, I note that there are some defenders of Professor Gilson, and I know that they want to enter this debate and defend Professor Gilson's figures. I, for my part, want to attack them.

**SOME HON. MEMBERS:** Hear, hear!

**HON. MR. BLAKENEY:** — The system now has farmers paying \$4.89 a tonne, and the railways bearing costs — once again calculated in the way that railways calculate costs, which is always a mystery to most other people, including, I may say, the Saskatchewan Wheat Pool — of \$26.08 a tonne. By 1991 those costs will increase to \$67 from \$26, and the farmers' share from \$4 to \$32. That's 8 times in 10 years. On another calculation, this is on the basis of railway costs increasing at the rate of 10 per cent per annum . . . One can calculate this under a number of different rubrics, one can use a number of different figures, but even the figures most favourable to the farmers indicate a huge increase in farm costs. Nothing can write that out from what Professor Gilson

says.

I challenge any member opposite to take that Gilson report, to read what Professor Gilson says farmers should be paying, and to reach the conclusion that farmers 10 years hence would not be paying very much more to ship their grain than they now pay. And when I'm saying "very much," I'm saying figures such as I earlier indicated. Now those are, indeed, very, very large figures.

Mr. Speaker, there are other aspects of the Gilson report which I want to touch upon. There is the question of whether or not the Gilson model, the Gilson plan, there would be a statutory rate. One can read the report and not be clear on this. It is clear that there will be no statutory rate in the manner in which we now have a statutory rate such as the crowrate. There are words to suggest that there may be a formula set out in statute, and, clearly, if a formula were precise enough it may provide farmers with a measure of protection.

I must say that when I read that the formula would be set out in the statute, and that the Canadian Transport Commission would be given the responsibility of establishing a new rate structure on an annual basis, I was not reassured. I was not reassured when I heard that it will be the CTC which each year will announce what farmers will have to pay and that each April there will be an announcement of how much the cost of shipping grain will increase for the next crop year. That strikes me as something offering farmers a great deal less protection than they now have from the statutory rate, and much less protection than they would have if there were built into the statute a formula which said it shall go up 10 per cent per year, or 20 per cent per year. We would obviously oppose that, but it clearly would be preferable to a proposal whereby the CTC will set a rate on an annual basis. So, it is clear that the statutory rate, which farmers have had for many years, is in effect to be wiped out.

Why do we think that the statutory rate is important? Well, in 1925 farmers desperately needed freight rates for the movement of their grain to be fixed in law. Farmers were captive of the railways. They had no other effective economic way to get their grain to port and without a fixed rate in law the railways would have been free to exploit their monopoly position. And on that basis, the law was passed providing for a statutory rate. And when you think of it, not much has changed since 1925. Farmers are still captive of the railways. Farmers still have no effective way of getting their grain to port other than by railroads. And our farmers here in Saskatchewan are, by and large, farther away from seaboard than grain farmers in almost any part of the world.

Few farmers in the world need protection from monopoly railway companies more than Saskatchewan farmers. And they got that protection in 1925 because a large group of Saskatchewan MPs, indeed prairie MPs representing the Progressive Party, were able to use their political power in Ottawa to have that rate enshrined in law. We need that rate enshrined in law as much as we ever did.

There's another aspect of that rate which I want to deal with, and that's the aspect of non-variability, or equal rate for equal distance. Now the great principle of equal rate for equal distance, or distance-related rates, is one which has been enormously important to the development of agriculture here on the Prairies. It doesn't matter where you deliver your grain here on the Prairies, your rate will be the same as your neighbour's, or somebody else's, based upon the distance. It doesn't matter whether you deliver on a branch line or on a mainline, whether your elevator is in a hamlet or in a large point, you pay the same rate based upon distance. And on that principle the whole

of rural Saskatchewan has been built. And that principle is guaranteed in law, and very clearly if that principle is not guaranteed in law we are going to see a wholesale reordering of rural Saskatchewan.

We are going to see the railway companies select those branch lines which they would like to see continue in operation, select those branch lines which they would like to close down, and they will vary the rates so that on the lines which they wish to keep, the rates will be lower and on the lines which they wish to do away with, the rates will be higher; then farmers will in effect be forced to truck to the delivery points nominated by the railway companies. The railway companies have been trying this for years and years, and anybody who has been following the proposals of the railway companies with respect to rail line abandonment knows that they have a proposal or group of proposals for restructuring grain delivery here on the Prairies and that they have been pursuing this with diligence.

There is no question that if you were operating a railway company, you would wish a great many fewer branch lines. You would wish large inland terminals or high through-put elevators. If you were a sensible businessman and a sensible railway man, that's what you would want. And we shouldn't criticize the railway companies for pursuing their economic best interests. However, their economic best interests are in no way the economic best interests of the farmers of Saskatchewan. It is clearly to the benefit of the railway companies to be able to transfer some costs from themselves to farmers and still get the same amount for hauling farmers' grain. And this is what they've been trying to do with diligence now for these 20 years, and they're at it again.

I cannot state definitively that the Gilson report will do away with variable rates. It is far from clear. In a couple of places it suggests that variable rates will not be permitted and, in fact, that there will be statutory rates. And I look at section 5, at Roman cap. V, page 16, where it says;

Inasmuch as there shall be a distance-related rate structure.

And that was encouraging until I got over to the recommendation in section, where I noted that there would be a task force consisting of representatives of all the major participants to review the existing rate structure and its anomalies, and recommend adjustments before a new rate structure is established in statute. That was less than reassuring, because I am sure that the railway companies will press and press hard for their right to vary rates and their right to pursue what Professor Gilson admonishes them to pursue, and that is efficiency.

No one, of course, would have any quarrel with the railway companies pursuing efficiency. We would indeed, however, have a quarrel with the railway companies pursuing efficiency and anyone confusing railway company efficiency with the efficiency over the whole grain-handling system. Certainly the grain-handling system must be looked at as a whole, and any effort to transfer costs from the railway companies to the farmers in the name of efficiency is futile if in fact the costs to be borne by farmers are larger than those to be saved by the railway companies. I suspect that that is very much the case if we are moving in any large way from shipping grain by hopper car to shipping grain by truck.

So, clearly then we must as a province and as a government, I suggest, put up the strongest possible case we can for a system of rates which is distance-related and which protects by statute the distance-related aspects of those rates.

**SOME HON. MEMBERS:** Hear, hear!

**HON. MR. BLAKENEY:** — Anything else is to doom a very large number of delivery points in this province to abandonment, and I think all of us know that for many communities to lose their elevator is to lose their community. And for many other communities, even though it may not be the loss of their communities, it is a very hard blow for a community to absorb, to lose its elevators, to lose the elevator agents, to lose all of the assessment that flows to that town or village related to those elevators. It's a hard, hard blow, and many communities certainly will not survive.

Now, Mr. Speaker, I want to touch on a couple of other aspects of this. I want to talk about what I did not find in the report. I did not find any reference to the Canadian Pacific Railway and its obligations under the original Crow's Nest Pass agreement.

The report talks about in effect putting forward a system whereby the railways will be fully compensated not only for variable costs but for fixed costs — what the report quaintly calls "making the railways whole." I have been aware of their deficiencies in principle, but I have not been aware that they were less than whole up to now. It seems to me that they have been doing pretty well, and are a great deal more whole than a great number of the farmers whom they serve, but I let that pass.

The suggestion is that the proper weight structure is one whereby the CPR and the CNR will, in a short number of years, be fully compensated both for variable costs and for fixed costs, and that this compensation will come largely from farmers, partly from the federal government. And I must say I think that in the interests of all Canadians that is a bad conclusion.

The Canadian Pacific Railway made a commercial deal whereby it got lands and minerals, and whereby it guaranteed rates. It guaranteed rates in perpetuity, and perhaps that was a bad business deal by the Canadian Pacific Railway. I don't altogether object to our renegotiating that deal with the Canadian Pacific Railway, although I must say that other people are frequently called upon to live up to their bad deals.

As the records will show, the Canadian Pacific Railway and the other railway companies made some money on the crow or at least didn't lost very much money on the crow up until perhaps 20 years ago. They did all right on the crowrate and so from 1896 until, let's say, 1962, or 20 years ago, they did all right on the crow and nobody then talked about renegotiating the rate. They had the advantage of a relatively profitable railway rate and they had the advantage of the yield from those lands and minerals which they got in 1896 under the Crow's Nest Pass agreement. Well, now they've been losing money, and losing quite a lot of money. Under those circumstances it is perhaps not unfair that we, in due course, look at the losses being sustained by the Canadian Pacific Railway, and perhaps relieve them of some of the impact of their improvident deal. A lot of other people do not have the luxury of being relieved from the impact of an improvident deal, but it may not be wholly unfair to relieve the Canadian Pacific Railway of that.

But I suggest it is next to monstrous to suggest that we relieve them of the improvident deal by simply saying, "You no longer have to honour any of your commitments under

the deal; meanwhile you will keep all of the benefits you ever got under the deal." That seems to me to be going too far for our well-known welfare client, the Canadian Pacific Railway.

