EVENING SITTING

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure
Agriculture
Ordinary Expenditure — Vote 1

Item 1 (continued)

Mr. Upshall: **—** Thank you, Mr. Chairman. Mr. Chairman, when we ended off this afternoon, we were in much the same position we were when we started out talking production loan because we didn't have adequate answers to the questions that we asked. And that's the problem a lot of the farmers are facing these days, that they really don't know what the government's plans are. They don't know the plans because the programs keep changing, whether it be production loan or whether it be community pastures, or whatever the case may be.

Mr. Chairman, we've seen this production loan program develop over the last couple of years, and as much as the money was necessary and needed, we see that the program developed by the government was not adequate to meet the needs. And we found ourselves in a situation now that the government has become a problem — a problem in the fact that they now hold about one-sixth of the total debt for Saskatchewan through the production loan. And that is a problem because they appear to feel that it is not necessary to do anything about that debt, other than try to jigger around the policy to some degree in order that some farmers may be able to pay it back, but a lot of them won't be able to pay it back.

And what it is, basically, was a program — we've found out— brought out by government for government, in the long run, and that's not what we need in this province. It was for the self-preservation of the Tory government. And, as I said, the problem is that this government has now got farmers into more debt and offering no solutions on the restructuring of that debt, and that indeed is sad. We see the economy has gotten worse; the prices for grain products have gone down — a slight improvement but not enough now to compensate.

The Premier keeps talking about high interest rates and they're doing something about it, but ironically, in this case, as in the case of Farm Credit Corporation, the federal government, we've seen the interest rates increase. When they have full control of how to restructure the debt, they refuse to do so.

We have a promise of hassle-free cash that's turned into a nightmare for many farmers. We have a situation where the government has two rules — you know, one rule for everybody except there are some occasions where other people can have special assistance or special treatment. And that's not acceptable to this side of the House. We have to have a government program that is accessible to everyone and everyone have the same knowledge.

I say, Mr. Speaker, we have a production loan program for farmers that started out at 6 per cent interest. It's now gone up to an average of 8 per cent and nine and three quarters over the last seven years of the agreement when hopefully things would be better. But who knows?

We have a multinational corporation by the name of Weyerhaeuser getting preferential treatment in that they don't have to pay back their loan unless they make a certain amount of profit. On the other hand, Saskatchewan farmers are hit with a case that they have to make their repayment no matter what. And we all know what the income is for farmers these days, but they still have to pay — but Weyerhaeuser doesn't have to pay. That's a tragic double standard.

We've seen a situation where farmers were lured into this and now they're saying, look, I wish I had never would have taken it. Now I have to pay it back, but if I would have known I had to play by these security rules and by higher interest rate, I never would have taken this. And now the government is not doing anything to alleviate those concerns.

A 6 billion debt for Saskatchewan and this is one chance where the government would have to restructure some of that debt. But no, they say you have two options: option one or option two. And today we found that there actually is another option, and who knows what other options are available. I mean if the government so decides, they may be tinkering with the policy some more.

But the problem is all farmers don't know that, and how could any person, farmer in rural Saskatchewan trust a government that doesn't lay all its cards on the table? It won't lay all the cards out, and you never know from one day to the next what's going to happen.

So, Mr. Chairman, the banks now have their deal, the government has their deal, and the farmers have no deal because they're stuck with paying that loan back. If you have the money, it's not a problem; but if you don't have the money, it's a severe problem. And that's the situation we're in right now.

And all I'm asking is that the Premier of this province give the farmers a fair deal despite the fact that he maintains that you've got to be open — open and fair. I think that the argument I would put forward I just look at the actions: it's not open, it's not honest, and he's not being fair with the farmers in respect to other members of Saskatchewan society.

So, Mr. Speaker, I just have one further question, I believe, on the production loan program, and that is to the minister: will you, at this point in time, consider taking back some of the interest rate hike, all of it back to 6 per cent, and dropping the security clause on the agreement? That are the two things that the farmers of this province, the only two things they're asking you to do. Leave the interest at 6 per cent over 10 years and drop the security agreement. Will you consider doing that?

Hon. Mr. Devine: **—** Mr. Chairman, I've described the situation to the hon. member now for a couple of days, and the farm organizations and others asked us to provide a longer term and complete flexibility on the 6 per cent money, which they have on either the three-year or the

10-year. We will continue to do that. As you go over a longer period at any financial institutions . . . You know yourself, if you go to a home mortgage for one year, you can get it at a low rate; as you go for five years, it's a higher rate; as you go for more and more years, a longer period of time, it's a higher rate. That is just normal.

So when we came in with the new longer term, it was new, it was longer, it included security, and it was at a higher interest rate. That's perfectly normal and it's perfectly consistent with what the kinds of things that you did in the NDP administration with respect to farmstart and other programs. It's reasonable, it's fair, and they have the complete flexibility to have the exact program that they had when they started. So if they opt for that one, they can have it; if they opt for another one, they can have it. So we have provided all those alternatives and the response has been very, very good, and I can only say to the hon. member, we wish we had 6 or $7 wheat and $12 canola and high grain prices so that it would be better.

Right now you will see, in 1988-89, that about 150 per cent of the net farm income equivalent is going to come out of government, and that's a great deal of money. Most of it does not have to be paid back. For the first time in Canadian history it's out there in terms of deficiency payments and zero per cent interest rates — zero! — and particularly as we point out to the livestock sector that was never there. So we're not talking 6 per cent or 8 per cent. We're talking zero per cent ongoing operating capital for all kinds of people in the livestock sector that wasn't there. So you take the combination of deficiency payments which . . . or no repayment at all, zero per cent, and combination of cash advance is zero per cent interest. I mean, you don't pay any interest at all and you apply that any way you like. You've got the lowest, longest term interest rates in the history of this country for agriculture, compared to others in society at any particular point in time, and we're happy to do that.

And, obviously, as you lend money well into the future, you know as well as anybody else that some security is necessary. This is fair. The farmers have as much flexibility as we can put forward, and we're just only too happy to help them out under these circumstances.

Mr. Upshall: **—** Well, Mr. Minister, as you say, we've heard that many times before. I'm disappointed that you won't consider some of your other options. You seem to be pretty flexible with you own description of the problem, but unfortunately your so-called flexibility for the farmers is not working to their best advantage right now.

Mr. Minister, I want to go now . . . ask you a question on the farm purchase program that your government had implemented. And my question is; why was the program terminated?

Hon. Mr. Devine: **—** Because of lower interest rates, Mr. Chairman.

Mr. Upshall: **—** So you felt that because the interest rates were low . . . you felt the interest rates were low enough that there was no need for a land transfer policy that would be assisted by government?

Hon. Mr. Devine: **—** No, I didn't say that. I said that particular program was in place when we had 18, 20 per cent interest rates and we had very high land values. And you will find that as interest rates come down and land values came down, that the young people, when they were looking a application, could access that money to make the transactions and at much more reasonable interest rates than when we initiated it — the same as you'd look at interest rates for home owners. They obviously change from 18 per cent down to something much less.

And so even our expenditures . . . I mean, you argued or made the point, or somebody did, that the budget in Agriculture was $8 million less than it was a year ago, outside the production loan and the deficiency payments. This is just a reflection of the interest rates costs. So the interest rate burden, as a result of that fluctuation, was down and that's just a natural response.

We have used the money in other areas. Obviously we now have offered more and more money out to farmers, particularly those in the livestock industry, at zero per cent interest rate. That wasn't being done before. So we've replaced that at a time when you've got . . . land values have dropped in half, or very large amounts, interest rates have dropped significantly, and you've got deficiency payments, and you've go — as I pointed out — FCC (Farm Credit Corporation) is obviously not prefect and we've told them to do more in terms o longer and lower interest rates, but they have now $450 million out at 6 per cent money. So it's not everything to satisfy every single situation, but the interest rate change was as a result of just declining interest rates and declining land values.

Mr. Upshall: **—** Well, Mr. Minister, you obviously felt that there is a need for some type of a program because it was shortly after that, or during that time, that you began talking about your equity financing corporation for Saskatchewan. Did you feel that the equity financing corporation, in your vision of it, would replace — and be adequate to replace — the farm purchase program and to help those farmers who either wanted to buy land, were in trouble and had to get some cash and so someone else could buy their land? Would that be sufficient?

Hon. Mr. Devine: **—** No, I don't believe that it would and I've never said that it would. For some they're interested in looking at the application of new forms of financing so that they could have father-to-son transfer. I could point out to the hon. member, families are getting pretty tired of just going to the bank, generation after generation, refinancing the farm. When you pass it on to the next father-son relationship, and they've got to go the bank and borrow the money again, and on and on and on. And those interest rates fluctuate up and down, and for ever the young person is paying off the bank.

If there was another way to do it so that you could have relationships between father-son or relatives in the community so they can say, I'll pay you and pay you the interest because you're in the community, as opposed to the financial institution, you take your lumps with me so that we can share in some of the risk and we'll both have a lower interest rate — boy, they're interested in looking at that. And they would be more than happy to explore various situations where . . . and I know you're concerned. I don't mean to inflame this, but some outside money would be used locally. Take local money. Take the local money in Humboldt. If people around Humboldt wanted to provide an investment in agriculture and that could be used for intergenerational transfer, they would be guaranteed a return that would be 6 or 8 per cent on their money plus share in some of the risk so that eventually when the farmer wants to buy it, that some appreciation is there. You may find a lot of people who would be much more interested in that than they would be going to the bank again and refinancing it generation after generation. So it's an alternative that some may look at.

As you know now, there are many equity relationships in agriculture because many people in your riding and mine and others rent land; they don't farm it, they rent it from somebody else. And obviously that somebody else has a full equity position. You have some equity agreements where you'll say, I'll buy it from you as a neighbour or you as a father, and you pay that over time. And you don't pay any middleman, you just go directly to the individual.

(1915)

So various forms of equity between families, relatives, friends, neighbours, and others are there now. They work out their own arrangements. But the key is, and the key point: the interest and the risk are associated between the buyers and the sellers, not the middle person — not that bank. And for many, they're starting to think, well, that's not a bad idea. I'd like to see this trading relationship . . . transfer relationship occur that way as opposed to any other way that might mean I have to refinance it from the bank, generation after generation.

Mr. Upshall: **—** Mr. Minister, what was the cost of getting your study done in equity financing, your symposium, and then the road show? Would you give that to me please?

An Hon. Member: — Pardon me?

Mr. Upshall: **—** The cost of the equity financing proposals that were put forward, the studies that were done, the road show, and the two-day seminar.

Hon. Mr. Devine: **—** $341,000 for both.

Mr. Upshall: **—** And, Mr. Minister, what was the time frame that . . . What was the length of time from the beginning of the idea of the equity financing until the study was tabled in this legislature?

Hon. Mr. Devine: **—** Approximately eight to 12 months, Mr. Chairman.

Mr. Martin: **—** I beg leave of the Chair and the Assembly to introduce our guests in the Speaker's gallery, Mr. Chairman.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Martin: **—** Well thank you very much. It is indeed a great pleasure to introduce to the Chairman and to the House, and to everyone assembled here today, Regina Pat Canadians, the national midget hockey champions of Canada, winners of the Air Canada Cup.

And, Mr. Chairman, this is the second win, the second national championship in five years. They finished . . . They were in the finals once during those five years. Two out of five is pretty darn good. But you know, it is consistent with the success of the Regina Pats over the years, one of the finest hockey organizations in North America.

With the hockey team, with the players, we have the manager, Graham Tuer; coach, Roland Duplessis; assistant coach, Dale Fossen; and equipment trainer, Rob Harrison. And, Mr. Chairman, defenceman Terry Hollinger, was named the tournament's outstanding defenceman, and I'm sure that as we look upon these fine young men that some day many of them, I'm sure, will be playing in the National Hockey League. Perhaps some of them will be playing for Team Canada, representing us in national world championships.

So congratulations to all of you. And would the members of the House please join me in welcoming them here today.

Hon. Members: — — Hear, hear!

Mr. Tchorzewski: **—** Thank you, Mr. Chairman. I want to also join the member from Wascana, on behalf of the official opposition, in extending our congratulations to the Regina Pat Canadians. They are a team that are building on a fine and great hockey tradition in Regina. We are proud of them, as I know everyone in Regina and Saskatchewan is. They represented us well. Congratulations and may your future in hockey be a great one.

I know that you all are anxious to do what's happening on television right now, at this particular time, with a play-off game. And I'm not talking about the debate in here; I'm talking about the hockey play-offs that are taking place right now. Congratulations.

Hon. Members: — — Hear, hear!

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure
Agriculture
Ordinary Expenditure — Vote 1

Item 1 (continued)

Mr. Upshall: **—** Thank you, Mr. Speaker. Mr. Minister, could you give me a breakdown of the costs as it related to the equity financing proposal, costs of the study . . . of all the studies done, how many studies and their costs, costs of the symposium, and the cost of the country meetings.

Hon. Mr. Devine: **—** Mr. Chairman, if the hon. member wants the breakdown of the two-day conference and that portion of it versus the other meetings and symposiums that we have across the province, we'll get that to him. We don't have the breakdown separating the Regina meeting and the conference with the other meetings that went on, but we'll work it out for him.

Mr. Upshall: **—** I'll appreciate that as quickly as possible.

Mr. Minister, the equity financing study, was it your intention to have this proposal structured so that it would suit the needs of land transfer solely, or what was the original intent of the equity financing proposal?

Hon. Mr. Devine: **—** Mr. Chairman, there were two reasons for looking a new method of financing farms: one was that farmers wanted debt restructuring and a new way to make payments as opposed to just paying the bank interest; and the second was that Farm Credit Corporation, credit union, and others were exploring ways that they could handle the debt situation that they had on their books that wasn't being paid for. So, as you know, the credit union made one of the major presentations at the symposium, saying; here are some alternatives; if we could share in the equity of the farm, we'll take a lower interest rate and a lower payment and maybe we can all ride this out together over a 20-25-year period.

And a lot of farmers would like the sounds of that — lower interest rate, longer pay-back period, and we'll both share in the some of the benefit down the road. But I can't pay you right now. So it's a combination of the two. They . . . a lot or pressure, for example, on the credit union.

And they did a great deal of research, shared it with us — Farm Credit did the same — and farmers themselves saying, is there an alternative? I'm just tired of paying the bank generation after generation; couldn't we share in this some different way, lower interest rate, longer period of time, and we'll both take some of the risk? And that is the basis premise for looking at all forms of equity financing as opposed to just borrowing it from, you know, some bank in Toronto who says that this is the interest rate today, and this is it tomorrow, and it can go up between 10 and 20 per cent, which is extremely difficult for people.

Mr. Upshall: **—** Mr. Minister, do you see this program as alleviating some of the pressures on the banks and credit union with regards to the loans that they have now that aren't being paid back? Do you see the equity financing corporation taking off some of that pressure from these lending institutions such that if we have investment in land, that that money could be used to pay off the banks or the financial institutions so that they would sort of be out of the picture now, and most of the debt would be held by the equity financing corporation?

Hon. Mr. Devine: **—** No. I think it's quite the contrary. What would happen is, the financial institutions would obviously be in a situation where they would choose to eat some of that debt for some long-run benefit, because right now they're not getting some payments on it. So they're looking at it and saying, all right, I'll write her down a little bit, but I want to be in this game in the long haul.

Right now, legally, they can't have an equity position. The law says that the bank can't own it. They hold the title until you make the payment, but they don't have an equity position and they can't take any satisfaction in those land values changing. That's the way it is.

