

EVENING SITTING

INTRODUCTION OF GUESTS

Mr. Martin: — Mr. Speaker, I ask leave of the Assembly to introduce some Cubs from the 83rd group and the various folks that are with them.

I had the pleasure the other night of introducing members. I'd like again tonight to introduce to the House, to you and to the members of the House, and to all assembled here this evening, the 83rd Regina Cub Pack. We have 40 of them and a number of counsellors, I suppose, and Cub leaders and parents with them. The Cub leader is Doug Conway. We have Mrs. Bowd, Mrs. Antoniuk, Mr. Desjardine, Mr. Forrest, Mrs. Sotski, Mr. Edwards, Mr. Belan, Mr. Haynee, Mr. Currie, Mr. Calder, and Mrs. Calder as well as Mrs. Salomons who are with us with the Cub group tonight. And you know, as I mentioned the other night, Mr. Deputy Speaker, many of us in this House had the privilege of being Cubs at one time or other and will recall the Cub prayer. And I hope that I have it right and if I'm wrong I hope the Cubs will straighten me out on it:

I promise to do my best, to do my duty to God and the Queen, to obey the rules of the Wolf Cub Pack, and to do a good turn every day.

And I . . . (inaudible interjection) . . . That's right, and enjoy it, indeed. So I ask all assembled here this evening — all the members and all those with us — to please welcome the 83rd Cub Pack and all those with them.

Hon. Members: Hear, hear!

Mr. Tchorzewski: — Thank you, Mr. Chairman. I want to join with the member and other members in extending my greetings to the Cub pack and their leaders. I recognize some people in the gallery, both younger and older, who are neighbours in the neighbourhood where I live. It's good to have them here, and I hope that they have an enjoyable and educational evening.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

**Consolidated Fund Budgetary Expenditure
Rural Development
Ordinary Expenditure — Vote 43**

Item 1 (continued)

Mr. Upshall: — Thank you, Mr. Chairman. Mr. Chairman, my question to the minister relates to the very serious situation that we have in some parts of Saskatchewan with the shortage of water in many of the rural areas.

Now, Mr. Minister, you may or may have not known that the Alberta government just announced a \$20 million package to aid farmers to develop alternate water sources.

My question to you is: in light of the very serious problem that has developed because of two consecutive winters of very little snowfall and not too much rain in the summer, are you prepared to follow some of the directions?

For example, as an example, I'd like to quote the PFRA (Prairie Farm Rehabilitation Administration) fall water supply report, released Wednesday. This was a report of November 19, '87. It shows soil moisture ranges from inadequate to poor in southern Saskatchewan — worst conditions in the west, south-west and central grain belt area. And one farmer sums it up by saying, you get a pretty sick feeling in your stomach when your well goes dry. And that was in November — and as you know there was no snow, virtually no snow all winter.

I'd like to know what representation you have made to the problem, to address the problem of lack of water in some parts of Saskatchewan.

Hon. Mr. Hardy: — Just for the member's information, we did address this yesterday from some of your colleagues. It is a serious, serious problem out there. Today I met with an R.M. from Lawtonia, which is right in sort of the heart of the area where it's extremely dry. They are concerned about their water source even for their towns and for their farmers, especially the dug-outs.

Sask Water . . . I believe in question period the other day, the minister responsible for Sask Water Corporation said that they have got all the seismograph information now from the oil companies, the new up-to-date one that they have on sort of a long-range graph. They have put on all the known water bodies on there. They have taken it that far.

If it doesn't rain — and who knows if it will or it won't — you know, we may have to do some more things. And certainly we're putting together a contingency plan in case it doesn't rain; but hopefully the weather will bear with us and give us some moisture which will certainly relieve some of the problems out there.

Mr. Upshall: — Mr. Minister, I would like to know, in light of the problem: have you allocated any special funding or initiated any specific projects in relationship to any special funding to alleviate the problem of water shortage?

Hon. Mr. Hardy: — Well, Mr. Chairman, of course it's early yet in the spring, and no, we haven't allocated any funds or any special programs. Existing ones are all there: PFRA; we do assistance on deep wells. If you're doing deep well drilling, we do assistance below — what is it, 250 feet? PFRA helps you to that point.

There's assistance for dug-outs. If you're pumping into dug-outs, we have, I believe there's two pumps or maybe even four pumps — I forget the number — that Sask Water has that bring water from known locations to dug-outs.

But until, I guess, a little while longer passes and we just see if we don't get any moisture, I'm sure we won't bring any new programs into place.

Mr. Upshall: — Well, Mr. Minister, you may or may not know that in some parts of this province farmers are having to sell their livestock because they have no water in their dug-outs and the pasture conditions are such that unless there is rain that there will be no feed.

So I would like to say to you that the problem is now. And you can read it in the papers if you'd care to pick up the papers and to read the problem. So I don't think . . . How long do farmers have to wait? Do they have to sell off all their livestock before you get around to getting a program in place so that they can have water?

Are we going to have to do like every other program in this government, is wait till after the fact and have people beating down your doors before you come forth with the program?

Mr. Minister, I know we all hope and pray for rain, but the fact of the matter is, the problem is today. The problem has been building over the last two years in some parts of the province. And so how much longer are you going to wait? When are you going to let farmers know when you are going to have some . . . whether you're going to have some funds or whether there's going to be some special programs?

All the programs you talked about are existing programs that are fine, but the problem remains. Those farmers who don't have any . . . who have to sell off their cattle, you won't help them. Those farmers who don't have any money to drill a well, except the first 250 feet or whatever it is, that's not going to help them much. This is a special problem. And we need you to take some leadership in this problem and let farmers know that they're going to be able to have a water supply. When will you do that?

Hon. Mr. Hardy: — Well, Mr. Chairman, you know, we can speculate a lot and we certainly can hope for a lot of things as well. In regards to the cattle — and I'm not so familiar with the South but I am with the North — we do feed . . .

An Hon. Member: — We've got water in the North.

Hon. Mr. Hardy: — That's right, we do know where a lot of water is in the North.

We do feed our cattle and still feeding them on last year's feed and will until early into May. I would assume that most cattlemen would have sufficient feed to take them through till the spring, till the grass comes up in the spring, and certainly it will come up. So therefore I would think they would have sufficient feed till then.

After that, if there's no moisture, certainly we may have to take a look at programs. We've done it before. We've had assistance for transporting cattle into the North where there's lots of feed. We've had assistance for, certainly for dug-outs. We've got assistance for wells. We've always been there. When there was drought in the South, we were there. And when there was flood in the North, we've been there as a government. So I guess if there is drought in the South again, or whatever is needed, we'll probably be there again.

Mr. Upshall: — Well, Mr. Minister, I know very well, as I was in Tisdale yesterday myself and I saw the water conditions, and I guess if I lived up in that neck of the woods and never looked around the province's other areas, I might think things aren't that bad either. But the problem in the southern part of this province is water. And if you don't know, I will tell you again, there's people who are being forced to sell some of their cattle because they have no water, because the dug-outs are dry. And those same people have no money to drill the first 200-and-some feet of that well before they get your assistance. And there's no water within miles to pump under your pumping program. What do we have to do to make representation to you to tell you there is a definite problem?

And in light of that, I'll ask you this, Mr. Minister: what are your contingency plans for dealing with this problem of water shortage in the southern and central part of this province?

Hon. Mr. Hardy: — Well, Mr. Chairman, certainly these two questions, one relates directly to the Department of Agriculture and the other to the water corporation, but they all reflect on rural Saskatchewan. I suppose that's the point he's making.

He mentioned something about not knowing about rural Saskatchewan, only coming from the north-east. Well I'll tell you . . . I'd like to draw the member's attention that I have been almost totally around this province the last two years. I've met with every R.M. around this province in the last three, four months. I have been in every corner of this province in the last year — from the south-west to the north-east to the north-west. And I've been out there in rural Saskatchewan, and I drive, I don't fly, so I've been on the roads. I can tell you what the fields are like. I'm a farmer. I understand it. So I understand very much.

We met with an R.M. from the South, I mentioned a few minutes ago, Lawtonia. We talked about the water problems. They told us some of the areas that we could maybe work with and work on. This morning I met with Saskatchewan Wheat Pool. We talked about the water problems, we talked about farm problems, and some of the areas where we could work together to maybe, in fact, bring together some solutions if the water problem continues. We looked at other things such as farm debt financing, but certainly the water area we have been looking at.

You heard earlier from the Minister of Environment, responsible for Saskatchewan Water Corporation, said they've put together a contingency plan and they certainly wouldn't bring it out until such time as it's needed, and if it's not needed we'll never have to use it.

Mr. Upshall: — Well, Mr. Minister, I just hope it doesn't take as long as it took you to get your equity financing program off the ground — like some matter of 12 or more months — because by that time it'll be far too late.

Now I asked you . . . Mr. Minister, if you said you'd been around this province and seen the situation, then my simple question is: why don't you have a plan in place, because I know and you know the need is there is many

areas of this province?

Hon. Mr. Hardy: — Well, Mr. Chairman, I've told him two or three times. Maybe he doesn't listen; maybe he doesn't want to hear; maybe growing up in the North there was too much water — I don't know what the catch is — but we told him that Saskatchewan Water Corporation has a contingency plan in place. They've been working on it for about three or four months, and continue to work on it.

We can't make it rain if that's what the members would like to see us do. We'd all like to think we have that power, but I don't know anybody in this world that has that power. So therefore we have a plan in place. If it doesn't rain, if the moisture problem continues, we will have in place, we will put in place, a contingency plan.

Mr. Kowalsky: — Mr. Minister, you will know that in the R.M. of Lakeland the conditions, the living conditions, are considerably different than any place else in the province, and the grant conditions apply to them considerably differently because in the R.M. of Lakeland I believe there's absolutely no farm land as such.

Now because of the unique conditions there, the councillors in Lakeland feel that the grant structure doesn't really fit their situation very well at all. I want to know, Mr. Minister, if you are intending to address this unique situation in any special way.

(1915)

Hon. Mr. Hardy: — As the member may know or may not know, we met with the R.M. of Lakeland during the SARM (Saskatchewan Association of Rural Municipalities) convention, discussed some of the problems with them, and we have been addressing their problems — maybe not as much as they would like, but certainly I think to agreement with them.

Over the last few years we've given them about \$50,000 to help them do their planning and development of their area. We've also agreed to assist them on some of their resort village roads, which normally isn't done under an R.M., but we know it's a unique situation. We've also helped fund the Anglin Lake road up there, and I believe one other road — it's a resource road — that hadn't been done before.

So in the last two or three years, we've done substantial in the area, and we've told them that we're prepared to sit down and work with them in regard to some of their village roads and streets that we're helping fund. And some of that could run up as much as 70 per cent of provincial cost share in some of those areas. So we have done quite a bit for the R.M. of Lakeland, in regards . . . that we probably wouldn't do for any other R.M., because they are unique.

Mr. Kowalsky: — Is there anything that you're putting in on a permanent basis, or considering putting on a permanent basis? Because I don't expect that conditions there are going to change soon that there may be farm land broken or anything like that. I expect it's probably going to remain an area that will not have farm land.

Hon. Mr. Hardy: — We looked at that, making them a resort R.M., and SARM was not very much in favour of it. They suggested to us that we treat them just unique, as a unique R.M., and so we have done that. And we would continue to . . . like where they were paving the streets in the resort village, we'll assist them on upkeep maintenance after that. I guess we'll work it on a one project at a time basis because SARM didn't want it set aside as a resort R.M.

