

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Monday, December 12, 1983

The Assembly met at 2 p.m.
Prayers

ROUTINE PROCEEDINGS
PRESENTING PETITIONS

CLERK: — I hereby present and lay on the Table the following petition by Mr. Glauser:

Of the Crown Trust Company and Central Trust Company of the city of Toronto in the province of Ontario.

READING AND RECEIVING PETITIONS

CLERK: — According to order, I hereby lay on the Table and favourably report under Rule 11(7), the following petition for reading and being received:

Of the Saskatchewan Association of Rural Municipalities praying for an act to amend its act of incorporation.

WELCOME TO STUDENTS

HON. MR. DUTCHAK: — Mr. Speaker, it's my pleasure to introduce to you and to this Assembly a group of 35 students from the Native Metal Industries training course. These students are from various parts of the province. They're accompanied by Bev Kowalski and Lawrence Thompson. I'd like to introduce this group to the Assembly and wish that they have a pleasant stay here; and they'll be touring the building later, and I'll meet with them later.

HON. MEMBERS: Hear, hear!

QUESTIONS
Accessibility Legislation

MR. SHILLINGTON: — Thank you very much, Mr. Speaker. A question to the Minister of Labour with respect to the accessibility legislation which you had 18 months to draft and still botched the job. You said that you need, Mr. Minister, until next Friday . . . You need until next year to clean up the bill and proceed with it. Mr. Minister, on Friday I sent you a series of amendments which would clean up the bill and make it acceptable. My question, Mr. Minister, is: will you now confirm that you'll accept the amendments to Bill 19? Because if you will, we can proceed with this bill and have it passed at this session so that justice will be brought to the handicapped people.

MR. SPEAKER: — I believe that the member is asking questions about a bill that is before the Assembly. It's been tabled and is really not a question that's in order.

Government of Saskatchewan Bond Issue

HON. MR. ANDREW: — Yes, Mr. Speaker. The Premier took notice of a question from the Leader of the Opposition on Friday with regard to a bond issue that the province of Saskatchewan did, reported by some guy by the name of Grunt, or something like that, within the financial community in Toronto. His concern in that paper was, Mr. Speaker, that we had priced that bond issue too low. In other words, we're trying to borrow the money at too low of a

rate of interest, and it wouldn't fly.

Well, Mr. Speaker, as we do with all bond issues, of course, is sell that to our lead managers in the five major banks so there's no risk to the province of Saskatchewan. Clearly, we priced it as low as we thought possible. People were concerned that it was, in fact, priced too low. But I can advise the Assembly, which was the question of the Leader of the Opposition, that, in fact, two days after the bond was issued, it was, in fact, trading at a premium. We, in fact, did have the low rate that we should have had.

Further, Mr. Speaker, he indicated whether or not, what the Premier would do to ensure that we would not be the laughing stock. The last two bonds that we did, number one was \$100 million for one year, Mr. Speaker, traded below the Government of Canada treasury bills. That's number one.

Number two, we did a five-year deal, the \$125 million traded below Ontario Hydro which has a triple "A" rating in the market. I suggest that the people in the Department of Finance, Mr. Meiklejohn and his people, are the class of this country when it comes to borrow money, and I don't think we have to take second seat to Grunt and Lute from the *Financial Post* as to how we should do something.

SOME HON. MEMBERS: Hear, hear!

HON. MR. BLAKENEY: — I direct a question to the Minister of Finance. One has no quarrel with the minister when he says that the staff in the Department of Finance are the class of the country when it comes to issuing bonds and pricing them right. And they're the same staff that were there for some years; he'll concede that. The minister, however, is giving them some different direction, and I ask the minister whether he can recall any previous occasion when Saskatchewan has put forward a bond issue, when responsible members of the financial community have termed it the "Saskie fiasco"?

SOME HON. MEMBERS: Hear, hear!

HON. MR. ANDREW: — I guess it's a question, Mr. Speaker, of how we define "responsible". We tend to look at responsible as Dominion Securities Ames, Wood Gundy, Richardson Securities, the five major banks. We don't even know who this Mr. Grunt is, from the Canadian Union Assurance fund. And quite frankly, we're not going to take a great deal of advice from him, Mr. Speaker, nor are we going to take a lot of advice from a reporter at the *Financial Post* who probably has one class in economics, and that's 101.

Accessibility Legislation

MR. SHILLINGTON: — Thank you, Mr. Speaker. I wanted to ask the Minister of Labour about yet another chore that has been botched: the need to make public buildings accessible to the handicapped. Mr. Minister, you delayed on this for some eighteen months. You delayed on it for 18 months and finally botched the job when you got around to it. My question, Mr. Minister is: did you not meet with the handicapped groups, and if you did, how did you come to make such a fundamental mistake?

HON. MR. McLAREN: — Well, Mr. Speaker, I don't know of any mistake that we've made. We have taken the review committee's report; we have gone through that. We've met with the handicapped people a year ago, and we have been waiting for the amendments, or suggested amendments, that may be coming with the national building code. And we now have our legislation in place, and we'll be discussing it over the winter months with all groups again.

MR. SHILLINGTON: — Well, supplementary. New question, Mr. Minister. You say that you do not know that you botched the job. Have you met with the handicapped groups since you

introduced this bill to receive their congratulations?

HON. MR. McLAREN: — Well, Mr. Speaker, I suggested to you the other day that we have had some representation in our office already, and there are areas that we need to look at. But generally speaking the bill was at least a step forward, and that's more than 11 years of what you people did.

MR. SHILLINGTON: — Mr. Speaker, new question. Mr. Minister, you know as well as I do that they want this legislation passed as soon as possible. Why have you not met with the handicapped groups so you can fix up the legislation and proceed with it before Christmas? Why have you not met with them?

HON. MR. McLAREN: — Mr. Speaker, we are going to be travelling around the province to meet with a number of the groups. We will be doing that in January. And we want to have real good legislation in place to pass, and it's going to take a number of weeks and months to write the regulations, and we're wanting that input as well.

MR. SHILLINGTON: — New question. Mr. Minister, are you telling the House that you introduced this legislation as something of a white paper, and that you really didn't intend to proceed with it, but are just simply using this as a basis for on-going discussions and delays?

HON. MR. McLAREN: — Mr. Speaker, the legislation was tabled so that we can have the people look at the bill. If there's any minor amendments that we can make to it, we will look at that also, and it'll be in place in the spring.

MR. SHILLINGTON: — One final supplementary, Mr. Speaker. Why on earth didn't you hold these discussions during the last 18 months? Why are you just getting around to it now?

HON. MR. McLAREN: — Mr. Speaker, I mentioned before that we were waiting for what the amendments in the National Building code were going to be, that are probably going to be coming in 1985. We've had a chance to look at some of those areas to combine the two together — the National Building code as well as the accessibility legislation, so that it's a good act when we put it together.

Increase in Bankruptcy Rate in Saskatchewan

MR. KOSKIE: — Thank you, Mr. Speaker. I'd like to address a question to the minister in charge of Small Business, and this has to do with the recent release, "Province Leads in Bankruptcies." So far this year, while bankruptcies have decreased 10 per cent nation-wide, the number of bankruptcies in Saskatchewan has increased by 18 per cent. So far this year, 847 consumers and small businesses have gone into bankruptcy under this open for business policy.

My question to the Minister of Small Business: can you indicate when, in fact, you intend to implement one of the main election promises, of providing small businesses with nine and five-eighths per cent interest loans?

HON. MR. KLEIN: — Mr. Speaker, I should inform the member that open for business did, in fact, start in April of 1982, when the people of this province elected a free-enterprise oriented government. For the first time in the last decade it appears that you people are finally interested in small business. You're asking me a question. You've never done that before. You didn't care about small businesses before. Let me tell you something. Instead of talking about closings, let's talk about openings, business starts: monthly business incorporations in October of 1983 increased by 59 per cent over October of 1982 — 268 incorporations registered. That's compared with 169 of the year prior. So let's start talking some good stuff instead of some bad stuff.

MR. KOSKIE: — Mr. Speaker, a supplemental. I'd like to again ask the minister whether he is aware of any central essential plank in the Tory platform during the last election wherein you promised to provide nine and five-eighths per cent interest rates to small business? If you have hundreds of millions for the oil companies, why haven't you got interest reduction loans for these small businesses?

HON. MR. KLEIN: — Mr. Speaker, I'd like to point out that as far as small business is concerned, the one program that we put in, the small business employment program, did two things, in case you didn't pay attention. It created 3,600 new jobs, and it put \$17 million into the coffers of small business, so don't 'tell me that about promises.

You know, the member from Shaunavon, sitting there talking from his seat, you know what he called small business yesterday, or the other day, in question period? He referred to small business as sweat shops. Well I like to refer to small business as the largest employer in this province.

SOME HON. MEMBERS: Hear, hear!

HON. MR. BLAKENEY: — A question to the minister whose hearing is as bad as his logic. My question to the minister is this: he will know that Saskatchewan now leads Canada in bankruptcies; can he recall any period at any time during the last 10 years when bankruptcies in Saskatchewan were higher than any other province in Canada? Can you name just one month?

SOME HON. MEMBERS: Hear, hear!

HON. MR. KLEIN: — I don't know. I'd hate to go to a horse-race with you if you read numbers that way, that we lead. We don't, in fact, lead. In terms of percentage, business failures in Saskatchewan are 1.18 per cent. Canada is 1.60. So we're hardly ahead of Canada.

HON. MR. BLAKENEY: — Supplementary, Mr. Speaker. We're not dealing with the favourable position which the minister inherited, but the one he has created. Now is it not true, Mr. Minister, that bankruptcies in Saskatchewan in 1983 have increased more than in any other province in Canada? Is that not true?

HON. MR. KLEIN: — Mr. Speaker, when you consider all of the new businesses that were started in Saskatchewan in the last 10 months, the term of percentage that bankruptcies has increased is very small. Saskatchewan has grown significantly in its population. We're now at a million people. We have new businesses. And I find it most unfortunate that when you do find some of our small businesses that are encountering a slight difficulty, that all of a sudden you choose to make a big deal out of it. Rather, we're trying to help them out, and we are helping them out. We've created a new climate in Saskatchewan, and they're opening up business, and they're creating jobs.

SOME HON. MEMBERS: Hear, hear!

MR. LINGENFELTER: — Supplementary to the minister. In his previous answer he said by how much Saskatchewan was leading the rest of the country in bankruptcies. I wonder, I missed the number, but can you give it to me one more time —how far ahead we are of the other provinces in bankruptcies?

HON. MR. KLEIN: — Mr. Speaker, as a total percentage of operating businesses, 1.18 per cent of Saskatchewan businesses have failed. In terms of percentages federally, 1.60 — well above our average.

MR. LINGENFELTER: — Mr. Speaker, a question to the minister: I would like to know, in light of the fact that he says we're leading the country in bankruptcies, whether he's considering dusting

off the middle-age cheer leaders and having another Open for Business Conference in the near future?

HON. MR. KLEIN: — You know, I wish you guys had a small businessman over there that could understand numbers. Pay attention, I'm going to run it by you one more time. In terms of percentage of businesses, 1.18 per cent have failed in Saskatchewan.

MR. SPEAKER: — Order, please. It's getting very rowdy in the Chamber and it's impossible for you to hear the answer that the hon. member is giving.

Rent Controls

MR. SHILLINGTON: — Thank you, Mr. Speaker. I'll save the minister any further embarrassment and go to the Minister of Consumer Affairs. With respect to your inaction, Madam Minister, on renters who face rent increases double the rate of inflation, Madam Minister, the question has to do with the events of last Friday. As usual, Madam Minister, you were a great deal more forthcoming out of the House than you were in the House. In the House, you said nothing. Out of the House, you promised sweeping changes to the rent control program. Will the minister guarantee that, under her proposed changes, tenants who now live in rent controlled units in both Regina and Saskatoon will not face rent increases above 5 per cent in the coming year?

HON. MRS. DUNCAN: — Mr. Speaker, I think the hon. member knows, or should know, better than to ask a question like that. And no, I will not, nor can I, give that type of assurance.

MR. SHILLINGTON: — Well I ask, Madam Minister, why in that case, you have decided to abandon your own 5 per cent guide-lines? If it's good enough for wage-earners, why isn't it good enough for the landlords?

HON. MRS. DUNCAN: — I think the hon. member should recognize that rental increase are based on certain specific costs. There are a certain percentage of maintenance and operating costs that are allowed to be passed through. There is also a percentage of the mortgage in costs that are allowed to be passed through. And we cannot, unfortunately, Mr. Speaker, peg rental increases strictly to a CPI. There are too many variables that come into play.

Five Per Cent Wage Guidelines

MR. SHILLINGTON: — New question, Mr. Speaker. The minister proclaims it unfair that landlords should be held to 5 per cent when their costs are higher. Will the minister then urge her cabinet colleagues to abandon the 5 per cent guide-lines for working people who are facing a considerably higher rate of inflation? Will you be consistent?

HON. MRS. DUNCAN: — Well, I don't know. I think the 5 per cent guide-line that we have been asked for, I should say, and have got a commitment from many, many sectors across the province, willing to do their share to help us out of an economic downturn, and I think the facts and figures given in the House lately indicate that we are coming out of that downturn.

MR. SHILLINGTON: — Well, Madam Minister, you indicate that landlords are facing increases in utility rates. Will Madam Minister admit that workers who are held to 5 per cent also face those exorbitant utility rate increases?

HON. MRS. DUNCAN: — I can only reiterate, Mr. Speaker, that The Residential Tenancies Act is very specific. The components that are allowed in calculation of a rent increase are all taken into consideration. There are various methods available to both tenants and landlords to appeal a decision of the Rentalsman, and we have the mechanics in place.

Number of Units Covered by Rent Control

MR. SHILLINGTON: — Well, new question. I suppose I may have to wait till the House adjourns to get the minister's confirmation on this. But will the minister, in these sweeping changes which you have promised, assure this House that there will be no reduction in the number of units covered by rent controls?

HON. MRS. DUNCAN: — My announcement will be made shortly, Mr. Speaker, and the hon. member will just have to wait.