Admittedly they got lands and they got minerals. Admittedly they have established great industries on the basis of those lands and minerals. My recollection is that the entire operation of the Consolidated Mining and Smelting Company at Trail is on lands and minerals which they acquired as a result of that agreement. And, they have undoubtedly had a highly profitable operation at Trail for many, many decades. And, as I already indicated, they had a reasonably profitable railway operation until 20 years ago. So they have made all of those profits. They now come forward and say that they would like to be relieved of their obligations. It is perhaps not unreasonable to say, "All right, let's renegotiate. Let's relieve you of your obligations." But it is patent nonsense for the Canadian Pacific Railway to say, "And the way we want to be relieved of the obligations is that we are forgiven any future obligations we may have and we keep all of the profits we may have made since 1896 and into perpetuity so far as the lands and minerals are concerned."

I am sorry, that does not commend itself to me and it strikes me that we ought to have something a little fairer to the Canadian taxpayer and to Canadian farmers.

I think it would not be overly difficult to do a rough and ready analysis of whether the Canadian Pacific Railway shareholders have lost all that money since 1896. I suspect, when the tally was completed, we would find that they will not have lost very much, and that it indeed might be reasonable to say, "You are relieved of your obligations. Please give back to Canada the lands and minerals or, alternatively, keep the lands and minerals and we'll set a fair fee that you can pay." That strikes me as the fair way to approach this, rather than allowing the Canadian Pacific Railway to come in and say, "Oh, this is a shocking thing that's been imposed upon us." It was not imposed upon the CPR. They entered into it as a business proposition, and they ought not to be totally relieved of the burden of their business improvidence.

I want to touch on just one other aspect before some of my colleagues may enter in this debate, and doubtless, members opposite. It has to do with what I may call the division between old wheat and new wheat.

The proposal is that we are going to have a rate structure which will apply to the first 30.4 million tonnes of wheat, the producers of which will pay a fraction of the total cost of shipping, and another rate structure for wheat over and above 30.4 million tonnes. It strikes me that that is a remarkable way to approach this problem and one which could have the direst consequences for western Canada.

Many of us believe that one of the great hopes for western Canada is the increase of grain production, field crop production here on the Prairies. Many of us believe that as world population grows, and as food becomes more a commodity in short supply, there will be both an obligation upon us and an opportunity for us in western Canada to produce more by improvement in techniques of field husbandry, improvements in fertilizer application and improvements in irrigation techniques. And if this is true, then we are going to be called upon to grow and ship a good deal more grain. The Canadian Wheat Board has been assuring us that it can sell 25 million tonnes or 26 million tonnes with relative ease by 1985, and that it would probably be able to sell 30 million tonnes of Canadian grain by 1990.

Well, any export of 30 million tonnes of Canadian grain is going to mean that several million tonnes will be shipped at the rate for new grain, and that is a very, very high rate indeed. It is currently more than 5 times crow, and by 1990 would probably be as much as 10 times crow. I very much fear that that is going to inhibit the increase of agricultural production here on the Prairies, and inhibit it in no small measure. We will, of course, see a number of things develop. No doubt, instead of growing wheat for export, people will grow barley for livestock production here on the Prairies, and that may not be all bad. But certainly, from the point of view of our contribution to the world's need, and our greatest possible contribution to our own economic welfare, we, here in Saskatchewan, ought to be free to produce bread wheat for human consumption in the largest possible volumes.

I very much fear, unless I misread this report, that there is going to be a substantial impediment to the production of more bread wheat for export, more grain that might be shipped anywhere by rail if we have this two-rate system which immediately applies a very heavy rate for grain at over 30.4 million tonnes. I say that it will apply a dead hand to the production over and above current levels.

It is so uncharacteristic of the way we ordinarily deal with these sorts of problems in Canada. We have a tariff structure which protects people who manufacture automobiles. And it has never occurred to anybody, so far as I am aware, that the tariff would only apply with respect to a given number of automobiles, and as soon as you attempted to produce some more automobiles you would not have tariff protection. It's always assumed that it was a good idea to produce more automobiles, not less. Here we are going to have a proposal whereby up to 30.4 million tonnes there will be a contribution and thereafter you will be inhibited from producing more.

With respect to the St. Lawrence Seaway, all manner of people get a subsidy from that. It is a different kind of subsidy but clearly the people who take iron ore from Sept-Iles in Quebec, or down from Labrador, and go down to Hamilton through the seaway, unquestionably get a subsidy, because the seaway doesn't anywhere nearly cover its costs. I have never heard anyone suggest that, "Yes, you will have this rate for so many tons of iron ore, but once you get over that, you will pay the full cost." There is no suggestion of that. They did that for an airport like Mirabel. Well, I will leave that.

Mr. Speaker, let's turn to roads. Suppose we have 700,000 vehicles registered now. It would surely be remarkable if we said that the drivers of the 700,000 vehicles registered now will be able to buy gasoline without a road tax, but drivers of any additional vehicles will have to pay a good deal more for their gasoline. This would be a very, very remarkable approach to operating roads and paying for them, but it seems to me that this is what the Gilson report is talking about.

With respect to ports. I know of no such suggestion. All the ports are subsidized. Virtually every National Harbors Board port in Canada loses money if you take capital costs.

And no one suggests that for a given tonnage you shall have certain port charges, and for tonnage over and above that you shall have a greater charge.

Indeed, in many of our approaches to transportation, quite the reverse is true. We try to increase the number of riders we have on city transit services and not decrease them. We don't set an arbitrary level for the number of passengers who may travel at what is essentially, a subsidized rate, and then say, when the passenger load gets above that



along about Christmastime, that everybody pays more. No transportation system, of which I am aware, operates on this basis.

We have, as I have tried to illustrate, many systems of transportation in Canada which are subsidized one way or another — by the provision of roadbed or partial costs of roadbed in the case of road transport. We have the provision of port facilities, the provision of airports, the provision of seaways, and the like. Yet it is proposed, so far as I can see, that while there will be some measure of subsidy in rail transport for a given tonnage of grain, above that figure the full cost will be paid. As I say, above that figure there is going to be a very substantial disincentive to produce the thing which Saskatchewan farmers, I suggest, can produce best, and that is bread grain for human consumption. There will be a substantial disincentive to have Saskatchewan make the fullest contribution to putting bread grain into world markets where it is now needed and going to be a great deal more needed, I predict, before many decades are out.

So it strikes me that there are many aspects of Professor Gilson's report which need the most careful scrutiny, and many aspects which ought to be the subject of representation by the Government of Saskatchewan to the Government of Canada. I think we acknowledge that this is simply a report owing to Mr. Pepin — a report which undoubtedly reflects some of Mr. Pepin's views, but not necessarily fully represents Mr. Pepin's views. I see this report as, at least in some of its aspects, having a very serious impact on the economy of Saskatchewan. I would, accordingly, wish that the Government of Saskatchewan would, in the appropriate way (and I am not suggesting they have not up to now), make all of the representations possible, both at the first ministers' level and at the ministerial level, to the Government of Canada, pointing out the full impact of some of the recommendations of Professor Gilson's report.

No one, I think, can deny that Professor Gilson is a knowledgeable person, but no one, I think, can suggest that any person can have a full grip on a complicated industry like grain production and marketing. No one can have a full grip on the impact of complicated and wide-ranging changes, such as are proposed by Professor Gilson.

Mr. Speaker, accordingly I am going to move, and I think this is the appropriate procedure:

That priority of debate be given for the purposes of discussing a definite matter of urgent importance, namely the release this morning of a report on consultations and recommendations concerning western grain transportation, which report, if adopted, will undermine the principles of the statutory crowrate and have a major effect on the economy of Saskatchewan, and the urgent need for this legislature to express its view on this matter prior to the release of the federal budget and the meeting of first ministers to deal with Canada's economy, which meeting is scheduled for Wednesday next.

I so move, seconded by my colleague, the hon. member for Shaunavon.

**SOME HON. MEMBERS:** Hear, hear!

**HON. MR. DEVINE:** — I would like to take this opportunity to share a few concerns of the people of Saskatchewan, and indeed the Government of Saskatchewan, with respect to changes in transportation costs for farmers in this province. I want to say, first and

foremost and categorically, that we absolutely reject any form of cost increases to Saskatchewan farmers.

**SOME HON. MEMBERS:** Hear, hear!

**HON. MR. DEVINE:** — And I say that not only on behalf of the Government of Saskatchewan but as a farmer myself. I know, from looking at the cost of fertilizer, the cost of repairs and the cost of fuel, on one side, and at my quota book on the other in terms of the grains that I'm allowed to sell and the price we're receiving, that there's no room left to move.

Now I agree with the observations of the members opposite when they say that we can't afford to see increases for the farmers of Saskatchewan. There is no disagreement in this Chamber at all. But there seems to me to be a fundamental question here: should we spend more money on transportation? Now the answer to that can either be yes or no, but people on this side of the House say, "Yes, we need to have more money spent on transportation." I don't think there's any question about that, at least on this side of the House. Maybe there is over there; maybe they don't want to spend any more money on transportation.

So, if there's general agreement that there has to be more money spent on transportation, then the second question is: who pays? If we need more to update our transportation system, to supply our grains for world markets, to maintain our market share throughout the developed and developing world, then the question is: who pays? And that is where, Mr. Speaker, this government comes down full bore on the side of Canada. The western Canadian transportation system is just that. It is a Canadian transportation system. The balance of payments that we generate by producing grain and marketing it throughout the world pays all of Canada. The transportation system that markets Saskatchewan grain does not stop at the Saskatchewan-Alberta border; it goes right on through to the West Coast.