And I think the R.M. of Lakeland realizes that, and we're prepared to work with them on a unique basis saying, you're different than anybody else and we'll work on your project by project basis, so that they get their share of the same amount of allocation in proportion as any other R.M. would get.

Item 1 agreed to.

Items 2 to 12 inclusive agreed to.

Item 13 — Statutory.

Vote 43 agreed to.

Consolidated Fund Budgetary Expenditures Economic Diversification and Investment Fund Vote 66

Item 5 agreed to.

Mr. Chairman: — I'd like to thank the minister's officials.

Hon. Mr. Hardy: — Thank you, Mr. Chairman. I would like to take this opportunity to thank my officials for the information they have supplied to us here this afternoon and also to what they are doing for the people of Saskatchewan, rural Saskatchewan. I think they're doing an excellent job. They care, and they're working hard to make rural Saskatchewan a little better. So I appreciate very much the work they've done, the information they've given us here, and I'd like to also thank the opposition for their questions. I think that yesterday certainly was a good day. There was lots of really fair questions asked, and I tried to answer them fairly. And I'd like to thank them for their time they spent and the questions they asked, and again, thank the officials.

Mr. Anguish: — Thank you, Mr. Chairman. I too would like to join with others in thanking the officials and the minister for appearing before estimates.

I feel that the people within the department do an adequate job in terms of what the mandate of the department is. I would challenge, though, the minister and the officials to look forward to the Department of Rural Development with some vision and challenge because the face of rural Saskatchewan certainly is changing and I think that you have a very important role to play in that. With that, I would like to again close by thanking the minister and his officials for appearing here before the Committee of Finance.

Consolidated Fund Budgetary Expenditure Saskatchewan Crop Insurance Corporation

Ordinary Expenditure — Vote 46

Mr. Chairman: — Order. The next item of business before the committee is estimates for Saskatchewan Crop Insurance Corporation. Would the minister introduce his officials.

Hon. Mr. Hardy: — Thank you, Mr. Chairman. To my left, here, I have Henry Zilm, President of Saskatchewan Crop Insurance. Directly behind him I have John Persson, manager of human resources, and behind me I have Jim Walters, vice-president of administration.

Item 1

Mr. Upshall: — Thank you, Mr. Chairman. Mr. Minister, I'd just like to start off by asking a few straightforward questions. First of all I would like to ask you about the salary increases for your ministerial assistants — when the last salary increase was, and/or bonus, and how much; and also increases to management staff at the corporation, when the increase was and how much that consisted of.

Hon. Mr. Hardy: — We've had no management increase since July of 1986. At that time it was 3 per cent. There is only one ministerial assistant, and he's had no increase. So that's all.

Mr. Upshall: — Okay, thank you, Mr. Minister. I see that the funding for Sask. Crop Insurance has gone down by about \$100,000 this year. My question is: in light of conditions in Saskatchewan and over the last few years, I would like to ask you what makes you think that there will be less of a need for money in the corporation this year than there was last year? What did you base your reduction on?

Hon. Mr. Hardy: — Well as you know crop insurance is from the Consolidated Fund, and it's an area we think we can have some efficiencies in, I guess everybody's guess — one is as good as the other. But it's just a guess by the people of crop insurance who feel that they can save \$100,000 in expenditures.

And some of the areas that we're looking at is doing some rationalization out in the field offices where we'll let . . . instead of maybe bring in an adjuster from 2 or 300 miles away, we're going to let the clerk in that area make the decision, and maybe get somebody closer so you don't pay mileage. That's the way they think they can save a \$100,000, just by doing some efficient things like that.

But it's just a guess; if there's not enough there, as you know, the Consolidated Fund makes up the difference. So it's the best guess that our department . . . or that crop insurance can give. And they feel they can have kind of a saving of \$100,000 by just being efficient, that's all.

Mr. Upshall: — Well, Mr. Minister, with regard to the drought conditions in the province right now, crop insurance had some measures to include drought in previous years. My question to you is: what provisions have you made this year — any changes, any new provisions in crop insurance — to deal with the pending drought situation?

Hon. Mr. Hardy: — Well as you know the crop insurance . . . after our last drought in 1985 there, we, with the federal government, have put in a multi-year disaster mechanism. And what it is, if you've had two years of drought like last year and this year, you get an extra 10 per cent pay-out on it. Now I know that's not a lot, but it can be a lot on a large contract.

So that's one plan that's in place and has been in place for a couple of years now. So to have had two successive years of drought, last year and this year, you'd trigger the 10 per cent extra higher fund within crop insurance.

(1930)

Mr. Upshall: — Mr. Minister, I just asked you about that program. I'd like to know your opinion on whether that program was working or has worked in the past. How many people have had need to take advantage of that increase? And do you feel the need will be there this year, and if so, will your funds be able to cover if this drought situation continues? Do you feel that will be sufficient and adequate to cover the problem?

Hon. Mr. Hardy: — Just to bring you up to what has been going on, that program that went into place in 1986 triggered \$8.23 million for about 8,000 farmers in Saskatchewan.

Last year, 1987, there was little or no pay-outs, but if it happens that there is a drought in the South and south-west this year, like last year, it will trigger again. And, you know, the number would be unknown, but it could well be that much or more. It could trigger that many dollars.

In 1986 it triggered \$8.23 million for 8,063 farmers. In '87 there was only a few, not very much, if any. But in '88 there is a whole group across the west side and down somewhere into the South. It could trigger them because it could be their second year in a row with poor crop due to drought.

Mr. Upshall: — Thank you, Mr. Minister. I'd like to turn now to crop insurance as it relates to cheques that are being paid out.

As you know, there are many farmers that are in financial difficulty and they're in arrears with banks and other financial institutions. I would like to know how many cheques have been paid out to lending institutions, such as a bank who holds a mortgage on a farm that is in arrears.

Hon. Mr. Hardy: — Last year in 1987 there was just about 3,000 assignments of contracts to banks or credit unions or other . . . well those two financial institutions, which totalled about 6 per cent of the total number of contracts

Mr. Upshall: — Mr. Minister, my next question is: as it relates to the Act — I believe in the Act that the payment is to be made to the farmer — does paying out the money to the lending institutions, is that in accordance with the way the Act is worded?

Hon. Mr. Hardy: — Well my understanding is that it's an agreement between the farmer and the bank. So it's the farmer's decision, and we only act under the farmer's direction. So if he sends his assignment in, asks it to be assigned to any financial institution for his guarantee or whatever it may be, then we do it.

So it'll be a farmer's decision, and a farmer would have to request it. It would have to come from the farmer with his application.

Mr. Upshall: — Mr. Minister, does the bank come to your door and ask you for information on farmers who they're holding mortgages with and who are possibly in arrears? Do they come to you and ask you in what state a farmer is in relation to crop insurance, and if they'll be getting any money paid out? And what information do you give to the institutions?

Hon. Mr. Hardy: — They may well come and ask, as the member knows, but they'll get no information from crop insurance unless we have written permission from the insured, in other words the farmer. So he's got to give us written permission before we'd release that information.

Mr. Upshall: — Okay. I'll just move on now to the head office move to Melville that's long been completed. Can you tell me what were the total costs associated with the move to Melville?

Hon. Mr. Hardy: — For the actual moving of the equipment from down in the office here in Regina to Melville and putting it in, the actual moving, boxing and moving and unpacking, was about \$55,000.

The relocation of personnel where you moved your . . . they got a transportation allowance and whatever else is in the package — it's normally under Public Service Commission the way they do it — it come to about \$80,000.

Mr. Upshall: — So that was the total cost, roughly \$135,000 of relocating the head office of Sask. Crop Insurance from Regina to Melville?

Hon. Mr. Hardy: — My officials tell me yes, that's the total cost of moving, of the staff relocation that moved, in moving their furniture and whatever else into the . . . that's a normal procedure, and moving all the files and stuff from the office here in Regina to the office at Melville.

Mr. Upshall: — Well I guess there's a little matter of a building and the cost of acquiring that. It just seems to me that their equipment and personnel is find, but surely there were some other costs involved in the move to Melville. Could you explain if there were or if there were not?

Hon. Mr. Hardy: — We're just taking a moment there. I apologize for taking a little extra. I wanted to be sure that I give you the right information.

When we moved from Regina to Melville, we increased our space by about 50 per cent. We're in now at . . . we went from about 14,000 square feet to 22,000 square feet. Within that square footage, we now have storage for

our grain samples that we didn't have before and . . . (inaudible) . . . keep them all. And we put in a grading facility room there where we can grade the samples there. We have graders now that will do it right on site; it wasn't done that way before. Certainly better for the farmer, because we can get back much quicker his sample testing.

The cost went from about 300-and-a-few-odd thousand dollars to 400-and-a-few-odd thousand dollars. So it's sort of proportionately to the same price we're paying here in Regina as we're paying in Melville.

In regards to space, we are now on a ground floor. We have a large parking area, and also very accessible for the farmers. It's right next to the highway and no traffic for them to get to it. We think it's a really good location. It's a really nice building, and I understand it's on a . . . We pay a rental to property management anyway.

Mr. Upshall: — Yes. Could you tell me what the rental is per year to the property management corporation?

Hon. Mr. Hardy: — For the Melville office, it's about \$445,000 rent for the year.

Mr. Upshall: — Mr. Minister, can you tell me who the building is rented from?

Hon. Mr. Hardy: — All the buildings are either treasury board Crowns or departments and are all rented from property management Crown.

Mr. Upshall: — So you're not going to tell me who owns the building. You wouldn't know that? You indicate that you do not know.

Mr. Minister, how many personnel moved? How many personnel moved from Regina to Melville?

(1945)

Hon. Mr. Hardy: — Again, I'm just making sure. It's 15 that moved.

Mr. Upshall: — So for 15 people it cost you \$80,000 to move them from here to Melville. Could you indicate what that was used for? Was it just strictly moving expenses, or were there any bonuses paid for staff to move from here to Melville?

Hon. Mr. Hardy: — That would be for some real estate fees for some of the ones that had to sell their homes, for moving, and in some cases lodging before they sold their home and they had their family here, so we paid their lodging in Melville. So it's sort of a combination of those three things.

Mr. Upshall: — But there were no bonuses paid or any extra moneys paid to management staff who relocated from Regina to Melville? No other moneys like a bonus or any incentive to move from here to Melville?

Hon. Mr. Hardy: — Yes, there was. The unionized people that were moving over there and staff were allowed one month's wages for sort of relocation

expenses to go over there. It was sort of a bonus that would allow them to move and pick up some of their losses that would occur and certain . . . besides the \$80,000 that we're talking about.

Mr. Upshall: — That was for unionized people who moved?

Hon. Mr. Hardy: — For management and unionized both.

Mr. Upshall: — Now, Mr. Minister, I just want to go back to the payment to property management for a minute. Out of that \$445,000 paid to property management, could you send me over a breakdown or tell me a breakdown of — maybe you don't want to read it off to me, but I'd like to have it now — the breakdown of all the properties that crop insurance have that they pay property management for, and what the value of each one of those properties is. This is not the value but the dollars paid for each one of those properties.