Saskatchewan Trappers' Association

HON. MR. PICKERING: — Thank you, Mr. Speaker. Last week the Minister for Northern Saskatchewan took notice of a question asked by the member from Cumberland House.

AN HON. MEMBER: — Who asked the question?

HON. MR. PICKERING: — It certainly wasn't you. The question was: how much financial support we were prepared to give the Saskatchewan Trappers' Association for their annual convention.

Last month I met with the association, and the government believes organizations such as this should be independent from government and receive their support from the people they represent. At that time they had 90 members, and the most amount of members that they've reached is 1,600 . . .

MR. SPEAKER: — Order please!

HON. MR. PICKERING: — . . . so they only represent 7.25 per cent of the trappers of Saskatchewan. So we feel the organization, if they charged each one of their members — even though they only have 1,600 — should be self-supporting, although we have offered to pay enough to them to rent a hall, and for petty expenses.

MR. YEW: — Thank you, Mr. Speaker. I simply take this opportunity, Mr. Minister, to ask your government what your policy is with respect to the trapping industry in northern Saskatchewan, with respect to the commercial fishing industry in northern Saskatchewan: what your support is; what your commitments are to advocate and to encourage those two primary industries that are really relied on heavily for a living? And I got back here, 7.2 per cent of the people represented on that statement you gave a while ago.

MR. SPEAKER: — Order, please. The member is making a speech. If the member has a question, please get directly to it.

MR. YEW: — Supplementary, Mr. Speaker. I do not want to concentrate on the hobby trappers that you have indicated in your statement a moment ago. I want to get back to the people that rely on the trapping industry for a living, full time. What is your commitment to those people?

HON. MR. PICKERING: — Well, Mr. Speaker, I'd like to inform the hon. member that, as it relates to the commercial fishermen, we provide subsidies to them, the trapping association. In 1983 we have made available \$165,000 in way of production incentive grants — grants to trappers how resolve nuisance animals; grants to individuals to assist the department in humane trap development and teaching humane trapping methods; and grants to the fur institute of Canada to co-ordinate humane trapping efforts in Canada.

MR. YEW: — Just a brief supplementary, Mr. Speaker. What is your final financial commitment

then, Mr. Minister?

HON. MR. PICKERING: — To what?

MR. YEW: — Brief supplementary. To the Saskatchewan Trappers' Association.

HON. MR. PICKERING: — We have committed enough money to rent a hall and pay for petty expenses for their annual convention.

Status of Rene Archambault

MR. LINGENFELTER: — Mr. Speaker, getting back to the question that I had wanted to ask earlier. It has to do with an individual who was hired on contract as a consultant to the Department of Education, a person by the name of Rene Archambault. Late Friday, in a document we got from the government, that was tabled in the Assembly, we find that the Premier's brother-in-law took in about \$44,000 in nine months as a consultant. The material also suggests that that contract was terminated on June 30 of this year. What I would like to know is whether that contract has been renewed, and if that individual is presently being contracted by your department, and if so, if it's at the similar rate to what he was being receiving prior to June 30.

HON. MRS. SMITH: — Mr. Speaker, the gentleman in question is still in the employ of the department, and whether he's on contract or employed through the Public Service commission, I will have to come back with that information.

MR. LINGENFELTER: — Mr. Speaker, I wonder if the minister would inform the Assembly whether that individual is a part-time employee (the way it appears), or whether they are on a full-time position. It's very difficult to tell by the amount of money they make when we have other individuals who earn 95,000 a year as part-time. But would the minister inform us whether or not Mr. Rene Archambault is a full-time employee of the government, or whether he gets this exorbitant salary for a part-time job?

HON. MRS. SMITH: — Mr. Speaker, that information will be included — whether full-time, part-time . . . (inaudible) . . .

MR. LINGENFELTER: — Mr. Speaker, one final supplementary. I find it interesting that the material that was included about Mr. Rene Archambault also said that he got \$4,000 for secretarial and duplicating services during the nine-month period. My understanding is that when you have a consultant, they pay for that kind of thing on their own. I wonder whether you could also inform us whether he still gets that kind of arrangements for secretarial services, even though he's on contract.

HON. MRS. SMITH: — Mr. Speaker, I know of very few consultants around that work without secretarial services and the necessary clerical, etc. etc. I'll include that information with the other.

MINISTERIAL STATEMENT

Canada-Saskatchewan Crop Insurance Program

HON. MR. MUIRHEAD: — Thank you, Mr. Speaker. Mr. Speaker, the Canada-Saskatchewan crop insurance program presently provides over 43,000 farmers of Saskatchewan protection against all of nature's uncontrollable hazards. This program, which has stayed in operation in Saskatchewan for over 20 years, has proven itself many times over, meeting the needs of the farmers by providing the security and peace of mind needed after an entire year's crop has been

destroyed. To keep up with the times and changes in the farming industry, the program is being reviewed to discover ways in which the farmers of the province can be better served. Mr. Speaker, I am pleased to announce today, among the changes to the program for the upcoming year will be insurance coverage provided for the first time for winter wheat crops.

SOME HON. MEMBERS: Hear, hear!

HON. MR. MUIRHEAD: — The corporation now has the data required to provide coverage for those who select it before August 25, 1984, and seed it before the deadline of September 25, 1984, for harvesting the summer of 1985.

Among other important program changes is an overall increase in crop insurance coverage by approximately 5 per cent. This is a direct reflection to our continually updating our 15-year yield base to include insured farmers' actual yields for the most recent crop year.

Crop insurance coverage takes several other factors into consideration, including risk common to each area, productive capability of the soil, and whether the crop is seeded on summer fallow or stubble. Price options on most of the crops insured remain unchanged from those set in 1983. However, there will be an increase to the high price options for flax, canola, and sunflowers, and mustard.

We are also pleased, Mr. Speaker, to announce that premium rates will remain essentially unchanged in 1984.

SOME HON. MEMBERS: Hear, hear!

HON. MR. MUIRHEAD: — In fact, Mr. Speaker, farmers may see a slight decrease in the rates. This is attributed to the reduction in the rate for spring wheat in several risk areas — a crop which makes up 68 per cent of the insured acreage in Saskatchewan. Moderate increases averaging about 1 per cent will occur in a few risk areas for the balance of the crops. These slight changes in premium rates are a reflection of the 1982 loss experience.

In early January, insured farmers will be sent their revised premium rates . . .

MR. SPEAKER: — Order, please.

HON. MR. MUIRHEAD: — Thank you, Mr. Speaker. You'd almost think the members opposite weren't interested in farmers.

In early January insured farmers will be sent their revised premium rates and coverages, a listing of the program changes, and updated program information. These farmers have until April 30 to request changes to their insurance coverage by means of their confirmation of their crop insurance form. Contract cancellations will be requested by the deadline of January 31 for the 1984 crop year. Mr. Speaker, in 1983 provincial farmers were provided with 1.25 billion worth of protection, and we hope for increased participation and resulting increased protection for 1984. Through new efforts in promoting the program to those who don't already carry crop insurance, and by more efficiently serving farmers with existing contracts, I feel our objectives will be met — protection which contributes to cost recovery to encourage future growth in this sector and increase our share of international markets.

The Canada-Saskatchewan Crop Insurance program can be rated as one of the most important programs available to farmers of this province. Through the program, we can all look into the future with a security and confidence that will help realize the great potential that exists in Canada's agri-food centre. Thank you, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

MR. LINGENFELTER: — Mr. Speaker, just a short comment on a very long ministerial statement where the minister informed us of three things: one, there will be essentially no increase in rates; . . .

SOME HON. MEMBERS: Hear, hear!

MR. LINGENFELTER: — . . . there will be an increase in rates; and there will be a reduction in rates. And I'm not sure what the rates are going to do after that very enlightening statement. But, Mr. Speaker, I would encourage the minister, who must be a very busy man, to get his facts a little straighter before he comes in here and gives this vital, important information as to whether there will be an increase, a decrease, or whether it will be frozen. Mr. Speaker, I agree with one thing: that this program has, in the past, been very effectual. It was brought in and grew a great deal during the term of office of the previous government, going from probably \$14 million of coverage in the early days when we first took over, to, I imagine, where we're in the area of a billion dollars a year when we left office. I would like to say that it's a program which has been run through a great deal of co-operation between the federal and provincial government, and I would encourage the members opposite to see that it grows at the same rate over the next two years, to see whether they can keep up the momentum. There is one difficulty, Mr. Speaker, that has come to light with the program — crop insurance program — and that is, is that the minister has severely cut back in the number of people who are out actively selling the insurance on the ground. This is a common complaint from the farmers in my area. It comes from adjusters, and it comes from other areas as well. And I would encourage the minister, if he's going to stand here and tell us what a great program he's running, how busy he is doing it, that he look at whether or not he can get a few more sales people out selling this great program started by a previous government. Thank you, Mr. Speaker.

SOME HON. MEMBERS: Hear, hear!

INTRODUCTION OF BILLS

Bill No. 26 — An Act to amend The Northern Municipalities Act

HON. MR. McLEOD: — Mr. Speaker, I move first reading of a bill to amend The Northern Municipalities Act.

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

Bill No. 27 — An Act to amend The Legislative Assembly and Executive Council Act

HON. MR. ANDREW: — Mr. Speaker, I move first reading of a bill, An Act to amend the Legislative Assembly and Executive Council Act.

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

ORDERS OF THE DAY

MOTIONS FOR RETURNS (Not Debatable)

HON. MR. ANDREW: — Mr. Speaker, I would move that we, dealing with motions for return 1 through 6, be converted to debate.

MR. SPEAKER: —. Motions 1 through 6, debate.

GOVERNMENT ORDERS

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. McLeod that Bill No. 22 – **An Act to provide for the Postponement of the Tabling of Certain Documents** be now read a second time.

MR. LINGENFELTER: — Mr. Speaker, in adjourning the debate the other day, I pointed out a couple of reasons why we were having difficulty in supporting bill 22, namely, because we believed that in leaving the bill open-ended, in fact, would allow for the government to go for a whole year before tabling documents in the Assembly, which we thought would be unfortunate. It's my understanding that – and house amendment will be moved by the minister which will set a certain number of days, I believe 45, as being the limit for the number of days before the tabling takes place. Under those conditions I believe that we will not have a lot of difficulty with this bill. Our concern was that if it was to be left open-ended, we could see the tabling of documents, for example, in the Department of Health long after the estimates of the department were dealt with, but if such an amendment is forthcoming, that's fine.

HON. MR. McLEOD: — Yes, Mr. Speaker, in closing debate on second reading of this bill, I agree with what the hon. member says. We do, in fact, have a House amendment which we will introduce in committee, setting out the number of days at 45 sitting days from 15 sitting days, and that will be the case. I would point out, and it's very important to do this, it was never our intention to hold the tabling of documents for any length of time, and certainly this will facilitate what he intention of this bill was in the first place, and we have no problem with it.

MR. LINGENFELTER: — Mr. Speaker, just on a point of clarification, if we may have a copy of the amendment in advance.

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

COMMITTEE OF THE WHOLE

Bill No. 21 – An Act to provide Financial Assistance to Encourage and Promote the Development and Expansion of the Agricultural Industry and to establish the Agricultural Credit Corporation of Saskatchewan

Clause 1

HON. MR. HEPWORTH: — Thank you, Mr. Chairman. On my right is seated Norm Ballagh, general manager of FarmStart, and on my left, Mr. Morley Machin, manager of administration.

MR. LINGENFELTER: — Mr. Chairman, I have a few comments to make on clause 1.

AN HON. MEMBER: — We'll take them as read.

MR. LINGENFELTER: — I imagine the minister would take them as read. He would probably like to get through this bill that contains nothing for farmers, in fact, is a severe cut-back for farmers, but he would like to get through this bill as quickly as possible.

I wonder if you can inform me and my colleagues when, in fact, you cut off the grants in the bill that you're repealing here? When were the grants actually, in effect, cut off? When did you make that decision to do that?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, August 31, 1982.

MR. LINGENFELTER: — Can the minister inform us with a little bit of detail as to what kind of consultation you had with farm groups, how many people you consulted with, whether you talked, for example, to the National Farmers Union or to Palliser Wheat Growers about the elimination of the grant program in FarmStart? Did you hold public hearings on how the FarmStart was working, or what did you base the decision on to do away with the granting program? Or was it because you just felt that farmers were well enough off that they needed no assistance from their government?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, it was essentially discontinued because it was no longer meaningful, and that had been intimated to us by many people.

MR. LINGENFELTER: — Can you tell me the farm groups who were telling you that the granting part of the FarmStart program was not effective, and possibly you can document for us some of the correspondence, or some of the meetings you were at where that was relayed to you?

HON. MR. HEPWORTH: — No, I can't document with you the meetings that we had with farm groups because, as the hon. member will well know, I was not minister in charge of FarmStart at that time. But I can tell you that a number of the FarmStart clients themselves expressed the fact that that grant was, in fact, no longer meaningful. And if the hon. member is looking for statistics, I'm quite happy to provide you with those. Number one is: in 1973 when that grant program was a part of the FarmStart program, approximately 71 per cent of the clients received that grant. In 1980, the last year it was in place, only 31 per cent were, in fact, eligible for the grant. But worse than that, Mr. Chairman, in the early years, the grant represented about 31 per cent of the cost of the operation that they were looking at putting together. But, as well, that deteriorated, and in the latter years it represented only 13 per cent of the operation they were putting together. FarmStart clients is, number one, that it had become meaningless; and like many parts of the bill as far as eligibility requirements and stuff were concerned, it had not kept pace with the times.

MR. LINGENFELTER: — Well Mr. Minister, are you saying that a granting program for farmers, whether it's a fuel rebate program in Alberta, or whether it's a grant to a new starting hog producer, or a poultry producer, that these aren't laudable actions for a government to take, when you have an industry that has young people who are attempting to get into it and can't through the normal process? Are you saying that that whole idea is not to be carried out by your government? Is that no, in fact, what you are telling the Assembly?

HON. MR. HEPWORTH: — Mr. Chairman, as the hon. member will well know, grants are not the be-all and the end-all — in fact, can distort the picture somewhat for those young and beginning farmers. And more importantly I think, as well, the whole structure of FarmStart was, in fact, choking off a meaningful uptake, because it had not kept pace with the 1980's, and the criteria were not reflective of what was happening out there in farming.