They come back and said to us, maybe we can help out in the longer run. We can reduce the payments, reduce the interest rates, but we'll both share in the risk. and farmers said, look, that's maybe the only alternative we have right now. We canvassed other places in the world where they're trying it, because they ran into problems. So it's an alternative that was being suggested to help farmers and to, frankly, look at the Farm Credit and credit unions and financial institutions and say, look, you back off some of these payments, you know, give us a break. We'll be there in the long run with you, and we can share in some of the risks, but we'll have lower interest rates and lower payments and obviously our cash flow is improved.

Now that looks, you know, like a positive thing for many farmers who can't make their payments, and that's why they're interested in it and why you have father-son relationships where dad will say, look son, you pay me some low interest rate over time, and obviously we'll share in the value of it. And they do, and they're not paying interest rates to a middle guy, they're paying it to the family.

In other words . . . We did it, for example, in Power bonds; rather than the power corporation going to New York bankers and borrowing the money and paying interest rates to Americans or other people, we can offer a Power bond. People in Saskatchewan buy the bond and the interest goes to us here in Saskatchewan, so we both benefit, so that there's no middleman. We didn't go to the bank, we went to the people, and the people get the interest. And they like that; then they can turn around and invest it and build and do all kinds of things.

The same is true in agriculture. So if we can provide an instrument that would allow people to facilitate this intergovernmental transfer, or intergenerational transfer, from one father to a son and down through the line without the banks in the middle, many people would like to at least have a chance to look at that before they are forced just to got to the bank.

Mr. Upshall: **—** Well, Mr. Minister, I think what you're looking at there is a situation where the banks will continue to hold all the good loans, but they will be quickly encouraging their people that they're holding poor loans with to go into this equity financing corporation. And what you're going to have is the equity corporation holding all the poor loans.

And I ask you, Mr. Minister: how do you expect people to invest in something like that when that's the type of loan that's going to be in this organization? And I also ask you: who will be holding the lease, who will be holding the lease in the equity financing corporation? will it be the farmer, will it be the corporation, or will it be individual investors through shares?

Hon. Mr. Devine: **—** Well let's . . . Let me try to work an example out for you so that you could . . . If we had a local association, a local group of people in Humboldt, and they decided they want to have a land equity association, we'll call it, and they had people who were prepared to invest . . . Or let's assume that there weren't even people who wanted to invest. They just went to the local credit union and said, do you have any, do you have half a dozen or 12 or 15 farmers that are in some trouble, and you in the credit union don't know if you're going to get your payments; the farmer doesn't know what to do? They said, how about we set up an association here? You give your land to this association, and you'll have whatever it is that you have a share in it, and the farmer will have whatever share that they do, and we'll value it as today's value. And obviously they're going to have to write it down.

The payments are dropped considerably. We'll charge you very nominal interest rate so that the cash flow was improved to a large extent. The lease is held by the association, and the farmer can then make his low payments, he can operate the farm, he makes all the farming decisions. And as he improves his operation, he can buy more of the land back. And he has the first right of refusal; he is the person that has the hammer and could always control the land.

Now if local associations are prepared to do that, you'd say, who would invest? Well, if you price the land right, anybody will invest. If they bought it at 700 and it's gone down to $300 an acre, people said, at 300 I'm prepared to put some money in this — I am, if I get a return on my money and a chance that over the next 15 or 20 years land values will appreciate and my interest in that, my equity, would also appreciate. Now that's precisely what farmers are saying to us.

Right now credit unions and banks can't do that because they can't take an equity position. They can only charge the interest. So if associations could or local people could, you could call it an Agribond. If people wanted to, in the Humboldt area, invest in an Agribond, and it was on land on that basis, then it could pay 6 or 7 or 8 per cent, and the value of the bond could increase over time — they'd say, well that sounds pretty good to me. I buy Power bonds; if I can buy agriculture bonds or anything else that can give me a guaranteed rate of return, plus have the option to convert it to an equity position or have that in there automatically . . . People are describing and offering various alternatives that will allow us to do this.

Mr. Upshall: **—** Mr. Minister, the irony of this is that your government and the federal government, between the two of you, hold about one-half of the $6 billion debt, the farm debt in Saskatchewan. And you could be doing something right now about it; instead, you've taken eight to 12 months to develop an equity financing corporation that has been rejected by farmers. And you've put out your little scenario about local money going in there — that sounds good. But, Mr. Minister, the reality of it is, is that's really not what you're aiming at. Are you going to allow outside capital, out-of-province capital to come in to finance the equity financing corporation?

(1930)

Hon. Mr. Devine: **—** Mr. Chairman, the key is, whatever the capital comes from, to have it controlled locally. So if you had a land association in Humboldt and they wanted access to money and the money came from the moon, okay, they say: I have control of the money; I have the laws; I have the rules; and I will deal with it. We do that all the time. when money comes in here, we dictate what is going to be done with it; how we charge interest; how we pay taxes — all those things.

We spend half of our time in government encouraging others — Canadians, Europeans, Americans, Japanese, and others — to invest here and to build. They'll invest in Ipsco; they'll invest in paper mills; they'll invest in packing plants; they'll invest in processing. They Japanese are here now building turbines in Saskatoon, for example — manufacturing turbines that are going to be used in power plants across Canada and across the North America. We like to see that money come in here because it creates jobs. That's what you like to see.

We're building the second upgrader. Do you know where that money is coming from? That money comes from all across Canada. Some of it, obviously, will come from Hong Kong and Japan because the Husky people have investors from the Pacific Rim. We encourage them to come here to build. The key is, do you control it. Exactly! That's what we do. We set the rules; we use the money.

Now if you're telling me that people, local people in your riding of Humboldt, would not like to see outsiders invest in Humboldt, to build — of course they do. I mean maybe you wouldn't, but the public does. They like to see the new jobs, the economic activity. If we can replace the debt with cash, and we control the rules, I don't know anybody who wouldn't . . . You know, it's pretty hard to have too much money. I mean it's nice to have a lot of money, and if you could bring more money in, more money in like they have . . . And if I could use the example, Mr. Chairman, in Ontario where there is full employment, full employment . . . Mr. Chairman, in Ontario where there is full employment, there is a tremendous amount of American money being invested. GM (General Motors) has invested $8 billion in southern Ontario — $8 billion, U.S. money, multinational money in southern Ontario since 1980, and full employment. There is 100,000 people now involved and employed in the automobile business as a result of outside money.

Now I know that it's not a socialist idea, that the outsiders can invest, but I'll tell you, other Canadians find it very attractive to have that kind of money come into the country. You set the rules; you tell them what they're they going to do with it, but to have surplus money, it's clear . . . well the hon. member knows.

I took mayors with me when I looked at this outside money in Oshawa — the mayor of Regina and the mayor of North Battleford, the mayor of Melville was along with me, plus some young people. And we found out that the city of Oshawa has so much money, it lends money — I think a $25 million surplus it lends to provinces. It has all this multinational money, this socialist evil money come into the community, create all these jobs, new cars, new homes, new furniture, all kinds of new jobs, and high-paying jobs — with multinational money — very high-paying jobs, creating full employment. And 80 per cent of the half-ton trucks that were made in Oshawa are going into the United States, made by Canadians — Canadians.

Now I know your argument, I mean, we've been through this before: don't ever let others invest in Canada; don't let them invest in Humboldt. Well I'll tell you, I'll tell you that I spend half of my time when I'm outside the country encouraging people to invest here — invest — because I'm clearly . . .

I have to remind the member opposite: the NDP never built one potash mine, not one, right? All that millions and hundreds of millions of dollars invested in potash mines, not one was built by the NDP. The NDP never, never built a packing plant — never built it. They never built the upgraders, Mr. Chairman. The outside money attracted in here, invested, has created all those jobs.

Now all I'm saying to the hon. member, all I'm saying to him is that I would like to be able to use surplus cash where I can find it. I'll set the rules, or we can jointly. Let me put it this way: would there be rules that you would agree to if somebody walked in here with billions of dollars that we could use to help refinance agriculture? Would you sit with me and design rules so we could effectively use that to remove the debt? That's a very good question.

A lot of farmers would say, boy, if you could cut my interest rates in half, and I knew that I had control of the land and I had the management decisions and I was the only guy that could buy the land, it would be well worth the while to take some time to figure out how we could use some of that surplus money that is now floating around the world, use some of it for Saskatchewan agriculture.

Now if you deny them that — lets just make it be fairly . . . You deny them access to that cash. I am not denying them because we know if you deny them that — let's just make it be fairly . . . really clear in here — you deny them access to that cash. I am not denying them because we can set the rules so people in Humboldt, people in Craik, people in Moosomin, or people in Moose Jaw can set the rules and control and help each other with that cash as opposed to debt, where we pay anywhere from 10 to 20 per cent interest rates, depending on international bankers.

Mr. Upshall: **—** Mr. Minister, your scenario just doesn't work because the problem is that we entice outside money into this province for investment and they're looking for something in return . . . In return, for example, from the upgrader or from something else where they're going to get a profit, that's no problem. But when you're talking about agriculture, they're investing . . . their investment purpose in agriculture will be for one reason only and that's return. And that return, I say to you, should stay — if there is any return — should stay in the hands of Saskatchewan farmers. But under your scenario, it won't because they'll be investing in land at rock-bottom prices, and if you tell me that somebody who isn't the major shareholder of the corporation doesn't have control, then you're kidding yourself. And that's the problem. But you're going to have somebody investing in here, and when that land starts to appreciate in value, those outside investors are going to expect that they're going to get their fair share of that.

And so what happens to the Saskatchewan farmer though? He's sitting there and he's seeing land prices go up and he's going to say, well look it, you know, I'm going to be taken to the cleaners on this one unless I get out right now. And they're going to say, well just a minute; we're in here for a purpose; we want to get as much out of that land as we can. So they're going to want that land to appreciate, and this is the way the markets work, as land is up and down. And they're going to hang on . . . hang tough until they get right to the peak of the market. And that farmer is going to be in the same position he is in the first place when . . . by the time that the land prices have gone up.

So all you are doing now is attacking the symptoms of the disease, trying to get yourself and the banks off the hook here. But I'll tell you, it won't work. Just let me give you an example. If I'm a young farmer who bought 4 quarters of land a few years back and paid about $100,000 a quarter, which was not unusual, and now I have $400,000 debt plus probably whatever interest rates accumulated, because the times were such that you couldn't pay that down, and, if you did, it was very little. And now I come and I'm in a position where I am basically insolvent and my cash flow problems are such that I have to get out, and you're going to give me the opportunity to go into equity financing. so I'm going to have a $400,000 plus debt and I'm going to sell that land at today's prices at about half that or $50,000. You said yourself — let's use your number — $50,000 a quarter. I'm going to put those four quarters into the corporation; I'm still going to have $200,000-plus debt.

And how long do you think it's going to take me to pay that other $200,000 off on a return from the land, forgetting about the land we have in the corporation? And then a few years down the road the value of the land starts to come back up again, and if I'm not out from under this other debt, I will not be able to purchase the land back, probably until it's at its peak value. So I'm back into the same position I was before.

And the problem is, you said yourself that the government . . . you used your examples of bonds. Well the simple solution would be for the government to get that money under international markets — there's no problem with control when the government's borrowing it — at 9 per cent interest or whatever, which is not unreasonable, give it out to the farmers through the government at low, long-term interest rates and a long-term repayment period. And there's no fear of anyone trying to manipulate the market. But this situation is such that anybody that's investing, particularly those people who are outside investing for the purpose of making money, are going to try to manipulate the markets to the utmost so that they get the most return out of that land.

So you're saying that you want the private sector, and I'm saying that's where it's most manipulated. You couldn't get that, as a government can get the money at a reasonable interest rate and give it back out at 2 or 3 per cent below and costing the taxpayers very little.

The problem is, Mr. Minister, this scenario — and this is why the farmers rejected it — in the long term, all it's doing is bailing out those financial institutions who want to get rid of that debt. Is that not true?

Hon. Mr. Devine: **—** Well, Mr. Chairman, I'll try the hon. member's example. If, as you pointed out, you had borrowed $100,000 a quarter for 4 quarters, you had $400,000 in debt, and you couldn't make your payments, and the financial institution realized that and you realized that, if you just changed the law for an example — just as an illustration — and you said to the credit union, you can take an equity position, what the credit union may say is, look, let's forget the $400,000. You're not going to repay it; let's take it at today's value, assume it's half that — $50,000 a quarter. Okay, so you're down to $200,000; let's start from there. You've put a little money in; I've got a fair amount in; let's start from there. Now start making your payments on the 50,000, at today's commodity prices. We'll work out a schedule on today's commodity prices and we'll call the rest of it square. Okay? We'll call the rest of it square, as long as they can share in the value of that as it goes over time. So if the farmer does better, and he starts to purchase it, he can buy it for himself. Okay? So he's down to $50,000 a quarter, not 100. The credit union's written it off. And they'll say, I'll charge you an interest rate that is on the basis today of, say, commodity prices which might only be 6, 7, 8 per cent money. The cash flow has improved for the farmer. The credit union says, well now I'll go over 20 years to help you. And as commodity prices go up, the man can make more payments, and yes, you may see the land values rise and he's happy about that because his farm is worth more; and the more that he purchases, the more he owns for himself.

Well you're telling me that you wouldn't write off half of it under a scenario like that. Now that's precisely what's happened in other places around the world. Equity corporations have come in and they've said, look, we'll write off half or two-thirds of the debt — it's gone, forget it, let's cut a new deal. And they start at the bottom. You're right. And he pays at the bottom, and he doesn't have to make the big payments. He's got cash flow. And they do it together.

So, Mr. Chairman, I say to the hon. member, please don't deny the opportunity for farmers to have access to low interest rates and writing off a good part of their debt in a situation which would allow both the investor and the farmer to make money. I mean, he is confined to land bank — I know that — and he's confined to the situation where the government has to go in and buy the land. When we have a production loan which is $1 billion out, he's obviously not happy with that either.

He's talking about the fact that we've got to have more flexibility. Well we've got money; lend it to them. His answer is to just lend the money, We've got a billion-two out there. His answer is, give them money. We've got $2 billion out in deficiency payments. now I'm not sure what his answer is, but we've got long-term money out. Farm Credit has got $450 million at 6 per cent. We've got flexibility. Now we're asking if other want to try something else in terms of an equity position, locally controlled — the farmer controls it, the local people control it. He doesn't want that, either. I know that he's got a fixation with land bank, but I can honestly say to the member, we're not doing land bank. Okay? We're just not going to do it.

If he wants interest rate money, low interest rate money, you've got the production loan program and you've got cash advances and we've got counselling assistance which backs up farmers. We'll go in there with long-term loans, backed up by the government. We're going that every day. We're restructuring loans every single day. We've got the Agricultural Credit Corporation working on it. We've got 6 per cent money in Farm Credit that they've restructured on commodity base loans, so as commodities are lower, you have low payments; as they go up, you have higher payments. It's shared on a commodity basis. You've got all those alternatives and more.

So, Mr. Chairman, I would just say to the hon. member that he may not like the concept for sharing in the equity. It goes on every day in the province. But I don't know why he would deny the opportunity for local people to try it if they wanted.

(1945)

Mr. Upshall: **—** Well, Mr. Minister, it's not as important that I don't like this proposal. The main important factor is that most farmers in this province have rejected it and they don't like the proposal. And yet you continue, through your consultation, through your new ideas and innovative programs, to bull straight headlong into an equity financing corporation that the farmers of this province have rejected. And it's simply because you have no other alternatives other than your ideological, other than your ideology, to plunge ahead into something that's going to put farmers in a position of, if they get into this thing, of being tenants on their own farm.