Mr. Speaker, if we want to encourage productivity in this country, if we indeed want to beat inflation, then we're going to have to encourage productivity. If we're going to meet the markets of the world, which are food and energy, and indeed this part of the country has them, then the western Canadian package — and again I emphasize Canadian — in terms of transportation has to be a responsibility of the federal government. And we feel, on this side of the House, and we feel as representatives of the Government of Saskatchewan, that, first, there has to be more money spent on transportation and agriculture in western Canada, and, second, the federal government has responsibility for it all.

Now, there are several things that have been happening in the last two, three, or four years at the national level in agriculture and with respect to our whole economics that have hurt Saskatchewan and set us back, and slowed down economic development in western Canada. The question is: who has hurt us most? Well, Mr. Speaker, I would have to say that it is the combination of federal government programs that have been levelled against this province and indeed against western Canada, and the programs of the previous administration that has raised the cost of living, the cost of farming, and the cost of productivity here in the province of Saskatchewan.

The Ottawa government has, as you know, Mr. Speaker, brought in a national energy program that has been devastating for western Canada. In that program, we find that farmers like me, are charged up to 55 cents a gallon just to put diesel fuel in their

tractors. That has come from the Ottawa government, Mr. Speaker. It has also brought in a budget that makes it extremely difficult to transfer a farm from one generation to another generation, making it extremely costly. We are now importing more and more commodities and products that are inputs from other parts of the country and other countries into Saskatchewan as a result of the national energy programs. They've modified the VIA Rail network unilaterally and, more specifically, they've increased farm costs. That's all happened out of the federal government.

Mr. Speaker, I have to ask: how did they get there? Who put them in power? Who gave them the blessing to do all these things to western Canadian agriculture and the province of Saskatchewan?

Mr. Speaker, I'm sure you'll remember, and people in this House will remember, that we had a minister of transport from the West, and a minister of the wheat board from western Canada. His name was Don Mazankowski. He is intimately tied to the agricultural community. He was minister of transport and minister of the wheat board and was from western Canada. We had a minister of energy who had farm fuel costs and concerns for farmers right at his fingertips because he was from Saskatoon, Mr. Speaker. His name was Ray Hnatyshyn. And we had a prime minister of this country from western Canada who grew up in a rural, western Canadian setting.

Mr. Speaker, five people from Saskatchewan, five of our neighbours, held the balance of power in that administration in their hands. They held the balance of power in a western-oriented, farm-oriented, energy-oriented government. And those five NDP members from Saskatchewan, who held the balance of power in that administration to fight for the West, to fight for farmers, to fight for energy, betrayed us. They voted for the national administration which we have today that brought us the national energy program, that brought increased costs in transportation to farmers, that brought us that new budget, that took away VIA Rail. Mr. Speaker, those have been the most devastating things to hit western Canada in 50 years. And the members opposite supported them.

When I look across this country, Mr. Speaker, I don't have to look at Ontario to blame them for voting for Ontario, or look at Quebec to blame them for voting for Quebec. For when I look at Saskatchewan neighbours, people from this province, who voted against the West, against Saskatchewan farmers, and Saskatchewan energy producers, and for the Liberal administration in Ottawa, Mr. Speaker, then I know who is responsible for farmers going bankrupt and businesses going bankrupt and this part of the country being in trouble. It is the members opposite and their party.

**SOME HON. MEMBERS:** Hear, hear!

**HON. MR. DEVINE:** — Mr. Speaker, I have to ask: when that administration was in power what did it do? What did it do about the increases in the freight rates? What did it do about farm costs? What were its major ideas? The first one, Mr. Speaker, in fact the first one of the whole campaign in 1981, was to buy an equity position in the CPR. That was going to save the Saskatchewan farmer and, indeed, the western Canadian farmer, or goodness knows who, up to \$2.1 billion, I believe it was, for provinces that would agree to buy an equity position in the CPR.

Well, it seems to me, just as the Minister of Agriculture was saying, Mr. Speaker, that they were prepared to sell the farm in the beginning of negotiations. How do you think the Ottawa administration saw that? They said, "Well, there is the province of

Saskatchewan that is willing to go a billion or two to buy the CPR." Do you think they liked that, Mr. Speaker? I'm sure they were delighted by it. Where were they going to find \$2 billion? We have just realized, because the Minister of Finance says that they couldn't balance the budget they had before because they were way out of line, that they wanted Saskatchewan farmers and Saskatchewan people to come up with another \$2 billion.

Well, Mr. Speaker, the results of the 1982 election speak for themselves. What they said clearly was, "Keep the crow; let Blakeney go."

**SOME HON. MEMBERS:** Hear, hear!

**HON. MR. DEVINE:** — Well, Mr. Speaker, the second thing they tried to do was pull the boxcars off — the farmers' boxcars — so that they wouldn't have the capacity to market grain. Now, our market share around the world is not that great, and it has been declining. People want to have increased quotas. I know I do, as a farmer. I want to see us be able to market more and more. So the first solution was to try to buy an equity position in the CPR with money we didn't have, which admits that the federal government was going to make the changes. It was interesting as to how we watched them bargain.

On the second point, they were going to take the boxcars off — the boxcars we had helped pay for, to market my grain and our grain. They were going to remove those and say, "Well, if we don't get our way we are going to slow down marketing." Well, who do you think pays, Mr. Speaker? The farmer pays when they cut off the boxcars. If they wanted to negotiate, they should have negotiated with something else at that time, perhaps some of their own money, but not the farmers'. Well, Mr. Speaker, it is going to be some time in this legislature before we are going to see our using boxcars, in the sense that we are going to be taking them away from farmers and marketing less grain, while we are bargaining with the federal government to increase transportation expenditures. We are going to go to bat for the farmers and make sure that the federal government pays and pays and pays. But we are not going to sell the Saskatchewan farmers short because we are concerned about our market share, something the former administration wasn't concerned about because it continued to fall while they were in power.

The third thing they did, Mr. Speaker, was take the grain car corporation and spend about \$100,000 travelling around the province to listen to farmers and to visit with them. Well, they had hearings, upon hearings, upon hearings. The former minister of agriculture had all kinds of hearings. Well, the result was, Mr. Speaker, that everybody agreed that we should not increase transportation costs to farmers. And at least 54 per cent of the population agreed to another point, that we needed a brand new administration in the province of Saskatchewan to protect the farmer. That's what they believed.

**SOME HON. MEMBERS:** Hear, hear!

**HON. MR. DEVINE:** — And the reason they believed that was because of the fourth thing that I want to bring up. Any particular administration in western Canada that would go to the trouble of spending hundreds of millions of dollars to buy farmland, and say that that was on behalf of Saskatchewan people, deserve to lose. Mr. Speaker, they took, I believe it was 1.1 million or 1.2 million acres, and they took public funds to speculate with the Saskatchewan family farm, the biggest land speculation. They

complained about the CPR, when the biggest land speculation move in the entire history of western Canada was orchestrated and organized and carried on by the members opposite, Mr. Speaker, all of that money — I would say at least \$500 million, say one million acres at \$500 an acre — that's a speculative venture.

I think the member for Melville read a letter in which the former minister of agriculture said, "We can afford to rent land cheaply because we can pick up the difference in the capital gain."

Well, Mr. Speaker, any administration that says it is fighting on behalf of farmers to protect them from the crow, to protect them from anything, that would go out and buy and speculate on a million acres of their farms and take \$500 million out of their children's pockets, never to go back, deserves to lose, Mr. Speaker, and doesn't deserve to be defending anybody, except the few who are left over there today.

Well, I don't know where they are going to get the \$500 million, Mr. Speaker, but perhaps the NDP of Saskatchewan could drum up \$500 million and put it back into the hands of the families and the family farms in this province who lost it.

Mr. Speaker, I want to mention another point with respect to protecting farm costs. Elevator tariffs in western Canada have increased from approximately 6 cents a bushel to 20 cents a bushel. Now, I have been at hearings myself, on behalf of farmers, requesting that elevator tariffs not be allowed to increase so rapidly, and the former administration, under that former government, never even took the time to show up. As a result, we see that farm costs have increased well over 300 per cent or 400 per cent with respect to marketing grain, from 6 cents a bushel to take your grain into an elevator, drop it down a pit and take it out again, to 20 cents a bushel. And that former administration stood by and just let them do it.

Well, Mr. Speaker, as a result of that, it costs more today to drop grain down a 12-foot pit than it does to take it 1,200 miles, and they never even showed up at the hearings. They were too busy worrying about buying farmland. If there is anybody in this nation who wants to know what their priority was, it was to buy a great big hunk of rural real estate in the province of Saskatchewan, to speculate on Saskatchewan farms so that they could pick up another \$400 or \$500 million to buy whatever they wanted to buy. It wasn't on behalf of the farmers of Saskatchewan.

But when I look at several other of their programs, Mr. Speaker, with respect to SGI rates, with respect to electrical rates, and other farm costs, the former administration did not try to control costs, it tried to control the farmers.