Hon. Mr. Hardy: — We don't have it here. We give you, you know, the main office is the main . . . We have 32 other offices around the province that has been rented there for . . . I don't know how long. Whatever the rent is, I guess, that's what it, you know, what it's been. I don't have the breakdown with me but we certainly could get it for you; but we don't have it with us, that's for sure.

The main expense is certainly the head office. I think it's shown in the Estimates the total amount, so you could guess that it would be pretty well equal scattered around the province of the other 32 offices.

Mr. Upshall: — Yes, well I appreciate the fact that you're going to send that over to me as soon as possible.

Out of the in-scope staff at the corporation in Regina, how many of those in-scope staff moved to Melville?

Hon. Mr. Hardy: — There was four of the original unionized employees that moved, but we had hired other ones here because as we placed ones that didn't want to move into other positions within government, then we hired somebody else to replace them. And some were hired here, and some were hired . . . Although they were here, they were to go to work in Melville. So I don't know if you'd call that "moving" them — although they're working here, they'd worked here for two or three months — but there was . . . Like, it was almost about 40 . . . I think about 75 per cent of the employees that were, that's out there now, actually had started here or were working here that went out there. But many of them are hired with the understanding they would go to work there; they were sort of on a training basis here.

So four of the original ones moved; quite a few we'd hired here as they left. Some left in November, as you know, because they knew we were moving it, and we placed them in other jobs, and we replaced them here. So there was a bunch that moved. Some were sort of here, and yet they were supposed to be in Melville, and I don't know how you'd classify that move. But about 75 per cent of the total number of unionized employees worked here and then ended up out in Melville.

Mr. Upshall: — In the *Leader-Post* you had 48 positions advertised. Were all those positions for . . . Were they all permanent positions and were they all filled?

Hon. Mr. Hardy: — To the best of my knowledge, they've all been filled. They were filled shortly thereafter.

Mr. Upshall: — And I understand that there was 12 positions, part-time positions, advertised in Melville. Were those 12 part-time positions filled?

Hon. Mr. Hardy: — Well I understand that when it was here in Regina, we had part-time people on call when we needed them. When we went out to Melville, we staffed all the permanent positions and we just called in the part-time people for the busy part of the season, and then we, of course, lay them off when it's not busy. I don't know how many part-time people are on . . . if anybody is on staff right now, and I doubt it because this is a slack time right now. But as we need them, we'll bring them on, and I'm not sure about . . . Mr. Persson wasn't with us when that . . . If it was advertised last year, I was unaware of it, but whatever part time is needed, we'll bring them on.

Mr. Upshall: — Mr. Minister, there was an attempt to decertify the union. A fellow by the name of Randy Swan was going around apparently trying to get people to sign a decertification petition. Did he have the blessing of the minister and the manager of the corporation to do this?

Hon. Mr. Hardy: — Well it could be that some employee may be doing something on his own, but certainly I don't know who this person is. But certainly if there is something like that, it wouldn't be sanctioned by us and, certainly, not by myself or by the management out at crop insurance. So if it was going on, I am unaware of it. It's never been brought to my attention, certainly, and we don't sanction it, and I can't see any reason why we would want to.

To the best of my knowledge, the crop insurance people have done a good job out there. The only area that we have that is not within the SGEU (Saskatchewan Government Employees' Union) is our management which is appropriate, and we have to some degree downsized management, but we haven't had nothing to do with, or do we want anything to do with decertification.

Mr. Upshall: — Mr. Minister, now I'd like to turn to the regional office clerks. As I understand it, there has been some changes to the job descriptions, or the titles, that the regional office clerks have and they're doing some different duties. Could you enlighten me as to the jobs being performed by the regional and area office clerks now, and has it differed from the job description that they were doing, let's say, six months ago or last year at this time?

Hon. Mr. Hardy: — Mr. Chairman, I'm sure glad that the member raised that because I think it's a real positive thing we can do out there with the crop insurance offices in rural Saskatchewan. We have looked at these positions out there, and we spent a lot of time thinking about how

we could make it better for the farmers out there, and how we could make it more accessible for some of the benefits they may want to collect.

Originally, and has been up till just recently, the function of the clerk, the office clerk as they were called out there in the 32 offices, was that, clerical functions. They did the typing and they maybe called a crop insurance adjuster they needed because head office called them and told them to do it. But they really had nothing to do at a management level. We feel these people have worked there a great deal, a great length of time, and they should be, in fact, doing management, and we've asked them to do that. We've asked them now to do budgets for their office, to supervise the adjusters in the area, to approve the paying of the bills, to the management of the office, which is a different role totally than what they used to perform.

(2000)

I believe it can really let us go a long ways towards — I give you an example — reseeding benefits. If a farmer has a claim on reseeding, we believe that this office clerk — and there'll now be an office manager — should have the power or the rights to be able to approve the payment so the farmer after the adjusters done the work, and so . . . he or she would get at the reseeding benefits paid immediately. We could look beyond that, but that's the first step we'd like to look at.

So we're asking to play a much broader role which we believe will be beneficial to that farmer who has problems, who will, in fact, have authority — most places it's she, I believe it's a lady in all the cases — but whether it's a man or a lady, they'll have authority to make these decisions, and we believe they're responsible people. I think they're ready for the challenge. I understand that they like the idea, and I think it's a very positive step forward to making it, our office, more accessible, and to — given better management controls out there, right at the grass roots — making sure the farmer has better access for payment.

Mr. Upshall: — Will these people be given salary increases to reflect the level of service that they're giving and the job that they're performing, and will these people be allowed to remain in scope?

Hon. Mr. Hardy: — I just want to answer it. I'm not going to try and evade the answer. And I know they're doing a much larger function than they originally did, but because, as you know, it's under contractual negotiations right now, we could be in breach of labour laws if we offered them any moneys of any kind. So what it is now, I guess it's fair to say to you, would be to say it's negotiations between the union and management in regards to not only the contractual arrangements but if there should be any increases in that area or any other ones. And I guess it would be fair to say that should they take on this position and be management, I would assume that whatever there is, there could be some, certainly, benefits to it. But that's again, it's under union negotiation and management, and that . . . (inaudible) . . . it would have to stay.

Mr. Upshall: — But in the adjustment to the job description of these people, I just would like to know if there's any intention for them to be taken out of scope with the union.

Hon. Mr. Hardy: — We have been negotiating. The management has been negotiating with the union in regards to whether they should be in scope or out of scope. To go out of scope, you have to go before the Labour Relations Board and it would have to be approved. I guess it would be decided either at the Labour Relations Board or between the union and management whether they should be in scope or out of scope.

My concern as minister is that they have this type of function and that they can perform it and they can get better service out there. Whether they're in or out of scope will be between management and the union to decide, and the end result will go before the Labour Relations Board.

Mr. Upshall: — Well I would just like to conclude this section by saying that I think the service has to be maintained. And the feeling that I'm getting is that there's some problem with those area and regional office clerks not knowing exactly where they stand, and I don't think that really does anything to promote better relations between the corporation and the farmer. In fact, at times it could endanger that relationship.

The other fear I have, Mr. Minister, is that with an arrangement like that, the government will be perceived to be at arm's length from the actual problems that could arise out of the contract. And I think the management, the government and the management then would be in a position where they could control the office clerk having no security, and the will of the department could be imposed on them during any . . . for anything that may come up and put them in such a position where they would be unable to defend the farmer perhaps on a rational basis because all the while they're very insecure that their job would be at stake.

So I would just say to you that I'm not certain that that is a good move, because I think the role could be carried out as long as that security is there without having any intimidation from management to government on that person.

Hon. Mr. Hardy: — You know, just to give you a bit of what we've been doing in the last year over there within crop insurance, and what we're calling it is positive performance program. Any employee who feels that he or she doesn't feel quite up to the standards that we like to see, we put them on a program to bring them up to that standard instead of saying you're just not good enough. So we've been doing that. I think it's really been well received out there.

We've made many changes since 19 . . . well, in the last year. And just to give you an idea of some of the things we're doing to involve the employees, which I don't believe has ever been done before, we have more staff training programs now than ever before. We're trying to work with the staff so that head office and the field staff and the clerks or the managers in the office in the field —

they all sort of know what each other's doing.

We've had meetings. We had one in Regina here a week or so ago that was interrupted. But it's just too bad because what we're trying to do is put together so people know what each other's doing and so they can deal with the farms. We've had lots of meetings. We have involved staff intensively into the discussions of how we can do it better out there, how they see they could do it better. I don't think they ever had that opportunity before.

We've provided management training to customer services offices for the managers, and that's something that I don't think has been done ever before. We've streamlined and simplified contract renewal process, and if you know, and if you have a contract, you know how much more simplified it is now. And such things as hail insurance, to give you an example, it used to be you had to double fill out two forms. Now you only fill out one in the field. Increased forage contracts, as you know, up to 1,150 from 700. We have a 24 hour payment system on — no, that's not a 24 hour, is it? — yes, 24 hour payment system on reseeded and hail claims, where we have stored grain reports and seeded acreage reports to be mailed directly out and then they just have the one report. We have a 30-day commitment on turn-arounds for your claims, your post-harvest and pre-harvest claims. Those are some of the things that we're committing out there so the farmer has better access to the funds he may well need, because we all know that a lot of farmers could use it, not three months later or four months later.

Just to give you an example of reseeded — talk about reseeded benefits be picked up within 24 hours, or at least within a few days. The policy has been ever since, I guess, crop insurance started that you never sent a reseeded claim out or a benefit out until after August 1. Now that doesn't make much sense to me because in a lot of cases you're almost to the point of harvesting. So we're trying to look at it on a very practical way, of saying how can we get that money out to them in a very, very short time because that's when you really need it.

So those are the kinds of things we're doing but we do need these managers out there in the field to be able to help facilitate that. Without their co-operation and their help, it won't be a success. So we've really worked very closely with them to try and get them to put together, and how we can do it in a very, like I say, practical and honest and sincere and very quick way.

Some Hon. Members: Hear, hear!

Mr. Upshall: — Well I guess time will tell, Mr. Minister. I'd like to move on now to the free trade agreement. And I'd ask you if you and your officials have looked into the free trade agreement as how it might affect the crop insurance program that we have in Saskatchewan.

Hon. Mr. Hardy: — Yes we have. We've been looking at a lot of different areas in regards to free trade. We've looked to Australia, New Zealand, western Europe, and United States.

In United States they pay 25 per cent of the premium subsidized; in Canada it's 50 per cent. But what they do,

their rate subsidization, because the price is higher, just about comes out the same level as what's done here in Canada. So it runs at about the same level in United States as it is in Canada under their program in dollar value.

So we're going to continue to monitor it as long as . . . and we'll have all the information in from Australia, New Zealand, the Argentine as well as western Europe. So we're putting it all into place. I guess only time will tell, but as long as the Americans are subsidizing it at as much or more than we are, we don't feel in any ways that it's in any jeopardy.

Mr. Upshall: — Mr. Minister, in the move for the elimination of all subsidies that distort agricultural trade — in that light, and the fact that within the agreement it says neither party shall introduce or maintain export subsidies, and although you say they're the same, I question what's going to happen with the things like the crop insurance program.

And I say that because I have a real concern that the Americans aren't playing by the rules. And I can give you many examples of that. Just the other day, five days ago or something, they announced a great big shipment to India. And the agreement itself says that we're supposed to — a shipment of wheat to India — and the agreement itself says that we're supposed to take into consideration each other's markets as far as subsidizing exports to other countries. I mean that's in complete violation with the spirit of this agreement, and they've done this three or four times over.

