

**LEGISLATIVE ASSEMBLY OF SASKATCHEWAN**

**April 29, 1985**

**EVENING SITTING**

**COMMITTEE OF FINANCE**

**CONSOLIDATED FUND BUDGETARY EXPENDITURE**

**AGRICULTURE**

**Ordinary Expenditure – Vote 1**

**Item 1 (continued)**

**MR. CHAIRMAN:** — Before 5 o'clock adjournment, I listened to considerable debate that, perhaps, was not too relevant to the agriculture estimates, where the Winnipeg or the Manitoba situation was brought into debate. And I might say it was provoked unnecessarily, and that I feel that if we stick to the estimates we could, perhaps, make some progress.

**MR. ENGEL:** — Thank you, Mr. Chairman, and thank you for your ruling. And I will abide by your ruling and will not try and do a comparison with programs.

Before we broke for dinner, Mr. Chairman, we were discussing the cost of a program that this government was involved in. We were talking about the farm loan guarantee program. And the minister gave us the numbers that \$590,000 were spent on administering a farm loan program that saw 108 farmers benefit. And the suggestion was made that \$5,500 a farmer is a little bit steep. It's just a little bit steep for administering a program.

And Mr. Minister, I'd like you to tell us: how many people were involved in administering that program? Who did this \$590,000 go to? My colleague from Pelly asked who they were. I'm not so concerned who they were as about how many were involved in administering the counselling program to the tune of \$590,000.

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, there are approximately 70 active panel members; and the staff in Walter Scott, if you like, the Walter Scott Building here in Regina, is made up of three people.

**MR. ENGEL:** — So 73 people benefited to the tune of \$590,000, and 110 people were the beneficiaries of the loan program. Mr. Minister, I submit that that amount of money implemented similar to . . . And the Department of Agriculture knows how to implement these programs.

When farmstart program was first initiated by the former administration, a certain amount of money was given in a loan, and a certain amount of money was set aside that helped the farmer over eight years, or however long he was in the loan, to help him with his loan repayments. Now don't you think that \$5,500 a farmer for the 110 farmers, the administration costs, that \$5,500 a farmer to help him defray the costs — because he was in a unique position and what your party and your advisers decided that this person was a viable operation that could be saved with a loan. So you decided to give him a loan.

Why didn't you implement the program with staff and with your ag reps that are out there in the field offices and give each of those 110 farmers a cheque — “cash on the dash” are your words — of \$5,500, and that would have gone a long way in paying their first year's interest? So they virtually would have had an interest-free loan; they virtually would have had an interest-free loan if you wouldn't have decided to divert this money into the hands of 70 people. Five hundred and ninety thousand dollars to 70 retired farmers, or farmers that don't need it, and yet not \$1 . . . Well now maybe I'm exaggerating a little bit. How much did the loan program cost

you, Mr. Minister?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, I think the answer to your question — and it was asked before, as I recall — the total costs were 590,000. And secondly, I don't accept your mathematics in terms of the average cost. There was 534 applications. You don't seem to think that those who received counselling, valuable counselling, that that was any of assistance.

And I would suggest to you that if \$5,500, \$1,100, \$200, \$10,000, is what it takes to save some of our farmers, we're prepared to do it. But what you are espousing here is some wishbone economics. Your colleague, the Leader of the Opposition, just this afternoon, as I said before, was decrying the fact that we weren't spending enough on farmers. Now you're saying we're spending too money. I don't know where the consistency in your arguments is.

And certainly I think that the issue is not whether \$5,500 will save them or not. What they needed is \$90,000 on average.

**MR. ENGEL:** — Mr. Minister, the question was, your administration costs were \$590,000. We bought that; we're using your numbers. The costs to the farmer, what did it cost you on behalf of the farmer? How much did the farmer get from the Department of Agriculture? How much did you have to spend guaranteeing the loans? Not the administration costs, not the counselling costs. How much went into the farmers' pockets?

**HON. MR. HEPWORTH:** — Over \$9 million, Mr. Chairman, hon. member.

**MR. ENGEL:** — Mr. Minister, show me what line and what page in the book, in the *Estimates*, that \$900 million comes up. The \$900 million came from the banks and the credit unions as loan money. What did it cost the Department of Agriculture, Mr. Minister? Don't try deceiving the farmers of Saskatchewan.

**HON. MR. HEPWORTH:** — Through the loan guarantees, and because of those guarantees, our credit unions and banks advanced moneys, and they advanced over \$9 million. And given that it's a year old and it was a year guarantee, there's virtually — because we have a lot of faith in farmers and you don't, and that you'd rather see them fail than succeed, and you'd rather fail than see them succeed — there's virtually nothing has been paid out in guarantees at this point in time because they are succeeding, and it did make sense to walk an extra mile with them.

**MR. ENGEL:** — Mr. Minister, you spent \$590,000 for your people that you had out there doing some counselling. You didn't spend \$1 on the farmers that needed help. And the point we've been making ever since you introduced this program is that the farmers need some ready cash. The farmers need some money.

All you've helped is the farmer make a further loan. Now when you first implemented the program, and when the question period is on, we've talked about some of the applications that were before this House, where the farmer had to sign on the bottom line that, should he fail to make his payments, that his land would be brought up for sale by the end on November. Do you know of any situations where the banks or credit unions, because of this loan program, have asked a farmer to sign away his right to his farm so that that money could be collected that they were in arrears on, if they were in any arrears?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, we don't set the security requirements.

**MR. ENGEL:** — But you set the guarantees, Mr. Minister. Would you run through for me an example of how the Lafleche Credit Union would be guaranteed if they would have made one of these \$90,000 loans? One hundred and ten loans were made. Virtually it's possible that of the rural ridings, three of them were in my riding, to get my share of the rural ridings. Possibly three

loans would have been made on there. Let's say one of these \$90,000 loans were made at the Lafleche Credit Union. Would you explain to me how the Lafleche Credit Union would be guaranteed and how they could benefit on the guarantee of that \$90,000? How do you foresee and how do you envision that this guarantee to the credit unions works, that helps a credit union like the Lafleche Credit Union benefit from you under this loan program?

**HON. MR. HEPWORTH:** — It's 100 per cent, Mr. Chairman, hon. member, 100 per cent on an individual's loan. The guarantee is 100 per cent.

**MR. ENGEL:** — Would you run that by me, how that the assurance goes out to an individual credit union, and how you prove that that is a 100 per cent guarantee?

The credit union managers across Saskatchewan are telling me that they virtually do not have a guarantee. They virtually do not have a loan guarantee because of the nature of the credit unions being independent organizations — each credit union is running independently of another one. And I would like you to explain how that guarantee works. I know how it works with the Toronto Dominion Bank and I know how it works with the Royal, because the Royal Bank has one . . . The branch office in Regina has its subsidiaries across, that if a subsidiary loses money it's guaranteed by the branch. The credit union system just doesn't work that way. And I'd like you to explain to me how there is virtually a 100 per cent guarantee to an individual credit union.

**HON. MR. HEPWORTH:** — The format that the credit unions would operate under would be similar to what banks would operate under.

**MR. ENGEL:** — Mr. Minister, that is a nice general, pat, easy answer, but the Lafleche Credit Union operates as an independent operation, completely independent from Credit Union Central as far as their loan guarantees are concerned. And how do you . . . And my colleagues say that that's a problem, or my friend sitting over here to our left. I don't see where the guarantee comes through when you make a guarantee to credit unions. Is the guarantee made to Credit Union Central, or do you review the applications followed through with a letter of surety to each credit union? Do you make a letter of surety to each credit union that makes a loan individually?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, the guarantees are administered through Credit Union Central.

**MR. ENGEL:** — And how do you foresee the Credit Union Central making that credit? As Credit Union Central through their organization of Co-op Trust? Are they the only ones that are writing the loans or are the credit unions individually writing loans, and if they are, how do they get their guarantee?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, the same way the banks would.

**MR. ENGEL:** — If the Royal Bank's office in Regina has 20 branches in Saskatchewan, and if one of those branches loses office, the Royal Bank is the same banking institution that loses the money down there. If Lafleche Credit Union loses money, that doesn't affect Credit Union Central, not in any shape of the way. And this loan that they guarantee, they guarantee at their own at the Lafleche Credit Union, and my money that is invested in Lafleche Credit Union is in no way related to or connected to a loan guarantee program that you'd make through central. If you would individualize it, and if you would run these loans as an individual guarantee, then there'd be a 100 per cent there. But if you tell Credit Union Central you're going to guarantee a block of loans, how does that guarantee get spread around so that the local credit union knows they're getting a guarantee?

And I think this is where you have discriminated against the credit unions, and have given them a different deal, because a credit union does not operate on the same terms as a bank does. And I

can't see how come you can't get that through your thick skull.

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, we haven't tried to dictate to the credit unions how they should operate. Our approach has been more one of consultation with them, and we believe that as a result of our consultations with them and the administration through Credit Union Central, albeit that you apparently seem to be all-knowing and much smarter than they are, we have some reason to believe that the program that's put in place is one that they can work with, and one that we believe they can work with.

**MR. ENGEL:** — Can you give me a breakdown of the 108 loans, as to how many were made by the banks, and how many were by the credit unions?

**HON. MR. HEPWORTH:** — I don't know as that kind of information is in the best interests of either the credit unions or any of the other lenders out there, to reveal that kind of information.

**MR. ENGEL:** — Are you hesitant to admit that none of the loans are financed through the credit unions? Is this what you're saying?

**HON. MR. HEPWORTH:** — No, not at all. If you want that kind of information, you might be best off to get it from the lending institutions themselves. I think no more than would I give your private files to Joe Public to read, I don't know as we should be expected to give the information from any other private individuals' file, including the lending institutions out there, whether they be credit unions or banks.

**MR. ENGEL:** — I don't see any problem at all, Mr. Minister, with giving me a breakdown of 108 loans, saying that 20 per cent were with the banks, or 30 per cent were, or 50 per cent, or whatever.

I think a breakdown of how many loans went to which banks and which department, and I think that would reveal to you, if you'd be prepared to face the facts of life, it would reveal to you who's able to write the loans in the arguments we're making.

You'd have it specifically before you. Because the credit unions I've talked to here said, we can't. The credit unions I've talked to said, we absolutely can't write a loan under that guarantee program, because we don't have a guarantee; if a guarantee goes to Credit Union Central, it doesn't apply to us. And I'd like to know what percentage of these loans are written by credit unions, if they've got 50 per cent of the loans. Because they were doing 50 per cent of the farm business before you meddled with the market and decided to slant it in favour of the banks.

**HON. MR. HEPWORTH:** — I think I would refer the hon. member, as far as any information the credit union might want to have divulged relative to its loan portfolio, I would refer the hon. member to ask them specifically. And really this whole discussion is somewhat moot.

(1915)

The bottom line is, in so far as what the guarantees were and what they are now, it is quite different.

And I recognize that, in fact, we've made a number of changes, which you, in fact, voted for to make the program more sensitive, more responsive, less red tape, a better deal for the farmers, a lower interest rate: to include consolidation loans. Because in fact we were faced with a program where the up-take wasn't as good as I would have liked. I admit that; it wasn't as good as I would have liked.

And we could have either scrapped it, put a new program in place, which I have a little difficulty with every time coming up with another new program, or make it work. It's not the first time that

we've amended a program in this government. We've done it in several other areas, because we believe in making things work. When grain stabilization didn't work, we lobbied the federal government to make it work. And I think now it is much more sensitive.

That's our approach, and I see nothing wrong with it. And in so far as giving out lending institutions' information, I would recommend that you contact them, not myself.

**MR. ENGEL:** — I guess you would. I guess you would, because the answer I got from them was zero. The ones I've talked to and the ones I deal with and the ones I know said you scored and batted a zero. Because your program is designed to guarantee a loan at the bank, and it wasn't, and if it's working the other way I really think you should take advantage of the opportunity to tell us that it is working, that the broader terms you've had are guarantees.

My suggestion was initially: (1) do away with that expensive Tory-loaded counselling committee. Do away with that committee. Do away with that \$590,000 pork barrel, and give that money, give that money . . . Fifty-five hundred dollars a farmer is what you could have done in cash. That's what that cost those farmers that didn't get one cent out of it.

Now if the next program and the revisions are going to even be richer and better for that committee, and you've given them still broader terms of reference, now I'm not sure, I'm not sure where it's going to take it. Because when I look at the rest of the department, Mr. Minister, and I look at your spending estimates and compare the left column with the right column, right down the book.

Let's take the first one under Personnel and Training. Let's take the first one under Personnel and Training. Last year you estimated that you'd spent 524,000; this year 503. Why would you require that large a drop and less personnel and training? Why aren't you using your staff? Are you going to hire more Tories to do the job for you? More political hacks out on the road trying to sell your propaganda? Another \$590,000 worth of expenses? Is this what your plans are?

Why the discount in Personnel and Training? Here's an area where you should be beefing up your department, putting people out there that can deal with the farmers from a professional basis, from a professional point of view that the farmer will trust. And they will implement programs like farmstart was implemented, that will be taken up, that will be taken up — not like your program that only has 110.

Why would you have that kind of a discount in Personnel and Training?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, are we on to vote 2 now?

**AN HON. MEMBER:** — No.

**HON. MR. HEPWORTH:** — I wanted just to be clear on that. The reason that we did not use, for example, the ag rep service which you've mentioned, is that number one is, to take their time and totally slot them into farm counselling would have been to rob Peter to pay Paul. It simply didn't make a lot of sense. They're busy. They're busy out there advising farmers on production practices, on chemical technology, on fertilizer technology, on soil technology, on water management, on new varieties. They are extremely busy out there. And for somehow to suggest that you could split their body in two and have them doing both jobs, when some of them aren't particularly trained in that, it seems to me a case of robbing Peter to pay Paul.

But secondly, and more importantly, what we look for in these farmer review panels is farmers that have seen a few years; have seen some ups and downs, could make some judgements on, you know, over the long haul what can we expect. And I think all reports are that they've done very well at that.

In so far as why our Personnel and Training is down, we just happen to be able to do things more efficient, year over. And that's a reflection of that.

**MR. ENGEL:** — Well, it's interesting, Mr. Minister, that if Personnel and Training is down, and you talk about how hard these extension people are working in the extensions branch . . . And I agree with you that they have a fairly good lot, but without getting off of vote 1, let me give one more example. Let me give you one more example. And if you look at the Extension Branch, last year you had budgeted an estimated 8.2 million. This year your budget is 7.3 million. Why are you transferring the work-load from professionals to political hacks? Why are you making the transfer?

You can spend \$590,000 and try and convince this House that that's a good amount of money to give counselling and assistance. That's a great way to spend money to advise 100 farmers. And I'm saying to you that we've got an extension branch out there that can do their job, but instead of equipping them and giving them \$590,000 extra, you cut it. You cut the branch. You cut it from 8.2 million to 7.3 million.