MR. LINGENFELTER: — Well, it's my understanding that in dealing with other industries, and possibly you can confirm or deny this, you being around the cabinet table, but the decision was made in order to stimulate the oil economy of this province that you would have a royalty-free period where oil companies would pay no royalties on new producing wells. In fact, in my area there are wells — a couple of them — that have been drilled in the last few months. And, as I understand it, that the oil flowing out of those wells will pay no royalty to the government or back to the people of the province.

Can you explain to me the double standard here, where oil companies, it seems to be, that a grant or a tax reduction or an oil royalty free period is good for oil companies, but when it comes to farmers, to stimulate that economy, you see no role for your government to be playing. Now it's either one or the other: that you believe that that kind of incentive is necessary, or the other thing is is that you are too weak a minister to get that kind of a granting program for farmers, and the Minister of Energy and Mines is a stronger minister and can get it for oil wells. Which is it?

Either you believe in it, or you don't. But I don't think you can have a double standard in government, where \$100 million in oil royalties is given away to stimulate that economy, or, for the farmer, you have no granting program for fuel rebate, for example. You have no granting program for someone who wants to build a barn.

Do you believe in the concept that in stimulating an economy the government has a role to play, or doesn't? It seems to me that with oil companies you have one plan, and I would be very interested in knowing the discussion that went on, and what proposals you will put forward. When other people were talking about stimulating the oil economy and having tax breaks, what was your position on that? Apparently, when it comes to farmers you see no role for you to be playing, and I have a difficult time understanding where you're coming from.

HON. MR. HEPWORTH: — Mr. Chairman, the oil tax holiday, that some might construe as drifting away somewhat from the subject at hand, but since you've raised it, I'll be happy to address it somewhat. The tax holiday for the oil industry is another example of the Devine government's ideas about exploiting success, rather than reinforcing failure. You paid for dry holes. We just pay for the ones that produce. That's how we exploit success. And similarly, with the Agricultural Credit Corporation of Saskatchewan we are going to further exploit success and reinforce success.

The number one thing that we hear, and we have heard ever since I've been involved in this business of politics, the number one thing we've heard out there from farmers, whether it's in groups, organizations, individually, or from whatever source, the number one point they've raised with us time and time and time again — and fortunately for us and not for you, you didn't listen to them — the number one thing that they raised with us is interest rates. In 1982, Saskatchewan farmers paid \$402 million in interest. It was a huge burden for them. That's why they were so thankful for some interest rate relief with their Mortgage Interest Reduction Program for home-owners. That's why they were so thankful for the interest rate relief with the farm purchase program, and that's exactly why they are very thankful for the changes we've made here in this new corporation called the Agricultural Credit Corporation of Saskatchewan. Interest rates is the number one issue on their mind, and that's where you can provide the most, and most meaningful relief.

And, insofar as grants are concerned, quite frankly, the grant that I most prefer is Grant Devine.

MR. LINGENFELTER: — The minister has explained why the tax holiday for oil companies, and I think he did not a bad job of telling why the oil companies should have a tax holiday, and that's not my point. My point is: if you can have a tax holiday for oil companies, why you can't you do something like that — broad based — for all the farmers? You talk about the farm purchase program, which covered off 1 per cent, Mr. Minister — 1 per cent of the farmers in Saskatchewan. Is that agreed, or is that not agreed — that the farm purchase program would have applied to 1 per cent of the farmers in Saskatchewan?

HON. MR. HEPWORTH: — Mr. Speaker, the farm purchase program has about 40 or 50 young, new, beginning farmers coming on stream virtually every week — virtually every week. And I'll stack that up against any set of figures he wants to come with. I'll stack it up against the land bank. I'll stack it up against anything. We help more people in one week than their schemes to help farmers with the inter-generational transfer did in 10 years.

MR. LINGENFELTER: — I'd like to know, Mr. Minister, if you're as bright as you're pretending: what percentage of the farmers in Saskatchewan have been assisted by the farm purchase program? And the former minister of agriculture is attempting to bail out the new minister, and that's understandable because the new minister isn't capable of defending himself. But what I would like to know is: how many farmers — what percentage of the farmer s—have, in fact, been assisted by the farm purchase program, a percentage?

HON. MR. HEPWORTH: — The number of young farmers that have been helped to date, or at least my most recent figures, Mr. Chairman, to December 9, has 2,025 enrolled producers. They have purchased land valued at \$230 million. And I would remind the hon. member, Mr. Chairman, that that program is not even one year old yet — not even one year old — and already 2,025 are enrolled. And the Lord knows, Mr. Chairman, there are several hundred other young farmers out there who are well along to having their enrolment signed, sealed, and delivered as well — the only province in the country where land transactions have continued at unprecedented pace; the only province in the country where fathers can transact or pass their farm land on to their sons, or uncles to nephews; the only province, Mr. Speaker. And, of course, others have realized our success and, in fact, are imitating us and imitation is, in fact, the sincerest form of flattery.

MR. LINGENFELTER: — Well, the interesting fact is, Mr. Chairman, that only a very small percentage of farmers in the province have been helped by the farm purchase program. I think that's been established very clearly when you have somewhere around 2,000 who have been helped, and you have 67,000 farmers . . . (inaudible interjection) . . . Well, maybe 65 now. There were 67 when we left office. There may be 2,000 left. The member from Souris-Cannington may be accurate on that point and he may say that they've done away with 2,000 farmers in the first year. That could be true.

What I would like to ask the minister: if his plan is working so well . . . I have statistics here that are from StatsCanada today, which indicate the farm bankruptcies in Saskatchewan: 1978 — 15; 1979 — 15; 1980 — 16; 1981 — 23; 1982 — 24; 1983, from January to November only — 44 farm bankruptcies.

Now, Mr. Minister, if . . . (inaudible interjection) . . . A percentage? Well, I think that from 1979 to 1984 it would be about 300 per cent increase, my friend, and if that's what you're talking about being proud of, then a 300 per cent increase in farm bankruptcies since you've taken over is not a very proud record.

But what I want to know, Mr. Minister, is whether you think that the new program you're introducing today, how many farmers will be affected by it? What percentage do you anticipate when you're doing your studies and budgeting? How many farmer? What percentage of the farmers will use this program, let's say, in the first 18 months.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, we have no doubt that there'll be hundreds of people take advantage of this program, and our best estimates are that the subsidization . . . our costs will increase 20 per cent, so I'm assuming that we will be helping at least 20 per cent more but it could be 40 or it could be 50 or it could be 100. The fact is, I think, if you look through the bill you will see the kind of commitment we've got there, in that we're increasing our borrowing limit from 225 million to 500 so we can help as many as want to be helped out there.

And as well, you talked about farmers going bankrupt and I'll just remind the hon. member as to what happened while you were in power. Just about 10,000 census farms went down the tube – 10,000. Ten thousand census farms went down the tube when you were in power. That's the kind of commitment you showed for the farmers out there, and in a large measure I would suggest to you that's why you're sitting where you are today. The number of census farms in '71 went down from 76,000 and some odd to 67,000 when we took office. And I'm very proud and happy to have started 1,800 – 1,800. We've helped 1,800 with the farm purchase program and I have no doubt we'll help another 1,800 with the agricultural credit corporation. And we helped 1,132 sheep producers out there with a one-time emergency payment, and that's far more than they ever got from your government when they were in power. We have made the commitment to make sure that farming stays viable in this province and we will live up to that commitment.

MR. LINGENFELTER: — Well, Mr. Speaker, the member has confirmed one thing: that the member from Souris-Cannington was trying to sort of pull the wool over our eyes here. He has confirmed that there were 67,000 farms when you took office. You are now saying there are 65,000 which is a reduction of 2,000 in 18 months. So you're not doing a terrible great job of maintaining farmers on the land. And your great support for farmers is not obvious.

The question was, Mr. Chairman, to the minister: what are the number of farmers you intend to have in your program? Give me a time period – one year, two year, or three years. Pick it out and tell me how many farmers you intend will be enrolled in your program.

HON. MR. HEPWORTH: — Mr. Chairman, and hon. member, if we assume there are as many young and beginning farmers out there who are as interested in livestock and irrigation programs with the new expanded criterion that are the same as we have with the farm purchase program, I would suspect it wouldn't be unreasonable of us to suggest to you that we could have as many come on stream with that in the same time frame with the agriculture credit corporation as we did with the farm purchase program.

MR. LINGENFELTER: — Oh, I think that you mentioned earlier that about 2 per cent or something over 2 per cent of the farmers of Saskatchewan were helped by the farm purchase program in 10 months. So we can assume that in a year, in the next year, about 2 per cent of the farmers will be helped by this program. Can you tell me whether or not there will be an overlap between the farm purchase program and your new – what is it called? – agricultural credit corporation? Will there be people using both of those plans, and will we have a total of 4 per cent of the farmers using the programs? Or will it be something less than 4 per cent of the farmers who are helped by the combination of those two programs?

HON. MR. HEPWORTH: — The programs are designed so that, provided eligibility requirements are met, they will dovetail, in fact. That would make good sense because, in one case, it's to assist in the purchase and/or intergenerational transfer of land, and the other, of course, might be to build something on that land. So I think the hon. member has pointed out some very good common sense that was put into this bill. But as well, the hon. member is trying to pin down, Mr. Chairman, just exactly how many will come on stream and in what time frame. I don't think he understands how farming works out there. He doesn't understand that in any given year, if we look at past history, only about 8,000 people even want to transact land. As well, in any given year, maybe only 1,000 or 2,000 or 500 or 300 or 10,000 want to get into a livestock operation or irrigation. But the point is, Mr. Chairman, the tools will be in place if and when they make that decision.

MR. LINGENFELTER: — Well, Mr. Minister, the point that I'm trying to establish is that your sum total of all your farm programs, after next year's operation, will be less than 4 per cent of the farmers who will get an assistance from your government.

The point I'm trying to make is that if you were to introduce a fuel rebate program similar to

Alberta's, and use a Conservative government if you wish or use our program which paid out in its last year \$200 per farmer, for every farmer – for 67,000 of them . . . And I'm telling you that that 4,000 farmers who you are helping will appreciate it. I believe that.

But what I'm trying to establish is that the other 63,000 who you don't help are having a bit of a problem. And I'm wondering whether or not you couldn't find it in your heart, your cabinet – when you're sitting down to give \$100 million to oil companies – if you couldn't come up with a broad-based scheme to help farmers who are in a situation that they haven't been since the last time we had a right-wing government, that being the Thatcher government in the late 60's. I wonder when you're going to go to cabinet and put some money into the agricultural program that will assist farmers in this province.

HON. MR. HEPWORTH: — Mr. Chairman, this government has listened to the people out there. We've brought in the programs they want. And he asks about numbers once again and how many we expect to help, and we help 2 per cent or 4 per cent in any given 10-month period.

Mr. Chairman, if I read his remarks correctly, he wants us to use public funds to help farmers out there who maybe have \$2 million or \$3 million in net worth. He says, "Throw on the money". And at the same time, Mr. Speaker, he suggests that the jobs that are created and the economic spin-off from the oil tax holiday is not good for Saskatchewan – not good for Saskatchewan people.

Well, I want to tell you, I was just though my constituency and there's a lot of young farmers there that are very happy to have some employment on those rigs during the winter-time to help out with the situation on the farm – very thankful for it. And that's why our eligibility criteria reflect off-farm income, and they are very thankful for it.

But look, we only have to compare what might happen with this program as to what happened under your government. Land bank: 151 owners in 10 years – 151. What per cent of the farmers out there was that, Mr. Chairman/ It's so infinitesimally small I can't even calculate it.

And the hon. member from Quill Lakes say it's stupid. Well I'll tell you, I'll tell you I won't pursue that line of reasoning, Mr. Chairman. but if he wants to suggest it, what about the other 2,500 folks out there that had a lease? Well, 2,500 out of 67,000 in 10 years isn't too impressive when the farm purchase program helped 1,800 in 10 months.

But look at FarmStart. In some of the years in the mid-70s, what was your uptake? 300? 350? 400? In 10 years, 5,000 clients. And it pales me when I look at the reports and see what the administration costs were to bring 350 people on stream.

And insofar as bankruptcies are concerned, Mr. Chairman . . . The hon. member from Quill Lakes asked me to sit down, but the question of bankruptcies was raised so I think I should address it. Number one: in Saskatchewan, on a percentage basis, we have, with the latest statistics, still the best record in the country – only one per 1,642 Saskatchewan farmers.

Now, you can compare that to Manitoba where they have one bankruptcy for every 545 farms. And let me tell you, after the results of that leadership convention in Winnipeg this past weekend, the farmers of Manitoba can't wait to get a Tory government back in – one who cares.

MR. KOSKIE: — Yes, the minister has been alluding to the greatness of the farm purchase program. I want to say, Mr. Minister, if you look at the budget for the farm purchase program, you've budgeted \$6.5 million — \$6.5 million spread among 67,000 farmers, and you'll know how much is available to each individual farmer. That's less than \$100 a farmer. That is exactly what you're providing to the farmers.

I want to say that in respect to the farm fuel rebate program, the farm fuel rebate program that we had under our administration, the total expenditure in that was over \$16 million among the farmers. Yours is a miserable 6.5 million.

I want to particularly ask the minister if he could outline, in his analysis of the problems that are being confronted by farmers today, what is the major problems that are confronting farmers today. Is it the consolidation of the assets and being able to survive with that which they have and hold on to it, or is it, in fact, a great demand out there for expansion? I ask you to give an analysis of what you find the most pressing problem within the farming community.

HON. MR. HEPWORTH: — Generally speaking, Mr. Chairman, in response to the hon. member's question, the thing I find most on farmers' minds these days is the low prices, in fact, that they receive for their commodities.