(2015)

You will also know that about a year that the Americans took the eastern fishermen to task by saying that they, because they had unemployment insurance in the winter-time, that that was an unfair trading practice, that they were getting some unfair advantage. And the list goes on and on.

So despite the fact that you're sure that subsidies are equal now, I'm not so convinced. And I'm worried about things like crop insurance under this agreement, because I think there's a possibility that we could be looking at the elimination of crop insurance under this free trade agreement. Do you have the same feeling?

Hon. Mr. Hardy: — Well maybe the member opposite doesn't trust the Americans, but I say to everybody in Saskatchewan that in Canada, we're very fortunate to have the only free border without guards on for over 3,000 miles. And I'm pretty proud to think I live beside a neighbour I could trust that much.

An Hon. Member: — — Answer the question.

Hon. Mr. Hardy: — I am, because that's what he talked about. I am answering the question, and I think that is important to notice that.

The other thing is, our Premier probably has spent more time talking internationally and nationally about the whole subsidy trade war that's been going on out there which has literally ruined our agriculture here in

Saskatchewan. If by the year 2000 that there's no subsidies at all, that may be the best thing that ever happened to our Saskatchewan farmers, because the price of grain would probably be \$10 a bushel, if that's what's going to happen.

I wish we could be so lucky that we can be able to sell into the western European countries where they're getting \$17 a bushel, or Saudi Arabia where they're getting \$25 a bushel for their wheat. I don't think that will ever become a reality, but such things . . . Certainly we're dealing with it. We're going to have our . . . We'll certainly have all the information of it, if and when 10 years or 15 years from now it comes to pass, we have to deal with it, I believe us or whoever the next government here, we'll certainly be on top of it, and maybe you'll have to deal with it at the time.

But time will change much, and as long as there's any subsidies . . . And as you know, the American subsidies is so much greater than ours right now; that's another area of concern. With crop insurance being about the same in dollar value, I guess all I can say is, it's an insurance policy that's in place and I hope it stays for a long time.

Mr. Upshall: — Well I'll tell you that the rhetoric about the trust of the Americans is all fine and dandy, and they've been good neighbours for many years, granted, but I'll tell you, they sure suckered us on this agreement. And I just want to ask you: what assurances do you have that you can give the farmers of this province that crop insurance will not be tampered with, adjusted, or possibly eliminated in a matter of the five years that it takes to define the subsidies? What assurance can you give us? What can you tell us that will make us feel that this crop insurance program will not be tampered with because of the free trade agreement and because the Americans will say . . . Don't ask me how they're going to do it, but I mean just in light of what they've done to date it makes me wonder whether they're bargaining in good faith or not. So could you just expand or elaborate a little bit as to what assurances that you could give us.

Hon. Mr. Hardy: — Well I suppose when you deal with another country you have to assume and work on some goodwill. I think the goodwill of the Americans has been shown over the years. We export a great majority of our produced raw products in the United States; we also import a great number of our products we use from the United States.

We have 1 million people here and we only use about 10 per cent of our production here in Saskatchewan. I would think it's almost in reverse. Last year I was reading in the paper where the U.S. farmers are deeply concerned about the amount of wheat that's going into their markets, from Saskatchewan particularly. And I believe last year alone we sold something like 400,000 tonnes into the American market. Our wheat is of top quality. They have some concerns about our shipping wheat into there. So I suppose it's a mutual concern, but I think as neighbours, and I could day as friends, I don't believe that there isn't a way that anything that comes up can't be resolved.

And whether by the year 2000, if that is still an issue and crop insurance is not in either place or in both, you know,

I suppose we'll have to deal with that in time. But I'm sure that the American farmers have the same feeling as the Canadian farmers, that they too will want to have an insurance policy. I believe too the Americans don't want a wall just around their country or we don't want a wall around Saskatchewan. We're bigger than that. You know, we've grown beyond those thoughts and those ideas. We need to work together, we need to be able to have the opportunity to sell and to market. Those opportunities exist not only in the United States, but with the western European communities and others, but certainly our major markets is towards the South.

Mr. Upshall: — Mr. Minister, you missed the point. It's not a matter of goodwill or neighbourliness or anything; it's a matter of outmanoeuvring and it's a matter of business.

And the fact is that under this agreement, the Americans . . . And if you want to use the GATT (General Agreement on Tariffs and Trade) agreement as an example, who the Americans are supposed to be involved in and participate in the GATT agreement, and yet they're playing outside the rules. And what makes you think that they're going to do any different with the free trade agreement?

And I would ask you again . . . If the member from Weyburn would quit chirping from his seat so I could talk, I would ask you again: what assurances — and I didn't hear any — what assurances can you give the farmers of this province that they will be able to maintain this, have a crop insurance program in place, especially in light of the fact that you were talking about eliminating world-wide subsidies? And I'm sorry to say this, but you're living in a dream world when you think that. But what assurances are you going to put forward tonight to tell the farmers of this province that their crop insurance programs, as one example of many of the programs that could be gone under its agreement, will still be there for them after five years when the negotiations about what constitutes a subsidy end?

Hon. Mr. Hardy: — Well, Mr. Chairman, I've met with many farm groups around the province. I've met with — I think I mentioned a while ago — just about every R.M. around the province.

Most, if not all, are in favour of the agreement, the free trade agreement, realizing what it can do for us here in Saskatchewan. There is a few, maybe the NFU (National Farmers Union) that are against it. And that's fair, I mean, that's a position they take. And maybe the NDP are against it too. I can't speak for them, but they give you the impression that they're against it.

But certainly the free trade agreement has a lot of benefits. I believe that most, as I said a minute ago, most organizations support it. The cattlemen do, the seed growers — I could go on and on. SARM supports it, canola growers. Like canola is a real example, the shipment of canola into United States headed up by the Saskatchewan Wheat Pool. They were the lead agency to get canola recognized in the United States . . . (inaudible interjection) . . . That's right, by Mr. Garf Stevenson, who said to us . . . President of the Saskatchewan Wheat Pool.

They initiated the program of selling canola in the United States and it became the health food of the year in the United States — just tells us what we can do by just working with them.

And what guarantee? I guess the guarantee that we're just good business people, that if you look at some of the deals of the free trade and you listen to the American farmers, they don't think that they got the better of the deal. They think at the best it was equal or neutral, and in some cases, the way they're hollering, they think they got the worst of it. That'll be the feeling on both sides. But overall over the years to come, it'll be good for Saskatchewan.

Mr. Upshall: — Well I would dispute you your quote about the number of farmers who are not in favour of free trade because in my travels around this province a great large number . . . And I don't know what political stripe or particular organization they may belong to but are definitely afraid of this agreement.

And as far as good business sense as it relates to canola, this agreement which is supported by you just took 38 bucks a tonne out of the pocket of every canola grower in Saskatchewan. And what kind of agreement is that?

So, Mr. Minister, I would just like to say that I didn't hear any of assurances other than the rhetoric that I've heard for months ever since this free trade agreement came about, just the garbage rhetoric that comes out of that Tory caucus and government over there, which gives no facts on how this agreement is going to save the farmers any money, no assurance that the crop insurance program won't be affected. And that is why many farmers out there are questioning this agreement.

And I'll tell you, they have good cause to question it when you negotiate a deal that takes money out of their pockets by eliminating the transportation subsidy just at a time, as you said yourself, when the promotion of canola in the United States is moving ahead. But in order to keep that moving ahead, the farmers have to take less price for it because the transportation subsidy is gone. Now that's the kind of logic that your government, this Tory government, puts forward, and I'll tell you it doesn't make very good sense.

I'd just like to ask now a general question, Mr. Minister, about crop insurance — whether you, in the last year, have come across any problems with crop insurance in any of the areas that you've made any changes in to the corporation, as far as the delivery of service to farmers. Has there been any areas of concern brought forward to you and if so could you tell me about them and elaborate on them?

Hon. Mr. Hardy: — Well, Mr. Chairman, there's always areas of concern whether it's, you know, whether it's a farmer who felt maybe he wasn't adjusted just right — the municipal hail didn't adjust it right or the crop insurance guy didn't adjust it right — or whether it was such things as water-fowl damage or ungulate damage. You know, those kinds of things, they're always concerns. There's 49,000 policy holders out there and there's bound to be some concerns. There's bound to be concerns of such things as the acreage; whether I got it in on time, whether

I'm a day late, whether I'm . . . should have been there. I was away and come back and I'm two days late; or such things as when they go before the board, they're not satisfied that the board was just right, ruled it just right.

Those kinds of things will go on. But we were just talking yesterday. We had a board meeting yesterday. An average that farmers appealed to the board, which they always have the opportunity to do, they averaged about 6 to 10 a meeting. Now when you consider that, that we have about 10 meetings a year, a maximum of between 60 and 100 farmers appeal to that board over the year. When you consider 49,000 out there, that percentage is pretty low.

So the concern that the adjusters and the management are not doing it right, I believe speaks for itself. It's very, very low and there are . . . Like I said, we'll always have some that . . . In some cases the crop insurance will not be totally correct, but sometimes it's policy, sometimes it's federal regulations that we have to abide by, and sometimes it's just, you know, the way it is. You can't do anything about it. The farmer may not be correct. You know, there may be other areas but those are areas that are addressed.

Mr. Upshall: — Well, Mr. Minister, I'm surprised that you didn't mention the multiple contract holders, because that's one area that's been brought forward to me, time and time again. And I'd just like to know what the policy is as it relates to people or farmers who have multiple contracts; what the policy has been; how it's being changed; and what is the corporation's policy on implementing those changes. Is it a blanket change, or is it case by case, or just how is it being done?

(2030)

Hon. Mr. Hardy: — Well, I had meant to take an exact example of some of these cases. This is just sort of brought into a very unique situation in regards to multiple contracts. Multiple contracts out there, in some cases, is being abused and is being . . . It's a way of using crop insurance as a sort of a fund, almost. And I just wish I had a couple of examples. I asked the department just to take the name off and read me a couple examples and go back to about 1974 and show why we've asked that person or persons to come in and talk about a contract. And one you brought me, the member from Humboldt brought me, we did pull the file. I don't want to use it here and we both know the names. But from 1974 to 1986, like, it was just an endless amount of claims, and they were not on a single one. They're on one, another, and a different one. And you could draw your own conclusions to that. I was going to just give it to you.

But anyway, just to give an example what's happening with multiple contracts, and this is taken from an actual case with no name and no area, so it doesn't really . . . nobody will know who I'm talking about. But this is actually a case that went on in 1987. And this was a farming situation between two brothers. Each one has a contract. So there's two contracts. And then together they had a partnership contract, which made three altogether. And the situation was involving hard spring red wheat and the production of it.

In the partnership, what they showed up on their yield was 9.4 bushels and at 1,540 acres. On the brother, the first brother, he showed 5.6 bushels and 745 acres; and on the other brother, he showed 51 bushels and 85 acres. Now you can draw your own conclusion what they're doing, and you've been out in farming, you know what's happening. So that's what we were trying to deal with.

I could give you lots of situations like that. And what we've asked those people to do, whether they realize what they're doing or not, but they're actually pushing the premium up for everybody else. And we've asked them to come in, put them all together on one contract, because you're really farming together, and it does away with some of the problems that I've identified there.