There's enough money there, Mr. Minister, in cuts. That's not what you're talking about. You're talking about taking the job away from professionally trained people, that my neighbours and my farmers like talking to. If they've got to open up their bank accounts, and if they got to open up their books, they'd just as soon do it with a professional. They'd just as soon do it with an ag rep as they would with a political hack of yours.

And that's why your program's not flying, Mr. Minister. You cut money from personnel and training. You cut a bigger percentage than that from your extension department, and you tell me that they're overworked and doing a good job. Why do you need those political hacks when you could have done it in there in the extension department?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, when I hear this kind of talk from my colleague across the way, I'm hurt, and I'm hurt for all Saskatchewan farmers, because to describe those farmers that sit on those review panels, who for \$110 a day put in 16 or 18 hours . . . And I'm going to take the liberty of sending his remarks to them, because the kind of people we have on those panels are Saskatchewan Agriculture Hall of Fame inductees. And he wants to tar them all with the term "political hack."

And I want to tell you they are people on those panels from your constituency, because I was in your town last Friday night, Agricultural Hall of Famers, in Mossbank, Saskatchewan, in your riding, and I said before a crowd of 300 that I was so proud as the minister to be able to draw on those kinds of people to help us in this business of farming. And you've got the audacity to slap them all in the face and say they're political hacks? You should be ashamed that you even occupy that seat. Absolutely ashamed. And I'll tell you, I will send those remarks to every one of them that you have tarred as political hacks. It's a disservice to Saskatchewan farmers and nothing else.

**MR. ENGEL:** — Mr. Minister, if you've got 110 farmers that benefit from that program — 110 farmers — and it costs you, by using those big boys, it costs you \$590,000 to deliver to 110 people, I tell you, you better get another hall of fame, because you'll become famous, and I would like that list of names to write to them and say, what kind of a program are you operating under? What kind of directions are you getting from the Minister of Agriculture that it costs you \$5,500 alone? If that's what the kind of direction they're getting, Mr. Minister, if that's the kind of direction they're getting, and that's what you're expecting them to do, Mr. Minister, they must be part of your grand circle because if they're doing anything, they're running around in circles because they haven't been delivering the goods.

With \$590,000 worth of counselling, Mr. Minister, you should have touched 8 or 9 or 10 or 12,000 farmers with your program, and you should have been able to help at least half as many

as the federal government study said are in severe financial stress — not a hundred and measly ten farmers. That is a disgrace to a program to say that you were able to touch 110 farmers when so many farmers in Saskatchewan are in trouble. And the point I'm trying to make is that a professional can do it for less money. A professional can do it for less money because he has the office, he has the location, he has the talent. And the farmer comes in and says, look, here's my situation, here are my books. I need a loan guarantee. They sign the guarantee and he'd trot over to his bank and he'd have it guaranteed, individually.

If you were sincere, and you really wanted to help the farmer that needs help, you'd have put in a program that works, Mr. Minister. You wouldn't have dressed it up and put more cosmetics on it, and made it possible to hire still more of your friends.

I don't care who's on that committee. But if I were on that committee, I'd be ashamed that I'd have to work with a program that cost \$5,500 for every farmer we helped. Because if you'd have given them that \$5,500, they'd had some help — if you'd have given them that \$5,500 they'd had some help, Mr. Minister, and that's my argument.

I don't care who's on that committee. I don't care who you brought in. But if they can't deliver the goods, Mr. Minister, there's something wrong with their salesmanship. Put them on a commission, that's what I tell you. If you're the free enterpriser, put them on a commission because they aren't earning their salt. Because I think if you cost . . . If you're spending \$5,500 for every load you deliver, I hope you send them out because I'm more of an economist than that.

I'd sooner see the farmer getting \$5,400. I'd sooner see the farmer getting \$5,400 than I would see somebody that doesn't need it. I'd sooner see the farmer get it, the farmer that needs it, the farmer that's got his back to the wall, the farmer that can't get another dollar from his bank. He's the guy that needs a loan guarantee, and unless you authorize that committee to do more than drive around, and do more than talk, unless you authorize that committee to sign a loan guarantee . . . Why don't you give them the authority to sign a loan guarantee so that they can make the guarantee that will stand good in the credit unions?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, first of all I will go through again . . . he is trying to distort and warp the facts. The facts are: there were over 500 people that received counselling and assistance — that's a fact. And so for him to try and do this wishbone economics again where he divides and subtracts, and doesn't get anything right, it's just typical of the other scenarios that he's presented to this House.

Point number one: there are some extra start-up costs in year one. Number two: name me, for you wanting to tar them as political hacks, name me, of all those panels — and I'd provide you with the names as I said I would last time; I've sent you letters regularly saying, these are the panel's members — name me one, name me one, that's worked in this building; name me one that ran for the PCs, if you're going to use that as some kind of blood test. That's the NDP sort of socialist psyche, that's what you would do. You would blood test them all. We've looked for competent farmers, competent farmers, and you name me one, big, high-profile Tory.

When I think about it — and I just conferred with my Legislative Secretary here — of all the people that are on there I can think of one former Liberal candidate. I can think of that. I can think of some Saskatchewan Agriculture Hall of Famers. But if the best argument you can come up with is some political hacks, you are doing a disservice to Saskatchewan farmers. And in so far as what a farmer will tell another farmer, this is where you're really missing the point. I think it's well acknowledged that a farmer at his own kitchen table — and in some of these cases they went back to those farms three times — and what a farmer will tell another farmer at the kitchen table is a lot different than what he'll tell some government guy at the kitchen table, or some banker at the kitchen table, because he feels at home with them, there's complete confidentiality, and the fellow understands his plight.

And I'll tell you, you are really, really off base on this one, because of the 500 cases. And they dealt with some distressing cases. I had one phone call. That is the kind of track record they enjoy out there.

**MR. ENGEL:** — Mr. Minister, I would tell you this, and I'll give a challenge. If these counsellors that are out there, and advisors . . . You give them authority to sign the loan guarantee. Give them the authority to sign the loan guarantee.

If you believe in their counselling, and if you believe that they are not out there to do some politicking; if you're talking to 500 people and 400 of them are getting the message saying, it's tears for you . . . What did you call it? Two tiers. It's tears for you, buster — no money.

(1930)

That farmer, you can talk to him three times; you can talk to him 33 times. Unless you're going to come up with a little cash, Mr. Minister . . . And I'd suggest to you, if you had that kind of confidence in that committee — if you had that kind of confidence in that committee — do the honourable thing.

I won't compare it to Manitoba again, Mr. Chairman. But do the honourable thing. Give those farmers the authority to sign a loan guarantee that the farmer can then take and say, here is an official loan guarantee that the government will back, and take it to his credit union or to his bank and get his money.

If you believe in their counselling, and if you believe that they got what it takes, give him the authority to sign a loan guarantee. I challenge you to make the program work.

If you want to make the program work, all you've got to do is say, look, fellows, we've got some confidence in you. You know who's going to default and who isn't. Here's a farmer that's got some credibility. Here's a farmer that's worked hard and that's demonstrated he can make it, but he's had a couple of bad turns of events. We believe this farmer's viable. We think 15, 20, 30, 40 — or whatever number you want to use — thousand dollars will get his guy by for a year till he gets another crop.

Sign a loan guarantee. Give him a paper that's official, that you'll back, to let him take to his bank and get his loan for a quarter per cent over prime. And, Mr. Minister, you'll have yourself a program that works. That'll be a brand-new program.

It won't be the complicated, hairy thing that pays out \$5,500 a farmer. It'll cost about 100 bucks a farmer, because one visit will do it. If they can go on a farm, they can drive on that yard, and they can know within minutes whether that guy's going to make it or not. And they can sign the loan guarantee, and he's got himself some money.

Why do you shake your head? Because you don't want to put up any money for the little farmer, that's why. Give the guy the authority to sign a guarantee, and I'll say you believe in those guys.

Otherwise, you've made political hacks out of hall of famers, and out of big wheels, and out of reeves, and out of chairmen in our committees. You've made political hacks out of them because that's all they can do is talk. They can't sign a thing. They don't have any authority to do any good for the farmer. All they can do is talk to him. Put up or shut up.

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, I have never seen a more profuse example of warped logic in all my farming days. For him to stand in this House and suggest that you can take farmers who are in a distress situation and in a mere 10 minutes come in and analyse the situation as it exists today, and not only analyse it but in fact put a farm plan together — because you don't bail these kind of people out over one year. You've got to have a farm



plan, a five-year game plan. And to suggest that in 10 minutes somebody can come in and in some kind of irresponsible NDP fashion say, here, I'll sign a piece of paper for you; away you go. That's typical NDP logic. That is absolutely typical warped socialist thinking. And that's why you're over there and that's why you're going to stay over there. Absolutely warped thinking of the worst kind.

And after that, Mr. Chairman, I can only say one thing. If he felt so strongly about the way that program was working, if he felt so strongly about it, why did he not then put up one amendment when we amended the Bill? In fact, they jumped in favour of it, voted in favour of it, and in fact the debate only lasted a half an hour on the whole Bill. And yet tonight, now in estimates all of a sudden, he wants to rerun the whole Bill. Two days ago, it was just fine.

And you voted for it then; there was no amendments then; and all I can say now is that we'll agree to disagree.

**MR. ENGEL:** — Well how much do you expect the program will cost you this year, that we dealt with last year fairly well, \$5,500 a loan — how much do you expect it's going to cost us this year?

**HON. MR. HEPWORTH:** — We're estimating \$500,000 for administration, Mr. Chairman.

**MR. ENGEL:** — And how many loans do you expect to run by with that amount of money?

**HON. MR. HEPWORTH:** — Once again, hard numbers are hard to come by, because they are, at best, estimates. We might expect something up to 1,500.

**MR. ENGEL:** — So you're going to do 1,500 loans instead of 100 loans? Are you admitting that \$5,500 a farmer was a little much? Is this really what you're saying?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, \$5,500 isn't the right number in the first place; and, no.

**MR. ENGEL:** — Well, I would like to know . . . I would love to have your computer then, because if you can take \$590,000 and divide it by 108 loans and come up with a number smaller than 5,500, then you've got a better computer than I have.

But we have you on record saying that next year with the same amount of money, next year with the same amount of money, you're going to service 1,500 loans. Now that would have made some sense, because that would be \$550 a loan, or \$500 a loan. And that would make some sense, Mr. Minister. There you're getting down to some counselling that's so expensive . . . It's still expensive, if you tell a farmer he'd have to pay his own way for a counselling program for \$500 apiece.

. . . (inaudible interjection) . . . Mr. Chairman, who's asking the questions here? The minister's babbling from his seat. And I can wonder . . . He was telling . . . the session later, and I could make some comments about what seat he's running in or why he shouldn't.

I challenged his president — and a good friend of mine that is now the president of the party — that maybe the Minister of Agriculture should come home and run in his own riding where he was born and grew up. And the new president of the Tory party told me, he says, sure, you want a shoe-in.

Those are the words he used, Mr. Chairman. I'm responding to a judgement call he made about my constituency. And I am responding to the minister. I'm saying to him the nomination is still open. There's five candidates. We'd appreciate a sixth. I want a shoe-in. Come home and run at home. Come on home and show your neighbours.

**MR. CHAIRMAN:** — Order, order. Let's get back on track here, and let's get on the estimates before us.

**MR. ENGEL:** — Thank you. I think, if the minister wants to bring up who should represent my riding again, and if you don't want me to respond to it, I won't. But I made out a good suggestion, and I hope he'll follow through with it.

If you can come up with, and if we have another chance and another budget here — which I hope we don't — I hope we don't have another chance to review another budget, because the farmers can't take this kind of administration much longer. If you're administering programs that cost \$5,500 alone to administer, we don't want any more farm loans at that price. We'd sooner have a loan guarantee program.

And if I look across the book — and we'll get to one estimate after the other — but Mr. Chairman, I've coloured in in yellow all the situations, all the situations where you've had cuts in your department. How do you justify, Mr. Minister, in general, as you look across the page? If you'd take page 18, for example, there's only one, two votes on the whole page where you haven't had a cut. How do you justify a department that cuts every service?

Veterinary branch, soils and crops branch, livestock branch, irrigation branch, extension branch — every branch — personnel and training branch — every branch has a cut. Now, is this your fault, or is it your deputy's fault? Or is it the Minister of Finance's fault? What's going on, when we have agriculture, and all we get out of you is decreases, when the farm community is suffering like it never has before?

Give us a general statement, Mr. Minister.

**HON. MR. HEPWORTH:** — The general statement, Mr. Chairman, the general statement that I would make is, number one, the agricultural budget this year is up over last year, and 54 per cent increase over what it was when we took over. That's statement number one.

And after that, the other example I gave you before, in some cases where we've had some slight decrease, is a matter of doing things better and smarter and more efficient. And there are some instances . . . For example, you raised the extension matter. In that case there are some positions that have been transferred to information services — those kinds of routine administrative decisions.

And if you want to draw some simple conclusions, the simple conclusion is that this government is more committed than ever to agriculture. And if I was you, that would concern me, because in your riding, as you mentioned, there are five candidates running for the PC nomination, and there'll be more people out at that nomination than voted for you in total last time. So if I was you, I'd be worried too.

**MR. ENGEL:** — I'm not worried on that cause. I'm inviting the minister to run there.

Mr. Minister, you call this an increase. I can go down the line: extension branch has been decreased; irrigation branch has been decreased; livestock branch has been decreased; veterinary branch has been decreased; agriculture implements board, 299 to 217; Grant to the Saskatchewan grain car corporation, down; farm purchase program — administration, down; assistance to general agriculture interests down, from 4.7 million to 4.1 million; Payments to the Prairie Agricultural Machinery Institute for Saskatchewan's share under agreement, from 1.1 to 1.05; Payment on behalf of individuals, grants to the Agricultural Credit Corporation of Saskatchewan, 4.8 down to 4.5; grants to the agricultural credit, down 2.8 to 2.5. Mr. Minister, every line is down. Where's the increase? Where's the increase? Where's all this benefit to my farmers?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, if you add up the Consolidated Fund, the Heritage Fund, you in fact will find an overall increase. And I know your idea. Your idea of helping the farmers is to increase the size of government. I mean, that's your idea: big government is good government.

Our idea is that the best government is the government that provides service, prompt service, safety nets, facilitates productivity out there, providing what people are needed. But in so far as his idea, this myth that big government is good government, we don't happen to subscribe to that. We do subscribe to efficiency, however.