MR. KOSKIE: — Exactly right. And I want to say that this government has absolutely refused to address the problem that is confronting the farmers of Saskatchewan. I look at the 1982 here, the farm bankruptcies in 1982 — 24. The farm bankruptcies from January to November only, in Saskatchewan is 44. And many farmers out there . . . what is happening is what they're doing is selling off their farms in order to salvage whatever they can. The immediate concern to the farming community today is the high interest rates, the high fuel rates, the high inputs, and as a consequence, I want to say to the minister that your government has absolutely refused to meet the problem that is facing the farmers today, and that is the consolidation and the continuation of the business that they have under way. What this bill does is simply set out . . . (inaudible interjection) . . . Just a moment, I want to ask you in what way does this address the current problems of the farmers, which you alluded to, and that is the increased costs?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, the number one thing you read off your list insofar as farmers input costs was interest rates, and that's exactly what this bill . . .

AN HON. MEMBER: — Fuel.

HON. MR. HEPWORTH: — Well, just for the hon. member's edification, interest was \$402 million in '82 — 401,000,638; fuel was 366 million; fertilizer, 187, and so forth. Number one was interest rates, and that's what we've been hearing all along.

And insofar as he asked me what I've done to try and raise the prices that farmers receive for their commodities. As you well know, we have in Saskatchewan a beef stabilization program that helps stabilize at least what they receive for their products insofar as the beef side is concerned, a similar program in pork and, as well, we're working on national discussions. The producers are in consultation now on that program to have a program that will include cow-calf and, as well, the sheep producers out there. And, as well, in October, or September rather, I've written to the Minister of State for the Canadian Wheat Board, the Hon. Hazen Argue, asking that the advanced payments under the Prairie Grain Advance Payments Act be increased. And, as well, I wrote him asking him and urging him to immediately increase the initial price for durum and spring wheat. But, as you well know, I do not and cannot change the prices they receive for those commodities. The ones where we can help, we are helping.

MR. KOSKIE: — Well, I want to come back, Mr. Minister, to the question which I alluded to. I think that out there in the farming community that there are a large number of young farmers who got started during the period when interest rates were very high, made a purchase of land and equipment, have staked the whole of their earnings, have committed all of their labour, to the development of a farming business.

And I ask you: what particular method, or what program that you have implemented to date

that will, in fact, help those young farmers who went to the private institutions – the banks, the farm credit – at a considerable rate of interest, and who are frozen at those very high interest rates, and are struggling to survive. How is increasing the guide-lines under the FarmStart going to be of particular help to them? How is the farm purchase program going to be of help to them, when they're struggling to maintain the very unit which they purchased and then got caught in the high interest rate?

That is the group of individuals in society today, in the farming community, that needs to be addressed. And I think that today if you asked a farming community, they would ask for assistance to help to consolidate that which they have rather than looking at major expansions during very high interest rates when the cattle industry is down, when in the hog industry, the prices are down . . .

AN HON. MEMBER: — Are you saying SHARP (Saskatchewan Hog Assured Returns Program) is no good?

MR. KOSKIE: — No, I'm not saying SHARP is no good, except that you have eroded it – except that you have eroded it. So I want to ask the minister, then, if he would comment on what policies and what programs that you're implementing to help that group of farmers who started, and are caught in their operation with the high interest rates within the unit that they are operating today.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, you know, I think you finally got it. That's exactly what the young farmers out there are telling us: "Why didn't they bring in this 8 per cent and 12 per cent interest rebate program when they were in office?" . . . (inaudible interjection) . . . You have identified it. That's what they were saying to me. "Why didn't we have a program like this in the '70s when interest rates went so high? Why didn't they start one?" Well, fortunately we had the good, common sense to start one and that's why it's so popular out there.

And insofar as debt consolidation and that sort of thing, I think the statistics, at least for one of the more recent years, would indicate that in farm credit's case about 70 per cent of their activity has been in that area. And as well, you will notice in this bill that we've made provision to consolidate for the clients within agricultural credit corporation of Saskatchewan. But, insofar as expecting us to go and pick up several billions of dollars worth of debt, retroactively, I think fiscal responsibility has to enter in here.

I'm sorry for the farmers of Saskatchewan that, when you were in power, you didn't have the good common sense to introduce that kind of bill . . . (inaudible interjection) . . . That's what we heard from the people. But we will continue to address their concerns as need be, Mr. Chairman.

MR. LINGENFELTER: — Mr. Minister, when I finished my line of questioning, I believe your last comment was that you didn't feel the government had any responsibility to a farmer who had assets of a million dollars. I believe that is what you said. I'll set out for you what a farmer with a million dollars in assets is. It's a farmer outside of Regina who has six quarters, a line of machinery, and, in many cases, is up against the wall right now.

I want to find out whether I got that line straight or not, whether you have money in oil royalty cuts for oil companies that have millions of dollars in assets – hundreds of millions of dollars in assets, have no commitment to this province, have their head offices in Denver, or in Dallas, or wherever they may be, and you have money for them. Now it's a little tough for me to understand how a farmer who has a million dollars in assets . . . That's not a great deal of money in the farming world – it's six quarters of land; it's less than the average farm size. How is it that your government, by your own statement, that you don't feel any responsibility to those individuals, and yet you can cut oil royalties by \$100 million for oil companies, where bank profits, which will increase as a result of your other programs: how is this double standard where

you, Mr. Minister, have money for all these other areas, but a farmer who has assets of a million dollars doesn't fall into that gap where they need the help the way the oil companies do? Can you explain that for me?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, what I have found with the oil tax holiday is that it has brought literally millions of dollars into this province — not to Texas or Dallas or anywhere else — but into this province. Quite frankly, the farmers in my area love it; the business men in my area love it, because they know they're accruing benefits as a result of that program. And I would invite the hon. member to join me in a constituency tour and find out what it's really like out there . . . (inaudible interjection) . . . They are so busy. That's probably why they don't like me; they're so busy.

But quite frankly, Mr. Chairman, the whole question here is: how do you define a target group? He is trying to tell us that while they were in power, and they had this thing choked off so only young people with net worths of \$185,000 or less, or net incomes of \$18,000 or less, could even apply . . . We've expanded it, and he's trying to say that's not good enough. It was good enough for him to have it at these choked-off levels, Mr. Chairman. We've expanded it, and it's still not good enough.

MR. LINGENFELTER: — Mr. Minister, I still want to spend some time on your so-called target group, and how the oil companies, in your philosophy, should be entitled to \$100 million in oil royalty cuts, where there's no taxes being paid by one group, and that group is at the top. It's agreed that any country, any province, if they were to give a tax holiday on anything, could attract people into that industry. Many banana republics throughout the third World have that kind of a tax structure: to give it away to people for immediate gratification for a few million dollars at the outset. And that's what you're doing.

But, Mr. Minister, what I'm asking you is how you justify, and I'm not saying that your tax structure for oil companies . . . I'm asking about the double standard, how a tax cut for farmers or a granting program wouldn't stimulate the economy. I'm not talking about taking all the 100 million out of where you've cut it for the oil companies, but why not take 50 million? Why not take 50 million of the oil companies' money that's flowing out and your friends are being paid off? Don't take it all. Go to cabinet. Go to cabinet with the proposal that the member for Saskatoon, who has got \$100 million dollars for oil companies, that they give 50 million to you to attempt to stimulate the farm economy. And I'll tell you, putting \$50 million into the farm economy of Saskatchewan would do a great deal more than giving away \$50 million to the oil companies. And I'd like your comment on that, to see whether you agree or disagree with that statement.

HON. MR. HEPWORTH: — Well, Mr. Chairman, we have put several millions of dollars into the economy in agriculture since April of '82. And I don't have all the numbers at my fingertips, but I know, for example, in just one sector, the beef stabilization program, we sent out cheques not that long ago for \$8.5 million. The payment for SHARP (Saskatchewan Hog Assured Returns Program) was, as well, several million dollars. And as the hon. member pointed out, the farm purchase program rebates will amount to several million dollars this year and several million dollars next year because of the relief from the high interest rates that we're providing for them.

MR. LINGENFELTER: — Well, Mr. Speaker, the member is trying to say that the beef stabilization program or the SHARP program is his money that he's got through cabinet. Well I'd like to explain a little bit about his program. The way the beef stabilization program works is that farmers put in the money; you pay it out when there is a slump in the market. So don't try to take credit for you getting money out of cabinet for the beef stabilization or the SHARP program.

Your contribution to the farm economy has been \$6.7 million in the farm purchase program. That's less than, I believe . . . well, right around \$100 per farmer. That's your commitment. But it's not broad-based, Mr. Minister. It goes to 2 per cent of the farmers, which means there's 98 per

cent who have got nothing from you, or from your previous minister of agriculture. And what I'm proposing is that you go to cabinet and attempt to get maybe 40 or 50 million, that's now flowing to the oil companies, and see if we can roll it into the farm economy in a fuel rebate program, or in a meaningful interest program that would affect all farmers who are being faced with interest problems, not just 2 per cent. Because those are your numbers; you're saying your programs are helping 2 per cent of the farmer with their interest. And I'm saying that there are a few more than that who need help right now from this government, and from a very good economy that was left to you. I think it's time to share some of the revenues of this province, and the farmers deserve it, and you're not giving it to them.

HON. MR. HEPWORTH: — Mr. Chairman, the hon. member is being repetitive. As well, we are in a bill to establish the Agricultural Credit Corporation of Saskatchewan, which is meant to place before the people of Saskatchewan, especially beginning farmers, a tool to assist them, to help them get started. It's not a bill that's meant to be targeted at every farmer in Saskatchewan out there; it's meant to help those young farmers out there who deserve a break.

And he can compare it to gas rebate programs, broad-base programs, and all the rest of it, but I'll tell you right now that the farm cost reduction program, the fuel rebate program, never touched 67,000 farmers in the whole time it was in existence. In fact, Mr. Speaker, Mr. Chairman, it never touched 55,000 farmers the whole time it was in existence. In fact, Mr. Speaker, for example, the year it had the highest pay-out, the highest pay-out went to 25,709 clients — 25,000. An average of . . . (inaudible interjection) . . . And the hon. member for Assiniboia-Gravelbourg told us about the fact that today's fuel costs on the average are \$1,000 . . . (inaudible) . . . And what they paid out, Mr. Chairman, and said: "Farmers, this will save you from high fuel costs," was \$272 per farmer.

We are not paying anything, Mr. Chairman, not paying anything on diesel fuel, because if we pay something we'll make sure it's meaningful — we'll make sure it's meaningful. And insofar as what we're giving them, right off the top we gave them a rural natural gas distribution program that amounted to a lot more than \$272 per farm — a lot more, Mr. Chairman.

The point I want to make when this government brings in programs: first of all, we use the taxpayers' money wisely; and secondly, they are meaningful.

MR. LUSNEY: — Thank you, Mr. Chairman. Mr. Minister, you just mentioned that this program was designed to help starting young farmers. In starting young farmers, I would presume it would be farmers that aren't that well established yet, so you have a criterion in here for assisting feedlot operations. Could you tell me how many head of cattle you would allow a loan on, within this feedlot operation?

HON. MR. HEPWORTH: — I'm not sure I understand the question, but I wouldn't constrict at all the number of cattle that one might want to raise.

MR. LUSNEY: — Mr. Minister, when we got to a feedlot operation, it's not likely that that farmer is going to raise all of those cattle himself. Do you have a limit on how many cattle he can purchase to put into his feedlot?

HON. MR. HEPWORTH: — Well, the limits that he would fall under, insofar as whether he is eligible under the net worth criterion and/or the off-farm income criterion . . . (inaudible interjection) . . . The hon. member from Quill Lakes made the point that it's pretty easy to change the net worth. And, of course, they argued once before, in the farm purchase program bill, that we had too much in regulation and not enough in the act. As it turns out, that kind of flexibility. I think the hon. member would agree, is very desirable, because you can keep those criterion current with what's happening out there and not have happen what we had happen with the FarmStart grant of old, and the FarmStart criterion of old.

MR. KOSKIE: — I would just like to ask the minister whether or not, in developing this program — expanding on the FarmStart program — whether you, prior to introducing this, did an analysis of the major problems at present that is confronting the farmers of Saskatchewan. In other words, have you done a complete analysis of the major problems confronting farmers, and if you have, is this the conclusion that you came to as being the most vital way in which you can, in fact, assist the farming community today? Did you do an analysis?

HON. MR. HEPWORTH: — Mr. Chairman and hon. member, we did better than that; we did a dry run. It was called the farm purchase program, and it was such an unbelievable success, and the uptake is purely and truly indicative that we are on the right track. So we are putting the same kind of thing in place here for the livestock intensive, and irrigation side of agriculture.

MR. KOSKIE: — Well are you saying that the depth of your analysis of the existing problems confronting the farmers of Saskatchewan is indeed directly as a result of the farm purchase program? Is that the complete analysis that you have done, is only as a result of the farm purchase program, and the take-up in respect to that? As a consequence, you seem to indicate that, out of that, where 2 per cent of the farmers of Saskatchewan have been affected under the farm purchase program, as a result of that you have come to the conclusion that you have a complete analysis of the major problems confronting farmers today.

HON. MR. HEPWORTH: — Well I know this is going to sound queer, unusual, and strange to the hon. member, Mr. Chairman, but what we have done in the past — and it started before I was a minister, but I try to follow a good example — is, we talk to the people and see what they want. We talked to them before the election in 1982, and since then we have talked to them in many instances. And one of the forums, Mr. Chairman, that we used to determine where we should be going in agriculture, and what farmers want us to do in agriculture, was we held a little conference — and it wasn't that little; there were 600 farmers there — in February of 1983, to get their views. Six hundred. In fact, it's been called the cream of the crop insofar as agriculture were concerned.

And, as well, Mr. Chairman, not that long ago I had in a group of, number one, farmers; number two, representatives from several sectors in these various input costs or input investments that farmers make to see what their view was and to focus on some of these issues. And, as well as part of this consultative process to determine what farmers want out there and what is highest on their minds and where best governments and public funds could be used, we sponsored, in conjunction with farm organizations, a credit conference. And, as well, we have a number of farm management specialists around the country and, as well, the regional Farm Start staff who work with farmers on a day-to-day basis, who just happen to be some relatively competent individuals out there, and they hear the same story time and time again.