It is not fair for the rest of the farmers to have situations where we believe that somebody is actually using the system to get moneys by allocating the losses in different areas and by building up in other areas. So we have a lot of concern about it, it is a problem. There's 8,000 multiple contracts out there; we have only looked at 47, I believe the number is that we looked at. We've asked the area clerk to look at it first; then we've asked the field man to look at it; then it's come to head office; and then we've went even further, we've asked the guys, the people involved — to come on in and sit down and show us.

Now of the 47 that we talked about, I believe about 20 of them have really legitimate reasons for doing it. And we have said fine, you're right; there's no problem. The other ones were having some problems: some said forget it; some got upset; and the one you brought to me, there's a bit of a problem there. We've asked that person or those two people, to come in and talk to the corporation and maybe it can be resolved. Maybe they can show us that, you know, it's really legit and it should be done that way. And if it is, then certainly we'll deal with them.

But we just ask them to come into the appeal office, sit down, explain to us how, you know, why they're doing it this way. And if it's according to our policy, the policy of crop insurance and how all the other farmers work it, then they should have two or three contracts. If it isn't then I believe that it should be one contract so it won't be abused.

Mr. Upshall: — Mr. Minister, do you plan on looking at all 8,000 individual contracts? And what time period are you looking at? I've asked you how you determined the 47 that you came up with right now, and do any of those 47 include father-son contracts?

Hon. Mr. Hardy: — Yes, there is father-son contracts. Just to give you an example of what may happen in a contract like this, this is a farming situation that started off with a farmer and a son each holding a contract. And over time they've added six more contracts. Now here's how they've added it. The first one is, they have each one individual. They have a father and a son, the son's wife, a company counterpart, a second company counterpart, another son, and then the other son's wife. Now that's how they've added the contracts in, and yet they're sort of all farming together. So they ended up with an accumulation of eight total contracts and yet all farming

in one sort of farming operation.

That's the kind of thing that we've been trying to deal with and this is an example of one of the situations that's out there. I don't know which one and I don't want to know, but that is an exact situation the department tells me is out there. So yes, there's farmer-son, son-wife, sons-mother, you name it; there's all the different types of contracts.

Mr. Upshall: — I understand that and I understand the need to correct that; however there are some cases where a son is starting to farm and they're being hassled and questioned as to why they would want a contract, almost like why that son couldn't go out on his own and get a new contract.

And I have in my hand here, a contract application, part two it's called. You'll be familiar with this form. Are you familiar with this form? Can you tell me when this form was implemented?

Hon. Mr. Hardy: — It was implemented for this season.

Mr. Upshall: — Yes, that's what I thought. Now there's some problems with this form. I don't know if you realize that or not. Some of the questions on here are, to be quite blunt, none of the corporation's business. And I think from my experience many of the questions on here are leading people to, you know, question the crop insurance. For example, start some of the questioning, it says:

If the land is leased by applicant, identify leaser. Indicate family relationship, if any, and whether the lease is verbal or written, cost of operation shared by landlord.

Now that type of thing is not, I suppose, that unusual but it's leading. And if you flip through it, there's a number of those questions. I'll give you another one:

If the applicant is not solely employed as a farmer, identify critical farming operations which are performed by others.

Leads me to wonder if that person, if you're going to be . . . he's going to be disallowed because he is farming . . . maybe sharing some machinery or farming with somebody else.

Other things . . . questions on this form, under financial, number 3:

Will the operation of this farm provide you with your primary source of income? If not, provide details on additional source of income. Also indicate here if in attendance at an educational institution.

I would like to just . . . you know, that specific question. Could you tell me why the corporation has to know if it's your primary source of income? And if it's not your primary source of income, will that have any effect on you getting a crop insurance contract?

Hon. Mr. Hardy: — Well in answer to your question, first

of all that form, the front part that you're reading was originally part of the back part of the form when you filled out an original application even under the former administration. So it's sort of inverted to the front. So when the NDP was in power, it hasn't really changed much.

There has been some things added, and what we've tried to do is identify a couple of things. If you don't have a broad picture of what the person is doing and that, it's pretty hard to make any kind of judgement call for the clerk out there — whether they're farming; or whether they're living in Alberta and have a quarter section of land here and never farm it; where they may have a multiple contract. And I just read you off a couple of cases where it could be abused, those kinds of things. We're just trying to make a reasonable decision.

It may not well be any of our business what kind of money they make off the farm — that probably is none of our business. But the point is, we want to know, are they actually farming it, or at least are they the farmer that's responsible for it. You know, are they individual farming, or is somebody else farming it for them and they're just using that as a way of using a multi-contract.

Those are the kinds of things we've been concerned about, and I believe we have that responsibility. And yes, we just implemented it this year and it's a new policy, and I hope that we'll encourage those that have multiple contracts to take a look at it and see if we can put them together to make them what they should be. If they're individual, they should be individuals; if they're farming together, well then maybe the multi-contract should be pulled together.

Mr. Upshall: — Well, Mr. Minister, I'd just like to move down, over to page three, and it says operating capital. And you're asking the farmers to fill out a form asking them to identify the financial institution or individuals which provides operating funds for the applicant's farm. I mean, I don't quite understand why you have to know what financial institution and how that's going to affect him getting the contract. And what you're going to make a judgement call, all right; but does that mean that if he's got X number of dollars in loans out that he's not going to qualify for crop insurance?

Another one, it says, identify sources of dealer credit for seed, fertilizer, fuel, herbicides, and other major farm input. Again I find it very difficult to make any connection between how that should qualify or not qualify him to have a contract.

So I just say to you, Mr. Minister, that a number of these questions in this application form are really not necessary because it shouldn't have any indication or decision as to whether that person gets a contract or not.

(2045)

And I guess the question that I want to ask you is: if I'm a farmer applying for crop insurance and I refuse to fill out this form or parts of this form, would I still be entitled to crop insurance?

Hon. Mr. Hardy: — Well, some of the reasons we ask . . . And I suppose you could take out or put in whatever is needed, or whatever you think would be necessary. But what we've tried to do is sort of find out what does it take to operate a farm. And then you could make a better decision if that person is truly doing the farm and is he doing it as the contract of the policy says, that he is a farmer by the definition of the policy.

And the things that you have to know about is, does he have land or access to land or leased land — at least have to know that. Where he is, it doesn't make any difference. Does he have machinery, or does he use somebody else's machinery? At least we know he has access to it. Does he have the finances or operating capital? In most cases most people have operating capital. I suppose everybody doesn't but most do. Does he have access to labour or does he do it himself? That way you can make a better judgement of whether the guy is just getting a policy for convenience sake because Dad is farming it and I'm going to get an extra policy so he can hold it, or am I really part of a farm. I only have a quarter and I'm really farming it. Then I qualify.

But those kinds of things that we have to take a look at. We're dealing with a very complex situation. We know it. If you've got a better way of filling out or telling us how to put together a form that would make it so we can identify those problems, so we can identify those areas, so we can look at resolving the problem where we have multiple contracts and abuse of it, you know, we'd be willing to listen to that.

What we've tried to do is make a first stab at trying to regulate some of the problems we have out there. And it's a tough area to deal with, we've got 8,000 multiple contracts, we're trying to deal with 57 of them — maybe 7,000 of those are perfect, but I'm sure some of the other ones out there aren't.

Mr. Upshall: — Well, Mr. Minister, I won't belabour this point much longer. I just want to say that questions like prying into a person's finances is not necessary when applying for crop insurance. What you're doing here is you're making an assumption, because you have multiple contracts and some of those multiple contracts may be abusing the insurance corporation. I don't deny that, and it's commendable to look at that and to try to tighten up the administration of those. But what's happening is you're making the assumption that all farmers are crooks, and I don't accept that. Because that's what this form tells me when you're going into finances and equipment. We'll always have a situation in crop insurance because of the way it's set up — father-sons or partnerships. We'll always have the opportunity to abuse it.

I'll tell you, Mr. Minister, by assuming that all farmers are going to be dishonest, and you have to really keep on top of these slippery fellows out there, you're not doing the corporation any good. And I've heard this time and time again from people, especially father-son operators who have called me and they say, what business do they have asking me this? There's other ways. There are many other ways that you could do this. I mean, the field men know, or should know what the situation is and it can be relayed back to crop insurance. The farmer could sign an affidavit

that says that he's a bona fide farmer on his truth, something that he could be taken to task for at a later date if he's not.

But what's happening here . . . (inaudible interjection) . . . and if the member from Weyburn would quit chirping, I'll tell you. What's happening here is farmers are being perceived as people who are trying to rip the system off at all turns. And I'll tell you, Mr. Minister, that's just not the case. And what you're doing is putting Sask Crop Insurance in a bad light in the eyes of the farmers because of the heavy-handed questionnaires and responses that we're receiving in the country.

I just don't think that's the right way to go about it. I think that there's going to be a certain percentage of abuse in this crop insurance corporation no matter what you do, but by tightening up on especially young farmers who are getting into the operation with their fathers and making them fill out this form . . .

An Hon. Member: — It's ridiculous.

Mr. Upshall: — It's totally ridiculous is right. Because they are not going into farming to be crooks to try to rip off the crop insurance system. They're trying to go into farming and apply for crop insurance in order that they, in times of bad crops, they'll still be there.

But you're treating them as something lesser than honest. And I'll tell you, Mr. Minister, I don't accept that and neither do the farmers, especially the young farmers of this province.

Item 1 agreed to.

Items 2 and 3 agreed to.

Vote 46 agreed to.

Supplementary Estimates (No. 2)
Consolidated Fund Budgetary Expenditure
Saskatchewan Crop Insurance Corporation
Ordinary Expenditure — Vote 46

Items 1 and 2 agreed to.

Vote 46 agreed to.

Consolidated Fund Loans, Advances and Investments
Saskatchewan Economic Development Corporation
Vote 161

Item 1 — Statutory.

Vote 161 agreed to.

Mr. Chairman: — I'd like to thank the minister and his officials.

Hon. Mr. Hardy: — Mr. Chairman, I would like to thank my officials for I believe putting together the information we need here today; for running a corporation making many, many changes that I believe is of benefit to the farmers out there, that will be sensitive to the needs at a

local level. It takes a lot of work. It takes a lot of work by the employees out there and by the groups that we talked about, the management clerks and those.

I'd like to thank them all, including my officials here today, for a job I believe they are doing extremely well in providing our farmers out there in rural Saskatchewan with the insurance that they need for the future.

Some Hon. Members: Hear, hear!

Mr. Upshall: — Mr. Chairman, yes, I'd like to thank the minister and his officials for the response they have given me today, and I would hope that the minister would take into consideration some of the concerns that the farmers have on some of the changes in policy, and to ensure that this crop insurance corporation proceeds ahead and builds to a better corporation.

Consolidated Fund Budgetary Expenditure
Science and Technology
Ordinary Expenditure — Vote 15

Item 1

Hon. Mr. Meiklejohn: — Thank you, Mr. Chairman. I'd like to introduce Mr. Richard Letilley, my acting deputy minister, beside me. Immediately behind me is Peter McNeil, who is the director of advanced technology programs; and beside him is Raman Visvanathan who is the administrative services co-ordinator; and the director of communications, Leanne Gerrard.

Ms. Smart: — Thank you, Mr. Chairman. Mr. Minister, in beginning this evening's debate on the estimates for the Department of Science and Technology, I want to come straight to the major issues that are concerning us on this side of the House.