And you can talk abut writing off $200,000 in the case that we put forward, and much more than that, probably, in other cases. Well I say to you, the problem isn't . . . You're assuming quite a lot, I should say, that the credit unions, first of all, will be able to write that off; and secondly, they're in a little different situation than the banks, where the banks can lend out many times more on their assets than the credit union can. So I think you're assuming something that you shouldn't be assuming right there.

You're looking at a situation where the farmers are going to be put into a tenant position, and in that tenant position, if there's any profits, the people who are investing in those profits are going to be getting their share. So if I make some money . . . Let's say this goes ahead, and somebody puts their land into it and I make any profit off that. I'm only going to get a certain portion of that profit. Instead, you could, through a government agency, look at low interest rates with no hooks on the farmers that are in the program other than the fact that they will, over along period of time — you're talking about restructuring debt over a long period of time — they would be able to pay back that land. The bank would have their share of the money back; the farmer would still have his land.

But the situation with equity financing is not that. You're going to have farmer putting money in, getting shares back. I would ask you, Mr. Minister: how is the sharing of profits going to be structured under your equity financing corporation?

Hon. Mr. Devine: **—** well, Mr. Chairman, we are talking with farm groups and others about different ways to structure it. And the key is, they want local control. And so I would provide the hon. member with the information that as long as it's local control and farmers have the hammer and they can control the land, then they'll look at several scenarios.

Mr. Upshall: **—** Mr. Minister, that's the problem. The farmers aren't going to have the hammer, and you know they're not because they're not going to be able to control with outside investment what's going to happen to that farm, because the investor is going to get . . . want maximum return on that investment. And maximum return on the investment means when land prices are high as they can be before he will sell or get rid of his shares.

And who's going to buy it back? You're looking at a situation where you're going to have permanent holdings from these investment corporations — outside investment mainly, I would guess — controlling Saskatchewan farm land. And they're going to be tenants. I mean, you got yourself into the rotten deal of the production loan where you're backed into a corner now and making it hard for all the farmers. You're starting to create another nightmare for them where you say over a period of time, as things get better, you'll be able to, you know, buy back your land.

Well, Mr. Premier, that doesn't work because the investments are going to have the control. You talk about local control — well that's not going to happen because the guy with his money in there is going to have the final say and you know it. As a farmer you may have decision making as to what you grow. I say you may, because I think under this scheme it could come to the point where the farmer would be told what to grow if the outside investment was powerful enough.

You know, that's the situation. You're getting into another box here that's going to . . . that the farmers are going to be cornered in instead of restructuring the debt. And you talk . . . This is not restructuring the debt; this is simply shuffling the deck. The farmers themselves, the people that we are interested in here, are going to be in the same situation.

And I'll ask you again: when I, as a farmer in the equity financing corporation, make a profit on my land, on my produce, will that be broken down so that a portion of that is mine and a porting of that goes to the corporation? And how will that portion that goes to the corporation be paid out to the investors?

Hon. Mr. Devine: **—** Well, Mr. Chairman, it might take a whole term at a university to provide you with enough information to show you how it might help you on your farm — you on your farm. I'm not sure whether you want the price of land to go up or do you want it to go down. do you want it to go up or do you want it to go down? Do you want farm prices to go up or do you want them to go down?

I'm saying if somebody came along to you and said, if I rewrote all your debt — rewrote it — and we value your land low, at today's prices — rewrite it — and you only have to pay at today's prices, and over time you can buy that and you control the farm, you control the profits, and you just pay the interest rate based on commodity prices. If prices are low, you pay a low interest rate; if they're higher, then you pay a higher interest rate based on a formula. And you can continue to buy land based on an index of what land I worth because if profits go up, the land might go up a little bit; if profits go down, the land might go down a little bit.

Now if you're telling me you wouldn't buy that, if you wouldn't go into a situation that allows you to cut your payments in over half and have an opportunity over 20, 25 years to buy that farm back, based on the fact that you could make some money, then I . . . well, let me read you . . . This is from a farmer, okay, from Herbert. He says:

> Dear Sir: (This is written to the Premier.) My discussions with our MLA for the Morse constituency in Swift Current this past week, one such topic was equity financing programs. Although there was opposition, I still think it will do a lot of good to many farmers where they can help themselves.
>
> I hope this will gain support so it will become a reality. You can count on my support all the way.
>
> Sincerely, Emil Wutzke.

Now people like Emil are interested because they say, if I can get some of my debt written down, somebody is going to get in the ball game with me and I get to control it, and I'll pay for it as my profits improve. And obviously when profits in agriculture improve, land values will probably improve. I mean, when profits improve, prices do, and you know how it goes.

All we're asking for is an opportunity to let farmers try this with local control; we'll set the rules. You and I can sit in committee and carve out the rules for people so that this is how it's going to work in Saskatchewan — it's a made in Saskatchewan program. All I'm saying is that we can get access to a whole bunch of cash, hundreds of millions of dollars we could bring in here and use it, and you said, oh no, can't use it; it would be immoral for us to use some money that's outside.

What if we use it together? Okay, we'll design a program to allow farmers to restructure their debt, and they can control it — they control it. I mean, it's . . . It would seem to me to be perfectly sane and sensible to allow people, allow people to restructure their debt at the local level by using surplus money that you may find any place in the world just so we could use it. The farmer is in control. He pays a low payment when the prices are low, a higher payment as they go up — the land values will reflect that — and they both are better off. Do you understand that? They share in equity.

Assume it was your dad that was doing it. Assume it was just anybody, you share in it on the down side, and you share in it on the up side. Nothing could be simpler. But the bank isn't getting it — that's the key — the bank is not getting it. And that, right now, it's generation after generation after generation that the bank gets all the money. Why not have somebody share in the equity with you? You can have lower payments, better cash flow, and together, over time, obviously you're both going to be better off.

Mr. Upshall: **—** Well, Mr. Minister, I really didn't want another one of your fairy tales. I'll just be blunt and then ask the question again: how will the profits be shared? Will the farmer get a salary? Will part of his profits be . . . will there be a formula to say . . . Will he have to submit a financial statement? Will part of his profits be put into the corporation? And how will that profit be paid out to the shareholders? Is it on the basis of shares?

Do you understand the question I asked last time before you gave me your little fairy tale? I want to know what the system is going to be for the sharing of profits. How will I know how much I will keep? How will I know how much I'll have to put into the corporation? And of that money that's going to the corporation, how will it be paid out to the shareholders? Could you please answer that?

Hon. Mr. Devine: **—** Of course, Mr. Chairman, I would delighted to give the hon. member another example. If . . .

An Hon. Member: **—** Hold a seminar.

Hon. Mr. Devine: **—** I'm not sure a seminar would help because there's so many people, so many people understand it so clearly, and obviously the member opposite, it goes right over your head, but let me try it again. Let me try it again.

You base . . . you want to know what the farmer receives in his pocket. Let me just give you this simple example, and I'll use your example.

He borrowed money at $100,000 a quarter for 4 quarters, is $400,000. He can't make his payments and so he decided that that's over, okay? And you're going to write and say, all right, forget half of it. We're down to $50,000. Let's assume that he will make his payments. Now this is how it'll work.

He'll make his payments today based on an interest rate, let's say a return of six and a half or 7 per cent that he pays to whoever's holding the equity — that's it. He gets to keep all the rest. I mean, he keeps that himself. And the price of land in there is half of what it was, okay. So if he bought at 100,000 a quarter, it's now down to 50,000 a quarter, okay. That's what it's valued at. He's making money.

So the next year he's making some money — all he paid was his 6 or 7 per cent — and decides, I want to buy some of this back — okay? — because he made some money — land values maybe improved — he pays 55,000 a quarter because profits in the industry are up, and he buys as much as he can. And his interest payments go up a little bit because it's based on commodity prices.

Now he gets to keep all the rest of it. All he pays — all he pays — is that interest to that person who has the equity. What did the equity person get? The equity person made six and a half to 7 per cent, plus some appreciation in the land value because you're buying it at 55,000 a quarter and it started at 50. The farmer's happy to do it because he's made a profit.

Let me give you another example. Land in 1975 was worth — what? — let's say $25,000 a quarter in Humboldt. What did it go to? It went to 100,000 a quarter. Why did it go up? Why? Farmers made money. They made a lot of money; they're prepared to pay more for . . . Who benefitted by that? The people who held the land over time have had some appreciation; the people who bought it, paid for it over time, they did it jointly. Now the farmer in this situation can have an opportunity to buy it at the low and earn it over time. He has a fixed payment that he makes based on commodity prices. He gets to keep the rest.

And you're saying, well what if the land value goes up, he'd have to pay more. Well if the whole industry's more profitable, obviously it's going to be reflected in land values. What other way is there? The only way you're talking is: go to the bank, pay the bank, or else the government will buy the land and you pay the government.

Well now we've been through both the bank and land bank. Both the bank and the land bank are not popular, I'll tell you that. Now if you want to go sell those two . . . I mean, good luck. I can't do that. I'm not going to do land bank. Farmers absolutely and categorically rejected in your community, your constituency and mine, and every place else. They're sick and tired of paying high interest to banks that are run out of Toronto, that tell them, here's what you have to pay in terms of interest.

Now you haven't come up with anything else. You said, loan them some long-term money. Well, we've just been talking for two days about the production loan is a billion-two out there, and long-run money. And we've got hundreds of millions out, and billions, in deficiency payments and low interest loans — some at zero — and cash advances — some at 6 per cent — in FCC. So you haven't rewritten that book at all.

So in terms of equity financing, all we're talking about is: people can share in that burden, write some of it off, start again, and base your payments on the profit in the industry. And the profit can be based on a basket of commodity prices or other tings that you would suggest as a formula for paying. But all the farmer pays is that interest — pick a number: 6, 7, 8 per cent low. And he knows as he purchases over time, that valuation goes to the person who shared the equity. That's what it is; it's clear and simple.

If you didn't do that, if you didn't give them equity, they have to charge as the bank does, 14 per cent or 15 per cent, because he can't share in the equity. Am I making myself clear? If you don't let them share in the equity, they're going to charge high interest rates. If you let them share in the equity, they'll charge half the interest rates. Now the farmer would like that alternative.

Now you're saying, well, either the banks or land bank . . . Oh but don't ever do this because the guy may share in the equity. I'll tell you, a lot of people would like to have their loans rewritten, half the cash flow problem, lower interest rates, and all he'd have to do with the investors is share with them some of the equity as land goes up because they're making money.

Mr. Upshall: **—** Well the problem, Mr. Minister, is that the same people who are making the money now off the farmers are going to continue to make the money off the farmers, and that's those people who have money to invest, like the bank.

What you're missing here is this is not going to put the farmer who's in trouble in any better financial state. That's what you're missing here. And you talk about land bank and government buying the land. Well that's not necessary. As I said before, you and the federal Farm Credit Corporation hold half of the $6 billion debt in Saskatchewan. You could restructure that debt on a long-term basis without the equity financing proposal, and the farmers could have full benefit of any profit they make on that land by eventually getting that land clear and free.

But under this situation, they're going to have to now use their money, any profit that they make, pay it to the corporation, and I tell you, Mr. Minister, its going to a long, many week of Sundays before they get that land back, and that's the problem. They're going to be tied into this corporation for a good long time, if they ever get out of it.

(2000)

And that is not correcting the problem of the debt that we have in Saskatchewan today. That debt, that debt right now could be restructured through your and the federal government's corporations, but you choose not to do that. And all you can talk about is land bank, buying the land. Well, I mean, that is totally off the topic when we're talking about this scenario. You could be the facilitator of the long-term, low interest loans; you choose not to do it. The equity financing corporation will be the corporation. And you talk about local money. Well I will wait and see; I will wait and see.

An Hon. Member: **—** Local control.

Mr. Upshall: **—** Yes, local control you say now; before you said local . . . started off talking about local money.

And I'll tell you, Mr. Minister, the problem is that those people with the money are going to invest in this farm land. You're going to have to change the farm ownership Act to allow people to come in, and that's going to throw this province wide open to anybody who wants to come in and buy up farm land when it's down at rock-bottom prices.

The farmer who puts his money into this corporation, you say is going to be sharing in the profit; the investor's going to be sharing in the profit. Well, Mr. Minister, why should we have to have someone outside come in and share in the profit from farm land when the objective is to get that farmer out from under his debt as quickly as possible. And you choose this route because of your ideology. And that's the only reason you're going this way, especially in light of the fact that the farmers have rejected it.

Now you said that the farmer would pay a certain percentage to the corporation. Would I as a farmer, who paid let's say 7 per cent back, get any asset from that money or would that strictly be a payment for shares into the corporation, or would I get equity out of that money? Every dollar I put in, would I get a certain amount of equity back?

Hon. Mr. Devine: **—** Mr. Chairman, anything beyond your interest rate you'd have to pay would be equity that you're buying — it's precisely the point. I think I've finally figured out what your — well, I'll just say it out — your dilemma is. You would rather have . . . Your example: a man borrowed $100,000 a quarter — $400,000. What you're telling me is that if they borrowed it from the government, FCC, $100,000 a quarter, the answer should be, we'll redo that and we'll charge you, say 6 per cent over 25 years, but leave it at 100,000 a quarter. That's what you're saying.

An Hon. Member: — No, I didn't.

Hon. Mr. Devine: **—** Well, that's all you've said. You said, now just redo it on a low interest rate over a long period of time. Right? That's what you're saying.

Now you tell me, which is better — to do that, leave it at $100,000, take 6 per cent fixed over 25 years, or knock it down to $50,000 a quarter at 6 per cent with a chance to buy it back? Now there isn't a farmer out there that would knock for the latter.

So you're saying, if government holds the debt, we hold the debt, if you would just give them low interest loans on all that money, okay? I say to you, there's an awful lot of people who would like to start over again at half the price. Do you get my point? Half the price. Not just to have government come in and say, here's 6 per cent on that $100,000, when wheat was seven bucks a bushel and canola was $12 a bushel — that's when I borrowed that at $100,000 a quarter; I don't want that. And at any interest rate I don't want it; it's too much.

So what this is, is cut it in half, or cut it in two-thirds and start over again. And I'd be glad of my chances to start over again. But you're saying, no, government you've got that; you just lower the interest rate and run it over a long period of time and you're going to make everybody happy. Balderdash! They don't want that.

You give them a chance to write it down to a fraction and start over again, they wouldn't care who shared in it. Do you understand that? They don't care if their dad shares in it or the neighbour or somebody else. The bank is going to share in it all, right now, because they're going to own it.

They don't want the bank to own it. They say, let's start anew here. In fact, we'll start at a very low interest rate and you can ride this through with me for 25 years and it'll be a partnership. And if I do well, I'll buy more of it. The better I do, the faster I'll buy it. And, of course, if things get better the price may go up some. And the person that is in there in an equity position will probably benefit.

Let me take you through an example in the stock market. If you buy a preferred share on a market, two things happen. You get a dividend, hopefully, and some of the blue chip stock it is a dividend that's guaranteed. You buy something, you get 6, 7, 8 per cent. That's the first rate of return. What is the second? You hope the stock goes up, then you have two of them. It's the same principle here and you deny the farmers to have access to the equity markets of the world . . . (inaudible interjection) . . . And you deny it. There's my point. There's my point. People invest all the time at low interest rates because they're locked in on blue chip stock. You set the rules. This, you say, this is blue chip and it's locked in low interest. And the only other benefit you're going to get, if it improves over time, then you can share in that. And you deny farmers access to the equity markets of the world because you haven't figured them out. Everybody in the world has figured them out — everybody. And you won't let our people cut their debt in half — cut their debt in half.