And one of the problems they kept hearing was our criterion are too restrictive. We're choking off entry. So based on what we heard from all these various places, and based on an excellent dry run, we decided to make the same sorts of things available to those farmers who wanted to pursue the intensive side of agriculture as we had put in place for the farm purchase program. And the farmers are anxiously waiting out there. We've had many calls, I might tell you, many calls on this already. So if you want to do something constructive for the farmers of Saskatchewan, come up with some meaningful questions which I'll be happy to answer, and let's get this thing in place for them because they are waiting for it out there, and they're, frankly, not very happy with you holding it up.

MR. KOSKIE: — Mr. Minister, I think we have to allude to the facts of what you have done in the farm purchase program which you are holding up as a display of the great help that you have given to the farmers of this province. The farmers of this province are, indeed, disappointed because you pretended to consult with them during or prior to the election. You made a commitment that there would be \$350,000 there, and it appeared to every farmer would be

eligible – young farmer. The facts remains is that what has happened is there is a bitter disappointment because less than 2 per cent of the farmers of Saskatchewan are able to benefit from that program.

And today, when you compare at the very difficult financial position that many of our farmers are in, what we did prior to 1978 when the cost-price squeeze was on, what we did introduce was a program which would give direct assistance under the farm fuel rebate, and you laughed at it because it was \$300 a farmer. Well, I want to say the farmers didn't laugh at it, because every farmer in this province was eligible for it for \$300. That was \$16.5 million that we gave to the farming community, and what you are doing is giving a miserable 6.5 and holding it up as though it's some saviour – the program's going to be a saviour to the agricultural community.

But what's very clear here is: the minister in his arrogance, the cabinet in their arrogance, are now not listening to the farming community, because I am sure if you took a survey of the farming community of this province, not the delusion that you got out of your farm program, if indeed you took a survey, that one of the programs that the farmers would be asking for is assistance to reduce their input costs, rather than expansion of programs to build new enterprises at this time of high inflation and high interest rates. Consolidation of their operation is, indeed, the key to the farming community at this time. And so I wanted to know: can you advise whether you have taken a survey to determine the number of existing farmers today who would be prepared to indicate that they are in financial difficulties, because certainly there's a large number of them. And what they're doing is, many of them are selling out to larger farmers or established farmers, and are unable to continue their operation. They're selling out to salvage whatever they can.

The crisis that we have down in the Hudson Bay area, and the farmers for two years – tremendous problems that they're facing, these young, competent farmers who have devoted a youth to building a farming business. And here you will not even go into that community to provide them with adequate assistance. And so what I'm asking you: have you done an effective analysis of the basic nature of the problems confronting the farming community?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, the analysis and the consultative process that we undertook I outlined to you in my last answer, and if he wants to continue to distort statistics, then we can both play the same game.

They have referred consistently to this 2 per cent of the farmers we're helping. Well, if we do that good and/or better . . . I'll put it in perspective for you. FarmStart helped 0.74 per cent per year, so I'm very happy to help 300 per cent more than you ever helped. Number one. And I was shocked to hear the hon. member from Quill Lakes say that he's against new farmers, and young farmers having the right to get out there and start up an operation. We have lots of financial institutions here that have the capacity to do debt consolidation.

And, finally, Mr. Chairman, 53 per cent of those young people that come on stream with the farm purchase program are first-time farmers. The results speak for themselves.

MR. LUSNEY: — Mr. Minister, getting back to the number of farmers that you're going to help, and you're talking about this unbelievable program, successful program, the land purchase program. I would hardly say . . . It's unbelievable, but not necessarily one that the farmers would say is a benefit to him. It's an unbelievable disappointment, I think, to a lot of the young farmers out there.

You also stated that they have to meet a certain criteria to qualify for this loan, and it's quite obvious, as the farm purchase program was, that when they have to deal through a bank, their assets have to be such that they can afford to get that loan from the bank. If their assets are low, and a starting young farmer is not going to have assets that will allow him to borrow \$350,000, so

therefore the young starting farmer is going to get very little benefit from this program – unless you have done a study, as my colleague has mentioned, to find out how many of those young farmers are facing problems today, and what you can do to help them, and how they can acquire some additional finances now to continue their operation and maybe eventually build it up to a little larger operation than what they now have. I don't see anything in this program that's going to make that happen. And I think those are the farmers that we have to be looking at – the young farmers, the starting farmers, the ones that don't have a large amount of assets, the ones that can't go to a bank today and get a loan from the bank. And if you're going to use the bank's criteria as a basis for a loan, there aren't going to be too many of these farmers qualifying, and the majority of them are going to go bankrupt.

So what have you got in this bill that's going to help those farmers that are in trouble today? How are you going to get them that money that they need, to continue farming, and to pay their expenses for another year, and hope that they get a crop so they can continue farming?

HON. MR. HEPWORTH: — Well, as I said earlier, Mr. Chairman and hon. member, this program is not designed to help the farmers out there who already have a net worth of \$1 million or \$2 million or whatever. We're trying to target this money to those who are new, beginning, or perhaps who have a small holding and want to expand it. This, as in the farm purchase program criterion, very much the same, you would agree . . . And, generally, from what we can tell, we seem to have focussed very, very close to the mark. If you allow too high of on-farm income, then what you have happen is you have all kinds of professionals – example, undesirable types like veterinarians . . . No, they aren't that undesirable. I'll choose another example. You have some professionals, for example, who might think they'd like to become farmers just because of some cheap money around. But, if you get that number too low, then you penalize those young guys with a lot of hustle – young guys like the guys out in your constituency whose wives may be a nurse in the hospital or whose wives maybe teach or, in my area, the young guys who go and work on the rigs in the wintertime or out in the bush. So you've got to find that. It's a balance. And you've got to find that sensible middle point. In our model, because of our experience, it suggests that we are right on the money there.

Secondly, you have to come up with a number to determine how high or how low you should go insofar as what they're worth. And you and I both know it is very easy to have lots of assets and be cash poor in farming. You don't want to get that net worth too high, because once again you're using public money to help people who, generally speaking, the taxpayer out there would not consider in need of help. At the same time, if you get it too low, you choke him off. And, in fact, a farmer must have some equity or net worth. Owned assets give a farmer an incentive to better performance and provide a cushion against periods of low income.

MR. LUSNEY: — Mr. Minister, again, we still haven't really got an answer for the problem that I say exists out there. True what you're saying, that you don't want to get . . . (inaudible interjection) . . . You don't want to get the limit too high or too low. But we have, because of circumstances out there that some farmers face where they have a problem. They could be variable farms in the future, but they have a period now where they have some problems in it. How will this program really provide them that kind of assistance? And I can go to one clause, clause (h) – to refinance loans, and on which they have to go through the bank, under the bank's criteria, presumably. Are you going to guarantee some of these loans where the farmers can see themselves getting a loan to keep their operation going, to maintain that operation until they can get on their feet again and then repay the loan? Will you guarantee these loans to these farmers?

HON. MR. HEPWORTH: — Well, number one is the refinancing that we would do would be with our clients with their lands or loans, and we would pull some in. Insofar as your referring to the banks, presumably, I think presumably you're meaning there the operating loans that we, in some cases, would guarantee for them.

MR. LUSNEY: — Well, maybe I could ask the question then, Mr. Minister, in here. When you talk about refinancing loans secured by farmers from a lender, “to establish, maintain, or expand livestock or irrigated crop production” — now you specified two areas there — are you going to refinance old loans that are in there? Are you going to refinance operating loans, or what kinds of loans are you talking about refinancing through this program?

HON. MR. HEPWORTH: — Well, Mr. Chairman, hon. member, the loans for which we would refinance would be ones that the corporation would normally loan for itself.

MR. LUSNEY: — Would you give me an example of what some of those would be?

HON. MR. HEPWORTH: — Capital loans for breeding livestock, dairy, swine, irrigation development, perhaps even, still, rabbits.

MR. LUSNEY: — Well Mr. Speaker, or Mr. Chairman, and Mr. Minister, on the loans, now you talked about a dairy farmer. You will refinance a dairy farmer. A dairy farmer that is in trouble today, for whatever reasons, you’re saying then that you would refinance him to be able to continue his operation if it appears that he is able to get himself out of debt over a five or 10 year period, or whatever you may have in your criteria.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, if he is a client of the corporation’s, yes, we would look at that.

MR. LINGENFELTER: — I want to ask a few questions about this refinancing old loans. Are you saying that all the criteria, including the asset level, which will apply to those individuals who rework the loan, will be exactly the same?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, yes, he has to be a client.

MR. LINGENFELTER: — And you’re saying that, for example, if there was an individual who had a 19 per cent loan written up with the Royal Bank of Canada and was having some difficulty, you would write down the loan to 8 per cent?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, if the loan was made for a purpose for which we might normally have lend, and he was a client of ours, yes.

MR. LINGENFELTER: — No, but in other words you’re giving a subsidy of, in that case, in that example, 11 per cent, and under other circumstances you’re giving a subsidy of 3 per cent. Is that correct?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, I don’t understand the numbers that you gave me there. Could you clarify that, please?

MR. LINGENFELTER: — Example: if you’re taking over a loan that’s at 19 per cent with the Royal Bank, let’s say the Royal Bank is pushing this guy, attempting to talk about repossessing a hog barn, or whatever, you would refinance that loan and write it down to 8 per cent?

HON. MR. HEPWORTH: — Yes, as I indicated earlier, if he was a client of ours, and it was a loan for which the corporation might normally have loaned for, yes, they would consider it.

MR. LINGENFELTER: — Well, wouldn’t it make more sense, Mr. Minister, for your government to deal with the banks and force them to take some responsibility for writing up very high loans, and, in fact, lowering the interest rate on their own? Is this not merely another bail-out of an operation that your friends in the Royal Bank or other banks are carrying out, and is this not, in fact, where the majority of the money will go? In fact, is this not a “bail-out of the bank program,” better known as, than a young FarmStart program for the young farmers?

I'm telling you, if what you're telling us is true, why you're going to write down loans for the Royal Bank by 11 per cent, it's not going to take very long to use up your \$6 million, or whatever you'll have for this program, to help the banks out. And there will be very, very little for young, starting farmers. And I want you to explain how this is going to work, and why you haven't gone to the banks and asked them to lower their rates rather than you getting involved with the taxpayers' money to assist the Royal, or the Commerce, or the Toronto Dominion in bailing them out.

HON. MR. HEPWORTH: — Well, Mr. Chairman and hon. member, I'm surprised that you're against us trying to help out the farmers there. And, quite frankly, we're not bailing out any banks. As you well know, the rates are set in the market-place, and that market-place is generally a global market-place insofar as what rates banks charge for their money. And I don't see them as exploiting individuals because of our refinancing efforts.

MR. LUSNEY: — Well, Mr. Minister, I think my colleague made a good point there, saying that you're refinancing the banks. Would it not be in the interest of the farmer, and of the government, or say the farm credit corporation — whatever you're calling it now — to go and assist that individual that has a problem now under the farm credit program? And you provide the refinancing to him, so that he can continue his operation, rather than having to go through a bank. And you'll bring down the interest rate and refinance his loan through there and really help the bank out from repossessing him.

Couldn't you just go and provide him with an interest rate, or a loan that would cover the money that he needs? If he's behind a couple of payments on his loan, could you not provide him with some kind of security, that he can keep that loan going at a reasonable interest rate and not have to be foreclosed by the banks? What security will you give him in that sense?

HON. MR. HEPWORTH: — Mr. Chairman and hon. member, I think what you're seeing here is our commitment to help out the young farmer out there. And as I've said on numerous occasions previous as it relates to this refinancing, it is a client of ours, and if it had been a loan for which the corporation might normally have made anyways: yes, we will at least reconsider a refinancing option for him.

MR. LUSNEY: — What you're saying, then, that any loans a farmer has with the corporation now, that you will refinance him and make the repayments easier, where he can continue his operation. If this is what you're saying, I think there are a large number of farmers out there that are facing that problem right now. And if this is the case, could you tell me how many repossessions that the FarmStart program, the previous program, was going to make in the recent months, which you are now putting a hold on until you give these farmers the opportunity to apply to the corporation so they can refinance through you?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, as you will well know — and I hope you're not casting aspersions on many young farmers out there who happen to be current loan holders with FarmStart — of the 5,000 or however many clients, or roughly 5,000 clients that FarmStart have, I would suggest to you that 4,000-some-odd are doing an excellent job out there and, in fact, have done a real fine job of putting together an enterprise that relates to the livestock or irrigation side. So that there are several thousand FarmStart clients out there right now who have done a good job and are in absolutely no need of refinancing or whatever.

Insofar as how many loans that are outstanding, demands outstanding, for example as of September 30, 1983 — 222.

MR. LUSNEY: — Well, Mr. Minister, I would definitely agree that there are a lot of good farmers out there that have started and are continuing the operation. That FarmStart program was a successful program and it got many of these farmers out there, and they are doing a very good

job at it. There are some, however, that do have a problem. And, by what you're saying, out of the 5,000 or 6,000, you've got 4,000 that have problems.

There are some evidently, then, that do have a problem. Are you going to provide them with assistance to keep them in operation, for whatever reasons they may have a problem, and will you provide them refinancing or redo the term of their loan so that they can continue their operation and hope to be able to remain in farming?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, the act does not provide for retroactivity, as you probably have noticed.

MR. LUSNEY: — So, then, how is this bill going to help those farmers that were good farmers but, maybe for reasons beyond their control, have got themselves in a position where they may be one or two payments behind and are still operating, but have that problem? This bill is not going to help those farmers, the young farmers that have that problem. How are you proposing that this bill is going to help them?

HON. MR. HEPWORTH: — Mr. Chairman and hon. member, the clients that are in these programs now, generally speaking, are at very low interest rates that were struck in some cases when interest rates for the corporation were in the range of six per cent. As well, there has been provision for reamortization, postponement of payments. Those sorts of things I think you will agree are there to help out the young farmer.

MR. YEW: — Thank you, Mr. Speaker, pardon me, Deputy Speaker. I would like to raise a question with regards to the Minister of Agriculture, pardon me, for the -Minister of Agriculture. In view of the fact that your government has not come out with any alternate economic development plan for northern Saskatchewan, I would like to ask the minister for agriculture whether or not this program that is announced today in the legislature, an act to provide financial assistance to encourage and promote the development and expansion of the agricultural industry, whether or not this industry or this program will apply for the people that are presently involved in wild rice . . . in the wild rice industry?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, our understanding is that it doesn't fall outside the scope of the bill and I would suggest that the board most likely would entertain that possibility of including that kind of enterprise.