The Premier has for several years gone about the province engaging in rhetorical boosterism of the high-tech industries. He's been promising economic diversification; he's been promising jobs; he's been promising a place in the emerging information-based economy to lead us into the 21st century. And the city of Saskatoon has been particularly and constantly promoted as a major centre for the development of high tech.

With an unemployment rate of over 12 per cent, the city badly needs industries, and it badly needs government policies and plans which will make a substantive difference to the lives of the people in this province.

But what are we getting from the PC government? We're getting a lot of hot air hype, a total lack of accountability for the taxpayers' money, and a total lack of credibility as a government that knows what it's doing and where it's going. And your department, Mr. Minister, has been in the thick of this scam. You have been very busy handing out millions of dollars of money that belongs to the people of Saskatchewan, handing it out to certain firms and individuals willy-nilly, I say.

There have been donations of large sums of money for nothing much in exchange. And it's interesting that today should be the day that we look at the Science and

Technology estimates because this morning we had these headlines in the Saskatoon *Star-Phoenix*: "Joytec rules out manufacturing." Now it's not realistic for Joytec Ltd. To manufacture these golf simulators in Saskatoon, and it's going to offshore manufacturing for that company.

Now, Mr. Minister, last year, last year in the Estimates you said, and I quote:

We have no reason to believe that they (meaning Joytec) will not be into production within the next short while, and the fact it will be a very successful company, and they will have generated a fair bit of revenue for this province, and will also provide a fair number of jobs for the people in the Saskatoon area.

Mr. Minister, we have no production, we have no revenue, and we have no jobs from Joytec. But the taxpayers have lost over \$1 million worth of tax credits, tax revenue from the tax credit venture capital scheme, plus nearly a half a million dollars more in grants and other public moneys have gone to Joytec. All this for a company that was manufacturing golf simulators, a company with PC Party connections on its board of directors.

The second example that I wanted to refer to in bringing this concerns to your attention, Mr. Minister, is the one from Regina, the Supercart scandal. Now just this afternoon when the budget estimates were coming forward this evening, we received the annual report for the Department of Science and Technology for 1986-87 — just this afternoon. And it shows that Supercart International received \$212,750 for industrial research. And according to *Frontiers*, the magazine published by your company, by your department, volume 4:

Supercart estimated that by the end of 1986, including the employment creation grants, they had received about \$2 million from federal and provincial programs, plus another large number of tax credits to the venture capital program.

That's another scam and another scandal supported by your department.

(2100)

Premier Grant had described Supercart at his . . .

Mr. Chairman: — Order, Order, please. Order, please. I would ask the member to please be cautious of using members' names, but rather by title only.

Ms. Smart: — Yes, Mr. Chairman.

. . . (the Premier) had described Supercart, at the opening of its firm, as a perfect example of Saskatchewan's open-for-business philosophy, helping to diversify the economy.

It's been a scam. It's been a loss of taxpayers' money . . . Obviously there's more than just myself interested in speaking to these estimates, Mr. Minister, because there's

a number of us from Saskatoon, particularly, who are concerned about what's happening with science and technology in the high tech firms.

And we've been very upset this morning to see the headlines in the paper about Joytec. We've heard not so long ago in the news that Joytec was going to go into production, just wait a few more weeks, a little bit longer and Joytec would be in production, Joytec would be offering jobs. Instead Joytec has laid people off and has now decided that they're not going to produce in Saskatchewan at all — no manufacturing after all that money that was set aside.

Now, Mr. Minister, I think I would like to go right into the Joytec question and start asking you: will you explain what has happened to Joytec, from your perception?

Hon. Mr. Meiklejohn: — Well, Mr. Chairman, it took the hon. Member a good long time to get to her question, and it seems to me that there was a lot of rhetoric there that we've heard once or twice before in this House. I think that it's typical of the members opposite; they should always take a look at the negative without any effort at all to take a look at many of the positive stories that are happening in the high-tech industry in this province.

You can talk an awful lot about Joytec, but I don't hear you saying anything about Capa Software. You talk a little about Supercart, which is history quite some time ago, but I don't hear you talking anything about or saying about SCI-TECH.

It might interest you to know, you talk about how the advanced technology industry is doing so poorly in this province. Well let me just take a couple of minutes to point out some of the good things that are happening in this province as far as the advanced technology sector is concerned.

And I would point out to the . . . I would refer you to the ABEX (Awards for Business Excellence) award winners and the competitions that were held in Saskatoon not that many months ago. And no fewer than six high-tech companies were nominated for those awards.

I would also refer you to a study that was done not long ago by Saskatchewan Business, talking about Saskatchewan's 25 fastest-growing companies. And if you look down the list of those 25 fastest-growing companies, you'll see no fewer than six of them that are high-tech companies. And if you flip over the page and look at some of the future stars, of which they have listed five, two of them are high-tech companies. Now I think that's a pretty good ratio as far as companies that are really on the move in this province.

You make mention then again of Joytec, and it's true we have heard a fair bit about it in the last while, and certainly I too would like to have seen a little bit more activity there.

But you refer to an article that appeared in the Saskatoon *Star-Phoenix* this morning. And I've read this article over a few times, and I don't see anything within that article that says that they're not going to be manufacturing in

Saskatoon.

I mean, you'd like to take a good look at the big headline that says, "Joytec rules out manufacturing." But if you go through the whole thing, I don't see where it says that Joytec is not going to be manufacturing in Saskatoon. It says that they're going to be manufacturing here for the Japanese market; it doesn't say anything about the rest of it. And we've known that for a good long time.

And if the former critic, Mr. Chairman, would like to ask questions, I'd be happy to answer them a little later, too. Let me also point out the history about Joytec. And you're saying that it's not providing any jobs and a lot of money has been spent there.

Joytec was incorporated back in 1983, which is nearly five years ago. At the present time there are no fewer than 25 people employed by Joytec. Now if those aren't jobs, what are they? They have had in the neighbourhood of 25, and you've indicated that there were some lay-offs, and yes there were, I think, seven people laid off in production last summer sometime, I believe. So then the fact remains that they have employed in the neighbourhood of at least 25 people ever since they've started, and at some times over 30.

Now if you consider the wages that are being paid to those individuals, I think that their wage bill has been in excess of \$60,000 per month, and if you run that over five years or nearly five years, it amounts to a fair bit of money.

The people that are working at Joytec are still involved in doing research and development. I think you're one who like to pull out articles from the paper. I think it was just yesterday, April 20, that there was an article there with regard to SCI-TECH. And it clearly stated in that article, just to give you some idea that in the high-tech industry not everyone is successful and certainly not everyone is successful overnight — and there's a paragraph there that indicates that with the increased sales that SCI-TECH is going to have for the coming year, that it's going to mean the company doubling their total annual revenue, and that they're going to be in the black for the first time after years of pumping up to 40 per cent of revenues into research and development.

So we do have some that are immediate success stories. But certainly there are others which take a great deal of time before the products reach the market-place.

Now you've been told in this House before that Joytec is involved with companies in Japan who are indeed going to be manufacturing the products there. Joytec is presently waiting for one of those products to be shipped to Saskatoon. And the word that I have is that that will be there in the near future. Now I don't know whether that's next week or next month, but there are some modifications that had to be made to that particular machine. Granted, they have not produced that many machines to date, I think probably in the neighbourhood of maybe 10 or 12 or 15. These products of course are out on demonstration, and as soon as all of the bugs are taken out, then these machines obviously are going to be good sellers. There certainly seems to be a good deal of demand in Japan, and the ones that are going to be sold in

that market will be produced there. But Joytec is going to benefit from that. Let's keep in mind that the company that purchased Joytec, Technigen, has been carrying that company for a good long time now and will be investing — I think the article that you're quoting again from indicates that they're waiting now for another 2 to \$4 million package that they're going to be putting in there.

An Hon. Member: — They're going to get it.

Hon. Mr. Meiklejohn: — I'm sure that they're going to get it. I don't think that there's any indication that they're not. I think with the amount of money that they've already put into it, which is in the neighbourhood of \$4 million, that they obviously feel that there's a product there that is going to have sales in the world market.

So as far as Joytec in Saskatoon is concerned, they are going to be producing a certain number of machines there, but for the most part, the products or the parts of them are brought in and they are assembled there. And they are still going to be selling to the Canadian market and probably into the States. So I'll leave it at that.

Ms. Smart: — Mr. Minister, we won't leave it at that because I want to be clear what you've said in relation to this article. The acting chief operating officer for Joytec has said it is not realistic for Joytec Ltd. to manufacture golf simulators in Saskatoon for the whole world. He has also said that the manufacturing ability is completely unproven, and he's quoted as saying that the reality in high tech today is offshore manufacturing.

Now is the acting chief operating officer not correct, or are you saying that this does not say what it says, and that somehow production is going to go ahead in Saskatoon?

Hon. Mr. Meiklejohn: — From the information that I have, there will be a certain amount of production being done in Saskatoon. I have no way of knowing at this point in time how much there's going to be done in Saskatoon, and neither does anybody else.

Certainly there are going to be many more sales in countries like Japan, and they will be produced in that particular country. It doesn't make a heck of a lot of sense . . . (inaudible interjection) . . . If you'd like to have the floor, I'll sit down.

Mr. Chairman, it's been indicated several times that the products that are going to be sold in Japan will be manufactured in Japan, and that makes a whole lot of sense. The technology has been sold to Japan as far as that market is concerned, but there has been nothing else said as far as the market in Canada and in the United States is concerned, other than they will be produced in Saskatoon.

Ms. Smart: — Well what doesn't make sense to us is that the taxpayers have put over \$1.5 million into this firm on the understanding that you were promoting manufacturing in Saskatoon. There is now not going to be any manufacturing in Saskatoon. If this company is so healthy and so ready to expand, why is it between 60,000 and \$80,000 in arrears on payments to local businesses, and what is going to happen to the debt that is owed to

those local businesses as a result of Joytec not going forward with manufacturing there?

Hon. Mr. Meiklejohn: — Mr. Chairman, what I would say to the member opposite is simply that as far as Science and Technology is concerned, and as far as these estimates go, we have contributed \$76,000 to research and development for Joytec.

Ms. Smart: — I think that we have to look at the firms that you're promoting, Mr. Minister. You've always been a spokesperson for the Joytec industry, and it has been \$1.5 million of taxpayers' money invested in that firm. And it has been a firm that from the beginning we've had a lot of questions and concerns about.

Now if you are putting money into research and development in Saskatoon in order to create manufacturing jobs in production in Japan and in other places in the world rather than in Saskatoon, I think the taxpayers should know that. We should know what we're paying for. The Premier has boosted high-tech industries as a way of putting jobs in the province and a way of putting manufacturing in the province. And now we're seeing that these firms that we've put our money into, like Joytec, are ruling out manufacturing. What is the position? What is going to be happening here?

Hon. Mr. Meiklejohn: — Well, Mr. Chairman, I would hate to think that the high-tech industry in Saskatchewan is dependent on only one company being successful. The member opposite should realize that in the last five years that there have been a tremendous number of new high-tech firms started up in the province of Saskatchewan — 1982 there were 39 companies that were involved in the high-tech industry in Saskatchewan; today that number is somewhere in the neighbourhood of 170. Over the last five years, there's no doubt about it that not all of them have been successful, but a good number of them have been. And in the high-tech industry certainly, there is no guarantee that all of them are going to be successful, but the majority of them have.