Well, I want to say, Mr. Speaker, that we categorically oppose cost increases. We are going to do whatever we can to make sure that we, in fact, reduce the costs to farm and to operate in the province of Saskatchewan. Let me remind you (and I would like to see the federal administration do the same), we removed the tax on gasoline in the province of Saskatchewan. There are large numbers of farmers who have cars, and they drive thousands of miles. For those farmers, the removal of the gasoline tax has been a cost saving, and one they've looked forward to for a long time. We also charge the railroad (I want to point that out) the tax, but we don't charge the farmer the tax.

Secondly, we brought in 13.25 per cent mortgage legislation. It has been introduced in

this House. It will help young people, farmers, home-owners across the province to cope with the high interest rates.

Mr. Speaker, we also will be introducing an 8 per cent farm purchase program to help young people own their farms, rather than the government owning them. It took them probably 30 years to dream up how they could rip off the family farm by going out and telling them that they were going to protect them. They then buy it for \$50 an acre and sell it for \$1,000 an acre. We are going to replace that program, because we are more interested in helping young people to own their farms than seeing the government own them.

Now, we're going to be bringing in that 8 per cent program, along with the 13.25 per cent program, and the removal of tax on gasoline, which will help each and every one of them. And, Mr. Speaker, we are also going to be moving to reduce farm costs because of our natural gas distribution system — something that we initiated two years ago. They wouldn't do it until the time came for an election. That will help to reduce farm costs. It also runs irrigation pumps, and dries grain — again, to reduce farm costs. None of these things were thought of, suggested, moved on, designed or implemented under the 30 years of the former administration. None of them. We've started on them immediately.

Mr. Speaker, we believe that more money should be spent on transportation in western Canada. We believe that both the provincial administration and the federal administration should do whatever they can to reduce farm costs and to encourage productivity. We believe, Mr. Speaker, that the federal government has a responsibility in that regard. I would relate it to something we've done some research on with respect to the Mississippi concept in the United States. Mr. Speaker, the Mississippi River is used and is publicly financed by the federal government to help farmers inside the United States market grain right through to the gulf ports. The federal government pays, and indeed the entire nation benefits.

In Canada, Mr. Speaker, unfortunately we don't have the Mississippi River, but we do have a railroad. Mr. Speaker, it is our view that the federal government should put the money and the dollars and the expenditures into that transportation system to allow Saskatchewan and Canadian farmers to take what they grow on the inside of this country and get it to the outside to help the balance of payments for the entire country. Mr. Speaker, we all benefit from those kinds of programs; every single, solitary man, woman and child in this country benefits from marketing grain and marketing all the other commodities we want to process and package. Mr. Speaker, it is not good enough for us to be saying that we're going to try to take an equity position in the CPR, or that we're going to say we wouldn't allow farmers to market their grain, or we'll take their boxcars off, or, Mr. Speaker, to go out and say that we're going to buy their farmland. What we want to see are some specific, hard-nosed, cost-saving measures. We will bargain extremely hard to make sure that they take the tax off diesel fuel for farmers. We will bargain extremely hard to make sure that they put money — hard cash — into a transportation system to help us move western Canadian grain and, Mr. Speaker, we will bargain extremely hard to make sure that Saskatchewan farmers and western Canadian farmers get the most competitive advantage in the country.

**SOME HON. MEMBERS:** Hear, hear!

**MR. KOSKIE:** — Mr. Speaker, I sat here and I listened to the Premier and I thought for sure that he would say something of significance with respect to where his government

stood on the major recommendations that were contained in the Gilson report. I think that the Gilson report outlines a step which will have one of the most major effects on agriculture that we have seen in recent years. I want to say that the effects this will have will obviously increase the direct cost to the farmers, and, as the Premier has indicated, they are ill-prepared or ill-equipped to absorb further costs.

I want to say also that this is going to have not only an economic effect by increasing the cost to the farmer, but the money the farmer pays out for the increased cost of transporting his grain to market is going to have a huge economic effect on businesses and towns and villages throughout Saskatchewan. Millions of additional dollars will now go to the transporting of grain and, as a consequence, the Saskatchewan economy will suffer.

I think, if one looks at what the Premier indicated, he is opposed to an equity position, which was advanced by the New Democratic Party in government. He is opposed to further purchases of boxcars, as was done by Alberta, the wheat board, and Saskatchewan. His only indication of what he would do is bargain, with a premise, however, that it is totally a federal responsibility. I want to say that there are a large number of agricultural organizations which have entered into the discussions, which have taken positions with respect to tampering with the statutory rate. I would have at least thought that the Premier would have indicated that in view of the report he would call together the agricultural bodies in this province in order to discuss their views with respect to the report. But that is not to be. Obviously, as the Minister of Agriculture indicated earlier, their only position is that they are going to bargain, but bargain with no strength. They are not indicating any action that they are taking which would, in fact, deter the Government of Canada from proceeding. They're going to stand on the sidelines and say, "Oh well, we tried to bargain for the Saskatchewan farmers, but we failed. But we gave them the gas tax." And they're going to continue, I guess, to repeat that for another 10 years, because that's the only thing that they have done.

I want to say, in respect to the report, that I think in order to protect the farmers of Saskatchewan and western Canada, everybody must make a full effort to divert the federal government from tampering with the crow. I want to say that if you take a look at the Gilson report, you will find, for instance, that he has recommended that the total cost to the two national railways for transporting grain for the base year of '81-82 be set at \$792.7 million. It goes on to say that after adjusting for productivity gains within the system, and after deducting revenue generated by the statutory rate, it is further recommended that the total railway revenue shortfall for 1981-82 be set at \$644.1 million.

I want to raise a point in respect to this. I want to say that one of the things that has not been forced upon the railways is, in fact, to make a full disclosure. And I say that because the wheat pool, for instance, in discussing the shortfall and the amount of the shortfall, indicated that in respect to the Snavely calculation on the shortfall there was an error, an overestimation of some \$200 million. What I am saying here is that if we are going to deter the federal government from moving decisively in accordance with the recommendations, then the agricultural bodies of this province, to protect the crow, need the full effort of the provincial government supporting it. And I want to say that, in listening to the Premier today, I think they will not be getting that full support.

I want to say also, Mr. Speaker, something in respect to the proposal in the Gilson report that indicates that the payment initially will be made directly to the railroad, but over a period of years, that payment then will be transferred as direct payments to the

farmers. Again, I want to say to the Minister of Agriculture that he would not today indicate any specifics of the Gilson report which he was opposed to. I would like to raise that point to the attention of the Minister of Agriculture, because I want to say that the Saskatchewan Wheat Pool has indicated that it, in fact, is opposed to the payments being made directly to the farmers rather than to the railway. And I want to also indicate that six of the major agricultural bodies which have made representations are opposed to that. I want to say that what we have to have is an active provincial government that will take the direction and bring to the attention of, and join with the agricultural bodies of Saskatchewan in order that the federal government will not proceed with the recommendations in this regard.

I want also to say, Mr. Deputy Speaker, that one of the things that has allowed us to have our small villages and towns in this province grow, as has been said, is the evidence and the presence in those small towns and communities of an elevator system. I want to say that one of the fears that we have in our party, and which we tried to express across Saskatchewan, is that if in fact the variable rate is put in place that will mean the demise of many of our communities. Certainly I would hope that out of this legislature the new Premier, with the so-called new vision of supporting western agriculture, will take a stand and specifically at the first ministers' meeting indicate his opposition to the variable rate.

I want also to say, Mr. Speaker, that the probable consequence, if this whole report is put into effect, is a transformation of Saskatchewan agriculture as we know it. I believe that if you get a higher cost for transportation, with the present squeeze that farmers (particularly small farmers) are encountering today, what is going to happen is that more and more small farmers will not be able to survive.

I want to say that we have stood for the development of the family farm, and I think that the record of the number of individual farmers under the age of 25 who commenced farming during our administration is an impressive record. I want to say that in the event that this Gilson report is adopted there is going to be a transformation of the nature of agriculture to larger and larger farms and fewer and fewer communities.

I think that every effort must be made to prevent the enacting of the recommendations. I think that the Government of Saskatchewan has an opportunity to give leadership and assistance to all of the agricultural groups, such as the wheat pool and the various other agricultural organizations, in order that pressures can be placed on the federal government to divert that action which will so adversely affect agriculture.

**SOME HON. MEMBERS:** Hear, hear!

**HON. MR. BERNTSON:** — Mr. Speaker, I don't think that anybody would quarrel with the fact that the tabling of the Gilson report may be cause for some debate in this House under the heading "urgent and compelling," and that's accepted. But, Mr. Speaker, we have to question the motives of the members opposite as to why it came at this time, because then he says, "We're fighting for the farmer." Well, they have been fighting for the farmer, Mr. Deputy Speaker, speaking out of two sides of their mouths for some time now, and last April 26 the farmer decided, "Well, we just don't trust those guys any more so we're going to support the people who have consistently said that the crow must stay."

I want to talk about this two sides of the mouth, Mr. Speaker. It was the member for Regina Elphinstone, the former premier of this province, who at a SARM



(Saskatchewan Association of Rural Municipalities) convention in Saskatoon about three years ago, said, and I paraphrase, that perhaps now is the time for an upward adjustment of the crowrate.