MR. YEW: — I take it, Mr. Minister, then, that you are uncertain, that you are really uncertain whether or not your government will provide encouragement and support to promote that industry that has tremendous potential in northern Saskatchewan. Am I correct?

HON. MR. HEPWORTH: — No, we're not uncertain insofar as the support that our government has given and the commitment that we have to developing that particular industry. In fact, it's one that I've talked of on several occasions because it literally has taken off like wildfire, and there's a great amount of interest, as you well know, being shown for that kind of enterprise. And as well, the opening of the La Ronge processing plant, I think, is an example of the substantial kind of interest and commitment we have in seeing that whole particular sector of agriculture thrive and prosper.

MR. YEW: — Just for the record, Mr. Minister, I just want to state that La Ronge processing plant was already in the works and was already supported by the former administration . . . (inaudible interjection) . . . That's right. There was a tremendous amount of work done by the La Ronge wild rice harvesters at the time you guys took office. Tremendous amount of applications. A tremendous number of meetings were held.

Now, you get back to the issue that I raise with regard to your government's uncertainty with respect to the bill before us, with respect to this program before us. Have you, if this program will

not apply to the wild rice producers in northern Saskatchewan to assist them in their production and marketing of their product, an industry, as I've mentioned before, an industry that has tremendous potential . . . If this program will not be applicable to them, can your government at this point in time announce that you will provide financial support to this industry and in what form will you provide this financial support?

HON. MR. HEPWORTH: — Mr. Chairman and hon. member, at this point in time we have no program in place for it but as I said earlier, our understanding would be that it would not fall outside the scope of the act.

MR. YEW: — Okay. Getting back to the agricultural industry as it exists for the area that you're referring to, I want to mention to the minister that we have in northern Saskatchewan several communities involved in the agricultural industry, namely Cumberland House, Green Lake, and Ile-a-la-Crosse. Just what type of a function do you see this program supporting those existing training farms that we have in the North?

HON. MR. HEPWORTH: — Mr. Speaker, I have visited the DNS farms, as they are commonly referred to, all across mid-Saskatchewan, if you like. In fact, while I was there, as well, had a chance to take a look at the wild rice and, as well, see the cattle herds there. And, as well, our government has done some studies with some hybrid corns that we brought in and some fodder beets, as well, that may well provide forage for livestock. So I think we are addressing the special kinds of growing conditions that exist there on occasion and are attempting to do something about it.

MR. YEW: — With respect to the government farms, Mr. Minister, with respect to the . . . (inaudible) . . . government farms that we're talking about here, what is the position of your administration in terms of getting those farms taken over by the communities themselves and encouraging more independence for the people that have had direct involvement in the operation of those farms — the people that have had direct employment and opportunity to work and to be employed in those farms, Mr. Minister?

HON. MR. HEPWORTH: — Mr. Chairman, this bill does not directly deal with the issue you were raising there.

MR. YEW: — Well, if this doesn't apply to those government farms in Cumberland House, Green Lake, and Ile-a-la-Crosse, just what type of policy do you have for those communities?

Green Lake and Ile-a-la-Crosse, just what type of policy do you have for those communities?

HON. MR. HEPWORTH: — Well, I'll be happy to provide those answers in estimates, and I outlined the sorts of things that we're doing up there to encourage increased cattle production, or whatever sort of production you're interested in increasing.

MR. YEW: — Well, it just goes to prove to me, Mr. Minister, that you just have no solution, no alternatives for the people living in northern Saskatchewan. You have no consideration. Your government has proven itself to be completely arrogant and insensitive to the needs of those northern people. I have no further questions.

MR. LINGENFELTER: — I have a long, lengthy list of questions here that I've got to get through. I wonder if the minister can tell me what kind of a rebate there will be at the present interest rate. Can you just give me a percentage that you will be paying out at the present time?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, there is no rebate. The loan is made at the rates that will be prescribed in regulation.

MR. LINGENFELTER: — What, then, will be the subsidy? Just run that by how that formula is

going to work in terms of the present interest rates.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, what we are proposing is 8 per cent for the first five years, 12 per cent for the next five, and 13 per cent for the last five, and the portion of the loan that would be eligible for assistance also has a sliding scale for net worths between \$200,000 and \$300,000.

MR. LINGENFELTER: — Mr. Minister, are you saying that you're going to write up a loan to farmers at 13 per cent? Is that what you're telling me? Part of the formula that a farmer has to sign is that he will pay 13 per cent? Is that accurate, or that he will have to sign at the bank?

HON. MR. HEPWORTH: — The loan is with the corporation at rates that will be prescribed in regulation, and those are the rates that I will be proposing in regulation.

MR. LINGENFELTER: — Mr. Minister, what kind of a deal are you getting farmers in, when at the present time the prime rate is 11 per cent and you're having them sign up for a part of their loan at 13 per cent? So you're taking off 2 per cent up front but you're charging them an extra 2 or 3 at the back end. How in the world do you expect farmers to sign into a deal like this, that 10 years from now they'll be paying 13 per cent interest? That's a little hard for people to take in a program that is supposed to help farmers. You've got a program that's going to help, by your own admission, 2 per cent of the farmers. You write up the loan at 8 per cent and the farmer ends up paying 13.

Now I tell you, this is a goofy program, Mr. Minister, that you should take another look at, and see whether or not you can put some money into it for the other 98 per cent of the farmers who are presently finding themselves up against the wall, as a result of high power rates, as a result of the disbandment of the Crow rate which you will be tagged with, because you were the minister when it disappeared . . . I tell you that what you should be doing is going back to cabinet and seeing whether or not you can get some money for the farmers of Saskatchewan, rather than this sleazy deal of signing up farmers to pay 13 per cent interest rates down the road on a loan that should be written up at 8 or 10, or whatever your rate is. But if you're saying that it's going to be 13 per cent, I want you to explain how that's going to work.

HON. MR. HEPWORTH: — It's going to work ultimately better, the farmers of Saskatchewan tell me, than what they currently have, which is 10, 12, and 14. And secondly, in the last five years, which would make it a 15-year term, if history were to repeat itself, I would suggest to you that 13 per cent will look awful good compared to 24 per cent. And thirdly, the estimates are — and I answered this earlier — that it will, in fact, cost the corporation 21 per cent more to provide that subsidy. Hence, it probably on the average 20 per cent better than what they currently have.

MR. LINGENFELTER: — I want to just make this point: that at the present time a young farmer can go in and get at the credit union a loan for 11 per cent . . . (inaudible interjection) . . . For 25 years. You can, too. What you have to do to get in on this new conservative plan is sign a note that is agreeing to paying 13 per cent interest for a portion of that loan. I say, Mr. Minister, that you are attempting to trick a number of young farmers into a position where they will be paying 13 per cent interest at a time when interest rates will be — and probably even at the present time it's conceivable that we'll be seeing interest rates of — around 7 or 8 per cent. You have an agreement that you're forcing them to sign that says they will pay 13 per cent. I just wonder what the sense is. Why don't you write it up at a full term of 8 per cent or 9 per cent if you don't expect to exploit it some time, these young farmers?

HON. MR. HEPWORTH: — Our numbers with the farm purchase program, which in fact is in conjunction with the credit union and all banks, would suggest that there is no 25-year term money at 11 per cent.

MR. LINGENFELTER: — The question is: Mr. Minister, why are you putting in the 13 per cent? Why do you find it necessary to charge farmers 13 per cent on a program that you are announcing at 8? Why the 13 per cent clause in your agreement that you're forcing young farmers to sign into?

HON. MR. HEPWORTH: — We chose those numbers, Mr. Chairman, hon. member, because the general view is that they have worked extremely successful for us, for the farmers out there. I mean we could have chosen 3 per cent, I suppose, or 15 per cent. What it was was a matter of finding the numbers that would make the interest rates that young farmers have to live without there such that, first of all, they provide them with some security insofar as term, and secondly, make the serviceability of those notes something they could live with. The dry run that we've had with the farm purchase program would suggest to us that we're right on the money.

MR. LINGENFELTER: — Mr. Chairman, the minister continues to refer to the farm purchase program as a dry run, and I want to assure them that most farmers do believe it's a dry run, because they can't use it. The point that I want to establish firmly in farmers' minds when they go to get this loan from your operation, is that they will be paying 8 per cent part of the time, 12 per cent part of the time, and 13 per cent — that even if interest rates were to go to 6 or 7 per cent.

I wonder, Mr. Minister, why you would want to do that. Why don't you simply write it up in terms of the beginning rate being established and staying there? What happens, for example, can you tell me, if interest rates are at 7 per cent when the 13 per cent of your agreement kicks in? What are you going to do then?

HON. MR. HEPWORTH: — Number one is, Mr. Chairman, hon. member, I think he understands it; and number two is if interest rates get down to 7 per cent there may well not be a need for this kind of program.

MR. LINGENFELTER: — Well I want to get this clear. The young farmer who's locked into an agreement, has it signed with your corporation, what does he do at the point that interest rates are at 7 per cent and he's paying 13? What are you going to do in that event?

HON. MR. HEPWORTH: — Well, I don't know what I would do, but quite frankly I have a lot of faith in the good judgement of a lot of farmers out there. Probably what they would do is they would pay off their note with the agricultural credit corporation, which they can do at any time without any penalty.

MR. LINGENFELTER: — Mr. Minister, if you're talking about starting the new young farmer — that's what you're talking about — why they, in fact, are using your program to start with, in many cases, hopefully, it would be understood they would be coming to you because they couldn't get it at the banks. For you to say that they simply go to the bank — your solution is you go to the bank and pay it off — seems a little ludicrous, Mr. Minister, and it shows a lack of understanding. It shows a lack of understanding of what your farmers are facing today.

The reason they need government programs, in terms of interest programs, is because the banks aren't serving their needs. For you to say that when interest rates are 13 per cent in your program, all they have to do is go to the bank and pay it off, well, it doesn't work that way. If you can get that guarantee from Boyd Robertson that he will guarantee that as part of the agreement, that he will pick up the loans when your interest rates are too high, I suppose we would accept it. But having borrowed money at banks before, I know that it's not that simple. I still wonder why you need the 13 per cent rate in that bill, and I would urge you to take it out, because 13 per cent is way higher than the prime. Why do you need it there?

HON. MR. HEPWORTH: — Well, Mr. Chairman, hon. member, if you can see 10 years into the future for the young guy taking a loan today, and tell him that 13 per cent interest is or isn't going

to be a good deal, then I congratulate you for that kind of clairvoyance. Quite frankly, I don't have it. But as I mentioned earlier, the provision exists for him to pay it out at any time without penalty, if he so desires. It's pretty nice insurance, I would suggest to you, and if you had any understanding of what the farm population out there wants, is they want security in addition to rates they can live with.

Just to tell you what kind of security a program like this can give, because we have a little evidence for what kind of security it can give, I've had a few letters into my office about the kind of assistance a program like this provides, and what it means to people. One of those letters – and I won't mention names, Mr. Chairman – one of those letters says:

Dear Mr. Minister: Today I received a cheque for \$5,038.63 as part of your government's policy to reduce the interest on my loan, (etc., etc., etc.)

And it goes on in the second paragraph to say:

I did have some concern about the way the rebate would be operated.

And I might add, Mr. Chairman, it might be the same kind of concerns the hon. member has.

It appeared I would have to make the total payment then apply for rebates. In the spring, with other costs, the waiting period for the processing would really hurt. You and your fellow colleagues must be commended for this foresight. It is like a breath of fresh air not to have a number of papers to fill out, as other administrations do.

That's how well a program like this can work. And another letter said, (and I'll just read the last line):

It certainly has put a smile on our faces and we'd just like you to know we appreciate it.

That's how it could work. That's what the farmers think of it out there. That's our dry run that you talked about, hon. member.

MR. LINGENFELTER: — Mr. Chairman, I early on said that the 2 per cent of farmers who could use their farm purchase program, that it was working to an extent for them – the 2 per cent who can get into the program – and that's one of the 2 per cent who got into the program. The whole question is: what are you doing for the other 98 per cent? And you're saying you're introducing another program that will help a new additional 1 per cent, because there's going to be an overlap, and you will then have solved part of the problem of 3 per cent of the 67,000 farmers. I'll give that to you. That's what you're doing. But what I'm wondering about is, what the other 97 per cent of farmers have done to make you angry with them, so that you're not going to help them out with their problem.

But on the interest rate, Mr. Chairman, and Mr. Minister, is this not the first time that any agricultural policy or program that was dealing with interest rates, whether it was our program under FarmStart, or yours under the farm purchase program, is this not the first time that you have an interest rate written into the agreement that's higher than the prime rate at that time? Now for example, when we were giving out FarmStart loans at 12 per cent, the interest rate that day would have been 18 or 19 per cent. When you were giving our farm purchase loans, the interest rate that was prime was 13 or 14 per cent. The prime interest rate now is 11 per cent. You have, as part of this agreement, that young farmers are going to be called on to pay an interest rate 2 per cent in excess of the prime rate at the present time. And how does that make any sense?

HON. MR. HEPWORTH: — To answer your questions in reverse order, Mr. Deputy Chairman,

hon. member: In the first place, I stand to be corrected, but I can't find anybody out there with 15-year term money. I can find some with 20-year and 25-year amortizations, 15-year amortizations, but for 1-year, 3-year, 5-year, 10-year, but I can't find 25-year. And we have a little experience there, Mr. Deputy Speaker. To answer the second last question, we'll be very happy to help 2 per cent of the young farmers out there every 10 months, because as I mentioned earlier, the uptake under your program was 0.74 per cent per year. So 2 per cent is nearly 300 per cent better. And the farmers like that, and I think, Mr. Deputy Chairman, that the farmers of Saskatchewan will continue to like this program as it comes in the future.