And you talk a lot about the number of jobs that have been created. In the last five years the number of jobs has probably grown from in the neighbourhood of 1,500 to somewhere in the neighbourhood of 3,000. So I don't think that that's all that bad. And at a time when our economy is suffering from low prices for many of our major commodities, whether it's grain or oil or potash or uranium, there's no doubt that the high-tech industry has contributed a fair deal to the revenues of this province. When one considers that the revenues in 1982 were in the neighbourhood of \$81 million per year, and for this past year were between 4 and \$500 million, this of course is going to enable the province to provide some of the many services that we have very much enjoyed and we continue to look forward to. So I think that the high-tech industry in this province has been very, very successful over the last number of years and will continue to be.

I've already pointed out about some of the success stories that we have here, and we've got a good number of them that are still coming on. We've got some of these companies, obviously, that are still developing. They're doing a lot of research and development. To this date,

there are many of them that are still not to the stage where they are going to be putting products on the market.

If you're talking about advanced technology you've got to consider that you've got to go right from the idea, with the basic research, right through until that first product is ready for sale. And we have had a lot of good success stories.

(2115)

I'm still hopeful that Joytec is going to be successful. And for you to say that I have simply been . . . I've been a spokesman for that particular company, I have simply answered questions whenever you had asked them, and I operate on the information that I have, the same as anyone else would.

You have been invited to go and visit Joytec, as was your predecessor, and as has also the Leader of the Opposition, in whose riding this particular business is located, and till this point in time not one of you have taken any time to go and visit that operation to see exactly what they are doing there. So maybe you ought to go and do that and talk to the people there and get some better idea as to what they are doing.

Mr. Koenker: — Mr. Minister, you owe the people of Saskatchewan an accounting as to how their funds are being spent on companies like Joytec. You have been hoping that this production at Joytec will come about magically somehow. And we note in your most recent report from the Department of Science and Technology that there's another \$35,000 that's been given to this company for the most recent annual report that we have — yet more money to this company. And I'd like to ask you, was that money documented in the annual report given when you were minister of the Department of Science and Technology?

Hon. Mr. Meiklejohn: — Well, Mr. Chairman, I would point out to the hon. member that the same thing that I have in the past, and the same thing still applies. The total money that Joytec has received from Science and Technology is \$76,000 and not one nickel of that has been received since I was appointed minister for this department.

Mr. Koenker: — I'll ask you again, Mr. Minister, the figure in your most recent annual report — the grant given to Joytec — was that given while you were minister of the Department of Science and Technology?

Hon. Mr. Meiklejohn: — In so far as the annual report is concerned, I would point to you that that is to cover the period from April 1, 1986 until March 31, 1987. Those funds that are listed there, and I believe it's \$32,263. It's my recollection — and this was a question, I believe, that we discussed last year in estimates — this payment was made some time in the summer, possibly in August of 1986. So it was prior to the last election, and it was certainly prior to my being appointed minister for this department.

Mr. Koenker: — Mr. Minister, the funds received by Joytec from the Government of Saskatchewan have come

not only through your department, they've come in the form of 1.125 million in venture capital tax credits. There was a \$7,000 Heritage Fund contracted financial assistance grant given directly to the company. There was an Aid to Trade program grant given by the Department of Economic Development and Trade for almost \$4,000. There's another Heritage Fund research division grant for software development of \$38,000. There's yet another Saskatchewan Heritage Fund contractual service industrial research grant — actually two grants — that total \$45,000. In April of '86 there was a \$6,000 product development management program grant from the Department of Tourism and Small Business. In 1985-86 there was a \$60,000 grant for bridging capital to this same company.

I don't know whether this \$32,000 figure in your most recent annual report is covered in those grants that I've just referred to. It certainly doesn't seem to jive with my figures — I don't know where it comes from. I'll take you at your word for now, but my point is, Mr. Minister, that this company has been given every opportunity by your government. It's seen financing from your department; it's seen financing from other government departments and direct grants; it's seen venture capital funds; it's seen the Premier go to Japan to talk to Marubeni corporation on its behalf; it's had space at Saskatchewan Expo pavilion. When are we going to see some jobs from this Joytec plant?

Hon. Mr. Meiklejohn: — Well it sounds to me, Mr. Chairman, like we may just have to go back and review the estimates from last year and also go back through Hansard and take a look at the fact that the hon. member has already asked these questions. I've indicated to him, and perhaps if he'd listen this time, we won't have to waste more time on it.

The amount of money that has been forwarded from Science and Technology is \$76,000. You're talking about \$60,000 in bridging capital, which you should obviously know and I've told you this before, that that is a loan. And that money has all been paid back. There was a bridging capital of \$60,000 from the provincial government and \$60,000 from the federal. The fact of the matter is the money was a loan to them, and it has all been paid back.

If you want to talk about the venture capital fund, maybe you better be talking to the minister who is in charge of the venture capital fund as to what those moneys are to be used for. And I think if you examine the record, that the money that was put forward here was probably put to good use by this particular company.

And you keep talking about jobs, and I've indicated to you that there have been in the neighbourhood of anywhere from 25 to 35 people employed at that company for the last five years. And that takes a fair bit of money.

Mr. Koenker: — Mr. Minister, what you're saying to the people of Saskatchewan is that we will pay the money for research and development work, no strings attached, and you will make excuses for companies who don't get into production; that the Saskatchewan taxpayer will pay for the grants and you will make excuses for the companies

when they don't perform. No accountability whatsoever; no concern for the taxpayers' investment in these companies.

Now, Mr. Minister, I want to know why, on September 15th in our last estimates, you could say to me:

... at this point in time, we have no reason to believe that they (meaning Joytec) will not be into production within the next short while, and the fact that it will be a very successful company and they will have generated a fair bit of revenue for this province, and will also provide a fair number of jobs for people in the Saskatoon area.

These were your words. Why haven't we seen the company being a success? Why haven't we seen the company being a success? Why haven't we seen it generate a fair bit of revenue for the people of Saskatchewan instead of sucking revenue off of the taxpayers? And when are we going to see jobs for people in the Saskatoon area once production gets started?

Hon. Mr. Meiklejohn: — Mr. Chairman, as I have already pointed out to the hon. member, we do have 25 people at Joytec that are now employed in research and development. There has been a certain amount of work also created throughout the city of Saskatoon from the products that have been developed in that particular area and then moved to Joytec where they were manufactured into the machines that have been produced. I've already indicated, as well, that you never know how exactly long it is going to take for a company to be successful.

We give money for research and development. We encourage companies to work with the funds that we give them and that they will remain in the province. We don't have any idea, at this point, any further than what I've already indicated from the information that I have.

As soon as the machine is received from Sony in Japan, they will be taking a look at it and the modifications that are going to be made on it, and then they will be producing more machines that will be distributed in Canada and the United States. Now that's the only information that I have to operate on. I don't have a crystal ball that I can look into and see when Joytec is going to be successful.

When I answered your question on whatever date you pointed out there, I was operating on the information that was available at that particular time, and that's what I am doing right now. And in talking to the Joytec representatives, that is where they are today in so far as producing ... They're producing the software for these machines, and that's probably where they are going to have the greatest amount of success as time goes on, is in the production software.

Mr. Koenker: — Mr. Minister, we're no further ahead now with Joytec than we were a year ago when I was asking you questions about that company. I would like you to tell me: what more do we see from this Joytec company now than we saw last July and August when I was questioning you about their production. What more do you have to show for that public investment of \$1.5

million now, a year later, than was there a year ago?

Hon. Mr. Meiklejohn: — Mr. Chairman, Joytec is continuing to make modifications to the products that have been developed there within the last few years. There isn't much point in starting to get into production on products until all of the bugs have been taken out of them, and until such time as that happens, they are probably not going to produce any more of them. I can't tell you exactly when Joytec is going to be into production as far as these particular machines are concerned, any more than I can many of the other companies that are in operation in this province. There are others that have been doing research and development for months, maybe a couple of years. It takes time to bring some of these products to the stage where they can be sold successfully on the market.

So maybe what you need to do is pay a little visit to Joytec, see what they're doing there and find out firsthand for you instead of trying to get information out of the newspapers and then determine . . . what you think from that is really what is going on in that particular operation.

Mr. Koenker: — Mr. Minister, we're trying to get information out of you, not out of the newspapers, and we're trying to find out what is going on in that corporation. And I'd like to know, for example, if part of what is going on is whether that Joytec company is getting money because of its ties to the Conservative Party?

We know full well that one Settimo Carlo Zanon, general manager of Joytec, formerly general manager, was also the constituency association president of your Progressive Conservative constituency association. There's a nice connection. Maybe that's why Joytec gets the kind of defence it gets from you.

Mr. Minister, we also know that . . . (inaudible interjection) . . . I see the Minister of Education is a little bit touchy on this point. Maybe we're hitting a raw nerve.

Mr. Minister, we also know that three of the directors of Joytec equities have been active in the Progressive Conservative Party of Saskatchewan. One director, Rod Perkins, was a business manager for Bob Andrew in the 1980 . . . (inaudible interjection) . . .

Mr. Chairman: — Order, order. I'd ask members to use other member's positions rather than names.

Mr. Koenker: — Thank you. One director, Mr. Rod Perkins, was business manager for the Conservative member from Kindersley in both the '78 and '86 provincial elections. Another director, Mr. David Matchett, was listed as the business manager for the Conservative candidate in the riding of Estevan in the 1978 election. A third director, Ray Frehlick, has been active with the Conservative association in the Estevan constituency.

Is this perhaps, Mr. Minister, why this company gets the kind of defence that it does from you?

(2130)

Hon. Mr. Meiklejohn: — Well, Mr. Chairman, quite frankly I've never seen such a shameful display in this House. If you feel so strongly about your accusations, maybe you should make them outside this place.

I've heard this same question from you before, and I pointed out to you at that time that there has been no money given to Joytec since I became minister and, in fact, since that individual became the president of my constituency.

And I might also point out to you, as I did in the past, that when my officials are approached by companies for funding for research and development, they are the ones then that look at the possibilities as to the type of operation that they're going to be putting together and the technology that they're trying to develop, and then it comes to me for approval.

And let me assure you that it is not our policy when a company comes to Science and Technology to seek some assistance, that we go through and take a look at their board of directors and see whether they're NDP or Liberal or PC. The main criteria that we look at is that if the technology that they're trying to develop is sound and that, if it's going to be good for the province of Saskatchewan, why wouldn't we support it?

So for you to make the type of accusations that you're making today are just totally out of line. I've already indicated that to you, and if you want to go back and look at the record as to what I said before, you'll see that it was exactly the same thing and there is absolutely no foundation in your comments whatsoever, that this company is receiving any special attention because the general manager happens to be the president of my constituency. Because the record speaks for itself as to when that assistance was given, and that goes back long before I became the minister for this department.

Mr. Koenker: — Well, Mr. Minister, the question still remains whether this company has not received preferential treatment, prior to your becoming minister, by virtue of its ties to the Progressive Conservative Association of Saskatchewan.

And I might also add that at a time when Saskatchewan people are seeing their highway system deteriorate and hospital waiting lists expand, cut-backs to the drug program, cut-backs to the dental program, it behoves us as legislators to scrutinize public expenditures and to question the propriety of a public investment of \$1.5 million in a company that is going nowhere . . . and a company that's going nowhere, particularly when it has ties to the Progressive Conservative Association of Saskatchewan.