Well, I don't know how many times we'd have to go through this illustration, but you . . . I mean, am I making the point that people do invest in blue chips? Okay? And they get a low rate of return, but it's fixed. Okay? It's fixed. And then they'll say, that's all I get and maybe the stock will improve over time. If you could take this farm debt that you were talking about and cut it in half, write it off and start again and pay very low interest rates, and that's all the investor would get, plus any appreciation that might take place because the farmer got profitable. And it has to come from profit because he gets to keep everything but the low interest rate. Anything above that he can either, you know, buy a new car or he can buy equity in it; he can expand. He could buy it all the first year if he makes enough money. Do you understand that? Maybe the price of land wouldn't move at all. He would buy it. Maybe it'll move a little bit. Obviously, the farmer, as he buys more and he sees his equity position improve, he's going to feel good about the fact that his land values are appreciating, not depreciating. Farmers have lost a fortune because land values have gone from here to here. Now you must acknowledge that, right? . . . (inaudible interjection) . . . Those that sold, my friend.

And that's where you have the problem with land bank, once the government gets into buying the land, as you guys did. You went around, and you said, I'll buy your land if you are in trouble. They did that. They bought the land, and then they said, well, for the son here it will be 2 or $300 an acre more. That was terrible unfair and cynical, frankly. That isn't the way to do it. They don't do it that way.

And they don't do . . . (inaudible interjection) . . . Circumstances — you know that it wasn't circumstances. It's a philosophy — the government should own the farms. socialism in agriculture — everybody's heard about it, all across North America. Saskatchewan NDP are known from here to Texas on their land policy. Everybody talked about the NDP land bank. We're not going to let the . . . (inaudible interjection) . . . Well, from here to Cuba, then, if it wasn't from here to Texas. It went for a long ways down there. Maybe that's where you got the idea, and it might work in Cuba. It might, but it's not the plan that people want here.

So I would just share to the hon. member that if you can allow farmers to cut their debt in half in opposed to . . . And I come back to you. If you could tell me that your idea is to take the 100,000 a quarter and just give the low interest loans, at even 3 per cent — let's say at nothing — you'd still keep it at $100,000 over 25 years. You couldn't make your payments if interest rates were zero, and you know that.

The key is to write them down. And you haven't given the farmer the chance to do that. That's what's going out there in the real world. It's going on every day. We're doing it every day, and you've denied them that opportunity. You said, well the government just go borrow money at 5 per cent then lend them all the money he wants. At those values at the peak, he'd never make it.

Mr. Upshall: **—** Well, I think, Mr. Minister, you explained to me in one brief sentence how this whole thing is going to work, and you said, it's going to be the same principle as the stock market. And that's what scares the farmers out of this proposal, and that's why they turned it down, because they know that's what you're looking at. And we don't want Saskatchewan farm land working under the same principles as the stock market, because we know who makes money in the stock market and who loses it.

Now, Mr. Minister, you continue to say about . . . talked about institutions writing down the debt to half. Could you tell me or table in this House, any written indication from any of the financial institutions that say — which presumably you got your assumption from — which say that they will be writing, or give us what indications they have given you.

Hon. Mr. Devine: **—** Well, Mr. Chairman, the hon. member attended the symposium when the credit union went through their whole scenario. And he also listened to the example that is used in Australia. That's precisely what they did at some length. And he was there; I saw him there. I saw you there, sir, watching the whole illustration that the Farm Credit went through and said, this is what you could value the land at — the lower the value, the lower the payments.

I mean he's been through it in detail over and over and over again. I mean it just goes like this — right by. Maybe get your local credit union manager to sit down with you and have him go through the illustration. They had various scenarios that you could write it down to. Charge the farmer half the expense, his cash flow is greatly improved, and they'll share in the equity growth over time if it does. If there's no equity growth, the farmer can just flat buy it at the same price, but it's been cut in half. I mean that scenario is there — profits go up; land values don't change; he gets to buy it at half the price — and you're denying him that chance.

The credit unions would be prepared to do it. And you'd say, oh no, gosh, the credit union might get in equity position. What if just the credit union did it? Would you be against it? What if the Farm Credit Corporation did it and the credit unions did it? Would you be against it? Oh yes, it's not the same as land bank, therefore I can't do it.

Give them a chance. Just even give your blessing to the local credit union and say: look, write here down; give me the chance to take an equity position; we'll charge him a fraction of the interest rate and we'll share in any growth in equity over 20 years. Just give them the blessing to do that and you'd save thousands of farmer and you know it.

But you would deny them that right and that possibility because you've got it locked in your mind, oh, I couldn't let anybody share in it. You'd let the banks in Toronto share in the misery and own half the land out here.

And they've got shareholders all over the country and you know that, shareholders all over the country, the head office in Toronto, that own all this farm land. And you wouldn't change for 10 cents. I mean you've . . . (inaudible interjection) . . . Look. Look. You had a chance to help people at 20 per cent interest rates and you denied them that.

An Hon. Member: — Who?

Hon. Mr. Devine: **—** You did. And you, you had a chance. You had a chance to really give them a break when there were tough times at 20 per cent. When was the rewrite then? Where was it? Where was all your big ideas at 20 per cent interest rates and rewriting all this stuff? There was Mr. Trudeau in Ottawa and there was the NDP here and 20 per cent interest rates, and where was your plan? Where were you? Where was the member from Humboldt then? Where was he? Where was your big plan and your big ideas . . . (inaudible interjection) . . . Well the hon. member, just for the record, said he was in Cuba designing his policy. Now he's laughing, he's laughing about the farmers.

You know, you can laugh about the farm problem. That's why you have no support in the farming community because you didn't help when you had a chance, and you stand in here and prevent them from getting some help. You know that; you know that. And then to have your leader involved in the stuff that he's involved in with his law firm, you know . . .

An Hon. Member: — Give her snoose, Bruce.

Hon. Mr. Devine: **—** Well I'll give it to them. You had the opportunity.

An Hon. Member: — I think you hit a nerve, Mr. Premier.

Hon. Mr. Devine: **—** Well of course I hit a nerve, and they don't like to hear it. They didn't do anything when they had a chance. The man from Riversdale has a law firm that forecloses on farmers, and they sit over there laughing, saying they're getting ideas from Cuba.

Look at this; you see this? That's the latest, the latest. What does it say? "Secret research done for the NDP by the Bank of Nova Scotia." Secret. Boy, you guys must be pretty deep into the rural pockets of people in this province when you can even put in your campaign material, secret deal with the Bank of Nova Scotia.

Now you tell me about helping farmers. You had every opportunity when you were in government to prevent half of the problem today, and you didn't lift a finger except for land bank. And that will be your legacy for as long as you live, and you know that.

And the Trudeau administration wouldn't sell the wheat, and between the two of you, you just . . . Well you laughed at farmers in rural communities, and you won't elect anybody in the rural. That's why . . . You don't listen. You say, the government will own it or somebody else will own it, and then when you get kicked out, you make a living foreclosing on them. That's pathetic. I mean, somebody up in the opposition today said, prove it. How many times do you want me to read the letter from farmers? Man from Abernethy and says, please, Mr. Leader of the Opposition, don't foreclose on me. God forbid, don't do it again.

Well, Mr. Chairman, I ask the people. The people will know; they will know . . . (inaudible interjection) . . . Well, Mr. Chairman, they got them alive over there. They've quit sleeping; they've started to chirp up a little bit when you start touching a nerve, that they didn't help and when they do get kicked out of office, they make a living foreclosing on people. And they know that. And now they say in their campaign material that just goes out in Prince Albert, secret reports prepared for the NDP by the Bank of Nova Scotia. Well how do you like that combination — how do you like that combination? For rural people, rural people.

Well, Mr. Chairman, they can chirp all they like. That record will be on the record in this legislature for a long, long time to come. No help for farmers, laugh at them, make money foreclosing on them, treating them like serfs. The land bank is the solution, offering their land at 2 or $300 an acre more to their children, not doing anything for them when they're in difficulty, and then standing up here after we've got billions of dollars out and all kinds of programs — and granted, not perfect, but all kinds of programs to help them — and they're coming back and deny the farmer even to cut a deal with the local credit union to help them out.

(2015)

No, they'd say keep the price at $100,000 a quarter, charge him a low interest rate, and he'll be fine. And do you know what? At the back of their mind, you know what's there. If they don't, the government can own the land. See, that's what he says all the time. The government can do this. See, he knows if they can't make the payments at 100,000 a quarter, the government will own the land, and he laughs over there. He knows that he'd love the government to own the land.

He says . . . How many times, Mr. Chairman, has he said:

the government has a large percentage of the debt; if the government did this then the government could fix it? Well obviously he knows you can't make your payments on $100,000 a quarter. He knows that. What will happen? The land will come back to the government, and then they control the farmers, and they control the community. It's a perfect socialist world.

They've done it for . . . Well it goes back 100 and 200 years; that's their plan. Do you know what, Mr. Chairman? They're rejecting it in Poland tonight. They're rejecting it just like they reject rural socialism across this country. They reject that government control. They reject it all over. They're rejecting it in the Soviet Union; they reject it in China; they reject it in Africa.

You saw, Mr. Chairman, this morning, on national television, our ambassador to Ethiopia saying there's not a food problem over there, there's a political problem. The socialists are in control, and they're starving people on the land. And the ambassador says it's not an agricultural problem. It's a political problem he talks about. They've got socialism; the government wants to control the land and the . . . Some people are worried about voting in agriculture. They don't even . . . In Africa, they don't even let them eat in Ethiopia because of politics.

And the man said this morning, the ambassador . . . And the members opposite know that he said a million or 2 million or 3 million people could die because of socialism — Marxist philosophy. The government has to control it. Let them vote! Heaven sakes, they can't even eat because of Marxism, because of socialism.

Well, Mr. Chairman, I'll tell you what, the farmers world-wide, farmers world-wide know that their plan, a great big plan that you have to control their lives, doesn't produce food. It doesn't make money on farms. It doesn't improve your prosperity. Mr. Chairman, they know. They left systems like this to come here to own their own farm and to raise their own families, and it'll be a long, long time, Mr. Chairman, before they buy land bank or anything close to it in this province.

Mr. Chairman, if we wanted to revert to the old soviet socialist policies, or if we wanted to revert to the African policies today that can't even grow their own food, or other policies linked with that great big socialist plan where the government owns the means of production, we'd be in some trouble in this province and in this country. We're not going to do it, Mr. Chairman. we're going to continue to help people own their own farms and we are going to remind the public every single day, Mr. Chairman, every single day we're going to remind the public that only, only a socialist leader would stand in his place and have his law firm foreclose on poor farmers — foreclose on them.

Only a socialist leader could stand up there and say, I think the farmers should vote for me, as he's out there foreclosing on them on behalf of the bank, and then have the audacity to put it in his brochure, in Prince Albert today and yesterday, saying, and a secret report prepared for the Bank of Nova Scotia and the NDP point out, ta-da, ta-da, and on and on.

Well we know the deal, okay? The public will know the deal. People in Saskatoon know the deal. People in Regina know the deal. They should be ashamed of it. It's a rotten deal. It's a dirty deal. They know. They know . . . (inaudible interjection) . . . Well they won't forget. And the hon. member says, well it'll show up in by-elections. It'll show up. You watch. It'll show up all over this country when the NDP stand up and say, well for Heaven's sakes, this'll be the new plan. This is the new plan for agriculture: one, we'll either foreclose on you or we'll take the money for the government and the farms for the government.

Mr. Chairman, I say to the hon. member, if he sys that we have to keep the price at $100,00 a quarter and just write lower interest rates loan, then he might as well forget it because farmers can't make it at those prices. He knows it and he should be ashamed of himself.

Some Hon. Members: — Hear, hear!

Mr. Upshall: — Well, Mr. Chairman, that's precisely why we're going to be here a long time in these estimates. I don't know what . . . a man who is so scared, so unable to defend his policies that he goes into a tirade about everything under the sun. So I'm just going to be quite brief and I'll ask the question again: Mr. Minister, will you table in this House the documents that tell the farmers — a very key point here that you're talking about — that the financial institutions are going to write their loans that their holding down to half; that farm credit corporations are going to write their loans down to half; and that ag credit corporation is going to write their loans down so that farmers can participate in this agricultural equity proposal? Will you table those in this legislature? Very important part of this.

Hon. Mr. Devine: — Mr. Chairman, I would be glad to table the illustrations and the examples that were public knowledge at the symposium. And they went through the scenarios of all the land values and the prices you could put in. I'll be glad to table those. And the hon. member knows that they're public. And he's been through it and he evidently . . . we thought he understood it. But he's afraid to accept principle, the principle that if you wrote it down it's easier to pay for. Is that true?

Maybe he doesn't understand it. Do you understand that if you write it down it's easier to pay for? If you write it down, it's easier to pay for. And the research says you can write it down at various levels — the lower you write it down, the easier it is to make your payments. Now that's all the principle says. And therefore, we'll share in the equity as you get it paid for and as the profits go up. It's as simple as that. I'd be glad to table those studies, Mr. Chairman.

Mr. Upshall: — That wasn't the question, Mr. Chairman. The studies and all the work that's gone out up to now were merely suggestions. But what we have to know — what the farmers have to know, what the farmers have to know . . . (inaudible interjection) . . . No, we only get beyond the principle here. We want to know what advantage it's going be for the farmers to get into this corporation. We have to know and farmers have to know where the documents are that suggest or that say that the loans are going to be written down in half.

Now this is what you're hinging your whole argument on right here. Let's say we write that down and throw that away. Well, fine; that's great if we're going to write down some of the principal, or if the banks are going to do that. But, Mr. Minister, where in writing do they say that they are going to co-operate and write down half the principal — Farm Credit, ag credit and the financial institutions? Where have they written that to you so that you can come into this House and say that these institutions will write down half that loan? Could you tell us where that document is?

Hon. Mr. Devine: **—** Well, Mr. Chairman, the hon. member should do his research on Saskatchewan alone. They're doing it every day, depending on how much equity a farmer has left. In some cases they'd write it down over 50 per cent. In some cases they'd write it down 25 per cent, depending on the debt/equity ratio. That's how they make the decisions.

I want to know whether you would buy the principle that as you write it down it's easier to pay for. Do you understand that? If they write it down 25 percent it's that much easier to pay for ; if they wrote it down 48 per cent it's even that much easier; if they wrote it down 60 per cent it gets easier on the way down. Now if he buys that, their research showed us it will depend on the amount of equity they have. It's as simple as that. Then they'll carve out their interest rate and away they go for 20 or 25 years. And that's the credit union doing that.

Now it will depend on every individual farmer. And if the farmer can start afresh at lower prices or a lower mortgage, I mean, obviously they're going to be interested in that. You just shouldn't deny them the chance, that's what I'm suggesting to you. Don't deny them a chance. What you said, no, keep it at 100,000 a quarter, charge them a low interest rate for the long run and they're going to make it. They're not going to make it at that. It's just impossible without huge deficiency payments and other means of support. That's why we are involved in helping them, in counselling and assistance, in low interest loans, deficiency payments, and we'll entertain the credit unions' proposal of some sort of shared equity. Maybe we could all work our way out of this. It's better for the credit union if they can work their way out of it and get some of it back over time than it is not to. And it's better for the farmer because he's got a chance. Don't deny him that.

So, in principle, would you accept the fact that it could be anywhere from 10 per cent to 80 per cent that they write down, depending on the situation? And it makes it easier the lower the write-down, I mean the lower the cost of that mortgage.