**MR. ENGEL:** — I recall your speech on the budget in this House, saying what wonderful improvements there were and what great funds there were in agriculture. And yet the total for Agriculture Ordinary Expenditure, \$90 million down to \$64 million. Mr. Minister, you're not doing your job. The farmers of Saskatchewan are saying, it's time you get with it. There's a problem out there, Mr. Minister. It's time you get with it.

I can't figure out why you would allow somebody to take you through treasury board and out of 30 subvotes, out of 30 subvotes be down in all but . . . 3, 4, 7, 8, 9, 10, 11, 12 votes are the only ones you didn't lose money on. Twelve subvotes out of 30, Mr. Minister, you're down. It's down from 90 million to 64 million. That to me is negligence on your behalf.

You haven't been able to present a case, because you say the sky's not falling in. You tell farmers, I can't do anything about interest rates. You tell farmers over and over again: look, if you're tough, you make it: we're going to shore up success.

Well, Mr. Minister, this budget indicates that. This budget says to the people of Saskatchewan: look, there's a government in Regina, but they don't care much for agriculture. They don't care much for agriculture. If they can get a group of men together, I don't care where they come from, we can pay them \$5,500 for every farmer they interview and give a claim to. We can pay them \$5,500 for every loan. Fifty-five hundred dollars, Mr. Minister, is a lot of money you're spending on your friends, on neighbours, on people that don't need it, people that have made it in this world. They can go out, they've got a job, they can get \$5,500 a loan claim, and yet when it comes right down to the basics, every line in the book is down.

Grants for control of pollution from intensive livestock operations: 89,000 down to 60,000.

Every line I look at, you haven't been able to maintain even in light if there'd be no inflation at all. You haven't even been able to maintain the level, let alone a 3 and 4 per cent increase like inflation has led us to believe that we should get.

To stay equal, you should have been up 3 and 4 per cent on every line. That would have been zero. But no, with your administration, we got less. We went from 90 million down to 64 million.

Mr. Minister, that's 20 per cent that's going to cost you every seat on that side of the House — every seat, I predict, is gone — because you've forsaken rural Saskatchewan. You've given up on it; you've given up on them.

You said, look, if you're tough you'll make it. We'll give you a little talking to, we'll come back three times and tell you you don't need the money. We'll talk to you, we'll come and talk to you, but we're not going to give you any money.

Mr. Minister, this budget reflects a weak administration. It reflects a man sitting in his office with his sidekicks that weren't able to cut the mustard. It reflects an administration that wasn't able to hold the line with the other departments in this government, because every other expenditure went up.

Our deficit is way up there. We're facing a \$1.2 billion deficit and you weren't able to maintain even \$90 million. If you had been at 100 million, you would have matched up to inflation, but you're at 64 — you're at 64. This is a \$64,000 question, Mr. Minister. Why didn't you hold up to the farmer's good? Why didn't you hang on? From 64 you should have been at 100 to maintain status quo, and that would have been if conditions were normal, but conditions out in Saskatchewan are tough.

Did you forget we had a drought? Did you forget we're facing a cost-price squeeze? You stand up in this House and you say, no, I can't interfere in the market-place. I don't believe in parity pricing. I can't interfere in the market-place that Saskatchewan consumers and Canadian consumers should pay the cost of production. I don't want to interfere. I'm not going to get involved in some NDP deal in Ottawa and support parity pricing.

(1945)

Mr. Minister, you haven't been able to cut the mustard. Your staff hasn't cut the mustard. I suggest we have an overhaul, and before we can continue the agricultural estimates, the Premier better put somebody in there that can do some talking on behalf of farmers, or there's going to be another 15,000 farmers hitting the dust this year. Fifteen thousand farmers, I predict, are going to go under if you don't come up with some money.

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member . . . (inaudible interjection) . . . No, I think the better phrase would be, this is an example of economic illiteracy and a failure to read the book from front to back.

I'd like to draw the hon. member's attention to page 7 of the *Estimates*, '85-86, because there it gives at least a more clear picture — a clearer picture — of the total agricultural expenditure: 115.504 million for '85-86 as opposed to a substantially lower number for '84-85.

And even that doesn't tell the whole story, because what the hon. member is selectively forgetting — perhaps some would argue out of ignorance; I would not — he's failing to acknowledge the fact that if you look at the Heritage Fund, the development fund, the Consolidated Fund, we are increasing our commitment to agriculture, number one; and number two, if I was to compare this budget to yours, when crop insurance was part of the vote, the Water Corporation — last year I think we put in something like \$9 million there. If you want to compare apples to apples, the numbers would look like this: \$131 million this year; 112 million last year.

So enough of your economic illiteracy. Do your homework. Read the book from front to back. And quite simply, let's get down and do some serious talking here.

**MR. ENGEL:** — Well, Mr. Chairman, a book that I and you are both familiar with, that we deal with in Public Accounts, on page C16 of *Public Accounts*, March 31, 1984, the example I use, if you would have spent what was in last year's estimates, we'd be fine. That would be a terrible story for Saskatchewan farmers to go from 90 million to 64, if you would have spent the 90 million.

But, Mr. Minister, I want to draw your attention to some of the votes that you estimated and what you actually did with them.

You know, Mr. Chairman, if we look at estimates, and we could take the estimates as saying that: this is what they're going to do; here's what their intentions are — it wouldn't be bad. But these fellows over three years have demonstrated that they don't know what's going to come out even after the estimates on these. They fly a number, and they hope everybody's going to be happy with these wonderful numbers. But what have they really done?

Mr. Chairman, let me refer you to page C16, where we have a summary for Agriculture's ordinary expenditures last year. They, in their estimates for the family farm improvement branch, for example, had 1.8 million in their estimate. In fact, I should read the whole number because it gives a total picture — \$1,862,790. Almost 1.9 million.

What did they spend, Mr. Chairman? Total expenditure, 1.6 million. Down by \$177,000, even less than they estimated, even less than they estimated the family farm improvement branch. Agriculture incentive grants, grants to farmstart, estimate, 3.3 million; expenditure, 200,000 less. Animal industry branch, estimate, \$3.5 million; expenditure, \$190,000 less. Plant and industry branch, estimate, 1.5 million; expenditure, 37,000 less. Marketing and economics, estimate, 1.7 million; expenditure, 283,000 less.

Now if you would take and translate the real numbers into these estimates here, then you'd see what a terrible picture this government is really painting. They tell you one thing, and they're going to do another. So on this 60 million that it's got in here, is that going to be the new number like they said, that's even going to be underspent that much more?

Conservation and development, they underspent by 142,000. Under lands branch, they spent 30,000 less; under land acquisitions, under operation of provincial community pastures, they spent \$485,000 less than they estimated.

Under the Saskatchewan Farm Ownership Board, they spent 147,000 out of a \$690,000 estimate — \$150,000 out of \$600,000. Mr. Chairman, you're a former banker. Do you know what a decrease that is? Twenty per cent underspent, assistance under the farmlab program.

I don't know why you're spending that, but last year they underspent it by \$275,000, and this year they've got a direction out: you get those signs down by April 13th, or else. Get down the signs for farmstart, farmlab.

Grants to individuals for general agriculture purposes, estimate for the year 617,000, expense 335,000 — a \$282,000 underexpenditure. Forty-five per cent of what they estimated wasn't spent. This is an estimate of what you're going to do.

Last year you said this is what you're going to spend. In some lines you spent as much as 40 per cent less. Most of them are 15 and 20. This year you're estimating 64 million out of 90. If you're underspending that by another 20 per cent, the point I'm making, Mr. Chairman, these people can't even be trusted to spend that much. These people can't even be expected to spend that much, because you're not going to spend it.

Under family farm improvement branch, Mr. Minister, he wants me to check that for him one more time. The family farm improvement branch, the estimate was one million eight, the actual expenditure is one million six, down \$177,000.

**AN HON. MEMBER:** — How about this year's?

**MR. ENGEL:** — It doesn't matter what you put in this year, because you're not going to spend it. Those numbers to you don't mean a hill of beans, because you can't be trusted to even spend that much. You can't even be trusted to spend it.

And the family farm improvement branch is right out there, and he thinks it's a good thing.

I've got neighbours around that thought family farm improvement branch was a pretty good thing. They thought it was a pretty good thing. You decided, because it was implemented by an NDP government, that program had to go. Well, Mr. Minister, I can assure you that the top line in our budget's going to be a family farm improvement branch re-establishment of the branch.

We're going to put people back out there that are going to give sound counselling and sound advice to farmers wishing to improve their farms, and improve their family setting, and improve their soil supply of water, and their sewage facilities, and their general recommendations they make. We're going to put that back in.

You thought it's not necessary. But, Mr. Minister, when you justify that, are you again saying that you've overestimated by 15 per cent?

That's what you did when the *Public Accounts* came due and the record came home from your first administration and the first year you was minister. You underspent by close to 15 per cent.

Are you going to give us an assurance today that these estimates are the estimates you're going to live with, or when the *Public Accounts* come up and the people find out where you're really at, that you can't even muster that kind of money.

What kind of assurance can you give us that we can believe when we look at the *Public Accounts* and we look at your record? What kind of assurance can you give us that you will indeed match up to some of these estimates? You couldn't be trusted to spend 90 million, now you say you're going to spend 60 million. How can we tell that you're going to even spend that much?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, I give up. I do give up. You've caught me red-handed. What I said last year, when I presented an estimate and said, here's what we think we will spend, I'll have to admit I was grossly wrong. I have to admit you've caught me red-handed when I said we would spend 100 million, or whatever the number was, I was absolutely and categorically out to lunch. Because in fact what happened, I went back to my cabinet colleagues for something in the order of an additional \$32 million, because there were problems that cropped up over the year — a drought, a flood.

And if you look at page 1 of the Consolidated Fund Budgetary Expenditure, *Supplementary Estimates*, you will see things like an additional 5,100 is to be voted under the home quarter tax; drought relief, \$500,000; Water Crown, 1 million; a flood damage program, 7.5 million; livestock drought, \$500,000; the prairie livestock drought program, \$14,750; the Farm Land Security Board, 225,000. So I apologize. I severely underestimated the needs of Saskatchewan farmers. But I'll tell you what, if it came to pass that we had to face these kinds of situations again, we'll be back there, we'll be back in spades with the farmers.

I don't apologize for spending an extra \$32 million. Problems cropped up. This economic illiteracy that you espouse, is simply that. You've got to look at the whole picture.

And you mention family farm improvement branch. You see, you want to live in the past. In 1953 and 1954 when that program was put in place, it was a good program. It brought sewer and water to rural Saskatchewan. It did a good job over the last 30 years, a good job. But you must, surely even you must travel a bit about rural Saskatchewan and see that now the program that was put in place 30 years ago has done its job. Much of rural Saskatchewan is serviced with sewer and water.

Now your style would be to perpetuate programs into eternity whether they're doing any good or not. The fact of the matter was, is that they were using very little of that branch for the sewer and water aspect. We administered our drought programs through it, our seed box survey through it. It didn't make any sense any more. But that's an example of you not wanting to change, not wanting to accept that the world has changed. You got the blinkers on, you got the blinders one, and you got the Massey 44 in road gear, but you're still going in reverse.

**MR. ENGEL:** — Well, Mr. Minister, I would suggest you check with your colleague, the member from P.A.-Duck Lake. I happen to have spent some time in his riding, and you can travel, you can

travel between Duck Lake and Waldheim, Saskatchewan, for example, Mr. Minister, and I can assure you you'll find as many homes that still need the family farm improvement grants . . . (inaudible) . . . Check with your minister. Check with your minister, and if he doesn't know those farms exist out there, you'd better have a look, because I've visited those farms in that community and I know what's there.

But if you don't like Mr. Lutz's numbers, if you say this is . . . (inaudible) . . . then say it. Total for ordinary expenditure, your estimates, were 73 million; your expenditures were down by \$3,412 million. Mr. Minister, you can cut it how you want. You underspent. Under agricultural capital, vote 2, you estimated 5.3 million; you spent 4.4 million, Mr. Minister, you can slice it any way you want, but there's \$868,868 that you didn't spend. It's undercommitted, in the words of the *Public Accounts* book. No matter what you want to stand up and say, those are the numbers the farmers are starting to talk about. The farmers are saying, how come this program isn't available? How come that program's not available? How come this program's been cut off?

And when you have a program in place, when you have a funding program that's supposed to give some money, you pay the counsellors \$5,500 a loan, and you don't give the farmer a dollar. Not \$1 went to the farmers out of your pocket, but \$5,500 went to the counsellors. Mr. Minister, something's wrong with that kind of mathematics. Those are the numbers that my farmers don't like, and you can stand here till you're blue in your face, but you won't convince me that those numbers will fly, Mr. Minister.

And I tell you that according to the final numbers, when the whole tally's in, you're out by 10 per cent on your estimate, and my question was: how close to the right numbers have you to this time? How close to the right numbers? Are they going to be 63 million instead of ninety-million-five, or are they going to be another 10 per cent down and going to land up being 55 million? What have you got for farmers this year? How much money have you really got, when the smoke clears away and the oil companies have all their money? How much will there be left for farmers, Mr. Minister? That's the question.

**MR. KOSKIE:** — I'd like to refer to one specific area, Mr. Minister, if you'd take the smirk off your face and get serious about the farming crisis in Saskatchewan. You marched around with your hands in your pockets feeling awfully good while a lot of farmers are in dire straits. You feel very proud as you addressed it to the member from Assiniboia-Gravelbourg, how you set in a program of counselling that cost on the average, some \$5,500 for every farmer that was serviced.

(2000)

What I want to ask you is if you do in fact have the concerns of the farmers at heart? I want to know what representations you have made to your counterparts in Ottawa in respect to the \$32 million increase in fees that they have indicated to the farming community that they would be putting on, a user fee for new fees for seed inspection, testing, for meat inspection, and so on. This matter came up, and the seed growers here in the province are very, very concerned. And I never heard once when the Minister of Agriculture of this province challenged the Ottawa counterpart. There was, from our caucus, that we talked to the seed growers, they were concerned.

The member from Moosomin is taking a walk — he should take a long walk because no one will miss him.

But in respect to the seed growers, they've increased the fees very substantially to \$32 million. I'd like to know what representations you've made to the federal government and what is the current position?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, I, like many other farmers across Saskatchewan, were concerned with the increases in regulatory and inspection services. And in

fact when I was in Ottawa a few weeks ago, I raised it with Mr. Wise and Mr. Mayer. And you're quite right, I did get into a jet airplane, and I did fly down there, and the ticket probably cost \$300 or \$400, but I don't apologize for that, because I think we've had some fair success.

As you will know . . . As you will know . . . I hope you will know, in fact, based on a very good representation that the seed growers made, that 1100 per cent increase has been slashed dramatically to now where it's something that perhaps certainly is more reasonable. And I think the seed growers are to be commended for presenting their case and presenting it well. Mr. Wise himself told me that they have presented some very good arguments, and I think as recently as this past weekend, we've seen the fruits of their efforts.