Now that is a little inconsistent with what he is saying today and inconsistent with what he was saying throughout the campaign. It's inconsistent with the road show that the former minister of agriculture put on as he went travelling around the countryside saying that the crow must stay, that those dastardly feds must never touch our sacred crow. The people didn't believe him either. Ours is the only consistent position, and that was reflected in the last election.

There is one other little inconsistency, Mr. Speaker. At the first ministers conference in Point-au-Pic, Quebec, three or four years ago (I'll get the date for you if it is important to you), our premier of that day, the member for Elphinstone, offered to put 50 per cent of our energy revenues on the table for a national energy fund or whatever, in return for protection of the crow — 50 per cent of our oil revenues, Mr. Speaker. We are not prepared to bargain away our oil revenues, which the people of Saskatchewan deserve in full measure, for protection of the crow. We think the people of Saskatchewan deserve full measure of return from the resource revenues in addition to protection of the crow.

And finally, I want to talk briefly about the hollow ring that comes from that side of the House when they talk about statutory rates. Mr. Speaker, we had a statutory rate here in Saskatchewan that was 19 cents on a gallon of gas. That government decided that they could very sneakily generate a little more revenue from this and blame the feds for every increase if they put in a statutory framework, Mr. Speaker. Well, the people of the province remembered, and on the 26th they voted for consistency. Our position hasn't changed, nor will it.

**SOME HON. MEMBERS:** Hear, hear!

**HON. MR. BERNTSON:** — Our position can't change, Mr. Speaker, not because we are diametrically opposed to railroads making a dollar, or grain companies making a dollar. We don't think that it's a sin to generate a profit. But what we think would be the cardinal sin, Mr. Speaker, would be to cause, through increased costs to the agricultural community, the demise of the family farm in Saskatchewan as we know it today. There is only one world price for wheat, and we deal in an international market. Our four major competitors, France, Argentina, Australia and the United States, all have the benefit of a subsidized transportation system to one extent or another. In addition, they don't have the thousands of miles and range of mountains to get the grain through to get to export position. Any additional cost rolled back from the world price is right out of the pocket of the Saskatchewan family farm as we know it today, because the margins now are so skinny that people are barely able to make it. And any further increase in transportation costs is totally unacceptable to this government.

Our position, the bottom line, quite simply, is that the crowrate should remain unchanged and that the federal government should be responsible for paying for any crow shortfall.

Mr. Speaker, another item in the Gilson report that concerns me somewhat is the Gilson recommendation that would have farmers share increased costs up to a maximum of

4.5 per cent, and that they would pay all the cost, the complete compensatory rate, 100 per cent, of everything over 30 million tonnes production. Mr. Speaker, the 3 per cent for the first term and the 4.5 per cent maximum overall, is bad enough. It's acceptable to some; there were people at the Gilson hearings who thought that it wasn't unreasonable. But compared to the 100 per cent, full compensatory rate for everything over 30 million tonnes, it looks like a bargain. Both must be looked upon as increased costs to the agricultural community, and unacceptable. We have from every quarter urgings and encouragements for the agricultural community to become more productive, to enhance the balance of payments for Canada. And while they are encouraged to become more productive, the full compensatory rate just whacks them for any increased productivity that they might generate because of this encouragement coming from all quarters. I think it's a bit of a contradiction, Mr. Speaker.

Another concern I have: they talked about a grain freight stabilization fund that would be set up along the lines of the Western Canadian Grain Stabilization Fund. It hasn't worked well, nor can it work well, Mr. Speaker. When a multiple-year averaging formula exists in a high inflationary period, the likelihood of a pay-out becomes less and less likely. The farmer is again at a disadvantage, Mr. Speaker, in that the other two partners in the whole discussion, the federal government and the railroads, have the ability to crank in some more revenue. The railroads just crank up the rates; the federal government can crank up taxes. The farmer is a price taker. He can't pass on those costs because, as I said earlier, there is only one world price for wheat at any given time, and that's where you sell.

All in all, Mr. Speaker, the Gilson report, although it admittedly is a document of compromise, is a document of uncertainty. We are not prepared to buy a pig in a poke. It is a document of uncertainty because everything is now left up in the air. They are developing four committees to deal with the various recommendations in the report. In addition to those four committees, I understand that every five years the whole process will be reviewed to see if it should be adjusted. When I see the federal government, with its political base in central Canada, reviewing a program that was designed to help western Canadians, I don't expect a great deal of sympathy out of Central Canada, quite frankly. So I'm fearful that even if it did work well 5, 10 or 15 years down the road there would be other adjustments to take any of those advantages away that we may have gained.

Quite simply put, Mr. Speaker, we are not prepared to sacrifice a known cost, the only known cost we have in agriculture, for a document of unknowns and more uncertainty down the road, because we don't know what may be generated out of these various committees that are set up or indeed the five-year forever-and-ever-amen review that would be coming out of this.

I don't think that there is a great deal that can be said that hasn't already been said in this House about the whole matter of crow. It has been debated ever since I have been here. Our position hasn't changed. The members opposite will tell you that their position hasn't changed.

The Saskatchewan government recommends that the federal government assure western grain producers that the future burden of all rail costs will be borne on behalf of all Canadians and that western grain producers will not be subjected to any disincentives regarding additional production.

Mr. Speaker, our position is firm. It is consistent. It hasn't changed since the day I was

first elected in 1975. I would urge all members to get on with this debate and get it dispensed with, so we can get on with the business of the House.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LUSNEY:** — Thank you very much, Mr. Speaker. I don't want to delay the business of this House, but I would like to say a few words on the Gilson report.

As much as I hate to admit it, I would have to agree with the Minister of Agriculture.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LUSNEY:** — I would have to agree with him that the Gilson report is definitely not going to be something that is going to help the farmers of western Canada. It is bound to put many of the smaller farmers out of business. At the same time, it is also going to put a lot of the small business people out of business. I think that is something that is farther reaching than we realize. It is not only the farmers' future which is at stake here. It is the future of rural communities. I don't hear too many people mentioning that. That is something that is very important. Along with the farmer I think all of rural Saskatchewan is going to suffer.

There is no question, I think, that this report, if it were adopted, would mean the end of the statutory rate. I think it would also mean that there is a very good possibility that we are going to have variable rates because at no time in the Gilson report was there mention of non-variable rates.

One thing that the Gilson report does say is that they would somehow set up the legislative framework that would look at the whole issue and would review annually what the rates might have to be. I think, when you look at that, Mr. Speaker, that is clearly saying that somebody within the legislative process is going to decide the fate of the farmer. They are going to make the decision as to what the farmer is going to pay at any given time: this year, next year, or 10 years from now. One of the things that he does say in there also is that the CTC will have quite a bit of say in whether the rates should be increased or not. Mr. Speaker, I think we have seen from time to time that the CTC is not necessarily going to do something which is of benefit to western Canada or to the farmers of western Canada. I think we would have to remember, when pressures were put on the CTC with regard to VIA Rail, that it did not say we should continue with VIA Rail, that we should provide service for the people. The decision was made in Ottawa; it wasn't made by the minister; it didn't matter what kind of representation was coming from the people; the CTC said that VIA Rail had to go.

I'd have to say, Mr. Speaker, that I am sure that if this type of process existed with the statutory rates, and if the CTC is given the power to set those rates or to review them, or if members of government in Ottawa are allowed to do the same, then we are very likely to see those rates increasing on a yearly basis. They are not likely to stay fixed. They will not stay fixed, according to the Gilson report.

The Gilson report talks about trying to develop and promote a system that is going to be more efficient and more economical. I think, when you look at what they are saying there, that what we have to be concerned about is efficiency and economy. That sounds quite good. I think we should be concerned about that. But that is also saying that we should be looking at abandoning more branch lines. They are also saying that we will be

looking at unit trains and inland terminals. That, Mr. Speaker, is what that report is really saying, I think. When you look in the report and see that the CTC can review and complete the scheduling of hearings for the rail lines that were under abandonment, I think that in a short time many of these rail lines, which some of the farmers felt were going to be around for a while, will not be there. I think they are looking at a good number — in excess of 1,100 miles of branch lines. By 1986 I think we would see that many of these branch lines would no longer be in there. Even the Prime Minister has said that he would not be putting in a program unless there was some consensus out there, and yet we are going ahead; we see a report that is saying that we have to change the rate structure and the farmers are paying. It is saying that the responsibility should be going more and more to the shoulders of the farmer rather than to the government. That is what we are hearing from that report now, and yet in all the hearings that were held I haven't heard of too many farm organizations that are in support of what is being proposed in this report. The wheat pools, the farmers' union, the Saskatchewan Federation of Agriculture — none of those groups are saying that we should be doing away with the statutory rate, and yet the report says exactly the opposite.

Mr. Speaker, when you look at that report in total, I think you will recall that in many speeches, as has been mentioned in this House before, it was predicted that this is exactly what would be happening, and it didn't matter how many studies were made on it, or how many reports there were. The government in Ottawa had made the decision to go ahead with putting the costs of moving grain on the shoulders of the farmer, and this report indicates that that is exactly what is going to happen. But it is going to eliminate all the elevators in rural Saskatchewan. It is going to be putting in place inland terminals that are going to be expensive for farmers. They won't be expensive to construct, but the cost is going to be there when the farmer has to move his grain to the inland terminals.