Mr. Upshall: **—** Mr. Minister, that's fine for you to stand up here and say that, and you use the credit unions as an example. Let's just talk about the banks for a minute. first of all, the banks will be trying to get rid of some of their debt. Will the banks that are carrying high debt loads now on farm lands, will they be participating in the equity? Will they be allowed to participate in the corporation by putting in land that they have acquired and receiving back capital for that land?

Hon. Mr. Devine: **—** What do you mean, capital for the land? I mean, you've gone through the example. You've gone through the example. They went through the example both in Australian case and in the credit union example, and it doesn't matter whether they're . . . Well in the Australian case, it's banks; and in the credit union example, it was the credit union. And they had. And they said, well we'll throw it in. This is how much equity we got in it. The farmer's got so much equity. We put in there for nothing. It's there.

Assume there's no money at all; let's say there's no money from outside. We're just going to start afresh; only thing different is that we'll share in the value of that land together over time. Do you understand that? No money, no transactions, lets you start without money. You drop the debt in half or whatever — pick a number you like — but you used the example 100,000 a quarter. Let's assume the land value is now 50. They said I'm not going to get it, I'll write it off. We start at 50. Right? That's what they start with. They have some equity and the farmer has the equity. And as the farmer buys more and more of it from them. He has more equity as it's more profitable. He'll own it all.

What will happen over time is that if he makes more profit, the land values will go up. They'll make a little bit of money on the land value as the farmer's equity improves. It's as simple as that, and I don't think you should . . . (inaudible) . . . The banks could do the same. That's what they did in Australia.

I don't know whether the credit union will do it. They certainly won't when you're beating on them all the time, or the financial institutions, any place. I mean, why don't you give the farmers a break? Why don't you let them try some of these things with the local credit union and be helpful? You're out there waving all these flags and frightening them. You haven't done them any good when you're in power and you're not doing them any good when you're out of power. I mean, you get in the way most of the time. Right? You're standing on what you're trying to lift every other day.

All they want to do is to cut a deal with the local credit union and say, the credit unions says, I don't know if I'm going to get any payments, or the bank says, I don't know, let's go do it. They're doing it every day anyway. And you don't recognize it.

Mr. Upshall: **—** All I can say is I'm glad to be able to stand in the way of your government on behalf of the farmers, because if somebody didn't you'd run right over top of them as you're attempting to do with this.

I'll ask my question again. I'll try to simplify it for you. The banks now hold a substantial amount of title of land in this province. Will that land be allowed to be put into the equity financing corporation for someone to buy? and will that land that is put into that corporation be . . . Will the banks be fully compensated in monetary terms? Will they get their money from that land they put in?

An Hon. Member: — No.

Mr. Upshall: — You say, no. Okay, let's go one step further. The banks have already written down that land, in a manner of speaking, because they're not going to get their full compensation out of it. Have the banks indicated to you that they will continue a policy of write-down for land that they hold mortgages on that will be put into this financing corporation? Will they be able to get money out of that? And will they then tell you that they will write down to half or to some figure greater than half the value of that land?

You're talking about the credit unions. Have the banks indicated to you that they will write down, indeed write down that land?

Hon. Mr. Devine: — Mr. Chairman, I've said to the hon. member nobody has told me they're going to write it down either 50 per cent or 75 per cent or 25 per cent. You go through the examples and they make their deals every day based on the equity they got. Do you understand? I can't speak for the banks in saying that they're all going to cut it in half.

An Hon. Member: — You just did.

Hon. Mr. Devine: — I said that's an example. I'm using your example. And if land values today are 50 per cent and they haven't got the equity in it and they know they're going to get it, they're going to write if off at something and go get their best chance at it.

(2030)

I mean I can't speak for the Farm Credit Corporation. I can't speak for the financial institutions, credit unions or banks. I'm describing to you, as we did in the symposium, as example of how it could operate that could help everybody. And you're asking me, well which banks said that they would do this, and how much? You know that's impossible. It depends on every situation, every farmer. But the principle is there. So I mean I can't add any more, Mr. Chairman.

Mr. Upshall: — Well see, Mr. Minister, that's exactly why the farmers of this province can't trust you. Half an hour ago you were saying they were going to write it down. Wouldn't that be a great place to start — lending us to believe that that's what was going to happen but then when we start questioning you specifically if that was going to happen you say, I can't speak for the banks or the credit unions. And that's why nobody can trust you because in your rhetoric you're saying, oh I think this is going to be great. Everything's going to work out fine. You're going to get money out of it. You're going to get your land back. You know you're going to have local investment and everybody's going to be happy. And now you turn around 180 degrees and say, I can't speak for the banks and the financial institutions. That's why they can't trust you.

You're assuming too many things. You're assuming them to try to sell an equity financing corporation that the farmers have rejected, and yet because you think that's the way it should be you're going to push it forward. Mr. Minister, I think that is precisely why the farmers can't trust you, and I know they don't trust you any more. How could they?

Mr. Minister, you said that the banks would not be able to put their land that they hold into the corporation. What do you assume will happen, seeing you're assuming things. What do you assume will happen with that land?

Hon. Mr. Devine: — Well, Mr. Chairman, let me just try it once more for the hon. member. I said, I can't pick the value. But nobody's going to go into an equity corporation unless they write it down someplace, whether it's the credit union, or the FCC, or the banks, or somebody. They've got to put it in there at a market value that's below what they lent the money on. I don't know the number. You asked me what number. I can't give you the number. But that's the only way it's going to work is they've got to write it down somewhere and go for the long haul.

Okay, you got that point? The principal is: for equity financing to work they've got to write it down someplace. Some of it will be 10 per cent; some of it will be 50 per cent; some of it will be whatever. I don't know what number it'll be because each financial institution and each farmer is different. But they have to do that.

What do they get? They get the same equity that they put in there. So if they wrote it down at 50,000 a quarter that's what they'd have in it, and then they loan it at that. Well if they wrote it down to 20,000, that's what it would be. You pick the number. What's your equity in your farm? I mean, it's different than your neighbour's and different than your neighbours. That's how they work it out. I mean, jeez, you don't understand the concept of people now, people now.

Farm credit, credit unions and others go do deals with farmers. Do you understand that? Do you acknowledge that? Okay, they do deals with farmers. Each deal is different, depending on the equity. Fair enough? Right.

If we set up a mechanism to allow that to take place, to encourage financial institutions to take a hit and take the chance in the long run, I don't know where they're going to take the hit, but the principal is certainly right because it's easier for the farmer to pay back.

Now if you'd just acknowledge that, then we could get on with it, but you're standing up there and you've got half of them frightened — I mean, they're just saying, oh, for Heaven's sake, some Hong Kong millionaire is going to own your farm . . .

An Hon. Member: — We already rejected it.

Hon. Mr. Devine: — No, no, the NDP that you had going around the province are saying, oh, this is going to frighten people. I mean, you and I know who was in front of the cameras — we weren't born yesterday. I mean, politically they'd show up at the same meeting all the time — we know that.

Don't deny the farmers a chance to pay less and to write that off because you're running around — you would rather make political points than help the farmer, wouldn't you? I mean everybody knows that. Isn't it clear?

The same people, the same NDP people, showed up at the symposium no matter where it went; they got up at the mike and said, I don't like the Premier and I don't like agriculture under Progressive Conservatives, and this is a bad idea. Right? And then they'd stand up and say, well, they'd really like if the land bank and the NDP were back, and they would really treat you because the government could do it all at low interest rates, and if I didn't make the payments the government would own the land. Well I know that's what you want, and you've had your folks out there saying it.

Now, all I would say: there's an opportunity here. The principal, and I'm sure you must acknowledge that if you had an equity position — and financial institutions now can't take one — but if they could under a new mechanism that we set up then, in fact, farmers could have much smaller payments and we could get out from under the debt and have the debt replaced with much equity.

Mr. Van Mulligen: — Thank you, Mr. Chairman.

Mr. Premier, if I invest in something, it's usually done on the expectation that I'll be able to share in the profits that the investment might help to produce and also gain from any appreciation in the assets. Is this generally how you see this equity financing project working?

Hon. Mr. Devine: **—** Mr. Chairman, people throughout society have access to the equity markets, that is people who have pension money — like in Saskatchewan, there's billions and billions of dollars of excess cash, and it is invested for Saskatchewan people — if you were a municipal employee or a teacher — in the markets of the world. And those that want to borrow money can get it from people who have money. And you will put your money into, say, a blue-chip stock of some kind or other and say: this is very safe; it's guaranteed 6 per cent, but the stock might also improve.

Now the same could apply to a power bond. You say, I know it's fixed at eight and a half per cent; I like that, but maybe I could convert that some day to a Saskoil share and that might be to my benefit, because the share may go up. Now if the power corporation can use the money and reduce its debt, it seems to me we could have a similar kind of instrument here where farmers could cut their interest rate costs by as much as 50 per cent, and help them remove that debt and replace it with equity for all. The only price is the chance to share in the value of land over time; boy, there'd be a lot of farmers who would grab at it.

Particularly if the farmer ha the hammer, he gets to control the land. And you write the rules here any way you like, because it's Saskatchewan. We write the rules for power bonds; we can write them for Agribonds; we can write them for anything. we have access to billions of dollars across the world of equity money.

Don't you think the two of us could figure out a way to get that into agriculture and control it, to help people in agriculture cut their costs? We could just replace that debt, which we're paying 13 or 15 per cent on, with equity that you can pay 7 or 8 per cent and reduce your cash flow requirements, and at the same time say, I'll share in this over time as I do any other blue-chip stock. And now would be the perfect time to do that.

The former leader, the former member from Elphinstone — the former leader of the NDP and former premier — and I talked about this. He says, look, this would be a beautiful, beautiful opportunity for farmers. He saw it, and he's on record. The former premier, the former member from Elphinstone, said, I don't know if I'd invest a lot of my own money in it, he said, but it'd be a great idea for farmer if that's how it worked.

Well it's a blue-chip stock. You could set: this is what it's going to be, based on commodity prices. As the land value improves, you get to share in it. Now maybe the farmer would buy it all back in the first year or two because he's making good profits; the land values might not change. The more he bought obviously would have some impact on the price of land.

That's where the investor, like you, says it's a pension fund, says I've got my 6 or 8 per cent guaranteed, but I've also got some capital appreciation here. That makes you feel good as an investor.

Now the farmer feels a lot better because he's not paying 100,000 a quarter; he started at — well pick a number — but I'd say he had half that. Tremendous difference.

See, the financial institution, the bank, can't take an equity position so they've got to charge you high interest rates, right? You could put your money in the bank, but a lot of people don't put it in the bank, they put it in blue-chip stock because they say, I'll get guaranteed, plus it might appreciate. There's an advantage to that, a very distinct financial advantage. Farmers to date have not been able to get advantage of that equity money.

It seems to me you and I could design a mechanism safe for the farmer, and granted, I'm sure you'd want it safe for the farmer — safe for the farmer — but get access to it and avoid the bank. There's billions out there, I mean, Heaven sakes, they invest in credit cards, they invest in all kinds of things.

Access to equity money, cut your cost, and control in the hands of the farmers. You mark my words. You mark my words. It will take place in North America; hopefully it will take place here. But if you can cut the farmers costs and he still has the hammer and the legislature designs the rules, I would think you'll see money going into it, even Saskatchewan money — and there's billions here that can be invested, billions that now goes in the Toronto stock market. You could invest here in Saskatchewan and replace the debt with equity, the pension funds get a return, and the farmer is a lot better off, and as the appreciation occurs over time everybody benefits.

Now if you could just buy the principle of helping farmers, we'll control it; then we can take billions of dollars in debt and replace it with equity and we can both go down in history of making some contribution to agriculture.

Mr. Van Mulligen: — Well, Mr. Premier, my wallet is still in my pocket, and before I take any money out, I wonder if I might ask you a few more questions.

Again, I didn't quite get it clear. What I am trying to find out is: will an equity investment result in a fixed rate of return plus an appreciation of the capital asset, or will it result in a profit sharing plus, of course, the appreciation in the asset? Which of the two will it be?

Hon. Mr. Devine: — Well, Mr. Chairman, I'll give you an illustration of one that I would think that would be very workable, knowing how our farm operates and others do. You start with commodity prices today and you take a basket of commodity prices. And you say, at these prices you're going to be paying something like 5, 6, 7 per cent. That's your payment and you say that's it for this investment.

As the commodity basket of prices improves, that payment could go up, like the FCC does now in its commodity-based financing. It's 6 per cent when the commodity prices are low, and it'll go up over time — that's it. And just link it to a basket of goods, as they go up.

Now the only other benefit you'd get as an investor is that the land values may go up because farmers are making more money. You say, well, that's what I'd like to see, so that index could be there. You and I could work out the index, take a basket of agriculture goods that could be used on that farm, this is the payment. It'll just go as an index, and we can agree on how that will run. And you price the land today on an index that's very low, as you know, and we'll start from there — low payments, low land prices.

As the farmer makes more money, all he does is make those payments. And if he wants to put a bunch of equity in there, he owns more of it. If the land goes up, obviously he's got more value, and you, as an investor, have an appreciation. So you've got your fixed return, or at least minimum return, and it's going up like this if the commodity basket improves, and you've got some appreciation equity.

Vice versa, if the commodity prices go down, payments can go down, and you've got less equity. But you're prepared to do that as you are now, and investors all over the world are when they buy a blue-chip stock. Then, well, it might go down, it might go up, but it's a good stock. At least I'm getting my 6 per cent or my fixed rate.

Mr. Van Mulligen: — So as I understand you then, any return on an annual basis would be based on commodity prices.

It seems to me that one of the other things, that if I was investing in something, I want some sense of what's happening on a particular farm in terms of wanting to protect that investment.

I might, for example, want to see that the cost of the farming operation more or less reflects sound business principles, that the return to those who are the active partners in the enterprise, shall I say, are getting a reasonable return, but not an unreasonable return, which might then tend to reflect on potential profits and on, you know, the appreciation of the asset, and so on.

I'm just wondering: in that context, it seems to me that farmers who participate are going to have to provide annual financial statements. There's going to have to be some general agreement as to what the expenses of a farming operation should be. I'm wondering, just in that context: can you tell me what you have in mind as to an average salary for farmers that might participate in a project such as this?

Hon. Mr. Devine: — Well clearly, Mr. Chairman, this is no salary. This isn't a government operation. This is a farmer who manages his own farm. Nobody tells him a thing about the management of the farm. Under the rules that we would design, or that you and I could or this House could, he controls it. All the man wants to know is he's making his interest rate payments, he's making those payments.

What he does with it, it's up to him. If he wants to take a trip to Florida, that's fine. If he wants to buy more of the land, that's fine. He makes those payments; that's it, like he does now at the bank. The bank loans him money; he makes the bank payments; the bank is happy. It doesn't care what he does with his money. He can buy a new dress for his wife or he can buy a half ton truck. The bank doesn't tell him how to operate. If he doesn't make his payments, then there's obviously some consequences. But the farmer manages the land. All this is is a financing arrangement that allows him to operate, and as he buys more and more equity, he's obviously got more of the farm, as he does now. He doesn't get title to the land till he pays off the whole bank loan. The bank owns the title now, for 20 years - the bank does — which is shareholders all across Canada. So there's a little bit of water in our wine now when you talk about other people owning it. I mean, well, I don't know what per cent of the farm land would be owned by banks, but it's owned by shareholders all across the country because they hold the title. What I'm saying is that you could have that reduced, that expense and that cash flow, and start at a lower base and both parties would be better off.