And while I'm on the subject of my representation to Ottawa on behalf of Saskatchewan farmers, I think we enjoyed some success in terms of lobbying for an interim grain payment of the grain stabilization fund, of the licensing of HY320, drought payments, increase in two-price wheat, the removal of federal tax on fuels. And as well, I presented to the finance committee down there our view on capital gains, Agribonds, and section 31. So for the most part we've enjoyed a very good working relationship with Ottawa, and we expect it to continue.

**MR. KOSKIE:** — Specifically in respect to the new fee schedule that was being imposed, can you indicate and bring up to date what the new position of the federal government is? The minister indicated that adjustments had been made. I'd like him to advise, speaking on behalf as Minister of Agriculture of Saskatchewan. You have indicated that you took the jet and went down to see the counterpart and that adjustments had been made in respect to the level of these fees.

What I'd like to know is: can you give us some kind of an idea of what adjustments, in fact, were made?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, I don't have the full range of fees. Certainly I have no doubt the federal minister could supply them for you.

The important point to remember here is, number one, is they were put out as proposals for discussion. That is, in fact, what they were. And for example, the one instance relates to seed growers and inspection costs. What was going to be \$1.10 an acre is now 35 cents — a dramatic cut as a result of some good, constructive consultation.

**MR. KOSKIE:** — I have a letter, having written to the Minister of Agriculture of Canada, and it's received April the 24th, 1985. And he indicates that "some adjustments to the fees or a phasing in of increases over a longer period of time is being considered."

So what I'm saying to you, Mr. Minister: your representations have not, in fact, brought about a definite decrease and a withdrawal of the increase of these services which are vital to the farming community. And as the minister indicates here, all that he is doing is looking at either phasing them in over a longer period of time to minimize the effects on the farming community.

And so what I want to say to you, Mr. Minister, I guess what you have demonstrated is again your ineffectiveness. You get up and sound off as though you had achieved something in meeting with the federal minister. And his reply to me indicates that "some adjustments to the fees or a phasing in of the increases over a longer period of time are being considered."

And what I would like to ask you: do you think oat the present time, under the economic strain that farmers are facing in Saskatchewan, that they can bear any increases at this time? And would you take the position with your federal counterparts that no increases should be imposed in respect to the inspection fees?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, I think the information that you have



is stale. Just very recently, in fact, the example I gave you . . . The hon. member continues to wave his April 24th letter in my face, but I would suggest to you today is April 29, and there have been changes, and changes announced. It's my understanding, for example, is that based on representations not only by myself but the seed growers, as we've seen, a dramatic cut from what was proposed.

The numbers that stick in my mind are like from \$1.10 an acre down to 35 cents. That's a fact. That's the kind of responsive government we have in Ottawa. And I'm happy to say that the response we've had on some of our other lobbying efforts was equally successful. Grain stabilization, interim payment — and they don't like to hear this, Mr. Chairman. They can't, they can't stand success. They can't stand success.

Without our lobbying efforts we would not have got that legislation changed. Certainly the Trudeau-Broadbent coalition wouldn't change it. They wouldn't change it. Eight thousand dollars, those who paid in the maximum. Farm fuel sales tax rebates, \$30 million a year for our farmers; Farm Credit Corporation interest rate conversions, another \$20 million over five years; two-price wheat changes, \$27 million per year; licensing of HY320, which I must admit we enjoyed some success on, could put anywhere between 120 and a quarter of billion dollars in Saskatchewan farmers' pockets; never mind the changes today that the minister in charge of transportation and highways announced, that the federal government has undertaken on the grain transportation Act. Hundreds of millions of dollars, but your colleague from Pelly didn't consider it worthy of response. You're not fighting for the farmers. But we're behind them, and they can know that.

**MR. KOSKIE:** — The previous proposal by the federal government was to extract from the farmers of this country — extract from the farmers of this country — \$32 million. You have said that there has been changes. Surely you can come forward and indicate what the present schedule that they're implementing will cost, in addition, to the farmers. Previously they were extracting \$32 million. Now you're indicating that they have modified the fee schedule. And what I'm asking you is, can you indicate to us through your negotiations . . . You indicated that you know one of the schedules. I ask you, can you indicate what, in fact, will be the cost under the new schedule of fees, inspection fees by the federal government?

**HON. MR. HEPWORTH:** — Yes. I know that in some instances that we've had some very good success. I don't know all the details. They're very recent, the announcements, and I don't know as though they've all been made. But certainly, as I understand it, some where we were facing 1,100 per cent increases have been cut dramatically. Other than that, I do not have the details. Certainly it is not part of any estimate line in this book, anyways. But I can assure you that we've been there raising it on behalf of the farmers of Saskatchewan.

**MR. KOSKIE:** — On another matter of interest to a number of farmers in this province, has to do in respect to Pro-Star Mills of Saskatoon. As you know, Pro-Star was purchasing from a number of farmers, some 24 farmers. Some of them have come to see me in respect to the loss that they are incurring. And I'd like to ask the Minister of Agriculture whether, one, he met with the same 24 producers who sold their produce to pro-Star and have not been paid; and can you give us an update as to the present position of the producers who deliver to Pro-Star, and as far as I know have not received payment for their produce?

**HON. MR. HEPWORTH:** — Mr. Chairman, and hon. member, I know that perhaps even on more than one occasion officials from my department and others have met with farmers or their farmer representatives. They have met with the principals. Certainly I, as a farmer in Saskatchewan, am most interested in seeing that kind of value-added industry remain a possibility in terms of markets for our Saskatchewan farmers. I'm very interested in seeing that kind of processing take place here. Certainly in so far as any fiscal relationships are concerned they have generally been undertaken through Sedco, and your question might more properly be directed at the minister in charge of Sedco.

**MR. KOSKIE:** — Well, as Minister of Agriculture then, I simply ask you — you indicate you have met with them: have you met recently with them, and do you know whether or not the farmers who have sold their produce to Pro-Star, whether, in fact, they have been compensated for the produce that they delivered?

As you know, Pro-Star was not licensed to buy directly from individual farmers. They circumvented the authority that they had. They were supposed to be buying from the grain elevators, and not directly from the farmers. They circumvented that. They were not licensed to do that. They bought some very sizeable amount of produce from farmers, and there's something around 24 or 25 of them. I'd like to ask the minister: can you give us an update as to whether these farmers have in fact been satisfied, and, if not, are you planning to take any steps to assist them in receiving payment?

**HON. MR. HEPWORTH:** — Mr. Chairman, and hon. member, over the past winter I know my officials have met with them or some of their representatives. For the most part, in terms of the fiscal arrangements, certainly Sedco was in the forefront there, and in so far as the exact state of where any negotiations might be, I don't have that information for you, and you might best direct that question to the minister in charge of Sedco.

**MR. KOSKIE:** — Mr. Minister, you're indicating that you have totally tied all your — cut all, washed your hands of the strait that some 24, 25 farmers find themselves in. In other words, you had an initial meeting with them, and now you are saying that your hands are clean; you met with them; there's nothing more I can do; this is too bad.

They lost everything they produced during the course of the year. Here was a company which was buying produce from the farmers, and you never undertook to check or to determine whether or not they were, in fact, operating within the authority that they had, and the consequence, these some 24 farmers have lost their total production for the current year.

I would have thought, Mr. Minister, that we could have expected a bit more from you, and I'm wondering whether or not you will undertake to meet with these farmers again and give us an up-to-date report in respect to whether or not any financial arrangements have been made.

And surely you would be concerned enough to discuss it with the minister in charge of Sedco because, I mean, after all, you do represent the farmers, and here is a company that went insolvent, couldn't meet their commitments; and you seem to say, well, too bad, Mr. Farmer. I met with you, had a little chat with you, everything is satisfied now. I have no further responsibilities.

(2015)

Well, we really think you do, Mr. Minister. We think that you have a responsibility to these people, and I think that you should be meeting with Sedco, and I think that you should be meeting with Pro-Star, and I don't think you should discontinue meeting until you get a solution for these farmers because, after all, it's their livelihood.

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, I can tell you that I have met with the minister in charge of Sedco, and here's what I've told him: I have told them that we have some farmers in that part of the country who need access to a plant like that. They need that market opportunity, and I have impressed upon him the very importance of providing that kind of economic opportunity, that value-added industry, that processing that's so important to the development of the prairie basin, and I have no reason to suspect, as a result of my numerous representations to him, that he isn't doing his best to bring a satisfactory result to that problem.

**MR. ENGEL:** — That's a great solution for the 24 farmers that are out some \$300,000.

Mr. Minister, you had \$590,000 for some advisors and counsellors. If you had spent \$100,000 on those counsellors, you would have had enough money to bail out these farmers and then go after Pro-Star Mills to get your money back, to get your money back.

Mr. Minister, I just want — you've been complaining about my mathematics, but I just want to take this one step further. The total for Agriculture ordinary expenditure this year is 64 million; last year it was 90 million. Twenty-six million dollars less.

The farmers lost, through their property improvement grant, \$22 million; they lost \$16 million when they lost their home quarter school tax rebate; that, along with this \$26 million, that's less than agriculture. Mr. Minister, the amount the farmers are getting less just from that one item, just from that one item, is \$65 million. That's more money than you're spending in ordinary agriculture. You have taken out of the pockets of farmers in one year, in one year, \$65 million, and you're only spending \$64 million, total.

If you multiply that over your little neat little five-year project, in just five years, if the farmers would be forced to lose that kind of money because there isn't going to be a change in government, if the farmers would be forced to lose that kind of money, Mr. Minister, \$3,250 billion out of the pockets of farmers that haven't got it. Farmers that are suffering from drought, farmers that are hard pressed because of the cost price squeeze, and you have the nerve to take three and a quarter billion dollars out of the pockets of farmers.

And you consider this a fair budget, Mr. Minister. I would think the Minister of Finance is a champion to be able to talk you into that kind of a deal; that farmer would have to fund that amount of money. I think it's a disgrace; I think it's a total disgrace on your behalf.

Mr. Minister, how do you justify that kind of performance? That's my question.

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, I think it's time to throttle down the old Massey 44 and really take a look at what this agriculture budget is all about.

On the one hand, we have said with the initiatives like the loan guarantee program, \$200 million, we've got to deal with the day-to-day realities of agriculture. And that is this cost-price squeeze.

And at the same time, what people are saying to us out there is, what about the future? What about our markets? What about prices? What about the global situation?

And that's why we are committing \$200 million to research and development to look at, as I said in my budget speech, future fuels, future foods, future technology, that kind of thing. Because what farmers are telling me is that if this uncertainty continues out there, none of us may be survivors. We may all end up statistics.

And quite frankly, we're above that, and so are Saskatchewan farmers. And that's what we're going to pursue.

**MR. ENGEL:** — Mr. Minister, the \$200 million that you've had where you changed your name of farmstart, and you're taking these signs down and telling the farmers, look we don't like the name farmlab any more. We're going to take these names down, and we're going to rename them. You said the farmers are going to have enough initiative to repaint their own sign, even. But change the sign; don't leave the sign up, farmlab.

So you're switching that over to a \$200 million fund over five years; you're switching that over \$200 million fund over five years; but you're charging the farmer an additional \$20 million. The farmer has to put in an additional \$20 million. That doesn't account for the decrease in expenditure. They are funding through the ordinary process, \$22 million that they lost in pig grants. That's cash out of their pockets. It's \$22 million cash. The home quarter school tax rebate

was another 60 million cash. And if I didn't even add the 20 million you're sticking them, if they're going to get involved in research, I didn't even add that. But you can put it in whatever gear you want, Mr. Minister. The farmers don't like a retreat like this.

I think this budget indicates loud and clear to the farmers of Saskatchewan where you're at, Mr. Minister. You think there's a new concept out there. You think there's changes in agriculture. If the 44 mentality means that you're going to do what happened prior to 1944 — if 44 mentality means that you're going to go back to those days when the farmers that went on the farms, and the farmers that were around, and all those farmers that lost their holdings and are gone today — if you like that, Mr. Minister, you get up in this House and you talk about change.

You talk about the new farming community that's going to be out there with their 5,500 dollars' advice and their \$90,000 loan that isn't guaranteed. You get out and you talk about that deal, Mr. Minister. But I'm going to talk about the farmers that lost \$1,000 each. I'm going to talk about those farmers.

And I'm going to talk about the farmers that couldn't afford to lose \$1,000. They're the ones that are costing us the 65 million bucks, Mr. Minister. They're the ones that are costing in the budget as much as your total budget — total ordinary expenses less than what the farmers lost.

Mr. Minister, I think it's a disgrace that we get ourselves into a situation in Saskatchewan in such a short time, that in one year, you would take more than you're giving. You're taking more out of the farmers' pockets than you've got in ordinary expense. Sixty-five million bucks is coming out of their pockets in cold cash, and the programs that you're implementing are only worth 64.113 million.

Mr. Minister, that speaks of something . . . You can make all the jokes and smirk all you want. I don't mind. I don't mind, because I'm trying to champion a cause for farmers that can't afford the \$1,000. I'm trying to talk on behalf of the farmers that can't afford that \$1,000.

You, maybe, can talk for the fellas that need a \$90,000 loan guarantee and can get it. Maybe you can argue for those fellas. But I can assure you, Mr. Minister, there are more farmers around that could use that thousand bucks than there are that don't care about it . . . (inaudible interjection) . . .

There's more farmers around, Mr. Member from McLeod, Mr. Member from Meadow Lake. I'm sorry about that, Mr. Chairman, because I'm sure the member from Moose Jaw would have called me on calling him that. But the member from Meadow Lake thinks that his farmers can get by without that \$1,000.

Well I want to tell you, the rural community around Meadow Lake isn't going to like that either. The members that farm, the farmers that farm around Meadow Lake could use that \$1,000 just as badly as the farmers that can around Assiniboia, and Lafleche, and Willow Bunch, or wherever.

And I want to tell the member, if you'd get back to your riding once in a while and start talking to farmers, you would have defended the Minister of Agriculture. You'd have gone on treasury board and said, look, we can't go this far; you've gone one step too far.

The member for Moosomin should have raised it in caucus and said, look, that's a little too much; \$1,000 is a little heavy. The member from Morse maybe doesn't realize that \$1,000 means something, but a lot of his neighbours do, if you'd stay home and talk to them. If you'd stay home and talk to them, they would tell you, Mr. Member, that a \$1,000 is a little heavy.; \$1,000 to a farmer is a little heavy, because they can see what the oil companies are getting. The people around the Morse constituency know what the oil companies are getting. They know how well they're doing.