Costs that are going to be anywhere from 5 to 8 or 10 to 13 times the crop mean that every farmer in a small area like the northern part of my constituency would be selling out. There would be only a few large farmers there, because any of those farmers who have to move their grain 50 or 100 miles, with the size of farms that they have, would not be able to survive on those farms.

This report, Mr. Speaker, I think just proves what has been said by the present Premier of the Government of Saskatchewan, that we will have about three out of five farmers leaving the land, and the rest will be taking over. I hope that isn't the position of that government at this time. I hope it is saying that what we have to do is keep the statutory rate in place, and that we keep as many of those farmers out on the farm as we possibly can.

Mr. Speaker, I think it is quite clear that I intend to support the motion when it is in place here, and I cannot agree with what is in that Gilson report.

**SOME HON. MEMBERS:** Hear, hear!

**MR. HEPWORTH:** — Mr. Speaker, I would like to rise and speak on this matter, which is of grave importance to the farmers of western Canada. I, like many others here, haven't had a chance to study it in detail, but feel there are some comments that have to be made after first glances. As you know, Mr. Speaker, our position has been pretty clear

consistently: the crowrate must remain unchanged, and the federal government must pay the shortfall.

Farmers want three things in this whole issue. First, they want their grain moved efficiently and, to that end, they don't want to be blackmailed. The second thing they want is to have it moved at the best price, and that's the crowrate. And the third thing they want is for the Progressive Conservatives to handle those dudes in Ottawa because you can't trust the NDP. The NDP helped put the fuel prices up, and they helped put Jean-Luc Pepin, the very man who is trying to steal the crow, in Ottawa today.

There has been lots of talk recently in the news, vis-à-vis the world situation, about war and increased armament build-up. Some say you have the hawks on one side and the doves on the other. When it comes to the NDP and the Liberals in Ottawa, they're parrots. The farmers want the Conservatives handling those dudes in Ottawa for another reason: because we are on the same wavelength as the farmers. That's why we represent virtually every rural riding in this province today, and virtually every urban riding, for that matter, as well.

The opposition doesn't have to convince us, or the farmers we represent, to keep the crow. We know it, and we understand it. Instead of spending \$100,000 in Saskatchewan on the road show, that money would have been better spent convincing the rest of Canada, especially central Canada. Those are some of the things that could have been done to help our farmers.

The report is important also as much for what it doesn't say as what it says. It maintains that we are going to have increased costs in transportation. We cannot tolerate any of those increases, as has been amply pointed out by the Premier and the Minister of Agriculture, because today farmers are faced with a situation where they don't have a cash flow. It's a cash trickle. They can't tolerate 3 per cent per year till 1986, or a maximum of 4.5 per cent in 1982 and for sure they cannot tolerate 100 per cent of compensatory costs on movement in excess of 30.4 million tonnes. Farmers out there are tired of being penalized for success. Farmers in this province, given a chance, will increase production. We've been penalized for success for long enough in this province, and that can't be allowed to happen.

We will not tolerate this carrot-and-stick approach that's being used by Dr. Gilson. If in fact that is what is intended — a carrot-and-stick approach — some people might opt to take the 3 per cent increase saying, "Well, it doesn't look that bad," knowing full well that after five years it will be reviewed. Who knows what happens in those situations? So, not only can we not tolerate a 3 per cent increase, or 4.5 per cent, or 100 per cent, we cannot tolerate increases, period. Three per cent would not be cheap insulation against inflation, when 10 years later that insulation self-destructs. We cannot tolerate any of these increases any more than farmers could tolerate the 54.8 cents per gallon federal tax on diesel fuel that the buddies of our friends in opposition here put into effect. Those are some of the things that are spelled out fairly definitely in the Gilson report.

There are lots of other fuzzy areas that look equally unappetizing. The water is murky with the establishment of several committees. The first one is a central co-ordinating agency I suspect may be designed to replace the grain transportation authority. Its terms of reference, at least to me, seem poorly defined. What are they? Are they better than what we have had? If not, why? What are the terms of reference? It seems very vague in this area to me.

Then we have a couple of other committees; a task force for administration to determine administration mechanisms and a task force to examine freight rate structures. Those are just full of questions. Who? What? Where? Why? In fact, the only one that looks at all appealing is the committee to preview legislation. I could see some sense in that one.

The question of accountability of railways has been raised. As I pointed out, this is one of the two things that farmers do want. They want efficiency, and to have efficiency, no doubt, you have to have accountability. There is going to be a greater demand for more efficient grain movement as grain production increases. On that basis, I would want to see this issue addressed more fully or at least more fully than it appears on the report. In fact, the reference to a 10 per cent or 20 per cent holdback: how that would be administered, and would increase accountability.

We know how important this issue is to our farmers and they can trust us. We will not let them down. We will not let them down, as some have, when it comes to fuel costs and buying up more land.

There are many fuzzy areas. There are certain areas, or at least what appear to be some certain areas. We do not accept any of the shifting of costs to the farmer. We certainly do not like the fuzzy areas that go with it. It is not just a farmer issue. It is an issue in all the towns and cities in this province and in this country. It is important to the economy in my constituency as it is important to the whole Canadian economy. Mr. Speaker, I know that you can count on this government and its members to do more than is necessary, and to keep on doing it, to protect the farmers as it relates to the crowrate. Thank you.

**SOME HON. MEMBERS:** Hear, hear!

Motion agreed to.

## **MOTION**

### **Rule 17**

**MR. ENGEL:** — At the end of my remarks, I wish to move a motion:

That this Assembly affirms its support for the fundamental principles of the statutory crowrate, including a rate for producers fixed in law, the payment of any revenue shortfall by the federal government to the railways, equal rates for equal distance as through a per tonne per mile producer rate fixed in law.

Further, that this Assembly rejects the proposal on recommendations contained in the report submitted to the federal government by Mr. Gilson and released today, and particularly the failure to include a guarantee of equal rates for equal distances, the substantially increased rates which producers will have to pay under those proposals after 1982-83, the virtual elimination of payments to railways by 1990.

Further that this Assembly urge the Government of Saskatchewan to commission former chief justice, Emmett Hall, to hold public hearings on the

Gilson report, and to make recommendations to this Assembly prior to the Government of Saskatchewan providing a response to the federal government on the findings of the Gilson report.

Mr. Speaker, I have looked at releases which came off the wire today from various people across our Dominion and I feel urged to move this kind of motion at this time.

In Winnipeg, Manitoba Transport Minister Sam Uskiw said he hopes to meet with federal Transport Minister, Jean-Luc Pepin, to discuss the Gilson recommendations. Uskiw said that if the recommendations are adopted they could have a serious impact on the economy, particularly in western Canada. Uskiw and the NDP government of Premier Howard Pawley have long been opposed to any federal move to scrap the statutory freight rates. A resolution condemning the federal stance has been placed before the Manitoba legislature.

Later, I want to refer to a quote from our own Minister of Agriculture.

In Calgary, a government payment to grain producers is a payment that could eventually be cancelled, says Al Beattie, spokesman for the Alberta Wheat Pool. Beattie said the transferred payments would look like a subsidy for grain and would be subject to cancellation by a future government. Pool officials think that by 1990, given the present outlook for inflation, the farmer's cost for moving grain would be in a range of 3.5 times what farmers pay under the crowrate, Beattie said. He added Clay Gilson's report faithfully represents railways and some other commodity groups.

I have one more that I want to refer to here.

Bob Douglas, executive secretary to the Manitoba Farm Bureau, said the farm bureau isn't committed to do anything more than taking the report back to the Manitoba farm community, with an attempt to see what their reaction is, whether it's acceptable or not. "I feel uncomfortable with some things and I know very well that some of the grain producers are going to feel uncomfortable," he said.

Different people across the country are agreeing that we should be going out to give the farmers a chance to have their say on the Gilson report.

And what does our Minister of Agriculture say in his press release?

In Regina Agriculture Minister Eric Berntson told reports that Saskatchewan feels the crowrate should be retained unchanged . . .

He feels that way about it.

. . . but agreed the small share suggested by Gilson is not unreasonable when the country is faced with double digit inflation.

This is a little bit different from what we heard in the House today, Mr. Minister of Agriculture. He calls it a small share, when it goes up to close to, or more than, five times the crowrate. If any additional grain is produced this year, we pay all the freight rate. Is that a small share? I think that we have to give the people of Saskatchewan a

chance to speak out on, and to say their piece, as to why they don't like the crowrate.

I think the Gilson report makes the first point very clear. It's gold coloured and it's the colour that the multinationals, particularly the railway companies, can line their bank accounts with. The fixed rate in law, as far as this report is concerned, has gone. The statue we were used to, and worked under, is gone. This isn't the first time, Mr. Speaker, that in this House we have discussed the crowrate. This Assembly has been talking about fixed rates in law. Members have been expressing concerns that the federal government face up to its intentions and not do away with the crowrate. The rate was established back in 1925 as the crow statutory rate. The concern was very aptly expressed last March 15 by the former minister of agriculture, when he said:

The concern is that the law for the farmers is to be replaced by a law for the railways.