Now farmer keeps everything except his interest payment. and he know what that is, and he knows the formula by which he has to pay it. And it's not going to be going like this, okay. It can be a long-run thing that flows over time, on average. And if he wants to buy it all next year, he can.

(2045)

So the individual investor is not concerned about the specific farm; it is just that agriculture investment, as you will in any market. I mean, as you will in any particular market. You don't know who is on the other end of it; there's a buyer and there's a seller, and that's the beauty of it. It's the profit system on the farm because he's making it. It's an anonymous, so he's not telling him how to run his farm.

Mr. Van Mulligen: — Let me just take you at your word that you're looking at a fixed rate of return, and that may vary on commodity prices, some basket of commodity prices and the like. What happens in the case of an individual farm operation that cannot meet the rate of return that is determined by whatever formula is in place for the year? What happens to that individual farmer? Does he resort to additional borrowing? Does he resort to additional equity financing? How do you resolve that kind of problem?

Hon. Mr. Devine: **—** Well not unlike that they do it any time now. If they can't make their payments under a particular situation, there is the recourses that you go through, and you go through, whether it's counselling or whether it's government-backed programs that we have because of guarantees, or various other things. Or in some cases, they would say that's it; I mean, I've written it down to half or lower, and I still can't make it at those. I mean, obviously they're in the position where they may forfeit the operation, as they do now in some cases. But they still have access to all the kinds of alternatives that are before the public now.

Mr. Van Mulligen: — Again it seems to me that if I'm investing, taking out an equity position in something and recognize what you say — that I may not be in a position to invest in an individual farm but be done through an equity financing corporation — still it seems to me that that equity financing corporation . . . you know, you'll want to maximize the return.

I'm just wondering how you see a proposal such as this helping out farmers that are basically in a marginal situation. How will this system . . . It seems to me that the orientation would be far more towards helping those farmers that are successful and have shown over a period of time that they can make a good return on their farming operation. How is it going to help someone in a marginal position?

Hon. Mr. Devine: **—** Well, Mr. Chairman, if a farmer is in a very healthy situation, his financial institution isn't about to write him off, clearly, or write it down, you know that. I mean, they're just not going to do that. But if you've got situations where they're both losing, ag credit or Farm Credit or credit unions or banks and the farmer are both going to lose. The farmer is going to lose his land and the credit institution is going to lose a whole bunch of money; that's when they'll get together and they'll try something.

So as the member from Humboldt said: gosh, I borrowed $100,000 a quarter, couldn't make my payments; we're in a difficult situation; maybe we'll cut a deal. Well we'll start at $50,000 a quarter, only you're going to take an equity position in my farm along with me and away we'll go That's a big help to the farmer. And it's some hope for the credit institution because they might get their money back over time — maybe not as much, but it's better than the big loss that they take if they had to just take the hit entirely.

So that's what happens. And they will put their equity in, the farmer puts his equity in, then a partner, and you know, away they go to see if they can make it work. It's a big help to those that have just been dealing in straight interest and can't make the payments, because at 15 per cent you miss a payment or two and you're dead. I mean it; just financially you can't make it.

So it's a very big help to those that are, as you point out, somewhat marginal or up against it or have lost most of their equity. That's precisely what you want for them is, give them a break; start over again; start low and some sort of a formula that they know that they got a fixed payment that they can make if they make some money because prices improve. They can put it against the farm. People that are in the business feel better about it, and obviously the farmer does.

Mr. Van Mulligen: — Have you had any expression of interest from various pools of capital in North America or, for the matter, outside of North America in this equity financing corporation? Can you generally identify what . . . who might be expressing this interest?

Hon. Mr. Devine: **—** Well, some of the research we've done has been with Peat Marwick and Pemberton Houston Willoughby and the financial houses and chartered accountants and others, and they say clearly, if you design this in a fashion that encourages people to invest locally — and a lot of people would like to invest in agriculture if they know: one, they had a fixed return; secondly, that it would be helping local people in agriculture — that it would be an attractive investment.

Now they speak on behalf of financial houses and chartered accountants that do this kind of thing everyday for people. So they've looked at it in terms of the debt structure. They've looked and talked to the credit unions and the banks, FCC and Australians and others, and say, I think you could put a package here together. It would be good for you, say, as an investor, good for me as a farmer. We could both come out of it a lot better off than we're going in, than we're sitting here now with 5 or $6 billion in debt and everybody paying interest and the land values going down. And it's just that, you know, we're both losing. We got cash there — if I could just say it once more — a lot of money, billions of dollars that could be invested to replace the debt and frankly would be good for both parties, farmer and the financial institutions.

Mr. Van Mulligen: **—** You mentioned again tonight as you did at the SARM (Saskatchewan Association of Rural Municipalities) convention that one of the things that you were looking at was potentially investing some of the pension funds which the government now controls — investing some of those pension funds in this farm equity financing corporation.

You've talked consistently tonight about a 6 to 7 per cent rate of return on investment, plus, of course, an appreciation in the capital assets or in the assets. I'm just wondering what you know about the pension funds, and what kind of rate of return that they're trying to achieve that makes you think that the pension funds, that it would be in their interests, and that is to say in the interests of the thousands of men and women who have funds committed to those funds, what makes you think that that would be a good investment for those pension funds given a 6 or 7 per cent rate of return, as you've talked about through an equity financing corporation such as this, and the rate of return that pension funds generally are trying to achieve?

Hon. Mr. Devine: — Well, Mr. Chairman, when a pension fund manager invests for you, as a pension person, whether you're in the teachers' pension or others, they look at the guaranteed rate of return and they look at any market appreciation of their investment. Sometimes with mutual funds they will do better than others because they'll have a fixed rate of return that they can count on, and the portfolio increases in value. This would have to compete with that for the pension fund managers, and they would look at it.

But what they're telling us today, you could design it so it could compete very well. So you'd have a fixed rate like a blue-chip stock — here's the dividend, and over time that may appreciate in value and does a lot better than 6 per cent.

What if it made another move with respect to the value of that portfolio? I mean, just look at a power bond invested at eight and a half per cent, guaranteed, that could be convertible to a Saskoil share that went from say $9 to $12; obviously they've picked up in the neighbourhood of a 25 per cent improvement in the value of the share, plus an eight and half per cent on their guaranteed return. Now that's what pension managers look towards.

Pension managers may buy and invest in power bonds or things like that, that have the conversion possibility and the equity in it. So don't deny. There's two parts to this — two parts — one, the guaranteed return, plus the portfolio itself may improve as a result of improvement in the equity. That's what they look at every day. So it would have to compete.

You ask me, would it have to be competitive? Yes, it would have to be competitive.

Mr. Van Mulligen: — Then the question is: you've talked 6 to 7 per cent and you've thrown that out with a fair amount of regularity tonight. At the same time you point to SaskPower bonds which bring a return of 8 to eight and one-half per cent — and I'll use your figure on that. Tell me where the incentive is as a pension fund investment manager — and I've sat on a pension fund for some years — tell me where the incentive is to invest in something that will bring you a 6 to 7 per cent rate of return.

Hon. Mr. Devine: — If you invested in a Power bond at 7 per cent, and you could convert it to a Saskoil share that went from $9 to $12, you'd make 25 per cent on the share and 7 per cent on the bond. Now that's a lot of money. And you would be a very, very popular individual as a pension fund manager because your portfolio improved by 25 per cent on the value of the shares. And $3 on 9 would be 33 per cent. Do you understand? The portfolio values increased because the value of that stock increased. As well, you're guaranteed a return.

So pick a number. Let's just take 8 across the board. Would you invest in, say, a 10 per cent mutual fund and that's it, or would you go 8 per cent guaranteed return plus the chance that the portfolio may increase? Now that's up to you. Some people say, I'll only take the 10 per cent; it's locked in; I like that; put it in the bank. Others will say, no, I think at these prices — at these agricultural prices — there is tremendous potential on the up side, and I'll take a lower return because I believe over the next 15 or 20 years there will be appreciation, and that will attract people as they do any other market. So what's the value? You can design that so that in fact you can help the farmer and help you as a pension fund manager, and you're both better off.

Mr. Van Mulligen: — A couple of more questions, Mr. Premier. Do you see any limit on the equity participation that there might be on an individual farm unit? Do you see any limits on that?

Hon. Mr. Devine: — Well, if we could get the principle accepted in this legislature that we could try it, we could talk about the limits. I mean, perhaps you could have a limit. We have limits on loans, we could have limit that you could participate. That's certainly up for good discussion if you'd want a limit. Maybe you could say that you can put in half the farm, or so many quarters, or whatever you might suggest. That's a detail that I really haven't given any thought or much attention to, but it's not one that you couldn't set out any way you wanted in legislation that allowed people to do this.

Mr. Van Mulligen: — Well how do you see it? Do you see an equity financing corporation taking out 50 per cent, 60 per cent equity position in a farming operation?

Hon. Mr. Devine: — Well clearly, if you've got farmers in trouble — and this is what it's designed for, particularly young farmers. You might look at a situation where the, say, the local credit union has made the loan and the young fellow has put in — he's got ten per cent equity and the credit union has got 90 per cent, and they both throw it in there together. That's where they start. They just throw the whole farm in and away they go. And it's based at whatever the interest rate is at this commodity prices, and he makes his payments and on he goes. They both put it in, say we're in the game together but it's at half the cost, because we're both going to lose.

Now some it might be half the farm, some it might be two-thirds of it, I don't know — whatever would be benefit to both of them. I wouldn't confine it to anything that you and I might dream up, but let them decide and work their way out of the situation that they're in because right now it's all debt. And they're losing and the farmer is losing and it compounds. That's why the land values have tumbled so far. So if you could cut her and get on with a new situation, I wouldn't confine it — at least not in theory.

In that situation with the young fellow that couldn't . . . he made two or three payments, now he can't make any more. He's got 10 per cent, credit union has got 90 per cent, they both throw that in and they go from there. As he makes money he buys more equity and they feel better — probably would rise over time if commodity prices went up. They make a little money; he's obviously got tremendous cash flow benefit.

Mr. Van Mulligen: — As he makes more money, the value of the operation goes up and t becomes that much harder to buy equity. But let me just ask you on this pilot project that was announced: who, at this point, in terms of financial institutions, will be participating?

Hon. Mr. Devine: **—** Well we don't have any projects yet, and what I would appreciate is some support from the members of this House to initiate some pilot projects that would involve, say, the credit unions or Farm Credit or financial institutions and allow farmers to take a crack at it and to see if we can design a mechanism where they can get access to equity money and cut their payments, and try it on a pilot basis in four or five different communities, or four or five regions, or four or five areas where we have ranchers and farmers that are looking for a break. And that's what I have in mind.

And people are asking me and they're phoning me and they say, I'm tired of paying the interest rates and the bank's going to have it all; can't you do something else? Of course we would like to have the co-operation of this House to try it.

Mr. Van Mulligen: — Just to get back to one thing again, in terms of a fixed rate of return. Do you see it them as the equity financing corporation guaranteeing a certain rate of return to those who are investing in the equity financing corporation? And can you tell me if there is to be a fixed rate of return? And given the volatility of the agricultural sector, I think, as someone who might be wanting to invest, I would, you know, have some caution about doing that unless there were some guaranteed or fixed rate of return. Who would guarantee that rate of return.

(2100)

Hon. Mr. Devine: **—** You just put together a formula mechanism that says if these prices, which are low today, we'll design a repayment schedule of interest that you're going to pay to the financial institution, or whoever is holding this equity, and today starts at a rate and you pick a rate, and then it's just based on the formula of the commodity prices that you can produce in that farm. And you could design it pretty straightforward, pretty simply, and it's just based . . . We do it in supply management; we do it in marketing legislation; we do it all the time. And you have formulas that work through even on the cost of land and the rent that you pay. It's based on a formula and the cost of production, or whatever else you might want to have in your basket.

But if we took a basket of commodity prices at today's value, land values, and you start from there and you just work through a formula and say your payments will be based on this relationship. Payment is low now because the basket is low. As the basket goes up, the payment goes up. As the basket goes down, the payment goes down.

Now that's on the interest you are going to receive as an investor, but don't forget at these land values the probability of them going down much more is a lot lower than the probability of them improving over time. And that's what investors look at, clearly they do. And like any other stock, I mean, it's a better buy now than it was on October 19, 1987, on the stock market. You watch it, because the probability of it going much lower is certainly better than it would be — than it was then.

Mr. Van Mulligen: — It's always a question for an investor; it can't get any worse, but who know, Mr. Premier.

I sense from my discussions, and it's been limited with farmers, a great deal of resistance to the ideas that you're putting forward. I'm not sure what accounts for that, whether it's because you have been unable to explain the proposal clearly and adequately to the farmers of Saskatchewan, or whether there is some other reason for that. I just wonder, how you propose to overcome this resistance? Do you plan to use the leverage that you have, whether it's in terms of, you know, money that you now have out there in the farming community; do you plan to use that as a leverage to encourage participation or interest in equity financing corporation?

Hon. Mr. Devine: **—** Well there is only two ways that you could facilitate it: one is to get the co-operation of the members opposite here and say, let's go, let's go try it; and the second thing would be to just go try some experiments anyway. And even if you don't agree, that we would start a couple of them on a pilot project basis with farmers that would like to do it, and some financial institutions that would be prepared to try it; let them at least have the chance to try.

And I would prefer the former, where we could all agree that here is a framework to allow people to do this and allow, at a minimum, local investors, even people in the community, our local pension funds, our local whoever that might want to, or local financial houses at least have a look at it when they're allocating their pension money and their investors' money, as they do now with Power bonds and other — we could call it an Agribond, or you could call it whatever you like, but that . . . Either we do it here with some sort of co-operation, or else we might just say, well, I think it's worth pursuing with local people just so that we can have a crack at it, and see if we can help some farmers that are in that situation.

Particularly, and I think you would find, for the young farmer who got caught — good, young, and maybe graduated from university or very good education — got caught paying 100,000 a quarter, got caught in the high interest rates, and the kind of young person you'd like to have on the land, can't make the payments. And you got to start over again at a different level.

And everybody knows those are the kind of people you want on the land. That's where you need some help for them and you'd like to be able to do that. And it's more than just the government giving them low interest because at hose $100,000 a quarter, most places, like in Humboldt or other, you can't make it on $2 wheat. You just can't make it. So regardless of the interest rate we could give them, it's just extremely difficult.

When we give them money — to give you another example — give it to them in terms of deficiency payments, they tell us they can't make it either. So it's going to take some imagination to get access to those equity markets and all that liquid cash to replace much of that debt and get it out there; start again at some lower level and we'll both ride it together — the financial institution and the farmer and the investor, I'm sure. And this would have to compete, but the financial houses tell me that you can design it so that it would be very competitive, given the nature of how things go in agriculture, and clearly they are cyclical.

Mr. Van Mulligen: — Mr. Premier, one of the concerns that I have is that you've talked more and more in recent months about the possible participation of Saskatchewan pension funds in this equity financing proposal. If the equity financing proposal and the equity financing corporation is such a good deal for someone who has money to invest, why haven't the other financial institutions in North America — those that have the pools of capital, whether it's the insurance companies or trust companies and the like, and the banks — why haven't they rushed in here to show support for your idea, and why are you now talking about, well this may be a good investment for Saskatchewan pension funds?