MR. LINGENFELTER: — I just can't seem to get any straight answers on the 13 per cent interest that the minister is going to be charging to young farmers and announcing it as a great program. I think it's going to be a little difficult to sell this program out in the farming community, in the public meetings when you go out and tell them that you're going to have a great program of 13 per cent interest when the prime rate is 11.

I don't know what kind of a system you have of propaganda in getting that information out. But it's going to be a little difficult to sell, because before, programs have been introduced that would give 5 or 6 per cent relief on purchase of hog barns or on purchase of dairy barns. And now you're saying you're going to write into the agreement an interest rate that's 2 per cent above prime. I suppose that will become your problem as that word gets out, that that's the kind of a farm operation that you're attempting to set up here. And, Mr. Chairman, I guess we'll just leave it at that.

HON. MR. HEPWORTH: — Mr. Chairman, I must comment one more time, because I think it is he, opposite, who does not understand the financial — the credit community out there — as it relates to livestock and land. And, in fact, just within this last six weeks, our best estimates in-house had it that five-year money was running around 15 to 15.5 per cent. Quite frankly, we get that from a very good source because we happen to have people on programs that involve five-year programs. So I'll stack up my department's statistics, quite frankly, any day, compared to numbers picked out of the sky by the hon. member.

MR. LINGENFELTER: — Mr. Chairman, I find it impossible to believe what the minister has just said, because it's not very accurate. But I would like to just explain my own theory of why this two-tiered interest rate level, one below the prime and one above . . . It's an attempt to get through the gate at the next election, Mr. Chairman. As clearly as the sun will rise tomorrow, this is an attempt to cover up the fact that immediately after the next election, if this crew were to win, that the interest rates on this program of theirs will be raised, and this 8 per cent money is clearly identified as political money to get this minister through the door.

But I don't think farmers are going to be bought off. When they see the 13 per cent interest rate at the other end, he is going to have to make some adjustments to this program. And attempting to play politics with taxpayers' money to get them through another election simply isn't going to work.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, the average interest rate on an 8, 12, and 13 per cent structure is better, first of all, than the 10, 12, and 14 per cent structure that was in place when we took over. Secondly, the average is 11 per cent over 15 years. And thirdly, you can't find those kinds of terms out there, as I've already mentioned. Those are pie-in-the-sky terms you're talking about. And I'll leave it at that as well, Mr. Chairman.

MR. LINGENFELTER: — I just want to get one thing clear. Can you, Mr. Minister, tell me whether or not, under the FarmStart program, the interest rates that were written into the agreement were ever higher than the prime rate? That they were ever higher than the prime rate? If this is such a great improvement on FarmStart, can you tell me whether or not, in the history of the FarmStart program, that there was ever an interest rate written into the agreement that was higher than the prime rate the day it was signed?

HON. MR. HEPWORTH: — Yes, Mr. Chairman, there have been.

MR. LINGENFELTER: — Do you want to give me a few examples of the time period when that would have taken place? Because I want to get this down perfect, because I'm going to question you further.

HON. MR. HEPWORTH: — Over some portion of the last year, I'm sure.

MR. LINGENFELTER: — The last year? During your term of office? Am I getting this correct that never before under the previous administration, but only under your administration?

HON. MR. HEPWORTH: — Yes, Mr. Speaker, or Mr. Chairman. We have been in government in the last year, so it would presume that any period referring to the last part of this year would be referring to our administration.

MR. LINGENFELTER: — Okay. And never during the time of the previous NDP administration were farmers forced to sign an agreement where they would pay to the government an interest rate higher than the prime, through the program that offered subsidy to the farmers, but only after you were elected?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, we'd have to survey interest rates back over the last at least two or three years to determine it, if in fact, this supposition is correct. And we can do that, provide that information for the member if he likes. But rather than . . . I wouldn't assume totally that his conclusion is correct, quite frankly.

MR. LUSNEY: — Mr. Chairman, Mr. Minister, going back to that prime rate, you say that no bank will provide interest below your 13 per cent — or loan interest rates at below 13 per cent. The banks today will provide prime plus one for farm loans. Why can't you put into your agreement a clause that will state that at no time will that farmer that signs this agreement that you lock him into now, that he would at no time have to pay any amount above the prime rate back to the province?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, I would like to know at what term you would get that prime plus half, or prime plus one money at.

MR. LUSNEY: — Mr. Minister, regardless of what the terms of the banks are, and they have different terms within the banks, but why don't you as a government . . . If you are going to help these young farmers, why don't you put into your agreement that they will not have to pay an interest amount higher than the prime rate of the day?

HON. MR. HEPWORTH: — Because what we're saying, Mr. Chairman, and hon. member, is that after assistance for five years at 8 per cent, guaranteed, or at least no more than 8 per cent, another five years at no more than 12 per cent, and for sure another five years at no more than 13 per cent, is that, in fact, if the rates are better than that, then perhaps they don't need any additional help over and above that. And, in fact, if rates are lower they can pay it out and go with the banks at whatever the rates are, if they so desire, because the situation will be, always be, they'll have the option of the lower rate.

MR. LUSNEY: — Well, Mr. Minister, I think that answer was absolutely unbelievable, because if a farmer today borrows 100,000 or 200,000, and in a year from now or two years from now the interest rate in the banks went down to 7 per cent, you mean to say that that young farmer is going to have \$100,000 or \$200,000 that he can borrow from the bank, and repay that loan and get a lower rate from the bank?

I just can hardly believe this, because there's no young farmer that has to go to FarmStart today, or to the Farm Credit Corporation, that is going to have the kind of assets that he can go to the

bank and borrow that amount of money.

So what he is going to have to do, then, is be stuck in an agreement with FarmStart or the Farm Credit Corporation. He is going to be locked in to an agreement where, even if the interest rate goes down to 7 per cent in the banks he doesn't have the assets to borrow from the banks, he is going to have to pay to you 12 per cent and 13 per cent without having any way of getting out of it if he can't get that money from the bank.

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, number one is (and maybe you were out earlier): he is not locked in. He can pay out at any time with no penalty. And if you, like your colleague from Shaunavon, can predict 10 years from today that 13 per cent will be a good deal or a bad deal, my congratulations to you because you just have to be a heck of a lot more clairvoyant than I am.

MR. LUSNEY: — Well, Mr. Minister, you say that at no time he is locked in. He is locked in for the amount of that interest that he is paying on that loan. He is not locked in to the loan but if he goes to the Farm Credit Corporation for that loan, then automatically you would say that he does not qualify to get that loan directly from the bank on his own initiative. So, therefore, he would have to go the Farm Credit Corporation.

You lock him in to an interest rate, a given interest rate, for that period of time and, if he cannot repay that loan in that period of time and the interest rate does go down, he is still locked in under your contract. And he has no choice but to continue paying that high interest rate to you, even if the bank rates are lower, because he cannot afford, or does not have the assets, to borrow the money from the bank. So you are locking him in.

HON. MR. HEPWORTH: — Well, we can quibble back and forth till whatever freezes over, Mr. Chairman. But I'm saying to you: number one is, the thinking farmer out there — and I just happen to think they all are thinking young farmers out there — would, if interest rates go crashing downwards, pay us out, pay the corporation out, and that, I say to you again, he is not locked in. He has that option.

But I also would say that we have written in for him security, in that if interest rates go crashing upwards, as we have seen them do, he knows that for 15 years his average interest rate will not be more than 11 per cent. In fact, it will be 8 per cent for the first five years, which is better than what's in place now. It will be 12 per cent for the next five years, which is better than what's in place now, and 13 per cent for the last five. And I'll tell you what, when interest rates get to be that low, interest will not be one of the farmers' major input costs, and this government will be doing the kinds of things in addressing itself to the kinds of problems that are his major concerns then because, obviously, interest won't be one of them.

Clause 1 agreed to.

Clauses 2 to 29 inclusive agreed to.

Clause 30

MR. LUSNEY: — Mr. Chairman, one question of the minister, and it doesn't necessarily pertain to clause 20 but, on the point of an advisory board, are you going to keep an advisory board that will advise you on certain aspects of this bill regarding loans to farmers?

HON. MR. HEPWORTH: — Mr. Chairman, hon. member, yes, we have a board of directors, a corporate board of directors.

MR. LUSNEY: — Will you have an advisory board structured outside of the corporation, members from the public, which will advise you on different issues?

HON. MR. HEPWORTH: — You mean a board to the board? No.

Clause 30 agreed to.

Clauses 31 and 32 agreed to.

HON. MR. HEPWORTH: — Mr. Chairman, hon. members, I first of all would like to thank my officials today for their assistance here, and I would move the committee report the bill.

The committee agreed to report the bill.

MR. CHAIRMAN: — I would also like to thank the minister's officials.

Bill No. 5 – An Act to Provide for the Taxation of Minerals (continued)

HON. MR. SCHOENHALS: — Mr. Chairman, the officials have been introduced so I won't do that again. I would like to just direct the committee's attention to page 677 of *Hansard* from last day. I would like to clarify a point that was made in which I may have inadvertently misled the committee.

The discussion was taking place about freehold taxation versus crown royalties, and I indicated about the middle of the page that the intent of the act was to set out a taxation process for freehold. That applies in the case of coal which is the one specific schedule.

I should indicate that we haven't given up the right in the act to access a royalty against crown production. In potash, for instance, where there's a rather complicated arrangement, it's quite possible, in fact likely, that there will be a royalty levy against crown land under this act as well. And the government will maintain its proprietary right on crown production. So I simply wanted to clarify that. The statement in the transcript applies to coal specifically, but overall, that is still there.

Clause 9

HON. MR. BLAKENEY: — Yes. Clause 9 agreed.

Clause 9 agreed to.

Clause 10 agreed to.

Clause 11

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, with respect to clause 11, I'm not quite sure how this relates to the current act with respect to the owners of large tracts. The new clause 11 applies a tax of \$320 for a nominal section, and a pro rata amount for any area of mineral rights owned by him that is not a full nominal section. I will ask first: what is a nominal section?

HON. MR. SCHOENHALS: — Mr. Chairman, on page 5 of the bill, Part III, mineral rights tax, item 7(b)

“nominal section” means 259 hectares or 640 acres, depending on which measurement is used in the certificate of title to describe the area of the lands to which it relates.

HON. MR. BLAKENEY: — Mr. Minister, I read that and I think I understand it. Perhaps I can ask

you: if someone owns a half interest in the minerals in four sections of land, is he the owner of four nominal sections or two nominal sections?

HON. MR. SCHOENHALS: — In order to be identified, I guess is the right word, as the owner of a nominal section, must own the whole section. In this case, he would be taxed as the owner of two nominal sections. But since it's less than five in the example, he wouldn't pay any taxes. But I think that clarifies it.

HON. MR. BLAKENEY: — Perhaps a bad example then. But the owner of an undivided one-half interest in the mineral rights on 20 sections is thus the owner of 10 nominal sections of mineral rights and will have to pay 320 times 10 . . . less the 5, I guess because the 5 is . . . Okay, I think I understand that.

Just to come back to my first point, then. Did not the existing act provide for a larger payment with someone who held a large tract of land? The current section 4 . . . And I'm not sure that I fully understand how the current act works.

HON. MR. SCHOENHALS: — I'm informed, Mr. Chairman, that there is no difference between the procedures now in place and the new section.

Clause 11 agreed to.

Clause 12 agreed to.

Clause 13

HON. MR. BLAKENEY: — Mr. Chairman, Mr. Minister, with respect to this, the section deals with small holdings and also deal with minerals held in trust by individuals for corporations, which I understand. What I don't understand is whether you have any method to deal with the reverse. Thus, if lands are owned by a corporation, can they get them held by an individual in trust and avoid taxation in that way? It doesn't talk about the beneficial owner; it just talks about owner. Certainly the legal owner would be the individual.

HON. MR. SCHOENHALS: — Mr. Chairman, I believe the answer is that anyone, individual or corporation, that owns more than five is taxes on those above five. It doesn't matter whether they're a corporation, individual, or who holds it.

HON. MR. BLAKENEY: — That I understand. But is it equally true that a corporation must pay tax if they own one nominal section? Is that accurate? I'll start with that.

HON. MR. SCHOENHALS: — No. The answer would be no in that case.

HON. MR. BLAKENEY: — What section exempts a corporation if they own two nominal sections?

HON. MR. SCHOENHALS: — The previous answer was incorrect. The corporations pay on whatever they hold. There are no exemptions for corporations. This applies only to individuals. Sorry.

HON. MR. BLAKENEY: — Do you have any arrangement which prevents a corporation — and it may be fanciful — prevents a corporation who owns 50 nominal sections from finding 10 people to hold it in trust for the corporation, and thereby get out of the payment of this sum of money? It's perhaps not a whole lot of money, but 50 times \$300 is \$15,000 a year, and it might be worthwhile to set up 10 trusts for \$15,000 a year . . . (inaudible interjection) . . .

HON. MR. SCHOENHALS: — Mr. Chairman, the answer is no. And, after a little bit of searching, the section that covers that is 17.

Clause 13 agreed to.

Clause 14

HON. MR. BLAKENEY: — With respect to clause 14, if the minister has it at hand and I won't press it if he doesn't, do you have a rough idea as to the cost of raising exemption from \$1 to \$50? I'm not opposing it. I'm must curious to know whether we're talking about \$500,000 or \$5 million.

HON. MR. SCHOENHALS: — I don't have an exact number, but it's probably less than \$50,000.

Clause 14 agreed to.

Clauses 15 to 17 inclusive agreed to.

Clause 18

HON. MR. BLAKENEY: — Just a small point here. It appears to give the minister power, if he's applying to take title, to add more of his costs in than was previously the case. Previously, I think, it was just the advertising costs. Now it's all costs of the proceedings, if I've got this right. Is it likely to be a significant amount more that the minister is attempting . . . will have the power to charge back to the taxpayer?

HON. MR. SCHOENHALS: — I think, Mr. Chairman, that the concern expressed is probably accurate. The officials indicate it won't be a significant amount, but I don't have a definition of "significant" so it's a little difficult, but I believe it'll be fairly minimal.

Clause 18 agreed to.

Clause 19 agreed to.