He was rejected at the polls but he was a prophet. He knew what was happening. The fixed rate in law is gone in this Gilson report and the Minister of Agriculture thinks it is a joke, Mr. Speaker. The Minister of Agriculture thinks it's a joke that the fixed rate in agriculture has gone. All kinds of rhetoric has come across the floor today. We listened to the Premier give his comments on this western grain transportation report by J. C. Gilson. I never heard him mention the report. He talked about land bank. He talked about all kinds of things that we were doing which he thought were wrong. He never even took time to mention the report, and so consequently we are placing before this House a motion to give him another chance to answer the question: what is this government going to do about the fixed rate?

The prairie farmer in 1925 was a captive shipper of the railways, exactly the same as I am today. That is still true. For the best and most efficient job of hauling our grain to the East or to the West we have to depend on the railway. We have no alternative waterway. We have no other markets at hand. We need a guaranteed deal, a fixed rate, to move our grain.

The second point, Mr. Speaker, that concerns me is that there is no guarantee that we won't be going on a variable rate. Equal rates for equal distance, like we got out of the statute in 1925, are not included in this report. Consequently, we have to look at a motion and we have to give the farmers a chance to express their views as to whether they are prepared to go on different rates for different distances. Are they prepared to haul their grain to a main line rather than to a branch line? Because the proviso that you provide equal rate for equal distance will be removed, how then do you make sure that branch lines are going to be protected in our system?

Equal rate for equal distance, Mr. Speaker, provided a total delivery package. It didn't matter where the producer lived — in the North or in the South, close to town or a distance from town — he knew what his freight costs were going to be. If he lived on a branch line or on a mainline, as long as the distance from the port was the same the freight was the same, Mr. Speaker.

Equal rate for equal distance was the foundation plank that the farmers used on which to build their own elevator systems, the UGG (United Grain Growers) and the Saskatchewan Wheat Pool, and to have their country elevators located, as the phrase implies, "at country points," next to where the grain is produced. Saskatchewan Wheat Pool has elevators on branch lines, on secondary lines and on mainlines. Some of our finest, most efficient plants have been built on branch lines, right in the heart of the



country where the grain is produced. The thrust of this report is not so much what it contains, but the fact that nothing is mentioned about fixed rates in law that ensure farmers equal rate for equal distance.

The third point, Mr. Speaker, I think is very serious, and that is that the initial shortfall, that \$640 million, will be paid initially to the railways, but by 1989-90, 81 per cent of that will be paid to the farmers. The point that concerns me about this, Mr. Speaker, is what about a performance guarantee? So much was made at the beginning that, yes, we are going to have this motion and then we will have some performance guarantees.

I just casually perused this report, and when I looked through it I couldn't find anything that gives the farmers some say as to how this performance is going to be guaranteed. They talked about a central co-ordinating agency. No farmers are on that agency. Mr. Speaker, they talked about us paying in advance to the railways and then after a few years of operation they would look at the proposal. Nothing is said in there — there is no voice on the central co-ordinating agency. Quite frankly, I am surprised that Professor Gilson had the audacity to make this part of his plan public. Like I said earlier, the law for the farmer is being scratched for a new law for the railways.

Mr. Speaker, the fixed rate per tonne mile is the same; in its place is a complicated program, the framework to have the farmers pay adequate compensation to the railways. There is nothing in this program for the farmers to voice their concerns about the delivery system. Where will they haul their grain? How much will the farmer have to pay? Who makes up the difference in the shortfall that the railways have?

The fourth point, Mr. Speaker, is that in addition to the farmer paying up to 4.5 per cent of the increased costs he will pay 100 per cent of the cost of the increased volume. And this is a situation that is fairly serious. I think the present Department of Agriculture still has the thrust that as farmers we are supposed to increase our production without increasing the overall size of our operational unit.

This year looks like a good year down in our country. We have had a tremendous amount of rain. In fact yesterday I didn't know if it was going to quit raining or not. We got about an inch and one-half in a few minutes.

But the prospects of increasing the amount of grain we can grow down in the South, in the dryland area, Mr. Speaker, are considerable this year. The \$30.4 million that is used as a base line for the old wheat, or the amount the figure is going to be compared to what the new grain is going to be, is exactly how much grain was sold in last year's crop — \$30.4 million. This can be exceeded. This very fall, Mr. Speaker, if you produce more grain, according to this report you'll be paying five times the crowrate already. You'll be paying five times as much for hauling your grain, that new grain, that additional grain you're going to produce this year.

Gilson didn't take into account the hopper cars that were purchased by the federal government or the Canadian Wheat Board when he considered the railways' costs. He didn't take into account the 1,000 hopper cars purchased by the Saskatchewan Grain Car Corporation, nor did he take into account the 1,000 cars that the Alberta Heritage Fund bought.

He said that the producer, the western farmer will pay the full cost of shipping the new grain, not 8 or 9 years down the road, but this fall, right now in this crop year. When you look at the conditions we faced last year compared to this year, that is going to have a

considerable impact on the farmers in my constituency.

The next point, and the fifth point I want to make, Mr. Speaker, is the mention of the CTC and the recommendation to revive the CTC's operation. I sat back quite happily last year and felt that we won that stage of the battle. The basic branch lines in my area were guaranteed until the year 2000. And it looked like we weren't going to have to worry about that battle for the immediate time. But not so, according to this report, Mr. Speaker. It seems to indicate that that is the direction that the railway system is about to move in. I quite frankly feel that the battle for the branch lines isn't settled. I think that we have a big job on our hands again now. What is going to happen to the branch lines that serve our local communities, that serve the farmers that are off the mainline? I think the farmers and the people of Saskatchewan should have a chance to make their views known to the federal government before it implements this report that's going to have such tremendous effects on the farmers.

The sixth point (and this is very subtle, Mr. Speaker, the one that maybe scares me most of any in the report to this point) is that other sources of productivity gains be strongly pursued. Mr. Speaker, that sounds like railway talk to me. That sounds like he's encouraging the promotion of inland terminals, unit trains and fewer branch lines. Group that together and we move toward a development on a permanent basis, not just for snow closures like they had on some of the lines down in our area, but no more upgrading, plainly fewer branch lines. On section 4 of page 4, he makes a motion, and the Premier, when I raised this in question period today, said he hadn't had time to pursue the details of it, but here he says:

We recognize that our recommendations call for a somewhat larger contribution from all parties than each might have originally envisaged. We believe it to be a fair sharing, taking into account the capacity of each part to absorb costs.

I think what he took into account here was the CPR's capacity to absorb income, not costs. He didn't take into account the farmer's capacity. I think the farmer should have a chance to voice his concerns about these absorbed costs. I think the farmer should have a chance to go to public hearings and to make recommendations on what he feels are his costs. If Gilson thinks that I can pay five times the crowrate on the new grain this year already, that in 10 years down the road we will be paying 10 times or 11 times the crowrate on all of our grain, I don't think he is aware of how much our farms can absorb additional costs.

One more statement that I want to refer to, Mr. Speaker:

We anticipate that any remaining differences will receive a full and fair hearing as the next steps are taken to develop the appropriate legislation and implementing plans.

He is throwing out a challenge here to this government. He is saying, "It's your responsibility to speak for the farmers of Saskatchewan and give them a chance." We know what your counterpart in Ottawa wanted to do; we know what Pepin's intentions are; we know who Pepin's friends are. But are you making known, Mr. Minister of Agriculture, what the views of the farmers of Saskatchewan are? Different members have been standing up and taking part in this debate, saying they are speaking for the farmers. Are you giving the farmers a chance to say their piece, or are you going to say to them that it's really not so much; it's really not that big a thing; it's a small amount

compared to double-digit inflation? Is that the message you want to send to Pepin? I think the farmers have to have a chance to make their views known. So consequently, I think this resolution is a very timely one, Mr. Speaker, and it gives me a great deal of pleasure to move, seconded by my seat mate, the member for Quill Lakes, the above resolution.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SCHMIDT:** — Mr. Speaker, I have to rise to speak for the farmers of Saskatchewan and my constituency. I think it's fitting that the opposition should take note and pay attention. I'm disappointed that the press left because unfortunately my wise words are going to fall on deaf ears.

I was disappointed to see the *Leader-Post* today report that farmers will be paying more to move grain by the fall of 1983. My initial reaction was it would be over somebody's dead body but not mine or my party's. And I say, figuratively speaking, it will be over the dead bodies of the former members in government, and of other NDP members, for example, our member, Lorne Nystrom — it will be over his political dead body that farmers will pay more.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SCHMIDT:** — Lorne Nystrom is responsible. It is because of Lorne Nystrom that I am forced to speak here to defend the farmers of our area. There is a man, a senior man in the NDP of Saskatchewan, who couldn't speak sensibly and keep his fellow junior members in line so that they would know whom to vote for in 1979; they voted against the farmers in my constituency and we're never going to let him forget it. I think the members opposite need a little lesson in history. The information comes mostly from their election material. It was very helpful of them to give me a lesson in history, but it wasn't quite accurate so I looked it up myself.