I can see the Minister of Agriculture, I can see the Minister of Agriculture trying to beef up the oil industry in Weyburn. I can see him doing that, and I can see him standing up in this House, like he did on Friday morning, and say, boy, do I appreciate the farmers in my constituency that have a job in the oil derrick.

Well I'm telling the minister, I don't have an oil derrick digging in my riding. I don't have an oil derrick digging in my riding, and there's another 25 rural ridings in Saskatchewan that don't either. There's 25 more don't either. You and the Premier maybe have them. You and the Premier maybe have them, or maybe the member for Cut Knife-Lloydminster has a few oil rigs. But I want to tell you, Mr. Minister, there are a lot of farmers out there, there are a lot of farmers out there that think that thousand bucks isn't bad.

There's a lot of farmers there that say that property improvement grant and that discount I got on my home quarter tax, that made enough difference, that \$1,000 that we saved on taxes, that \$1,000 made enough difference to put a few extras on the table at the end of our crop year. And once we paid our tax, we got that \$1,000 cheque. That made a pretty nice difference, Mr. Minister.

You're accountable. You're the only one that's held accountable, of those 65 members in this House, and you're responsible, Mr. Minister, for the 65,000 farmers that each lost a thousand bucks. That's a lot of money, Mr. Minister. That's a lot of money. And what do you intend to do with it? How are you using that money to improve the lot of the farmer? What has he got for the money he's spending? He's divvying up a lot of money here, Mr. Minister. What's he getting for it? What's he getting for it?

**MR. CHAIRMAN:** — The minister is not required to answer that question. Item 1 agreed?

**MR. ENGEL:** — Mr. Chairman, we're dealing with an item, one single item that has taken, in one swoop of the pen, has taken as much money out of the pockets of farmers as the total ordinary expense, and am I supposed to sit down in this House and believe that the Minister doesn't even have to have one sentence to justify taking 65,000 farmers to the tune of \$1,000 each, and that he doesn't have to be accountable for that? Is this what this House is trying to tell us? Is that the score?

**HON. MR. HEPWORTH:** — Mr. Chairman, I think what we have seen here in just the last few minutes is the difference between the NDP and the Progressive Conservative agricultural policy.

**SOME HON. MEMBERS:** — Hear, hear!

**HON. MR. HEPWORTH:** — Their agenda for success on the family farm is my \$230 rebate. They are the ones who still believe, as much as I love the past myself, they are the ones that still believe that we shouldn't have forsaken the walking plough and the draught horse for the tractor. They're the ones that believe we should still be farming with binders. They're the ones that believe we should still be using the threshing machines.

They're living in the past, Mr. Chairman. We want to move our farms into the future, the centre-piece of that, because we're not going to move it into the future without their consultation. We set up a research fund, a meaningful research fund that can plot our course for the future. And I think what we have here is a fundamental disagreement on philosophy. You have no agenda.

The only thing I've heard you espouse in this House for the last 10 days is my \$230 home quarter grant. That will make farming successful out there.

You're living in the past; you're dreaming in Technicolor. You're not acknowledging the realities of today; you don't understand that some fundamental structural changes have taken place in

global agriculture. Come with us into the 21st century.

**MR. ENGEL:** — Mr. Minister, I'm glad you spelled it out nice and simple. Here's where we part company. I maintain that a budget that lists all your ordinary expenditures, all 30 points in your total budget, all 30 points in your total budget, come to \$64 million. There's 65,000 farmers out there that are divvying up \$1,000 each on one item. Sixty-five million dollars we're losing in the property improvement grant, the home quarter grant, and the education tax increases.

(2030)

Sixty-five million dollars taken out of one pocket, and your total for ordinary expenditures is \$64 million. You say that that's a good deal for farmers. You think that's small mentality. Well, I want to tell you, that's where we part company. That's where we part company, Mr. Minister, because the farmers in Saskatchewan aren't going to soon forget. They're not going to soon forget a Minister of Agriculture to implement a program, a loans program, for 108 farmers — I'm using your numbers, Mr. Minister — a loans program for 108 farmers, \$590,000. Don't ever forget it.

Five hundred and ninety thousands dollars to give 108 farmers a loan. That's the administration costs, 590,000. Fifty-five hundred dollars alone is what it costs you to administer it. Then you come along with a total budget of \$64 million, and you take \$65 million out of the farmers' pockets in cash. And you think they're not going to scream and holler. You think they don't care. You won't think it's meaningful, though, Mr. Minister, I want to tell you something. That's the straw that broke the camel's back. That's the straw that broke the camel's back.

I suggested an alternative to your loans program. I told you if you'd trust those farmers that are out there: give them a piece of paper with a signature on the bottom that they can sign and that they can guarantee a loan, they can guarantee a loan. If they could come up with a loan guarantee, then they can go out to a farmer, they can visit that farmer, they can sign a loan guarantee that he can take to his bank, and I can tell you, if the local agriculture advisors that you have out there sign on your behalf that you'll guarantee that loan, the farmer will get a loan. Not 500 farmers applying, 500 farmers talking, and then you have the audacity to call it a two-tier system. It's a two-tier system. Well I want to tell you, Mr. Minister, it's more tears than that.

The reality out in rural Saskatchewan is that farmers can't meet their crunch. They can't meet their commitments, Mr. Member from Morse. The farmers are having it tough. And you let that little fellow behind you take \$1,000 away on each farmer. You let it go by. I think it's a disgrace. I think it's a disgrace for the secretary to the Minister of Agriculture to sit as his Legislative Secretary and take a salary and not defend the position. Yet the farmers can't afford that \$10,000 each. I think it's a disgrace from the member, that he will stand up and stand beside his Minister of Agriculture and not defend the farmers and say they can't afford it. This isn't the right year to do it, boys. The farmers have had a drought. Some of the farmers in the North have had floods. Everything has gone backward since you're in there, and you've had a tough time of it. But let's at least do something and leave the status quo. Don't make it worse than it was.

But you didn't believe that, you didn't believe that. You said, we're going to put in a \$200 million program that's not going to be farmlab. We're going to do some fancy testing that's going to cost the farmers another \$20 million. And you can do some research. That's great. But Mr. Minister, there's a lot of farmers that aren't interested in research. There's a lot of farmers out there that are interested in survival. They're hoping your loan program works. I told you the cosmetics in your program are just that, they're just cosmetics. They're just a little superficial trimming. They're not working, Mr. Minister.

And I think that you should come up with a solution here and say, this is why we thought it's good enough to support a budget. You stood up in this House and you said, that's where we part company. Well maybe the company we're parting is on the division and how many farmers should survive and how many shouldn't. Maybe you're saying that only the farmers with 20

quarters of land or more are going to make it, and maybe they're the only ones that are viable. Well, Mr. Minister, I'm going to tell you that the guy on five and six quarters of land, those guys that used to be able to farm their land with a 44 Massey Harris, that had enough . . . (inaudible) . . . back 10, 12 years ago, or 20 years ago, that could handle it. But I want to assure you that there's farmers out there that wish you would be concerned about them. There's farmers out there that wish you'd know they exist.

There are farmers out there like I told you, in P.A.-Duck Lake for example. You travel between Waldheim and Duck Lake, and you visit the farmers there. They average three quarter sections each. You go out there, and I'll make you a little wager, Mr. Minister, you'll find 50 per cent of them without sewer and water, 50 per cent. I know it. I've been on their farms. I've visited them. I've been out there and I've visited them, Mr. Minister.

If you don't know they exist, if you don't know there's still farmers out there, out of the 65,000 farmers, if you don't know that another 20,000 still don't have the amenities of life like your city cousins do, then it's time you started finding out what's going on. It's time you started surrounding yourself with agricultural advisers that know what's happening in Saskatchewan. I happen to know what's going on. I happen to know that there's some farmers out there that still enjoy a lifestyle and are satisfied and can make it on 20,000 gross sales a year. They don't need a \$90,000 loan. They need a \$10,000 loan, or a \$6,000 loan.

But no, you don't believe in that. You don't think that that's a size of an operation that needs to exist. I'm saying to you, Mr. Minister, we're going to look after those people. We're going to see that they have the amenities of life. Family farm improvement branch is going to be reality for those people. They'll get the same kind of deal as we got in the '50s, and the '60s, and the '70s, and the '80s.

There are farmers that are still settling on farms, young fellows starting up. They appreciated the assistance that they get. Family farm improvement branch did counselling and assistance and advice on building solar homes. They did advice on a broad range of things that farmers need to do. There's different things you can do in rural Saskatchewan than you can do otherwise. And that department has been cut out. You've wiped them out, and that advice isn't available. They have to go back to the commercial market for that kind of advice and, Mr. Minister, that costs money. That costs big money.

I think you're doing a great disservice in this House when you're trying to portray that the only people that are farming and that the only people that exist are those that are the large operation, that do a million-dollar operation a year. I think there's more out there than that. You'd better find out.

What percentage of the farmers have the average size farm? Last day you told us that the average size farm is 450 hectares approximately, in that neighbourhood. Maybe it was a little less, a little more. But, say, even 500 hectares, how many farmers have it? And you have a chart there. Look at it. How many farmers have a 1,000 hectares or less? And how many have 10,000 hectares and more?

You're trying to help the guys with the 10,000 hectares. You don't seem to care about the guys that are down there trying to make a go with one tractor operation. You don't seem to know they exist. You don't seem to know they're out there, Mr. Minister, you'd better get with it, because the guy with 450 hectares of land, the guy with 450 hectares of land, Mr. Minister, he's the guy that needs a thousand bucks. He's the guy that buys the second-hand truck and the second-hand car for his son. He's the guy that needs that \$1,000. How many of those are there around? I asked the minister a question.

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, we acknowledge that there are farmers of all sizes, and we have tried to help all of them.

**MR. ENGEL:** — The question was: how many farmers are there in Saskatchewan that have less than 1,000 hectares of land?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, our best guesstimate would be over 60,000.

**MR. ENGEL:** — Sixty thousand farmers have 1,000 hectares of land or less, and any farmer, any farmer operating on 1,000 hectares or less will very, very much appreciate \$1,000, Mr. Chairman. This is a serious question. The 5,000 farmers, the 20 per cent that your Premier was talking about that could handle the farming in Saskatchewan, they're the ones you're concerned about. And when the minister stood up and said that's where we part company, Mr. Minister, that is where we part company. That is where we part company.

I support the 60,000 farmers that have 1,000 hectares or less, and the minister supports the 5,000 farmers that have more. And, Mr. Minister, how much money are those 60,000 farmers losing with this budget? I asked him a question.

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member: nil.

**MR. ENGEL:** — Sixty thousand times \$1,000, Mr. Minister, is \$60 million, and you say that's nil? If, in your book, is \$60 million nil, is this what you're trying to tell this House? Is this the jokes you're making — can't even stay in your seat during estimates? Is this what you're telling this House, Mr. Minister?

No! Mr. Chairman, the minister told this House that \$60 million to farmers is nil. I don't agree with that. I don't agree with that item, and I think the minister should realize that \$60 million is a serious, serious amount of money. That is almost as much as is in his total budget. He took from those 60,000 farmers \$1,000 each.

Mr. Chairman, if the minister isn't prepared to discuss the amount of money those farmers gave up for this budget that shows a 15 per cent decrease, then what are we discussing tonight? If we can't discuss estimates, and you're so anxious to get on with item 1, Mr. Chairman, can't we discuss the amount of money, the total budget and the global budget of this Department of Agriculture?

I think it's a serious amount of money, and I think the minister better realize that the farmers are out \$60 million — \$60 million. He told us there was a thousand — that 60,000 farmers that have less than 1,000 hectares of land.

A farmer with 1,000 hectares of land, by this budget, lost \$1,000 right off the top, Mr. Minister — \$1,000 — \$1,000 times 60,000 farmers is \$60 million. That's within \$4 million of your total expenditure. I think you've done those farmers a serious, very serious wrong.

You have taken on all the farmers in Saskatchewan and said, look, if you can't cut the mustard, if you haven't got 1,000 hectares of land or more, you're not a concern of my department. You've stood up in this House and you've said that that is nil. The amount of money they're losing is nil, is the words you used in this House.

And I think that that \$60 million is something that's worth talking about. I think the farmers should know what they're getting in place of that \$60 million. You haven't given us one thing. I'm saying it's nil that they got in its place. It's nil.

There's nothing there for them, because those are the farmers that aren't going to be able to afford to get involved in your new research project. The ones that are supposed to put up the \$20 million in cost sharing and research. Those farmers can't afford that.



The 5,000 farmers that are over 1,000 hectares can; but the farmers under it aren't in a position to make those conversions. A farmer with 1,000 hectares of land or less isn't in a position to convert to natural gas, compressed gas for his tractor when a compressor unit costs as much as it does. It's not even worthy of testing or talking about.

Those kind of numbers that you're talking about, and the kind of programs that you are zeroing in on, and the money you're making available are for the 5,00 that are in that new category — that 1,000 hectares or greater. Those in the 60,000 hectare camp — the 60,000 farmers in the 1,000 hectares or less. They're the ones the Minister of Agriculture says we don't have anything for them. We haven't got anything for them.

Mr. Chairman, some of the members here think it's not important. The members think it's not important. The member for Moosomin who has a majority of his farmers in this category that have 1,000 hectares or less, the majority of his constituents fit into that camp. The Minister of Agriculture hasn't got a dollar for them, and you say it's not important, Mr. Member. Well, I want to tell the member for Moosomin, for me it is important.

For me, an item that big when in one swoop of the pen, you can take all but 5,000 farmers in Saskatchewan and hit 'em below the belt and take \$1,000 from them — I don't think that's fair pool. I don't think it's fair to the farmers of Saskatchewan.

(2045)

I don't think it's fair for the Minister of Agriculture to stand up and say that that number is nil. The Minister of Agriculture says 60,000 farmers down to \$1,000 each, that's nil. Well, Mr. Minister, I want to tell you that I think it's not nil. I think it's a serious problem.

Mr. Minister, just one more general comment, and I have a list here that Saskatchewan . . .

**AN HON. MEMBER:** — Will this general comment take a couple or three days like the last one?

**MR. ENGEL:** — It might. If the Deputy Premier is concerned, you would have gone to treasury board on behalf of your former department and said, we're not going to be disgraced this year by the Department of Agriculture.

But I have here a position identified as deletions effective April the 10th, 1985, Mr. Minister. And I see that there's about 16 positions that were left vacant. Now do you intend to fill those, or are you deleting them from the list, or what is your position on them?

Most of them are agrologists. There's a couple of accounting clerks, an admin. officer; but agrologist 2, there's 1 — and I can tell you what position and class they are, and the position number if you like — but here's one, two, three, four, five, six, seven of them are agrologist 2's. And I'm quite concerned about those positions, because Saskatchewan farmers, if they ever needed agrologists, it's today.