As I look at the announcements and your statements and the very real lack of any interest by the trust companies and the insurance companies and those that have access to capital; when I see that lack of interest and I see you starting to talk about pension funds, I have a sense here that it's perhaps not such a good deal and that you're not managing to convince those pools of capital — whether it's the trust companies or the finance companies or what have you — to come in here. In order for you to make it go, you're having to go to the pension funds, the funds of the many thousands of people in this province who've contributed to them as a source of capital for this And I would just tell you at this point that I have that great concern, and that for you to ameliorate those concerns that are out there in the part of workers in this province, you're going to have to do a lot more explaining about your equity financing proposal — not only why it makes sense to farmers who seem to by very sceptical about the idea, but also to the very many thousands of men and women who had their pension funds invested in pension funds that you now control.

Hon. Mr. Devine: — Mr. Chairman, the law prevents financial institutions from taking an equity position. The Bank Act does not allow the bank to own farm land. Now of course they can't invest in farm land if it's illegal; you can't do it. Where you have converted the debt to equity is where they have changed the rules as they did in Australia, and they were talking about examples here — where if we facilitate it as an investment instrument, then you would see the money flow into it, and it has to be a competitive investment.

And I'm not talking about pensions. And if you're worried that we're going to take your pension and put it in something that is very risky, don't. Don't even . . . don't pretend that's the case — it's not. You design an instrument that has to compete on the market. And investors, those that are managers, will decide whether they will put money in it or not.

The professionals tell me, if you design a new instrument that allows people to have an equity position in it, it will be of interest to investors. So right now you can't do it by law; it's illegal.

Now secondly, I point out, if I changed or proposed to change the laws of the bank that owned farm land, you'd be probably the first among many to stand up and say, I don't want you to do that. I don't want you to do that. You don't want the banks to own the farm land. Right? so you know what I'm saying. If you're going to stand up and say that . . . All I'm saying is that the law prevents it now. That's why you don't see them rushing in to do it; you can't do it.

If you changed it and set up new rules to allow people to do it, then that's a possibility. I mean, that's what we're talking about.

Mr. Shillington: — Thank you very much. Mr. Premier, you said that you would hope that such a proposal would go forward with the blessing of the entire Assembly. I can tell you that unless you are withholding something from us, there's scant chance that this proposal will ever go forward with the consent and blessing of this side of the Assembly.

Mr. Premier, the manner in which you describe this really befits a snake oil salesman. I say that, not because of your wild gesticulation; I say that, though, because your claims are grossly exaggerated — grossly exaggerated, Mr. Premier.

Mr. Premier, you have . . . I'm not sure quite where to begin, but let me begin perhaps with the notion of a blue-chip preferred stock. I would be hard put to think of a comparison which is less apt than that one. And for your benefit, since you seem to have no idea what it is, let me try and describe what a blue-chip preferred stock is — it's a stock in a company which has stability of earnings, a strong balance sheet, has not had to skip dividends over a lengthy period of time. That scarcely, scarcely describes the farming industry. The farming industry is exactly the opposite — wildly cyclical. At the moment the balance sheet of the industry is atrocious; that underlies the whole problem. As for skipping dividends, this industry hasn't made money in some time.

So, Mr. Minister, to compare this proposal of yours with a preferred stock, which is a conservative investment in a blue-chip security, is a comparison that could scarcely be less apt.

Mr. Minister, I have . . . You know, you say that the problem is that the banks now own the land and we should do something about that. That's the one and only accurate statement you made, because the problem with the banks owning the land is that the individuals don't. And that's also a problem with your scheme, is that they don't. They then have a contractual relationship, I guess, with this equity financing corporation.

Mr. Minister, I want to say as well — I ask your officials or you to do a simple bit of arithmetic; it's easy to do. Assume a value of $400 an acre for the land, and 8 per cent return. What's the rent have to be per acre to achieve an 8 per cent of return on land at $400 an acre? Take an average value, perhaps in southern Saskatchewan. I'll tell you what it's got to be; it's got to be $32 an acre. Land never rented for that. In the heydays it did, it got that high, but you certainly wouldn't get that now.

So if you're going to give them an 8 per cent return — and I don't think this investment will be attractive at very much less than that — then there's going to have to be built into it a very healthy subsidy by the taxpayer. And I smell another rip-off of the taxpayer here. The only way you're going to get investors to invest in this thing at the moment is to give them lucrative tax deductions.

One farmer described it to me as a process by where the farmers get to pull all the weeds and the speculators get to make whatever money there is — and I think that's probably not an inaccurate description of this system.

Mr. Minister, I took the time to go through the Price Waterhouse study, and I think I have a rough understanding of how it works. The land is transferred, for whatever it's value is, to the equity corporation; the bank get their cuts; and if there's any equity left over above and beyond that, the farmer gets that back.

Then it's the next step that you seem to misunderstand. The Assembly is not going to fix in stone, from here on, what the relationship between the . . . (inaudible interjection) . . . Well I'm going to. if the member from Weyburn will be patient, all will be clear. I know he's been suffering from a lot of confusion, but I'm about to make it all clear.

It's the next step, Mr. Premier, that you seem to confuse. Ultimately, over anything but the extreme short run, what the farmer pays to lease back the land is going to be a matter of negotiation between him and the corporation. Ultimately, in anything but the very short run, that's going to be the case. It is going to be a matter for negotiation between the farmer and the equity corporation as to what he pays for that land.

I want to point out the obvious in the beginning, and that is that the farmer is going to have very little negotiating power. There will be a great many of them and a very few people setting the rates, and ultimately those rates will be set, There may, on occasion, be protests, but ultimately the farmer will pay what is asked of him.

Mr. Minister, I don't . . . Mr. Premier, I can't for the life of me see the difference between a farmer in such a situation and a share-cropper in the southern U.S. I cannot see the difference. Someone else owns the land, he leases it back, and he pays an economic value for the right of leasing the land back. There are some obvious differences in the structure of the industry — units which are too small, in dryland farming, are simply not workable. (2115)

So you're not going to have people tilling 100 acres. But ultimately the relationship is the same. I don't see any difference between the share-cropper and the tenant in this situation. Mr. Premier, I say to you that your proposal is a proposal that is going to turn landowners into tenants.

I understand, Mr. Premier, that the credit union took this proposal. It has some obvious attractions for the financial institutions because they can get the money out of the land and they can't right now; there simply is no sale for much of the land they have. So you can see why it's attractive to them. They took it. I understand that they set up a series of promotions and meetings, as they would call them, and abandoned them half-way through; it was just too unpopular. Mr. Premier, it just seems to me that the credit union system is a bit more sensitive than you are.

There will be, Mr. Premier, no guarantee that anyone is going to get 8 per cent out of this. That's an extremely high rate of return from farm land. If the member from Morse, who I think has been a farmer for some time, had achieved 8 per cent on the value of his farm land, he would have done very nicely over the period of time he's farmed. He hasn't, of course, he's got a fraction of that.

Mr. Premier, you are either . . . I say that it is a minor criticism that this is going to have to be subsidized by the taxpayer, because in the current conditions it's never going to be attractive. It's a minor criticism that it's going change the social structure by turning landowners into tenants. But it's a major criticism that you are going to take people who are now independent landowners, farmers, and you're going to turn them into tenants. And that's the effect of your proposal, and that's why they aren't buying it.

I will grant you, Mr. Minister, you're going to get some people who are going to try and take advantage of the situation now because there's some desperate people, but I'll tell you, you are never going to sell in this province the notion of turning independent landowners into tenants, and that's the basis of your proposal.

Some Hon. Members: — Hear, hear!

Hon. Mr. Devine: **—** Well I would think, with the time that your family has spent in agriculture, you wouldn't deny farm people a new opportunity that is extremely fair.

Let me just use your illustration. You said $400 an acre, and you charged 8 per cent, and you said it's $32 an acre. Let's assume that's what a young guy got into. He borrowed money from the bank for $400 an acre, and he was paying 8 per cent, let's say he was. But you know what happened. The interest rate went to 16 per cent — it doubled — he has to pay on $400 an acre, $64 an acre, and he can't make the payments. He's in trouble.

What I am suggesting to you, and that Price Waterhouse and others have mentioned, the bank is going to lose the money because it isn't worth that any more; it's dropped way down in value. The farmer is going to lose it, so they say, all right, let's cut a deal: at $200 an acre, 200 bucks an acre, we'll charge you 8 per cent. What's his payments? Sixteen dollars an acre. He has saved himself $48 an acre in cash flow. Now they both start there. The farmer has a little bit of equity, the bank has a little bit of equity, and they start, and their cash flow is tremendously improved.

Now he is going to own it, and if you and I want to, I mean if you're really serious about this, let's say the farmer is the only person that could own the land. If you're worried about financial institutions owning it or others, just put it in law. If you're going to try equity financing in this province, only the farmer can own the land. The guy that is on it is the only guy that can have the opportunity to buy it, and that land goes to him if he's interested, or the next farmer that is coming on, and it's not going to be owned by some dude some place else. You can make that law.

But look at the difference. You've cut his costs. You see, you've written it down $200 an acre, and you've saved him $48 an acre in cash flow. Now that's operating. Now he can take . . . let's say he didn't even make that difference — say 30 bucks an acre that he saved; he can turn around and buy the land at $200 an acre, or as much as he likes, or 205 or 210 and up it goes, and as he makes money, he'll own the farm. Don't deny him that crack at it. I mean, people are doing it every day on the informal market out there, and you know that. They're cutting deals.

We could facilitate this to a very large extent. And the investor says at 200 bucks an acre I'm investing because I think over time it's going to improve, and I'll guarantee it 8 per cent or 6 per cent, or you pick a number, on the commodity basket. As the basket goes up, he can increase it or decrease it. Or if you want, we can pick a number. I mean, if you're worried about it as an investor, say, all right, I have to have 5 per cent on my money at any kind of a basket . . . (inaudible) . . . an index there. We can design it. You know what I'm saying. We can design it as you and I see fit — the farmer always having a chance to own it, facilitate cash coming in, encourage people to cut a deal, write down the expense and start over.

Now I don't know why you would deny your brother that, or mine, or somebody else the chance to start at a lower cost. And you write the law with me, okay, so that the farmer owns the land. Nobody else can take it away. We know the land is going to move, right? I mean, it's there. You know what I'm saying? Give them a chance to have access to this equity market that is out there under our rules. You and I will design the rules, give him a chance.

You see, with your own numbers, if you write it down to 200 bucks an acre 8 per cent he is saving himself 48 bucks an acre in operating costs, and that's just what he wants to hear. So . . .(inaudible interjection) . . . Well, cut it whatever. You can drop it $100 an acre or whatever it is dropped. But you have got to admit that if you bought land in 1981-82 and today it's about half price — that's about where it is. You value it at half price — that's about where it is. You value it at half price and say, let's start today, and the guys say, I'll go for that.

But the alternative is, we just lend him money at the full value 1982, these young people aren't going to make it. You know that, I mean, even at 2 per cent interest rates they can't make it on $800-an-acre land. It's just not going to be there, and that's the problem.

We can even give them deficiency payments that you could call it, that is interest write-off, and they can't make it. I mean just take the billion a year that's out and say, that wasn't cash, that was just interest write-down. For heaven's sakes we've written it down to zero.

You know, I mean, you can apply that to money any way you want. They can do what they want with the money. It would be zero rate interest and they're still saying, no, can't make it. What you need to do is cut that overall mortgage and facilitate that.

So would you entertain the possibility if we design legislation that said only the farmer could own the land in the final analysis? He has the hammer, he gets to buy it, or somebody does in the community. You have to be a bona fide farmer, a Saskatchewan resident, or whatever the rules you like. Why don't we do that? Then there's no down side, right? Nobody else can own it, but the cash is in there and you cut a deal and obviously you're going to help an awful lot of farmers. I mean, let's try that. You know what I'm saying. The farmer gets to own it; you and I will design how it operates; we bring in billions of dollars; we put it to work. Now why would you . . . Even philosophically you couldn't be against it.

Mr. Shillington: — Well, it isn't that I need this $5 calculator which I've been fiddling with as you've been talking, Mr. Minister. Your economics is just voodoo economics, what you're suggesting. I agree with Price Waterhouse that this can be made attractive for investors. They never said in the report that it can be made attractive for farmers. Wise people they were.

An Hon. Member: — Let's make it attractive for farmers.

Mr. Shillington: — But you can't do both. You cannot. The Premier sits there insisting he's going to turn water into wine. It cannot be done. It may have been done once, but I don't grant you that sort of a power.

Mr. Premier, when the farmer who spoke to me said to me that the farmer are going to get to pull the weeds and the speculators are going to get to make whatever money there is, what he was saying in his own inimitable fashion was that after providing a minimum acceptable return to investors, there isn't going to be any profit left in farming. And that's right. That is absolutely accurate.

I picked $400 an acre because that's what land out where you and I grew up happens to be selling for at the moment — this month, handling a sale, comes to $400 an acre. So I just happened to pick that value. That's the value of the land. I assume that that's . . .

An Hon. Member: — Is that a foreclosure sale?

Mr. Shillington: — No. It's an arm's-length sale. I assume that that is why — and I assume that's what the equity corporation's going to have to pay for the land, is the market value. surely they're not going to get it at less than the market value.

If you want to somehow or other shovel this land into the equity corporation at less than the market value, you can find a ton of speculators or investors who'll want to get in on that. I assume they're going to have to pay the market value. If they pay the market value, then I think my figures are accurate. The rent would have to be $32 an acre, and that's absurd. You'll never get it; nobody could pay it.

If the . . . I say again that if the member from Morse had achieved 8 per cent on the value of his farm land over the time he's farmed it, he would have done very, very nicely; if he had achieved 5 per cent on the value of his farm land over the years he's farmed it, he would have done very,

very nicely. There is no question that you could make more off Canada Savings Bonds than you can off farm land. The rate of return is very low. There is simply not an adequate . . . there is simply not a minimum acceptable rate of return for investors and a fair living for the farmers.

An Hon. Member: — Why did he buy it at 12?

Mr. Shillington: — Why did he buy it at 12? He's asking himself exactly that question now. That's exactly what he's asking himself now: what in heaven's name was I thinking of when I bought it at 12?

An Hon. Member: — That's right.

Mr. Shillington: — The member from Morse acknowledges that I'm right.

There is your proposal, and the reason why you can't sell is because those farmers can add and subtract, and you people haven't done your sums. Your system won't work without . . . you will not be able to attract investors without a very healthy subsidy from the treasury. There has got to be a tax subsidy here before you'll attract them. Over any lengthy period of time, if they're going to get a fair rate of return on their money, then there isn't going to be any profit left for the farmer. And I think they got that all figured out, and I think that's why the credit union can't sell it, and that's why I understand you people didn't have a whole lot more success in selling it.

An Hon. Member: — I got it figured out.

Mr. Shillington: — This terrifies me — the Premier's got some more figures — this absolutely terrifies me. I know that we'll have more blue chip stocks from Bell Canada giving us 8 per cent and you comparing that to farm land. I know what you're going to be doing.

I say to you, Mr. Premier, that this proposal just simply won't work as you described it. The law of gravity applies to you as well as it applies to me. The numbers just simply won't work out. And if you . . . I know the Premier's going to come up and give me a barrel of figures which will make no sense at all, no more so than your earlier figures do.

I assume, Mr. Premier, that you're going to . . . As I say, I assume the following, and if I'm wrong, then I want to hear it. I assume that the equity corporation is going to get the land at fair market value. They don't, then your going to have any number of investors, and that a great deal. I assume that somewhere between 5 and 8 per cent is the minimum the investors are going to ask for. Anything less than that, they just won't buy it. Right? At that rate of going, there is nothing left for the farmer who leases the land back.