And I want to know how you can defend the kind of money this company has received in light of its connections in the past, prior to your becoming minister, at a time when Saskatchewan people are experiencing cut-backs. Would you not agree that this is symptomatic of the mismanagement and the bungled priorities that we see from this government?

Hon. Mr. Meiklejohn: — Mr. Chairman, the member

opposite is really rambling on and on here and not making a whole heck of a lot of sense. We're talking about a company that has been in operation for nearly five years. They have provided employment, not only directly at Joytec for that period of time but they have also provided jobs for individuals outside the company. Now for you to say that this is a waste of taxpayers' money and that the company never, ever will amount to anything, you don't know that. You have absolutely nothing to base that on whatsoever.

If you were to take a look at all of the other high-tech companies throughout the province of Saskatchewan — and I could probably name off a few of them that have spent many, many hundreds of thousands of dollars on research and development and been in operation longer than Joytec, but to this day, Mr. Chairman, have not been able to produce a product that is bringing any revenue in to the company or to the province. So let's not get carried away in looking at one particular company, which is still working on research and development, and base the success of the industry on any one particular company.

Let's talk about some of the companies that are going ahead and doing great things and are bringing in a fair bit of revenue for the province, and certainly they all have risks to them, but there's never any guarantee as to the fact that they're all going to be successful or when they're going to be successful.

Mr. Koenker: — Well, Mr. Minister, I can see how it would be very convenient for you to avoid any kind of scrutiny or answering any kind of questions about Joytec. But that's one company that we have a particular interest in tonight because the Saskatchewan taxpayer is owed an accounting from you as to where \$1.5 million has gone and what there is to show for it. This company, as you say, has been in existence for some five years and cannot even meet its own production schedules.

As you said yourself, they have a number of machines out on demonstration for the last year. Well certainly those machines haven't gone anywhere. They've gone all over North America, perhaps, but there hasn't resulted in one sale.

There were distribution agreements that were talked about a year ago, a year and a half ago, for over \$100 million, but those weren't sales; those were only distribution agreements that people would try to market the machine. And obviously it isn't selling, and the taxpayer is being bilked by this extravaganza. And I want to know how you can justify this kind of investment in one particular company that has ties to the Progressive Conservative Party.

Hon. Mr. Meiklejohn: — Mr. Chairman, we have the member opposite running on here at great length, saying that we've got a company that's wasting taxpayers' money and going nowhere. We have had no fewer than 25 people employed by this company for nearly five years. And if you consider that the payroll probably is in the neighbourhood of 60 to \$70,000 a month, and you figure that out over five years, it amounts to a fair bit of money. And it certainly hasn't all come from the taxpayers of this province.

You've got to consider the fact that Technigen, which now owns Joytec, has also put a substantial amount of money into that company and, in fact, has been carrying it for some period of time. And all indications are that it will continue to do that.

So there have been people that have been employed there, there hasn't been . . . I mean if you're still carrying 25 people on an ongoing basis, and they haven't had any lay-offs, I think, since last summer some time, that seems to me to be a fair commitment that something is happening in that company. So you know, you keep on saying about the waste of the taxpayers' money being spent on wages.

Mr. Koenker: — Ho, so you say. Perhaps it's been spent on wages, but Saskatchewan people want to know where that money really did go and what there is to show for it.

Mr. Minister, you talk about 25 employees; there are 10 times that number of people who invested in Joytec equity corporation — some 250 Saskatchewan shareholders. They want to know what happened to their investment and what, if anything, is going to be left of it, based on the mismanagement that's taken place at this company. What kind of answer do you give to the shareholders . . . who are shareholders in Joytec equities? What kind of accounting do you give to them?

Hon. Mr. Meiklejohn: — Well, Mr. Chairman, I haven't had any of the shareholders coming to me asking that particular question. They've got about 20 per cent . . . 20 per cent of the company is owned by Saskatchewan people, and obviously the company is still viable. So what's the concern as far as the Saskatchewan shareholders are concerned? Obviously they haven't been beating down the door of the company to find out what's happening, and certainly I have not had any contact with them.

Mr. Koenker: — Mr. Minister, can you tell me if Mr. Neil Peckover is still associated with Joytec company?

Hon. Mr. Meiklejohn: — Mr. Chairman, I have no idea who Mr. Neil Peckover is, and I suggest that if the hon. member wants to find out information like that, maybe he should go and visit the company.

Mr. Koenker: — Well, Mr. Minister, my understanding is that Neil Peckover was hired, or it was announced on February 8 by Technigen that Mr. Neil Peckover, a chartered accountant, a vice-president and controller with Malloy Energy in Vancouver, was hired on February 9 as chief executive officer at Joytec, and that by the end of March he had quit. Do you have any idea why that might be?

Hon. Mr. Meiklejohn: — Mr. Chairman, I thought we were doing estimates for Science and Technology. We were approached by Joytec, prior to my being appointed minister for this department, for funding to assist them in research and development. Those moneys, the last moneys were paid out to them, I believe, in August of 1986.

Now certainly it is not the policy of the Department of Science and Technology to run around to the high-tech companies in this province to find out who's being hired and who's being fired. If they want to find out from the companies, then I suggest that they go and talk to the companies.

Mr. Koenker: — Mr. Minister, one wonders, one can only wonder if, when a person of the stature of Mr. Peckover comes into the company to take over as chief executive officer and leaves in some six weeks, what kind of credibility is attached to that operation. Obviously he saw that there were no machines being produced, there was no money there, there was no production taking place, and he chose to go elsewhere.

I wonder, Mr. Minister, if you're aware of the fact that the president of Technigen corporation, one Lawrence Neisis, last year purchased a house in Vancouver for \$830,000. Could it be that that's where some of the money the taxpayers from Saskatchewan invested into Joytec, and shareholders invested into Joytec equities went? Do you think that might be a possibility?

Hon. Mr. Meiklejohn: — Mr. Speaker, I have no idea whether that's a possibility or not. And as I've already suggested to the member, if he wants to find out about who Joytec is hiring, that possibly he should visit the company and find out who they're hiring, and if they're firing somebody, why that are letting him go. That is not the responsibility of Science and Technology.

Mr. Koenker: — Mr. Minister, if you are responsible for Science and Technology, you should be knowing some of the answers to these questions. And I think that's part of my concern all along is apparently you take very little interest in what has been happening with some of these companies, and this is just one example. We're stopping with one example tonight.

Are you aware of the terms of the production to take place in Japan, seeing that your Premier has been there to talk directly to Marubeni? Can you tell us about the terms or conditions of that deal? How many machines are going to be produced this year, or over the terms of that contract; what the value of the contract is? Do you know anything about that contract?

Hon. Mr. Meiklejohn: — Mr. Chairman, I have no idea of the terms of the contract; that's between Joytec and Marubeni.

Mr. Koenker: — Mr. Minister, this is rather astounding that you have responsibility for an investment, a public investment of \$1.5 million and you don't even know what's going on in Japan. You like to put rose-tinted glasses on when you look at the article in the *Star-Phoenix* today, when the chief operating officer, Rodger Touchie of Joytec says from his own mouth:

The reality in high-tech today is offshore marketing.

That certainly seems to suggest that there is going to be no production in Saskatoon or anywhere in Canada from

Joytec, and it's going to take place in Japan, but you don't know anything about that. What do you know about Joytec other than that you hope it's going to produce some machines some time? What do you know about the company other than that?

Hon. Mr. Meiklejohn: — Mr. Chairman, I think it's really something that the member opposite can do nothing more than sling mud in here at some of the high-tech companies in this province. I would think that if he really had a sincere interest in Joytec that he would take a little bit of time to visit the company, sit down and talk with them, find out from them what the terms of the agreement are with Japan. That's certainly between them. Go there and find out what's happening. But instead, you prefer to stand in here in your place and run down the company when you have no idea whether or not they are going to be successful at this point in time.

(2145)

Mr. Koenker: — Mr. Minister, I'm not running down the company. I'm talking about your public accounting and your waste of taxpayers' money, \$1.5 million, at a time when the provincial deficit is ballooning. We're paying \$1 million a day interest on the provincial deficit in part because of irresponsible, incompetent actions with respect to giving grants to companies like this Joytec, with no strings attached and no accountability. And Heaven only knows if you're going to be prepared to give yet more money to them to bail them out of their present financial predicament. I mean, we still haven't heard any assurances that you won't sink still more good public money after the bad that's been put in there. Can you give us that kind of assurance?

Hon. Mr. Meiklejohn: — Mr. Chairman, I would simply point out to the hon. member that Joytec is a company that is still in operation. They still have 25 people that are employed there. The shareholders have not been making any noises to me about being dissatisfied or concerned about their investments. As far as I know, they have not been making any kind of noises to Joytec and voicing concerns about what was going to happen to their investment. So for the member to stand there and say that this company is not going to be successful, he has absolutely no basis at all on which to put forth that answer.

Ms. Smart: — Mr. Minister, we have a lot of grounds on which to be very critical and concerned about what's happening with this firm and what's happening with your Department of Science and Technology. And it's our role as opposition critics to be very concerned about what's happening with the taxpayers' money.

Now you have said over and over again that things happened when you were not the minister of this department. And yet it was just this afternoon that we received the '86-87 report for your department. Part of that time you're going to say you were not the minister. We've only received the '85-86 Public Accounts; we have not yet received the accounts from '86-87.

Some **Hon. Members:** Hear, hear!

Ms. Smart: — and I don't want to be questioning you in this House if you are going to constantly not take responsibility for what's been happening in Science and Technology, even though it may have happened before you took over as minister. You are now responsible for ongoing decisions and for decisions that have been made in the past. And we have to point out to you the loopholes in your policies and your programs and in the funding that you're doing when we have this kind of situation happening here in Saskatoon with firms like Joytec.

Now I was shocked to hear you say a little earlier — and perhaps you can clarify it for me — that you're not concerned about the 60,000 to \$80,000 that Joytec may now be owing and is in arrears to the local businesses, because it seems to me that when we put taxpayers' money into these firms, we should be sure that those firms are going to stand up in the community and pay their way. We've got people in debt now who are paying interest on money that's owed to them by this Joytec. You say it's still there, it's still in production, it's still got people working for it. But what about these arrears to the local business men? What about them?

Hon. Mr. Meiklejohn: — Mr. Chairman, I would point out to the hon. member that I certainly take full responsibility for the Department of Science and Technology. And comments that I was making were simply in reference to the question asked by the hon. member with regard to one Carlo Zanon and when he received money. And I would point out again that that was all prior to my time as being minister.

I am certainly very proud of what's happening in the Department of Science and Technology. We have many, many good things happening in this province in science and technology. And the member from Saskatoon University, it might be a good idea, too, for him to just take a look around and see some of the good things that are happening in science and tech in this particular province.

Certainly I'm concerned when a report comes out, such as did today, that the company is having trouble meeting its commitments to the local businesses. But at the same time, I have no reason to believe that Technigen will not be coming forth as they have in the past. They've been financing Joytec for several months now, so I have no reason to think that they won't be coming forth with the package which is going to allow them to continue on with the activities that they have going on with the research and development.

So hopefully within a short time they will have that information. And the information that I have is that it is just a matter of days before they will have the confirmation from Technigen that that money is indeed going to be coming.

The committee reported progress.

The Assembly adjourned at 9:53 p.m.