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, the biggest majority of those are early retirements.

**MR. ENGEL:** — Mr. Minister, I was talking about the agrologists whose positions are vacant in Regina, Saskatoon, Prince Albert, Unity, Regina. They're positions. Department of Agriculture, that are agrologists 2's, and they're vacant positions at this time. The question: do you intend to fill those vacancies, or are you abolishing the positions?

**HON. MR. HEPWORTH:** — Mr. Chairman, yes, as many as we can, as soon as we can.

**MR. ENGEL:** — Well there's seven agrologist 2's. How many of those seven do you intend to fill? How many have you advertised for?

**HON. MR. HEPWORTH:** — Mr. Chairman, none at this point in time. We're waiting to see if there are some who are in the system who wish to take those locations from where they might, at this point in time, to give them the opportunity first.

**MR. ENGEL:** — How long do you expect before those transfers and those moves will be made?

**HON. MR. HEPWORTH:** — I think a common sense kind of approach, in terms of handling moves and very often involve families, is to do it over the summer holiday break.

**MR. ENGEL:** — Can the Minister tell me how long these positions have been vacant? If this paper is dated April the 10th?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, most of those early retirements took place September, as I recall.

**MR. ENGEL:** — Well, we've had since last fall and the school year, all winter, the positions have been vacant. Are you indicating that you're going to fill all the positions that are listed here under the extension branch? You've only — person years are 180.9, and person years in the extension branch are 169.9. Are you going to make an assurance that those positions are not agrologists?

**HON. MR. HEPWORTH:** — ... (inaudible) ... information. For example, in the extension branch, the difference, there would largely be explained by the fact that the communications branch within extension has been transferred to information services.

**MR. ENGEL:** — So that these seven agrologists positions that are vacant right now are going to be filled, and you are going to maintain a bank of agrologists like we've had across Saskatchewan? There's not going to be closure of ag rep offices or extension offices across the province?

**HON. MR. HEPWORTH:** — That's correct, Mr. Chairman.

**MR. ENGEL:** — Are there any of the agrologists that are going to be encouraged to move and transfer? I felt from visiting with some of them, and some of the correspondence that I've received copies of, there's kind of an indication afoot that someone within your department thinks that people are more proficient and efficient if they're kept on their toes, and they're pushed from one position to the other, and then kept moving around and rotating a little bit so they are not real certain of their jobs.

Is this part of the philosophy that you intend to keep circulating them around and keep the pot boiling, to make sure that they don't get their feet dug in to their particular communities that they've established and liked and want to live at, or have you got a positive program out there that's going to do a little circle in the department where you're planning on moving them? Is there a movement afoot that's encouraging people to move from one area to another?

**HON. MR. HEPWORTH:** — Well we do what we can to enhance their careers in terms of moving up the career ladder, if you like. We would like to give them the opportunity for those who may want to move to different locations to have first go at that.

**MR. ENGEL:** — But there's quite a difference to having a first go at moving than there is at a memo sent out from the department that indicates that they should move, in spite of if they want to or not. Are you going to give me an assurance here on behalf of your department that you're not going to positively encourage your agrologists to move from one area to the other against their own wishes?

**HON. MR. HEPWORTH:** — Mr. Chairman, and hon. member, I'm not aware of that kind of memo, but if he'd like to send me over a copy, I could, perhaps, confirm or deny that.

**MR. ENGEL:** — I suppose perhaps you could. But at this time I will take your assurance seriously that you are not going to create an environment within the department similar to a banking institution, where a promotion isn't in order until you move, and create that system where a person gets into a community, is doing a good job, and then he's asked to move in order to maintain his rank within the department.

And I can see ag reps in my own mind as a person that's out there giving advice and counselling and is very much compatible with the general practitioner, say, in your local hospital in a small town. That doctor establishes a degree of credibility in his community, and people like him there. And it isn't going to enhance his position, moving him from one town to the next, and rotating him on a regular basis like the banks do their employees.

And I think you should treat your department officials with the same degree of respect and with the same degree of professionalism, and tell them that, look, you maintain some credibility in your community by giving advice there. And I hope a word of advice is sufficient for you and your staff to maintain that degree of credibility.

And I'm hoping that, if there's somebody who wants to transfer into Regina, good; or if somebody wants to transfer to Unity or Prince Albert, wherever these agrologist positions are vacant, I hope you fill those.

But please, please don't go to your type of programming that you have in place with your counselling assistance program, where you do that expensive a program, Mr. Minister. Fifty-hundred dollars per client can't be matched by anybody. I've never sent that kind of an extravagant, Cadillac-type advice given ever. And I think an agrologist could fill that need.

If you'd have filled these seven positions, Mr. Minister, it wouldn't have cost you anywheres near \$590,000. And those people could have given advice that would have been sound. They could have signed a document that would have given a guy a guaranteed loan, and you'd have a program that works.

And this is what you're doing in your department that is creating the frustration, and it's creating the problems. And you're shifting your people around; you're moving them from one place to another. And you're not doing a good job because you don't stand up and you don't make the arguments on behalf of your farmers.

You tell us in this House that it's great to get a job on an oil rig. That's the way to maintain your farm. Well I don't believe that. I don't believe that. I think a farmer would love this \$64 million he lost. I would think the farmers of Saskatchewan would love the cash on the dash — are your words.

Put a little cash up front. Give the money back that you've taken from the farmers. Transfer that back into your department. Instead of having a \$64-million department, you'd have a \$124-million department that'd be singing. That department would be operating and would be offering some good services. Otherwise, you've got a department that is just full of cuts and cuts.

Now, my colleagues maybe have a few more questions before we go line by line in the budget. I will refer to either one of them.

**MR. LUSNEY:** — Thank you, Mr. Chairman. Mr. Minister, I have a question on veterinary services. Being a former vet, what is happening with veterinary services in the province at this time?

**HON. MR. HEPWORTH:** — Veterinary services are an integral part of the Agriculture department. The front line out there for us is the local practising veterinarians. What we in the department supply are some high quality vet services through our lab, and as well some programs to maintain the operation of clinics, help defray farmers' costs, in so far as providing low-cost access to veterinarians out there; those kinds of things.

At the same time, I'd be the first to acknowledge that for the most part the delivery of veterinary services today is much the same as it was 40 years ago. And I'm very much of the mind that it's due for a new face, and that would be very much consistent with the whole idea of putting, perhaps, a new fact on the entire Department of Agriculture. Wherein we're not preoccupied with regulation and supervision, but rather to sort of harness the strength and the exuberance of the youth that we have out there. And that is the approach we will be undertaking, in consultation, over the next few months.

**MR. LUSNEY:** — That would almost indicate from that lengthy speech without really indicating or saying too much in it — are you saying that you're going to be making some changes in the veterinary service as we see it today?

In your newsletter, not in your newsletter, but in the veterinary newsletter, monthly newsletter, apparently you've indicated to them that you are proposing some kind of change in the veterinary services in the province. Could you elaborate some on that? Just what are you proposing, or what are your plans for the changes in veterinary services?

**HON. MR. HEPWORTH:** — Well, the veterinarians and the farmers out here, at more than one of the farm meetings that I was at this last year, have indicated a desire for some change. I have no difficulty with that.

I think the program is somewhat anachronistic. It's had the buttons fiddled and adjusted and dialled over the years to try and keep it current. I think it's come to that stage now, we need to look at a fundamental review, and certainly that's been the position of the veterinary association over the past several years.

And in fact it was under your government, Mr. Kaeding I believe, when he was minister, that a review was undertaken and nothing was done as a result of that review.

The trend is more towards the farmers utilizing the preventative medicine aspect, and I have no preconceived notions on how it should look. My view would be that I would draw in all the players and let them sort it out and make some recommendations to myself.

**MR. LUSNEY:** — You were one that was in favour of veticare at one time. Is that still your position today?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, in so far as what I've been in favour of the past, I think you have a slightly distorted view. And as I said earlier, I have no preconceived notion as to what it should look like.

**MR. LUSNEY:** — Well, Mr. Minister, I don't know if I have a distorted view of what you're in favour of in the past or not. But in some of the veterinary journals, you — and along with some of your other colleagues at that time when you were in practice — you were, at that time, suggesting that there should be a veticare type of service in the province. And all I'm asking, are you still of that opinion today?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, that's not my recollection of history at all, and I'd be interested to see what you've read in the journals about my view and the delivery of veterinary services. I'd be very interested to see that, because I certainly do not believe that it

is at all consistent with your view of what my view might have been in the past.

(2100)

**MR. LUSNEY:** — Okay the, Mr. Minister, what is your view of veticare service?

**HON. MR. HEPWORTH:** — It doesn't matter, because I'm going to be an advocate of the view put forward by the players in the industry and, in fact, I will try and reflect their view of what it should be.

**MR. LUSNEY:** — You're saying, then, that is some of your colleagues — as they have in the past — suggested we should have veticare in the province that you are prepared to go along with that?

**HON. MR. HEPWORTH:** — What I'm saying is, is that certainly the veterinarians are part of the delivery of veterinary services out there. But it's the farmer that they and I are most concerned with. Always will be, always have been, and I want to be certain that the farmers are satisfied with whatever is put together, and I have no doubt that the veterinarians will be of a similar view.

**MR. LUSNEY:** — Mr. Minister, on the grant to the veterinaries in the province, you've gone a lot in the direction of veterinary clinics and maybe away from individual veterinarians in the province. There's a large number of young veterinarians today that are not able to get established at this point because of the financing and the kind of granting system you have. Are you contemplating any changes in that line, or not?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, I suspect that the committee, if that is the route that we so decide on — to take a look at the delivery of veterinary services, make some recommendations in that area — certainly I would give them serious consideration, as I would any recommendation as it related to any other specific area in terms of delivery of veterinary services.

My first and foremost concern will be with the best possible service for the farmers that can be provided.

**MR. LUSNEY:** — What is happening in the areas of getting new veterinarians in the province? I believe we must be paying. Some schools are sending them to schools outside of the province at this point. Where are we sending them and how many are we getting every year?

How many veterinarians, young veterinarians are coming into the province that don't have a place to establish their business, or don't have one where they can start up? There are many established veterinarian clinics in the area in the province. How about any of the young ones that come in? How do they get established?

**HON. MR. HEPWORTH:** — Well, there are a number of areas where veterinarians can go.

And as you well know, we are very proud in Saskatchewan that we have the Western College of Veterinary Medicine in Saskatoon that serves to educate veterinarians from all over western Canada, to some degree from all over Canada, and even in a few instances, from all over the world.

It's a high class institution. It's one of the only accredited colleges in Canada today. Enjoys a very good international reputation.

And in so far as how veterinarians get started; some of them go into service perhaps at the provincial level, the veterinary lab. Others go into federal service. And a lot of those bright, young innovators and entrepreneurs get out there, and they just hang up their shingle and away

they go.

**MR. LUSNEY:** — Mr. Minister, you sound as though it's very easy for a veterinarian to get started today.

As long as there's a veterinary district any kind of veterinarian, be it a young one or one that is in the business and has been in the province for a while, it's virtually impossible for him to get into that district and be able to compete with the clinics.

Have you looked at possibly giving some assistance to the individuals that want to get started, or are you still staying by the clinics?

**HON. MR. HEPWORTH:** — I quite agree with the hon. member that the monopoly system, as some would describe it, and as you have argued in favour of, has maybe been a deterrent to the free flow of veterinarians into any given area. And I think you underscore one of the reasons why maybe that system is worthy of some review and examination.

**MR. SHILLINGTON:** — I knew that my participation in the agricultural estimates would draw some comments from some of the hyenas who are better equipped with vocal cords over there.

I want to say, Mr. Minister, that your complete and utter failure, your compete and utter failure, to attempt to grapple with rural problems is not just a rural issue. It is hurting in urban areas as well.

Mr. Minister, on the way to the office I grabbed a article clipped from the *Leader-Post* on April 11, 1985. It said while, yes, the members opposite are getting and have got consistently bad press on this budget, members opposite are wailing away in their comments about how bad the press is. I can tell you your press is bad. It is deserved; but it is bad.

At any rate, on April 11th, Mr. Minister, the *Leader-Post* reports that net farm income last year was less than half of that in . . . perhaps the minister might do me the courtesy of listening to a question while I'm putting it to him. When you got to answer a question, I assure you I will listen.

Mr. Minister, it is reported that the net farm income last year was half of what it was in 1983, of about a third of what it was in 1982, and less than a quarter of what it was in 1981.

Mr. Minister, I can't imagine a major urban industry, which suffered a 75 per cent loss of income in four years, being treated in such a cavalier fashion. I can't imagine — I just cannot imagine an urban industry surviving, if it were hit with that sort of income loss, nor can I imagine it being neglected in the fashion which you people have.

Mr. Minister, there were two major surprises in this, the most intelligent of all budgets. I'm still waiting for the Minister of Finance to send me a list of all those people who still think it's the most intelligent budget. But in this most intelligent of all budgets, there were two surprises. One is that anyone was nutty enough to introduce a flat tax. It is a very regressive tax, it hits middle income and ordinary people the hardest. And I'll make a prediction that tax does not survive the 18-month period that the government hastily announced afterwards — that it was put in for.

But the second greatest surprise, Mr. Minister, was that there was nothing in this budget for the agriculture industry; nothing to assist them in what is the most devastating depression that the agriculture industry has been in, undoubtedly, in 50 years. Undoubtedly, it has not been as bad since the 1930s.

And I say, Mr. Minister, I am just astonished that in this period, when you've got huge sums for oil companies, huge sums for yourself — we haven't got into the area of your travel expenses yet, but the area of other ministers travel expenses should be an embarrassment. You have huge

sums for yourselves, huge sums for your friends, but nothing, Mr. Minister, for the agricultural industry, and I may say I am genuinely surprised. I cannot imagine you treating any major urban industry, be it oil, potash, or anything else, in such a cavalier fashion. And I cannot understand why you have so completely neglected this province's farmers.

It is a major industry which is important not just to rural people, but to urban people. And I say, Mr. Minister, on behalf of urban people, you, and your department, and your government, and this budget are a major disappointment.

I wouldn't respond either, Mr. Minister, if I had — it was a comment to which I thought you might have responded, Mr. Minister. Estimates are not only . . . In this House, we not only ask questions and got answers in estimates, we have also talked about issues.

**MR. CHAIRMAN:** — Order, order. If the minister chooses not to answer, that is his prerogative.

**MR. SHILLINGTON:** — I fully agree it's his prerogative. I think it's also my prerogative to comment on his inability or refusal to answer, Mr. Chairman.