Clause 20

HON. MR. BLAKENEY: — I'm not sure I understand clause 20 properly. This has to do with the keeping of books, and I thought the old section obligated people to keep books who had producing tracts. And I think the new section obligates people to keep books who have any kind of land that's taxable. If so, it's a big difference. Ordinarily a farmer with six sections of mineral rights wouldn't have had to keep any books and there's no particular reason why he should, if he's go in to pay 320 bucks. But I think the section obligates him to do so. I may misread it. And the old section, I think, was clear in saying that you had to have a producer, or a producing tract is perhaps a better way to phrase it, in order that you had to keep books.

HON. MR. SCHOENHALS: — I believe the difference is that 20 applies to the production tax. Hence, we're talking about the people, the large corporations that produce the product, and not to the individual farmers.

HON. MR. BLAKENEY: — Why do you say that 20 applies to the production tax? Twenty, on the face of it, says, "every taxpayer," and I don't quite know where the taxpayer is defined, but . . . "Taxpayer means any person who is liable to pay any of the taxes imposed by this Act." Now I'm talking again about my six-section farmer, and I am saying that I think you are obligating him to keep records and I think that may be unreasonable.

HON. MR. SCHOENHALS: — The intention of the section is not to present an onerous task to

small landholders. We'll clarify it in regulation if that is seen to be a problem. I'll accept your point.

JHON. MR. BLAKENEY: — I think the point I was making is that where the tax is payable only in respect of the ownership of a given number of rights, of nominal acres, the calculation is remarkably simple and there's no particular reason why someone should keep a set of books. If he's got any producing property, that's quite another thing. I take it the minister has taken the point, and I won't labour it.

Clause 20 agreed to.

Clause 21

HON. MR. BLAKENEY: — Again, I was a little . . . I'll ask him whether something akin to 21(2) was in the old act or not. This appears to give the minister power to say to any lawyer in Saskatchewan that he has to show his files to the department with respect to the ownership of mineral rights, and this would be a much broader power than is ordinarily provided for in legislation. If I have missed an exemption — I see you've got a solicitor and client exemption — are you proposing that the same would apply to, let us say, accountants? Thus, are you empowered to call for the papers and documents from an accounting firm, obviously against the will of both the client and the firm?

HON. MR. SCHOENHALS: — Mr. Chairman, if I have the questions in order, section (2) is new. It applies to mineral production tax because of the obvious potential for considerable amount of money being involved, and the only exemption is the one in point three.

HON. MR. BLAKENEY: — Well, I think all I can say is the obvious point that I express some concerns about this and would expect that the minister would be circumspect indeed in calling for chartered accountants and similar professionals to divulge their records to the department without going through some fairly formal procedures. Otherwise, there's going to be a great number of unhappy taxpayers out there who believe they are giving their accountants information, not necessarily with respect to this tax but with respect to a whole lot of other taxes, which they would just as soon not have public servants, however high-minded, going through in detail.

HON. MR. SCHOENHALS: — It proved impossible to indicate who you could and couldn't exempt. We will obviously use careful judgement. We're quite interested in having happy taxpayers out there and we'll bear that in mind.

Clause 21 agreed to.

Clause 22 agreed to.

Clause 23

HON. MR. BLAKENEY: — I look at these, 23 and 24, and I contrast these with the old act dealing with levying of distress, and I must say I'm uneasy about the whole trend of some of these sections. We've seen 21 give a power to . . . or an earlier one give power to add administration costs to the amount you can recover. The old act said just advertising. Now it's the cost of the proceeding, which is an indefinite amount, and we've got a taxpayer exposed here to a discretionary judgement on the part of the Crown. In 21 you say you can go to his accountant and demand the divulging of the records, and that is a new power that you're giving yourself vis-à-vis the taxpayers. And now in 23 you're saying that you've got a debt due to the Crown — so far all right — and may be recovered in any manner provided for in the act or the regulations. Well, on the face of it, you're providing in a statute that you can recover a debt due to the Crown in any manner provided in the regulations — is a bad piece of legislation. On the face of it, you ought not to be legislating, saying that you can distrain without notice or you can set up

garnishee proceedings with all the rest of it in the regulations. That is not appropriate, and I am wondering what kind of methods of recovery do you propose to provide in regulations which would be at variance with all of the other methods that the citizen has to use to recover a debt due to him from somebody else.

HON. MR. SCHOENHALS: — Mr. Chairman and the Leader of the Opposition, we realize that the section that allows the Crown to recover unpaid taxes is slightly more onerous than the one in the old act. We believe, however, that we are dealing with a new taxation system, a considerable amount of money, and consequently we felt it was only right to include the section. At this time, we don't have any concept or intention to introduce regulations that would be additional methods other than those available. However, we felt it was prudent to protect the Crown in case at some stage it did become necessary.

This has been gone over, obviously, with the industry in a consultation process. SMA, other people involved, did indicate some concern but felt it was not unreasonable.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I don't want to belabour this. I simply want to record my objection to a piece of legislation which provides that the minister can recover a debt due to the Crown by any method which he sets out in regulations. You don't have to sue or give notice. You can seize the guy's car without giving him notice; you can intercept his bank account without giving him any notice. These are not as fanciful as you might think.

The demand on third parties that the federal government uses for the Income Tax Act is a fairly summary procedure, but at least they have to give you a demand. You can decide that you're going to gather in the money without any notices, and I understand it.

I may be misconceiving it, but if I conceive it rightly, I think it is legislation which the minister ought to look at and which the Minister of Justice, or the staff of the Minister of Justice, ought to look at to put some limits around the powers that the minister may take unto himself to recover debts due to the Crown.

HON. MR. SCHOENHALS: — Mr. Chairman, just a comment or two. First of all, under the mineral rights tax, liability to a producer was probably something in the area of \$3 million. Here we're talking, in the mineral production tax, \$100 million, \$200 million. We felt it would be irresponsible to the people of the province not to, if we maintained the provisions that were in the previous act. There is within the act, however, process for notice, for appeals — it's all there. I mean, we're not taking away anyone's rights.

HON. MR. BLAKENEY: — Would the minister like to refer me to the provisions which provide for the notice and the appeal?

HON. MR. SCHOENHALS: — Sections 26 and 27, I believe, cover those items.

HON. MR. BLAKENEY: — I'm sorry. I do not read them the same way the minister does. These are assessments. I read section 23 as permitting the minister to declare something is a debt due to the Crown without assessing anybody anything. He doesn't have to assess anybody. He can just declare that something — an amount required by or pursuant to this act — is a debt due and can be recovered. I don't read that in order to bring 23 into effect you have to provide anyone with an assessment procedure or to permit him to appeal pursuant to section 27.

What I'm asking you is whether your legal people tell you that section 23 can only come into effect following an assessment pursuant to 26. I don't read it that way.

HON. MR. SCHOENHALS: — Our legal people indicate that is true. Section 23 sets out a principle; 26 sets out the process of informing someone of the assessment; 27 is the appeal process

that that person can go through. I think we're discussing a general principle here.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, again I don't want to belabour this point, but I want to record that I do not believe that section 23 requires the minister to use section 26 and gives to the taxpayer the rights under section 27 before he uses the remedies in the last line of section 23. I'll read it again: "Any amount required by or pursuant to this Act . . . to be paid . . . is a debt due to the Crown . . .", whether it's assessed or not, just if it's required to be paid, "and may be recovered in any manner provided for in this Act", which is fair game, "or the regulations," which permits you to put all sorts of seizure provisions and the like in it. I make my point. I won't labour it further, but I think your people ought to review it.

HON. MR. SCHOENHALS: — I accept the comments. Our information is that that first clause "required by or pursuant to this Act" covers that off. Certainly it's not the intention, as I'm sure you're aware, to collect taxes that aren't assessed through the legal manner. The argument is that "required by or pursuant to this Act" cover off the concern that you've expressed.

Clause 23 agreed to.

Clause 24 agreed to.

Clause 25

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, does the minister anticipate that the provisions with respect to confidentiality under this section will require or permit the minister to decline to give information in the legislature with respect to matters which have been investigated by his department?

HON. MR. SCHOENHALS: — We would not release specific information. This is exactly the same as the previous act in terms of what's allowed.

Clause 25 agreed to.

Clause 26 agreed to.

Clause 27

HON. MR. BLAKENEY: — Mr. Minister, I note that the appeal is to the Board of Revenue commissioners. Is it believed that this is the body to whom the appeal should be made? It obviously is. Why is it felt that that is the appropriate body?

HON. MR. SCHOENHALS: — I believe the answer would be that that is the body that has been used traditionally in the majority of the taxation acts, if not all, and would indicate that in section 27(3) further appeal lie to the courts for any decision of the board. So the board's decisions can be appealed to the courts through 27(3). I guess tradition or history would be the answer to the question.

HON. MR. BLAKENEY: — I think of the old act, and I understand why, that it was to the Saskatchewan assessment commission, because we were purporting to levy a tax on real estate, and didn't want to suggest that this was in any way a production tax. I take it we are now acknowledging that this is a production tax — not acknowledging, but asserting — and that that's why the change was made.

HON. MR. SCHOENHALS: — Mr. Chairman, the Leader of the Opposition has a clear understanding of the reasons for the previous one, and I think he understands this one too.

Clause 27 agreed to.

Clauses 28 to 35 inclusive agreed to.

Clause 36

HON. MR. BLAKENEY: — This question now is simply for information. I am dealing with section 36, recovery of tax, and we provide that the taxes shall be a first charge against any mineral rights which the taxpayer may now. And this obviously will mean that when you're buying and selling farmland with mineral rights attached, that you will need to — just as you find out whether any taxes are owed to the municipality — you will also have to find out whether any mineral taxes are owed.

Does the department have a simple method whereby people who are transferring property which includes mineral rights can find out quickly what is owed, and do you issue a mineral certificate? I know that this has been custom, and I simply want to get it on the record.

HON. MR. SCHOENHALS: — If there are taxes owing, we will register a lien against the property, but they could simply contact the department if the information is available.

I point out section 15(1) has a date which indicates, for the first time, that as of that date taxes are or are not paid after that . . . (inaudible) . . . so we've tried to simplify it a little bit in respect to putting a date within the year. But the onus would be on the individual to pursue that.

HON. MR. BLAKENEY: — Mr. Minister, I noted the date, and I thought it was probably a good idea to assist in simple property transactions. It is not a case really of whether a lien will be filed because you won't file a lien in year one, or perhaps even in year two. And it's a case of . . . I'll ask about this. This is for the benefit of the legal profession, and for people who are transferring properties back and forth. You've got 10 sections out there, all of which have mineral rights. Your five-section limit will clean out a whole lot of these, admittedly, but you've 10 sections out there carrying mineral rights. Perhaps my colleague from Wilkie will be selling something, his 10 or 15 sections with mineral rights.

The lawyer obviously gets in touch with your department. Can he get a mineral tax certificate in the way that you can get one from a rural municipality, and put it on the file?

HON. MR. SCHOENHALS: — The practice won't change very much. We don't have a certificate. We would simply give a verbal, or if you require, a written statement that the taxes have been paid or have not been paid on the specific piece of property. But the onus would be on the purchaser, or as you indicated, his solicitor, to contact the department, and we would very quickly have that information.

JHON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, that's the ordinary rule with respect to property taxes. The purchaser must satisfy himself that there is no property taxes, because they are a lien. You are saying that the mineral taxes will similarly be a lien. Fair game. I think you will be obligated to deal expeditiously with the people who deal with transfers of title, and to give them something in writing so they can assure their client they have dealt with the matter, and whether or not it's a certificate you will have to bind yourself by it. If your people make a mistake, then it's your mistake and not the person who relied on your letter.

HON. MR. SCHOENHALS: — I totally agree.

Clause 36 agreed to.

Clauses 37 to 40 inclusive agreed to.

Clause 41

HON. MR. BLAKENEY: — Mr. Chairman, with respect to clause 41 – and I will speak to 42 if I may – the point is the same. The Lieutenant Governor in Council may make regulations exempting from the act the classes of minerals, and the classes of mineral rights and classes of persons, and particularly 42, and it's the same point, Mr. Chairman, so I will make it here. The Lieutenant Governor considers it in the public interest not to demand payment of the whole of the amount payable. Essentially, here is the Lieutenant governor saying – and as you point out, we've got \$200 million riding on this – saying that some people will not have to pay, and some people, even though he act says they have to pay, can be exempted. These sections are necessary, and I don't suggest otherwise, because remarkably complicated situations arise. My question deals with the disclosure to the public, particularly of when you forgive someone a tax which the law says he owes, and there is no obligation, with respect particularly to 42, to disclose. Now if 42 means that it will be done by order in council and the order in council has to specify the name and the amount, then there is disclosure, because the OCs are public. If it means something else, it will not, and I'm going to — I don't object to 41 because I think that everything there would have to be set out in the OC. When we get to 42, I will specifically ask you whether or not you feel that the OC would have to provide for the name and how much you're forgiving the taxpayer.

Clause 41 agreed to.

HON. MR. SCHOENHALS: — If we're agreed to 41, I would indicate that the answer is yes, that would have to be set out as the intention.

Clause 42 agreed to.

Clauses 43 to 48 inclusive agreed to.

The committee agreed to report the bill.

Bill No. 6 – An Act respecting the consequential Amendments resulting from the enactment of The Mineral Taxation Act, 1983

Clause 1

HON. MR. BLAKENEY: — I just really have one question on this. I don't appear to have my consequential amendments bill before me . . . (inaudible interjection) . . . Oh no, it just takes a minute. He's got his officials here.

This has to do with what money goes into the heritage fund and what doesn't. As I understand it, all money goes into the heritage fund which used to go into heritage fund, and what I might call the acreage payments, or the \$320 a nominal section, does not go into the heritage fund, and that's the same as before. Have I understood it correctly?

HON. MR. SCHOENHALS: — Absolutely.

Clause 1 agreed to.

Clauses 2 to 8 inclusive agreed to.

The committee agreed to report the bill.

HON. MR. SCHOENHALS: — Mr. Chairman, I would like to take this opportunity to thank the members of my department and the other officials for their help, and thank the Leader of the Opposition for his understanding.

MR. CHAIRMAN: — I would also like thank the officials. And being near 5 o'clock, I'll leave the chair until 7 p.m.

The Assembly recessed until 7 p.m.