Now I understand that in 1925 the Liberals were in a minority position in Ottawa and they were on their knees begging for support. And whom did they go to? The western Progressives, and they got support. But there was a deal made, and as I understand it from the NDP election material, the deal was that the crowrate would become statutory and western farmers would get protection. That's correct. But what the members opposite have forgotten is that in 1931 the western Progressives joined the western Conservatives to form the Progressive Conservative Party. The Leader of the Opposition should know a Tory when he sees one; he comes from eastern Canada and that's where the Tories live.

Here we have the Progressive Conservatives, I find the term "Tory" as derogatory as "Marxist," and I don't throw it over there. In 1961 we had a Progressive Conservative government in Ottawa and it seems that the famous and distinguished John Diefenbaker was then the prime minister . . . (inaudible interjection) . . .

**MR. SPEAKER:** — Order, please! The hon. member for Melville has the floor. Would you give him a chance to speak?

**MR. SCHMIDT:** — I ask the members opposite to pay attention because the press is back and my speech is now not falling on deaf ears, so they can read it tomorrow.

In 1961, I want to remind them, John Diefenbaker added rapeseed to the crow statutory rate. I heard early this year, when winter fell upon us and Mr. MacMurchy went flying about the province in his black suit, that the Progressive Conservatives were against the crow. May I remind them that it was the Progressive Conservatives who instituted it, who defended it.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SCHMIDT:** — Now, on the other hand, in 1979 — this isn't long ago. I'm sure my friends opposite will recall 1979 — the Progressive Conservatives had a minority in Ottawa, and they needed some help. But did they get help? Instead, Lorne Nystrom and his band of five voted against the people of Saskatchewan.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SCHMIDT:** — The federal government of Joe Clark and the Progressive Conservatives did not tamper with the crowrate, they didn't suggest it. They did not tamper with VIA Rail, and they did not tamper with the national energy program. And because of the way the NDP voted . . . (inaudible interjections) . . . We wouldn't have Gilson's report if it weren't for your bad habits.

Not only do I have to stand up now and defend the crowrate, but I have to get on my knees to Ottawa to get my train back in my constituency. I tell you that Lorne Nystrom will pay for that when judgment day comes in two years.

But the NDP had a solution for this problem. They caused it, and then they had a solution. First of all, they sent Mr. MacMurchy running around the province, spending \$100,000 to ask farmers if they wanted to retain the crow. The members, in their wisdom, are elected to think, and I don't think any farmer in Saskatchewan wants to get rid of the crow. Now they ask us to set up a royal commission to study, again, the question of whether or not we should keep the crow. We know the crow should be kept. It was confirmed on election day, April 26, 1982. Now how long do they want us to study it? I would like to study it only on one condition; that it be studied until the next federal election, and after that it won't be necessary to study it anymore.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SCHMIDT:** — At least we agree on one matter, except I point out that we won't be bothered with the federal NDP after the next election.

I have to fight to defend the crow, because from my brief reading of the Gilson report, the federal government is going to ask the farmers of this province to pay an increase of approximately 12.3 per cent per year. I think the people of my constituency, the farmers in my area, would be pleased to pay an increase if they could first get a 12.3 per cent increase in the price of grain for the next 20 years or so. But they've been offered nothing as far as increases in their incomes. They've been told, "Go dig in your pockets, and feed eastern Canada." And that's what they've had for years, and they've been efficient, and they've fed the world. And the thanks they get is to be punished with increases in their freight rates. And I tell you this government will not stand for that . . . (inaudible interjection) . . . "You watch us" is right.

The farmers of Canada, and in particular western Canada, have been subsidizing the citizens of Canada by millions of dollars in providing them with cheap food. They

cannot afford to pay higher rates. I'll give you some examples of the problems that they've seen happen over the last 60 years.

In 1920 when my grandfather bought our family farm, the price of wheat was \$2.20 per bushel and land sold for \$4,000 per quarter with an interest rate of 8 per cent. At that time, farm power ran on hay. It was free and it wasn't taxed by Ottawa. It was a bit polluting, but it worked.

In 1982 wheat is about \$4.25 per bushel. It has gone down in the last year. A quarter of land in my constituency costs \$70,000 at an interest rate of at least 18 per cent. Now, the members opposite say we should have solutions. We have solutions and we will lend money to young farmers at 8 per cent —there's our part, the provincial share.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SCHMIDT:** — Fortunately, most of the farmers in my constituency can still afford a car, so the reduction in the gas tax does help them. You've heard the telegram here telling Ottawa to get their 54.8 cents per gallon off our diesel fuel. We're doing what we can, but I remind the members opposite that we represent 4 per cent of the population. On one day, the day the NDP voted against the Progressive Conservative government in 1979, our 4 per cent counted, and what did they do? They sided with their friends in the East.

**SOME HON. MEMBERS:** Hear, hear!

**MR. SCHMIDT:** — I say that in the last eight years, the price of wheat has gone down while the wage of the average Canadian has gone up two and one-half times, and, on the contrary, the price of farm machinery has gone up two and one-half times. Interest has doubled; beef has been in a terrible position with respect to prices; hogs are just finally beginning to recover and it may be temporary. We're going to send a message to Ottawa: if you raise the domestic price to \$12.00 per bushel, then we'll consider increasing the freight rates. All the citizens of Canada should pay, because all the citizens of Canada have benefited from a cheap food policy. A cheap food policy can no longer be continued on the backs of the farmers of this province.

What solution do the members opposite have? Another commission. They want to spend more money asking the same question to which we all know the answer. The answer is that we have to go down and convince Ottawa to do justice. We've had chances; we'll get the chance again in two years, and you will see this government — the Government of Saskatchewan — fighting for that principle. The Premier is going to Ottawa on Wednesday; he will be fighting for this province. We will all go to Ottawa, if necessary, and we'll continue to fight.

I remind the members opposite that we have 4 per cent of the population and in 1979 their colleagues blew our chance.

**HON. MR. BERNTSON:** — Mr. Speaker, just a couple of brief comments relative to the motion which was presented by the member for Assiniboia-Gravelbourg. He's injected a little confusion into the whole debate, and I'm sure that comes as a surprise to no one.

In his motion he is calling for this Assembly to affirm its support for the fundamental principles of a statutory crowrate. Then he goes on to say, "including a rate for producers fixed in law." And that's good. He asks for a payment of any revenue shortfall by the federal government, and that's good. He includes equal rates for equal distance, and further states that this Assembly reject the recommendations contained in the report submitted to the federal government by Mr. Gilson. He mentions the failure to include guarantees, and on and on. He's asking that this Assembly be firmly committed to these various principles and ship that off to Ottawa and say, "This is our position," yet in the same motion he's asking us to spend another truck load of farmers' money to conduct additional hearings relative to the whole question of crow. This is clearly a contradiction. On the one hand it says we are going to fix forever in stone these principles, and on the other hand it says, "Let's have some hearings."

I'm going to eliminate the confusion, and help the members opposite get this thing sorted out, by simply moving that the motion be amended by deleting all words after "crowrate" where it appears in the second line. That is seconded by the member for Wilkie.

Amendment agreed to on the following recorded division.

**YEAS – 45**

Birkbeck	Smith (Swift Current)	Hopfner
Taylor	Boutin	Klein
Andrew	Hampton	Rybchuk
Bernston	Weiman	Caswell
Lane	Bacon	Gerich
Rousseau	Tusa	Domotor
Pickering	Hodgins	Maxwell
Sandberg	Sutor	Dirks
Hardy	Sveinson	Hepworth
McLaren	Sauder	Folk
Garner	Petersen	Morin
Katzman	Glauser	Myers
Currie	Schmidt	Zazelenchuk
Duncan	Parker	Johnson
Schoenhals	Smith (Moose Jaw South)	Baker

**NAYS — 9**

Blakeney	Engel	Lusney
Thompson	Lingenfelter	Shillington
Koskie	Hammersmith	Yew

Motion agreed to on the following recorded division.

**YEAS — 54**

---

Birkbeck	Weiman	Maxwell
Taylor	Bacon	Dirks
Andrew	Tusa	Hepworth
Berntson	Hodgins	Folk
Lane	Sutor	Morin
Rousseau	Sveinson	Myers
Pickering	Sauder	Zazelenchuk
Sandberg	Petersen	Johnson
Hardy	Glauser	Baker
McLaren	Schmidt	Blakeney
Garner	Parker	Thompson
Katzman	Smith (Moose Jaw South)	Koskie
Currie	Hopfner	Engel
Duncan	Klein	Lingenfelter
Schoenhals	Rybchuk	Hammersmith
Smith (Swift Current)	Caswell	Lusney
Boutin	Gerich	Shillington
Hampton	Domotor	Yew

**NAYS — 0**

**HON. MR. BERNTSON:** — Mr. Speaker, before you say anything that would cause us to come back at 7 p.m., and since we have, after great consultation, decided that it probably isn't necessary, I move this House do now adjourn.

The Assembly adjourned at 5:07 p.m.

## **CORRIGENDUM**

The second last sentence in the last full paragraph on page 247 of the *Debates and Proceedings* (N.S. Vol. XXV, No. 6A, Thursday, June 24, 1982) should read as follows:

And we intend to work very hard to rationalize exiting programs in order to get the most benefits for Saskatchewan people.

[NOTE: The online version of *Hansard* has been corrected.]