If I had no defence, Mr. Minister, I suppose I wouldn't offer one. Mr. Minister, I can only assume since you have no comment that you have no defence, no defence to what not just rural people, but urban people are saying about this government. And that is, that it's a government of the rich, those fortunate enough to be thought of as friends of the government, and it's really doing very little for anyone else.

Mr. Minister, I want to ask you for your comment on a statement made by John Murphy of the Royal Bank of Canada. And that is, Mr. Minister, "The average Saskatchewan farm is too small to allow many farmers to make a decent living". Mr. Minister, I wouldn't have raised the issue except that one of your cabinet colleagues referred in glowing terms to some of the agricultural policies in vogue south of the border which result in larger and more efficient farms. And that, Mr. Minister, I believe it was the Minister of Finance who made that comment.

Mr. Minister, that comment sounds suspiciously like the comment from John Murphy, who simply puts it more bluntly.

Mr. Minister, do you agree with John Murphy and, I suppose incidentally, your Minister of Finance, that the average Saskatchewan farm is too small?

**HON. MR. HEPWORTH:** — Mr. Chairman, and hon. member, I think that if one is to suggest today that it's just the small farmer that's in trouble, to suggest that it's the inefficient farmer who's in trouble, to suggest that the poor manager is in trouble, would be a mistake. I think certainly there has always been that sliver, if you like, in history. Or if wheat was \$10 a bushel and cattle were \$10 a pound, that sliver has always existed, and you can't legislate success for that group.

But what the statistics have increasingly shown us, and the group that they have identified and the group that we felt that the debt moratorium legislation would provide some breathing room for, were that group that are in fact highly productive out there. They're good farmers, they're good managers, but they got hooked with high interest rates, high land costs in that decade of the '70s. They got hit by drought, flood, grasshopper, wheat midge, and found themselves facing a burdensome debt. Society, their neighbours in general, would view them as good farmers, not poor farmers, but good farmers. They do have fairly large net worths in some cases. They have burdensome debts, and that's why it's not good enough to argue that bourgeois kind of thinking that you're espousing over there, and suggesting that we should do away with the little farmer. We don't believe that. Nor do we believe that the little farmer should be done away with willy-nilly, or the big farmer. We tend to view the farmer as a farmer is a farmer, quite simply.

**MR. SHILLINGTON:** — Mr. Minister, I wonder if you're going to answer the question? Do you agree with the comment of John Murphy and the comment of your, I believe it was the Minister of Finance, who stated that . . . one of whom has stated, one of whom has implied that the average Saskatchewan farm is too small. Do you agree with that or not? Yes or no. I don't need a long dissertation about slivers, or whether they be slivers, or whether they be barn doors. I just wanted, Mr. Minister, a yes or a no.

**HON. MR. HEPWORTH:** — Well, Mr. Chairman, hon. member, I'm a little hesitant to comment on a half a line pulled out of a newspaper article. We've already seen examples of what a half a line, a half a line, and how a half a line can be taken out of context. So in fairness to the purported author of the comment, if you're interested in what John Murphy's view is, go and ask him.

**MR. SHILLINGTON:** — Well, I'm asking you what your view . . . I'm interested in your view, and I'm asking you.

**HON. MR. HEPWORTH:** — As I said earlier, I don't think it's good enough any more to classify in black and white terms, in very cold, objective kinds of ways, who should succeed and who should not. You can't just take a farm out there and say, well, on this you score six, on that you score two, on this you score three, on this you score a C minus. There's a certain subjectivity into the way farming is carried on out there.

And that's why we've used expertise in terms of experienced farmers, retired farmers who have been through some of these cycles before, to sort of take a bit larger view at it. Whether they be little or mid-sized or big. I could argue, I suppose, that some from every category are in trouble. And we've put the economic shock absorbers in place to help them through this difficult period.

(2115)

**MR. SHILLINGTON:** — Well, Mr. Minister, what we have heard is, I think, a patent refusal to answer the question. I can only assume, I can only assume from that, Mr. Minister, that you agree with Mr. Murphy but haven't got the courage of your convictions.

Mr. Minister, I'm interested in your view of where agriculture's going to be a short period from now. Mr. Minister, how do you expect that an industry, the income of an industry is going to drop by 75 per cent in four years and survive?

I'm interested, Mr. Minister, in what you think we're going to have for an agricultural industry in a few years. And if we don't have that agricultural industry, it isn't just the farmers who are going to get hurt, it's the urban people as well. While I don't pretend to have a great knowledge or expertise about farming, I can tell you that urban people are as concerned about this as rural people. That was evident last summer when we were campaigning during the federal election. The public in this city did not think you were doing a good enough job, and that included in agriculture.

So I ask you again, Mr. Minister, what do you think is going to happen to an industry which loses 75 per cent of its income? What's going to be left of it? What will be left of it to support the urban areas and the cities?

**HON. MR. HEPWORTH:** — I will again — and it's unfortunate the hon. member hasn't been in the House for the six or seven hours that we've been discussing this. And I'll tell you where I think agriculture is today and where it's heading.

Today what I sense out in the farm community is a certain sense of optimism. For the most part, the province is in much better shape from a moisture standpoint than it was last year. Moisture levels virtually all over the province are better. Interest rates have stabilized. I don't sense a farm



community full of doom-mongers and naysayers, such as yourself. I don't sense a farm community that, as I heard my colleague from Assiniboia-Gravelbourg say today, I don't sense a farm community that's against research out there.

I don't share your view. I don't share your view that all farmers are in favour of limiting farm size. I don't share your view that they're all interested in farm gate blockades. I don't share your view that the Nadine Hunts of the world march around in front of the Centre of the Arts when the Prime Minister and premiers are here, and farm gate blockade there. I don't share that view. I know that she is a buddy of yours, but I don't share that view. I sense a certain optimism out there.

Moisture is better. Interest rates are under control, somewhat. And what I, as well, envision for the future is we've got to shift from and acknowledge the realities of today, look at the global picture, and position our farmers to cope not only with the todays and be survivors tomorrow, but in fact, be the winners and the competitors to the year 200. That's my view of agriculture.

And how we will shape that, well, it will not be shaped by me alone as Minister of Agriculture. It will be shaped in concert with the farmers out there.

And you can continue to trot along, like your colleague from Assiniboia-Gravelbourg, with the blinders on, and not look at the green grass that exists around you, and be part of the past, and be reluctant to accept change, and be reluctant to acknowledge some fundamental structural changes in global agriculture, and we will go down the tube with that kind of mentality.

**MR. SHILLINGTON:** — What I'll tell you what' going to go down the tube with your kind of mentality, is the family farm.

What you're saying, Mr. Minister, is when you are saying that we are tied to the past and you represent the new wave, is that the large farm, and agribusiness, is the wave of the future. And that what we have had in the past, the family farm, is somehow or other the wave . . . (inaudible interjection) . . . That's exactly what you're saying. That's exactly what you're saying.

I want to say something else, Mr. Minister, and that is the silly scare tactics, which you just engaged, are not going to work. They haven't worked in the past; and they're not going to work for you.

The member from Assiniboia-Gravelbourg was in this House when Ross Thatcher was around. Ross Thatcher tried it. There's nothing new in the world, just history that you guys don't know. And I'll tell you a bit of history you don't know, and that is that Ross Thatcher tries those silly scare tactics, and they didn't work. He got drummed out of office. He ran against the Nadine Hunts of the day; he ran against the trade unions, promised to bring in labour courts, and he got hounded out of office. And I say to you, Mr. Minister, that as harsh as the reality is, you are going to be judged on your own record and not on the record which you unpeeled to us. And I might suggest, Mr. Minister, that we start dealing with your record.

Mr. Minister, specifically, do you see the number of farms stabilizing? The number going down? The number going up? Because the language which you just used suggested that you believe the wave of the future is fewer, larger farms which are more efficient. And I say, Mr. Minister, that you are agreeing with John Murphy; you're with him although you haven't got the guts to say so.

**HON. MR. HEPWORTH:** — Mr. Chairman, let's examine the record and see how many farms were lost to Saskatchewan, in perhaps, the best decade that farming ever knew in this province. The period from '71-81, and these are not my numbers, these are Statistics Canada Census Farms, '71-81, that ten-year period, 10,000 family farms disappeared off the face of Saskatchewan. And in fact, Mr. Chairman, we have gone through a much more difficult period. A much more difficult period than — they didn't know what difficulty was there in that decade — and there will be nothing like that lost to the Saskatchewan horizon as was lost during the years

of the NDP policy.

Your agriculture policy is non-existent. You don't have an agenda. Quite simply that is the issue and in so far as how we are judged, and how we will be judged, I would suggest to you we were judged, and that is why the new member, the member for Thunder Creek, sits with the government caucus in this Legislature today.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. SHILLINGTON:** — I say, Mr. Minister, that if you're satisfied with the results in Thunder Creek, then you're going to be happy enough to be on this side of the Legislative Assembly, because what you conveniently overlook, Mr. Minister, is that in Thunder Creek you lost 20 per cent of the vote. And if you lose 20 per cent of the vote across the province, you're not going to be in office.

So I say, Mr. Minister, if you take comfort from the results in Thunder Creek, then you're going to be on this side of the House, and perhaps you're going to be here anyway.

Mr. Minister, I ask you again, what do you see happening to farm size? Mr. Minister — oh yes, he sticks up his finger. He's got the answer. Yeah, but your problem is that you don't answer it. I have asked four or five questions and you've avoided each one of them with some silly, inane, dissertation . . . I have the floor. When I'm finished I will yield it to the hon. member.

Mr. Minister . . . Well, I know you're not enjoying hearing the reality of your policies. The reality is, you haven't got any. You just don't have any.

You don't believe in the family farm. You believe in agribusiness, in a more efficient agricultural industry, and I say that spells disaster economically for Saskatchewan, and disaster for the culture of Saskatchewan, Mr. Minister.

I suggest, Mr. Minister, that you come clean, admit to the farmers what they already suspect — and that is that you believe, as John Murphy believes, that a whole bunch of farmers have to go. Mr. Minister, when Otto Lang was federal minister, he said one in three farmers, I guess it is, have to go — and got pilloried for the comment.

Mr. Minister, there are, by the conservative standards of the Farm Credit Corporation, one in four farmers in serious difficulty, in that they can't meet their loan payments. And a farmer who can't meet his loan payment is in very serious difficulty. One in four is now in difficulty and, Mr. Minister, you haven't done a thing for them. You have made their lot a great deal worse with these tax increases and not one iota of help.

Mr. Minister, I just cannot believe that in a budget in which farmers were in such difficulty this would pass for agricultural policy. Mr. Minister, you're going to lose a whole . . . The farming industry is going to lose a fair percentage of farmers just as soon as anybody will buy the land.

All that's keeping the farmers, all that's keeping the number of farmers from being drastically reduced is that they can't sell the land, and the financial institutions can't foreclose on it and sell it. And all that is keeping the farmers there is that there's no sale for their assets. If there were, an awful pile of them would disappear.

As soon as there's any sale for that farm land, Mr. Minister, you stand a risk of losing a very large percentage of them. So I ask you, Mr. Minister to deal with the future, not with the past.

I recognize that you may prefer to impute a policy to us of limiting farm size, and being in favour of enslaving farmers to the trade unions, or whatever those scurrilous comments about Nadine Hunt were supposed to mean. I'm not sure what that scurrilous comment was supposed to

mean, but I assume it means that you believe farmers are all going to be in chains to the trade unions.

But I say, Mr. Minister, that you're going to lose a large percentage of the farmers if you continue with your present policy. Mr. Minister, I wonder how you think that is in the best interests of Saskatchewan?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, I think, in response to your first question, as what do I see for the numbers of farms out there and farm size. I think there's some evidence to suggest, on a North American basis, that, in fact, farm size may be levelling off; farm numbers may be stabilizing to a degree; and I think that's all very, very positive.

I think that, as well, as we chart our course into the future, we've got to explore. And I'd be interested in your comments on this. I think we've got to explore things like *Bacillus thuringiensis*, for example, in terms of genetic engineering, in terms of implanting that kind of gene into our wheat crops, and how that toxin might deal with the grasshopper problem. I think we've got to explore the preventative medical aspect of dealing with feedlot problems like infectious thromboembolic meningoencephalitis. And I don't know what your view might be on that.

But those are a couple of areas in this biological engineering, the biotechnology area that I think we've got to explore. Certainly in the first instance, that problem could in fact perhaps solve an issue that we may be facing on 20 million acres this spring in Saskatchewan.

**MR. SHILLINGTON:** — Mr. Minister, I think it is every bit as relevant to discuss *res ipsa loquitur* or estoppel as it is to discuss what you just finished raising. The truth of the matter is, Mr. Minister, neither one is very meaningful to the one in four farmers who are in trouble. Nor is it very meaningful to the Saskatchewan urbanite whose standard of living and income is hurting because the agriculture industry's in such difficulty.

I ask you, Mr. Minister, how could you turn your back on an industry which has lost 75 per cent of its income and one in four members are unable to meet mortgage payments? How could you turn your back on a major industry in that kind of difficulty?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, after having listened to your line of questioning and your line of reasoning, perhaps what we should be discussing in the legislature tonight is rabies and its neurological effect on human beings once bitten, because that's about as convoluted and as meaningful as your reasoning is. You're making absolutely no sense.

And I'll have to give the Leader of the Opposition at least some credit. When he was in my town and held these meetings on family stress, and I have to admit the crowd was something less than horrendous. I think there was 15 or 20 people out. What did he say to them? You'd do well to even listen to what he said. At least he has found some semblance of common sense. And in fact I sort of had the feeling that he'd been reading some of my speeches because this is what he said. The Leader of the Opposition said, today the problems that farmers face are problems where there is no quick fix. There's no magic answer. There's no black magic. You don't take and dip into the public treasury and bail out a \$4-billion industry that's plagued with problems due to pests and weather. I mean this isn't some kind of piggy bank that you break into every time there's a problem out there. It's a public treasury. It's a trust. It's a \$4-billion industry in this province.

I mean we could take every budget for the next two years and put in agriculture and it wouldn't — the whole thing, the whole thing. What people want from us is to provide some safety nets when times are tough. But more importantly, they want to see us facilitating on farm production technology, looking at the new markets, what are they, and exploring them, dealing with the future so they don't all become statistics. That is what they expect us to do. They're not looking for hand-outs.

How many times has farmers told me, and I'm sure the member from Assiniboia-Gravelbourg, we're not looking for hand-outs. That's not their style on the farm. That's why, if you go across this country and talk about debt moratorium, and that kind of measure, you're not going to get hundreds of people out to those meetings, because the fact of the matter is, there is not, as the member from Assiniboia-Gravelbourg said, there is not 18,000 farmers going broke out there tomorrow.

(2130)

You'll get hundreds of farmers out to meetings to talk about winter wheat technology, soil conservation and soil management, snow management, water management, fertilizer technology, chemical technology, new varieties, HY320.

The one issue that none of you have raised from those benches is the excitement that's been generated out in rural Saskatchewan with the licensing of HY320. Not one of you has even acknowledged that point. It has caught the excitement and the imagination of virtually every farmer out there, but no, you've got the blinders on. You've got the blinders on. No, don't tell me about new saline tolerance salt varieties; no, don't tell me about hull-less barley; don't tell me about how I can run my tractor for half the cost now of conventional fuels; don't tell me about new fertilizer technology.

No, I want to stay, I want to keep old Dobbin, the old grey mare, behind the plow and keep doing it that way. Well, you can keep doing it that way and our farmers will not be competitors and winners in the years to come. They expect more of us. They expect more of us.

**MR. SHILLINGTON:** — Well, the truth is coming out, Mr. Minister. You are in favour of a goodly number of those farmers going.

I'll tell you one thing we do agree upon. We agree upon one thing, Mr. Minister, and that is that the current Leader of the Opposition is a person of considerable ability. And I'll tell you something else that most Saskatchewan people agree upon — that is, he was a great deal better premier than the current occupant, and he's going to make a better premier after the next election than the current occupant, as well.

**SOME HON. MEMBERS:** — Hear, hear!

**MR. SHILLINGTON:** — So at least, Mr. Minister, the evening isn't lost. We can agree upon something.

Mr. Minister, I was in Weyburn. I heard what the current Leader of the Opposition said, and I'll tell you what he said. What he said is, that you cannot, every generation, afford to have 20, 25 per cent of the farmers tripped away. If you do that, the nature of the farming industry will change drastically, and the culture of the province and the economy of the province will alter, and almost certainly alter for the worse. That's what he said, and that's the issue that I'm asking you to address yourself to saving and assisting those farmers who are in trouble.

Now you may hang your head in disgust, Mr. Minister, but I'll tell you, that if you don't respond and you don't act, this province is going to lose a lot of those farmers, and we're going to be culturally and economically poorer for it.

And again I ask you, Mr. Minister, how in Heaven's name could you and your colleagues turn your back if, let's put it as crassly as possible, just deal with economics. Let's forget there's human beings involved as you do everywhere. Let's forget there's any human beings involved.

You have an industry that is vital to the Saskatchewan economy, that is in serious trouble. How

could you turn your back on an industry which has lost 75 per cent of its income and 25 per cent of the members of which are unable to meet mortgage payments? How could you turn your back on such an industry? Give them no assistance?

If you don't care about the individuals involved, do you not have some regard for the Saskatchewan economy? Would you not do it for crass reasons if you won't do it for reasons of compassion?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, unlike yourselves, we're not prepared to reduce the farmer or the family farm to some black and white kind of number. We believe there is a human dimension there.

And in fact, I think the kind of talk we've heard tonight and the kind of talk we've heard from the member from Assiniboia-Gravelbourg, I think Nancy Russell in a September *Star Phoenix* article said it better than I could say it. And certainly you would fall, and I think some out there would agree, that you would fall in the same category.

NDP agriculture Allen Engel must think Saskatchewan farmers are stupid, and you don't give them credit for any kind of thinking out there.

And I suspect that she might say the same thing about you.

**MR. LUSNEY:** — Mr. Minister, I have a couple of questions on your ag credit corporation. How many loans do you have at this time in the ag credit corporation, and how many of those are in arrears?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, we have something close to 5,000 clients, and as of March 31st, '85, 16.7 per cent of active clients are in arrears.

**MR. LUSNEY:** — How many in the past year, Mr. Minister, did you sort of take over their operation or foreclose on them? Have you called in your loans on any of those farmers?

**HON. MR. HEPWORTH:** — In the past year, Mr. Chairman, hon. member, 10 client loans were formally demanded.

**MR. LUSNEY:** — Mr. Minister, what is the average size of the loans that you have in that credit corporation?

**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, I don't have the exact numbers for you, but they would go something like this: roughly 5,000 clients, and I think about \$130 million in total loans.

**MR. LUSNEY:** — Mr. Minister, how many of those in arrears? It'd be roughly what, around 800 or so? How many of those do you feel are in real trouble at this point that you may have to take some action on?

**HON. MR. HEPWORTH:** — Although some may be having some difficulty in the short term, I suspect it would be our view that, for the most part in the long term, most of them would be viewed as viable, and certainly we're imposing upon ourselves the same kinds of constraints as we would expect other lenders to abide by, in terms of the law, the farm land security Act, that kind of thing.

**MR. LUSNEY:** — You're saying then, Mr. Minister, that you're prepared to go along with these farmers, and help them get through some of the bad times that they're having and hopefully, they'll be able to become viable again and continue with that operation.

Mr. Minister, in land bank, how much land have you sold of the land bank, or the former land bank land, as we knew it? How many acres of it, or how many quarters have you sold, how many parcels?

**HON. MR. HEPWORTH:** — Well, in total, between land bank — it's all under lands branch now. And if my memory serves me correctly, I think we've put back in the hands of the farmer something in the order of 130,000 plus acres.

**MR. LUSNEY:** — How much of that was sold to former leaseholders?

**HON. MR. HEPWORTH:** — Mr. Chairman, and hon. member, perhaps we could pursue — some of my additional officials are making their way down here, so — perhaps we could pursue an additional question until I can provide that answer for you.

**MR. LUSNEY:** — Mr. Minister, while they're looking, could you also get them to check and see, or could you provide us with, the land that was sold and the amount that it was sold for?

**HON. MR. HEPWORTH:** — To the period ended March 31st '85, there are two approaches that can be used for the leaseholder. He can buy as a straight cash sale, or we have a time sale option. On the cash sales, we have had 206 sales on 38,000 acres for a total of \$9.2 million, approximate — I'm rounding these numbers off. On the time sale, we've had 183 sales on 42,000 acres for \$9.4 million. The total sales parcels has been 601 — 128,000 acres, or roughly 130,000, as I mentioned, for a total of \$31 million value.

**MR. ENGEL:** — Mr. Minister, I had several questions I was going to follow up on both those programs. Approximately . . . You said that there are 10 clients that you've moved on — I gather that you repossessed their loans — on the Agriculture Credit Corporation loans? Is that correct? Did I hear that number right?

**HON. MR. HEPWORTH:** — The 10 clients, to the period that the numbers were up to date for, where we formally demanded payments.

**MR. ENGEL:** — How many more clients had to work their way out of their own deal and either quit farming, or sold off some assets to put their operation into a situation where they voluntarily did it rather than wait until you forced them to the wall? How many are there besides the 10 that had to liquidate themselves, or just ceased the operation, that they were either in hogs, or beef, or whatever program they had?

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**HON. MR. HEPWORTH:** — Mr. Chairman, hon. member, two clients voluntarily signed over their operations and nine, other clients were forced into bankruptcy by others.

**MR. ENGEL:** — Out of your total of 5,000 loans, there's 21 farmers that ceased their operations. I was wondering, and I was quite interested when you said that Agricultural Credit Corporation had about \$130 million outstanding. According to just a rough calculation, that comes to about, 25, \$26,000 a loan average. Is that close to an average loan for a Farm Credit Corporation?

**HON. MR. HEPWORTH:** — Mr. Chairman, I suspect that's pretty close, yes.

**MR. ENGEL:** — That's the figure that I understood was a prevalent number in the average size of a loan that was involved. Why is there such a discrepancy between that particular size of loan and your guaranteed loan program? How come the guaranteed loan program runs in the \$90,000 range, and in Agricultural Credit Corporation, where they're expanding, using the money to get into farming, are doing so at about a \$26,000 level, and you're saying that to get an operating loan guarantee you need \$90,000.

How come there's such a big difference? Why wouldn't you be appealing to the same kind of farmer that has a Agricultural Credit Corporation loan? Are you saying that those farmers in Agricultural Credit Corporation are not viable operations and out of those 5,000 farmers that that's not a viable unit, or are you saying that they're so well fixed and they got such good loans at Agricultural Credit Corporation, that they don't need any assistance and they don't need operating loans? Which is the case? But to me that sounds like a very big discrepancy there.

**HON. MR. HEPWORTH:** — Mr. Chairman, I think, hon. member, if you were to examine what a typical operation might be, Agricultural Credit Corporation involves itself with the livestock side, the irrigation side. And those same people in fact, may have loans at other lending institutions — farm credit banks, credit unions — for the land base.

And so, I don't think you should look at them in isolation. I can think of many, many clients who do have loans with Agricultural Credit Corporation of Saskatchewan, a bank for some land. I suppose some typical numbers are what we might see at the Farm Purchase Program: average age, 26; average acres added, 327; average net worth, 101,000; average size of loan, 110,000; per cent family transfers, 46 per cent. I don't think you can look at the numbers in isolation, although I know on occasion you're wanting to do that. You've got to look at the larger picture.

And I think, as well, it's important to know that in the loan guarantee programs, the ones where farmers are unable to get operating funds without the guarantees, that's in many instances quite a different group. Many of those, as the surveys show us, have been farming for eight, and nine, and 10 years. There were some substantive units, some substantive units that, in fact, tried to expand, got hooked in a bad set of circumstances. You know, I don't think you can make general statements out there about the farm economy, and the farm community, and any given farmer today.

**MR. ENGEL:** — Well Mr. Minister, when you're looking at those groups of numbers, you brought up the average age category. Do you have an age category that the Agricultural Credit Corporation deals with? Were they dealing mostly with young farmers trying to diversify and getting into either an irrigation project, or a little hog operation, or buying some cattle, and getting into a mixed farming thing?

Does agricultural corporation generally deal with a younger set, 35 years old and younger, or is it the middle-age farmers, or what group of people were you dealing with the Agricultural Credit Corporation? Can we generalize there at all? Does the bulk of their loans go to younger people or not?

**HON. MR. HEPWORTH:** — I think the way our legislation is set up, both here and through the Farm Purchase program, it's not discriminatory on age. I think that's contra some of the issues that the Minister of Justice has been raising.

We have, as well, though — being response, and responsible to the taxpayers — it is our view that it's not the guy who is well established and who already has five sections and 500-cow herd who needs help from the taxpayer.

To give you some typical examples, January 1st, '84-March 31st, '85, ACS (Agricultural Credit Corporation of Saskatchewan) approved 505 loans for \$26.8 million, or an average of \$53,000. And the conditions that we imposed to focus it on the young, beginning farmers are that you must have a net worth of less than \$300,000. And generally that tends to focus it at the young, beginning, establishing farmer.

**MR. ENGEL:** — Well do you have an age group that that category falls in? Now I know that 21 out of 5,000 farmers isn't a big percentage. But can we determine, were those younger people? Those likely were young farmers as well, then, those 21 that decided to go back to working at a

service station, or mechanics, or electrician, or whatever they did to subsidize their farming. Do you have an age of those 21 people?

**HON. MR. HEPWORTH:** — No, we don't. And I think, as you yourself have admitted, 21 out of 5,000 clients wouldn't necessarily be indicative of anything particularly anyways, if you use that small a sample.

**MR. ENGEL:** — But, small sample though, the bureau of Saskatchewan statistics, as put out by your own government for the population change from January to March, shook me a little bit to say the least, Mr. Minister.

Now I don't know if you've examined your own records on StatsCanada or not, and tried to figure out if some of those were farmers or not, but I hear this song and dance coming from your government, and particularly from your little cheer-leader, that Saskatchewan is on the move and all the young people are coming home again. And I'm sad to say that they were home for a couple of years and looked things over and said, hey, it's not quite as sunny and the picture isn't quite as rosy as it was painted by these cheer-leaders.

And you take the period from January to March, 1985. There was a total of 6,268 in-migrates into Saskatchewan; 6,268 in that time period came in. But there's a total of 6,040 that left Saskatchewan in that same time period. So you say, aha, we're ahead by 220; there's 220 more came than left.

But the statistics that I want to draw to your attention, Mr. Minister, that during that time period, the age group from 20 to 39, that there were 2,000 of those 6,200 . . . 2,179 came in, in that age group, but Mr. Minister, do you know how many left Saskatchewan? Do you know how many left in that time period? Three thousand three hundred and twenty-four. Twenty-one hundred came in and 3,300 left the province, and I'd suggest that those additional people, those 3,300 that gave up on you, were mostly young people from the farms. Mostly young people from the farms.

You are trying to hide your statistics and say how many people are working, and how many aren't working, and how many are on welfare, and how many aren't on welfare. But the point that we're trying to make here tonight, Mr. Minister, that \$1,000 of tax that you let your colleague, the member for Wilkie, impose on farmers of Saskatchewan, hit the young people the hardest.

Those people that are borrowing \$26,000 each, \$26,000 each in outstanding loans — that's what their loan average to Agriculture Credit Corporation — \$1,000 to them, Mr. Minister, would have made a sizeable contribution towards their payment. One thousand dollars would have been a meaningful payment, and it wouldn't have encouraged 3,324 to leave the province. A net loss of more than 1,000 people in their prime working age; 1,000 young people leaving Saskatchewan, when you should be implementing programs that help them get started — programs that work, Mr. Minister.

You're saying we're crying gloom and doom. But we're talking about the reality, the facts of life. You're coming along with an emergency farm program, and you set a number up that \$90,000 is the average. You're spending \$5,500 per loan to administer those loans, Mr. Minister. That is serious business. That's serious business.

This year, this year when we should have been sitting in the legislation in January, February, and March, and should have been discussing these things, and should have been coming up with solutions, you fellows decided to holiday in the Bahamas. You couldn't be bothered to stay home and come up with some programs that worked, Mr. Minister.

You couldn't come up with the, but you let 1,000 young people leave the farms of



Saskatchewan. You let 1,000 young people leave the farms, and I think your figures don't reveal the real problem that's out there.

The farmers that are borrowing money are borrowing smaller amounts. They don't need those larger amounts. And I think my colleague from Regina Centre said it well, Mr. Minister, when he said that urban Saskatchewan is suffering because of your inactivity, because of your programs where you saw fit to tax farmers in Saskatchewan more than your total budget. I can't believe it.

I can't believe that you'd come up with a program that would assess the farmers more than your total budget in additional taxes. And if you can't do better than that, Mr. Minister, I'd suggest you resign. I'd suggest you resign, because it's too late to improve, and you — you know, when you have 64 million total estimated expenditure for agriculture, for ordinary expenditure, 64 million — and yet you tax the farmer \$65 million more.

You assessed more on your property improvement rights. That's why 1,000 people left Saskatchewan this year. One thousand people left the province this year, Mr. Minister, what did you do for those 1,000 people? What did you do for those people that left the province, with no . . .

**MR. CHAIRMAN:** — Order.

The committee reported progress.

The Assembly adjourned at 9:59 p.m.