Hon. Mr. Devine: — I just figured out an example that would be just . . . if you take where your family farms, let me describe to you the situation that we face. What happened is, young people in your family or in mine or other that were farming that kind of land, which is pretty fair farm land, they paid $800 an acre.

An Hon. Member: — A thousand dollars an acre.

Hon. Mr. Devine: — Or a $1,000, but let's just take $800 an acre, for an example, and they were borrowing money at 8 per cent. That mean they had to make payments of $64 an acre. Now what happened? Interest rates went to 16 per cent. At 16 per cent on $800 an acre, they had to pay $128 an acre. They couldn't make the payments. Now what's happened to the value of land? It's gone all the way down to $400 an acre because you just cut a deal or, you know, you just did a thing at 400. At $400 an acre, if you could re-evaluate at that at 8 per cent, it's $32 an acre. They're saving themselves $96 an acre in cash flow.

An Hon. Member: — That's voodoo economics.

Hon. Mr. Devine: — No, no. You just told me that they bought even as high as $1,000 an acre. Right?

An Hon. Member: — They paid more than that for it.

Hon. Mr. Devine: — Well sometimes even more than that, but it's only worth four now.

An Hon. Member: — That land that they were selling at . . .

Hon. Mr. Devine: — Yes well, you've just made my point, Mr. Chairman. Please. They paid $1,000 or 1,200 an acre . . .

An Hon. Member: — I'd just like to know what it takes to get a degree in economics from Ohio state.

Mr. Chairman: — Order, order. Order. Order. I'd ask the members to make their comments from their feet. It's very difficult for *Hansard* to record the comments back and forth across the floor and the question. If the members ask the questions from their feet and answer them from their feet, it can be recorded.

(2130)

Hon. Mr. Devine: — Thank you, Mr. Chairman. I know the hon. member is interested in finding a way to help farmers, or at least I'll assume that. His family has been involved in it.

Now I'll just say to the hon. member, he says today that land in his area north of Moose Jaw is selling for $400 an acre. Well I just make the point to the hon. member, that land — and he agrees — sold for at least $800 an acre, and in some cases probably as high as $1,200 an acre.

If we assume a young person got into that situation, at 8 per cent money — let's just say at $800 an acre at 8 per cent money they were paying $64 an acre in interest. That was it. and they said, I can handle that because we got prices of $7 wheat and some other things. But what happened? Interest rates went to 16 per cent and more, therefore his payments on $800 an acre land go up to $128 an acre. The bank realizes, and the farmer realizes, it's not in the cards, I can't make it, so they start to foreclose on them and they got problems.

What I'm saying to you is if it's worth $400 today on the market and they can both cut a deal, he can bring his payments down from $128 an acre down to $32 an acre at 400, save himself $96 an acre, and both of them have an equity position in it.

Now why would you deny us the chance to go help a young person? If you agree and I agree you have to throw it in at today's market value, that's it. And you've got to have a minimum return, something that's reasonable, and then you base his payments on some sort of market basket that's in there. So he's down to paying $32 an acre as opposed to 128, which is tremendous saving for him, and he can buy it. And if he makes . . . say he made 50 bucks an acre as a profit, he can put that back into equity at $400, not at $800. He can buy back much of the land. And if that land improves over time, obviously the person that has an equity position in it improves their position as well.

Now I ask the hon. member, if that scenario is possible, that we could get these kinds of write downs, the farmers controlling it — nobody can own the land but farmer, bona fide Saskatchewan farmers, nobody else. But the people can appreciate the value of it or receive the value as it moves, as well as a return on their investment that is minimum, why would he not allow us to proceed? It would help so many young farmers. I mean, so many would like to have another crack to see the interest rate go from 16 down to 8; those land values go from $800 down to 4.

I mean, just taking his numbers in his community, he knows the numbers are accurate. Why wouldn't you want them to be able to do that because financial institutions will buy it. And they've told me. Our research says that investors would invest in it. Even if you didn't have investors, just let them do it. Let them cut a deal like that and share in the equity and have local associations set them up. It would be an opportunity for something that is desperately needed.

Let me put it another way. If your only solution is that the government has to go in there and provide low interest loans, at $800 an acre land in that country, or 900 or 1,000 or 1,200 that they paid for it, they'll never make it. And you know that. It's got to be written down and you've got to start over, and you know that as well as I do, because if you say you can't make it at $32, what do you say to the guy that's trying to make payments on 120 acres? And that's what they're doing, because it's 16 per cent interest rates on $800 land or more. What do you say to him? You've got to give him an alternative.

It isn't just the government. I mean, what are we going to do? If we give him low interest loan, he still can't make it. You've got to replace the debt with equity. And you can do it fairly, and you and I can design the laws to say only bona fide farmers will ever own that land, but give investors a chance to help him out. All you want then is a return; they don't need to own the dirt, they just want a return.

Well, Mr. Chairman, I sincerely asked the hon. member not to rule this out if it would be a possibility to have young farmers get out from under that debt load.

Mr. Hagel: — Thank you, Mr. Chairman. A simple question to the minister. Mr. Premier, can you tell me which government department it is that is responsible for the policies and regulations related to aerial applications of farm chemicals?

Hon. Mr. Devine: **—** The licensing of chemicals is done federally by the Departments of Health and Agriculture, and they are reviewing them now. In the case that's near Moose Jaw with respect to Reglone, I believe, and Tuxford and what not, the latest information I have is that they are, I would say — I'm not quite sure what the right words would be — but close to licensing something like that for field peas and lentils and other commodities.

Mr. Hagel: — Well I understand that, Mr. Minister, but my question was not what agency or department of the provincial government deals with policies having to do with the approval, but what I'm asking specifically is: which government department deals with policies and regulations regarding the application, the aerial application, of farm chemicals?

Hon. Mr. Devine: **—** The Department of Agriculture licenses aerial applicators, so they apply to us for their licence.

Mr. Hagel: — And are you saying then, Mr. Minister, that it is the Department of Agriculture that provides regulations and policies for the applications, for the aerial application of the chemicals?

The reason I ask the question is because it seems difficult to determine what the regulations and policies are regarding application of these chemicals. And as I've searched, I've not been able to determine which department is responsible for this.

Are you saying, then, that there are policies and regulations regarding the application of chemicals and that those are the responsibility of your department?

Hon. Mr. Devine: **—** Well there's a combination of things. Individuals apply to us for their licence, and then once they've received their licence, they're allowed to spray chemicals.

When they spray chemicals, they must follow the regulations on the directions of that particular chemical and are obliged to do that. If they don't follow those, then we can yank their licence and pull it, because when we license the chemical, or the feds do, they say this is what you have to do.

So there's two points, I guess. One, we license the individuals, and then there's specific laws with respect to the chemicals. They have to work in tandem. If they don't follow them, then we can obviously pull their licence.

Mr. Hagel: — Then if I'm understanding, again this correctly, Mr. Minister, other than the description for application that's on the chemicals themselves, the province has no regulations that are required to be followed by aerial applicators. I just wanted to clarify that point because I think that's what you just said.

Hon. Mr. Devine: **—** Mr. Chairman, we have . . .

evidently we have a training course, or program where applicators or potential people who would have licences can take the training thing, and they're taught how to spray; they're taught how to avoid particular circumstances, obviously where there's population densities, and how to deal with various kinds of weather circumstances that would come up when they're spraying — a series of things. We don't have the training manual here, but if the hon. member would like more detail, I'm sure we could dig up what they learn at the general course.

Mr. Hagel: — Well, I would appreciate that, Mr. Minister, if you wouldn't mind sending that across. I guess I come back to the original point here though, and if I'm understanding what you're saying correctly, then there are no regulations as such, other than that aerial applicators are supposed to take a course —although it appears, from what you're saying, they don't have to take the course — and they're supposed to make the aerial applications of the chemicals according to the directions on the chemicals. And if they don't do that, then the only consequence is that you may — it would be the Department of Agriculture — may withdraw their licence.

If I'm understanding what you're saying correctly, in terms of protection then for communities in rural Saskatchewan, or homesteads for that matter around the area that's being sprayed, is virtually negligible, and the only risk that any incorrect application holds for the applicator is the withdrawal of the licence.

Is it, as a matter of fact, the practice of your department, Mr. Minister? Has anyone ever had their applicator's licence withdrawn or rejected for improper application of aerial spray?

Hon. Mr. Devine: **—** Yes, they have.

Mr. Hagel: — And is it correct, then, as well, Mr. Minister, that there is no other mechanism for regulating the application of these sprays and no mechanism for appeal by either homesteads or communities that may be affected by misapplication of the chemicals?

Hon. Mr. Devine: **—** Mr. Chairman, there are the normal legal remedies that are available to the general public, and if somebody has, for example, suffered some tree damage or something else, then I am sure that they could see the normal legal recourse, and many do.

If there is a problem with particular people who are not following rules and regulations, we have pulled licences. So that there is a combination of things, legal recourse, and we watch it, and have pulled licences in the past, and will probably in the future.

Mr. Hagel: — Mr. Minister, is it your view that in the interest of safety for rural communities and inhabitants of farmsteads that, as a matter of fact, it would be wise to consider the introduction of some regulations? Or is it your view that the safety concerns are really quite okay as they are now?

I guess basically I'm asking if your department is planning to look at this policy area, to formulate some regulations, because I've heard you say — when you've referred to regulations — only the directions on the can, that's as far as the regulations go. Is it your view that this is an area that requires some further attention in policy and regulation development, or are you basically satisfied with it as it exists today?

Hon. Mr. Devine: **—** Well, Mr. Chairman, we are constantly examining them, and obviously compare them to other jurisdictions across the country. People from time to time come up with better ideas and new solutions and new safety measures, so I would think that it is something that is an ongoing process. You have new chemicals that are licensed, you have new kinds of equipment, new kinds of airplanes, I can say, and new kinds of applicators. There are various kinds of things that are under review all the time. The restrictions on the applicators are much higher than they are in many other industries. And I would think, and we could confirm it, that ours are as tough or as tight as any across the country because of the vast agricultural area that we have here, and obviously we have to deal with hundreds, if not thousands.

So yes, it's monitored. Chemicals come in, the new technology comes in. As they change, we're obviously looking at it and examining it and would receive suggestions that you or others might have with respect to how it might be modified in the future.

Mr. Hagel: — I would be happy to do that, Mr. Minister.

One final question. In a letter dated September 18 of last year, the Minister of the Environment, in response to a concern that I raised directly related to the Tuxford scenario last summer, said to me that:

> Saskatchewan Agriculture is contemplating approaching the Saskatchewan aerial applicators association to organize training seminars on Reglone application for aerial applicators to be held this coming winter.

And I gather that's the program you referred to about 10 minutes ago, Mr. Minister. could you please advise me as to where and when those training seminars were held?

(2145)

Hon. Mr. Devine: **—** I was just given this note that our department has introduced mandatory training and licensing programs for all commercial pesticide applicators. Provincial pesticide regulations are being amended so that all applicators must take a refresher course every three years to address the Reglone drift problem. The manufacturer of Reglone — Chipman — is sponsoring a seminar, and did on March 22, 1988, for all prairie aerial applicators. Farmers are advised that applicators who have attended this course will have a stronger knowledge of the application procedure.

I suppose if there have been other training places, and I'm not sure where this one was — it might have been Moose Jaw — we can provide that to the hon. member.

Mr. Trew: **—** Thank you, Mr. Chairman. Mr. Minister, we've been talking about the problems of family farms and about the real problems they're having dealing with their bank debt, with the exception of the last few minutes when the member for Moose Jaw North was talking about pesticides. But other than that today has been discussing the real financial matters of the family farm, primarily talking about land costs.

But I want to switch for a little while to machinery and labour costs, because I think it's a fairly significant component of the family farm debt problem. And I'm wondering if you are interested in a plan that can save the average Saskatchewan farmer about $18,000 a year in interest payments alone, and if you are, then I'm more than happy to pursue and put forward this idea.

What I'm going to be talking about is machinery co-ops, and I guess before I get into the machinery and the labour and the livestock facilities and livestock labour co-operatives, I want to simply ask: do you agree? Do you think that co-operatives offer some solution, Mr. Premier? Do you see them offering some hope at reducing costs for farmers?

Hon. Mr. Devine: **—** Mr. Chairman, in some cases the co-operatives have done really well in reducing costs. In some cases they have not done well. We would obviously support local people who wanted to establish a co-op to reduce their costs.

We have found machinery companies, for example, have gone broke and they're closing up. I think across North America — Canada and the United States, there's a record decline in machinery companies. They're amalgamating; there's just no money in it, and whether that's their fault or the market's fault or whatever, obviously it's been extremely difficult. And you'll find the machinery manufacturers here locally — some have done really well and others have really hurt, co-op or otherwise. So in some cases it's fine and some cases it isn't. As we found out earlier today, some of the local co-ops are charging their members twenty-three and a half per cent interest just to survive. Now that's pretty tough, but some have to do it.

So we notice that there have been hundreds of new co-ops set up in Saskatchewan on an annual basis and we facilitate that. Yes, that's true — on an annual basis. And I'll get you the numbers specifically, but it's the case, and so if you want co-ops to set up, fair enough; we'll help them be set up to cut the costs if possible.

Mr. Trew: **—** Well, Mr. Premier, it's not hundreds of co-ops set up annually. No, it is not. We'll be giving you the numbers very shortly. We just went through co-ops' estimates a very short number of days ago. Seventy-five co-ops last year sticks in my mind; I will be confirming the number, and the year before that it was something out marginally less than that.

I'm not talking about co-op implements, Mr. Premier. I'm talking about farm machinery co-ops where you get a group of farmers together, and instead of having five farmers going out and each of them investing $80,000 in a combine where you have a $400,000 investment, you instead get five farmers go together and buy either one slightly bigger than $80,000 combine, or buy two $80,000 combines. But in any case, the savings is 3 out of $5 — it would be the minimal savings there.

You can do the same thing with tractors, where farmers are . . . Standard equipment, fairly much so now, is for farmers to have a four-wheel drive tractor, and quite frankly that four-wheel drive tractor oftentimes sits in the yard just sitting there; meanwhile the farmers are making the payments on their tractors — at least most of them are, I hope — but they're always being charged interest on this equipment.

And if there is potential to reduce a farmer's investment from $200,000 to something in the order of $50,000 for a total investment in machinery, I would think that you should be very interested in promoting that. Which leads to the simple question: you said, we're interested in supporting people wanting to form co-ops. I ask you, Mr. Premier: how do you go about supporting those people?

Hon. Mr. Devine: **—** Mr. Chairman, farmers can co-operate now and it . . . You said it was your suggestion; maybe you could describe to me how we . . . if this is a new mechanism, certainly if you want to set up a co-op, they can do it. Our family operates a machinery basis like that. We share the machinery, and we've got four families that are involved, and we'll buy one tractor or one combine and share in it. I mean, people do it all the time. So it's not really a novel idea.

They even find that if one farmer has an air seeder and the other has a drill and somebody has something else and they are doing different kinds of land, one guy will use his drill on this area and someone will use his air seeder and somebody will use a discer or some stubble that they want cut out in one operation. And they do that back and forth. Now if you want to set up formal co-ops to do this, they could do it.

I wouldn't frankly see the benefit of setting it up in a structure that was so formal unless you could describe the benefit of that. They do it all the time. Communities do it. I mean, they recognize that that can be the benefit. Families certainly do it. I know that's exactly how our family operates, because each of us aren't going to buy a four-wheel drive outfit or a combine or whatever it may be.

Mr. Trew: **—** You have the basis idea of what you are describing goes on in your family operation, Mr. Minister.

The reason that it should be formally set up or promoted as such is a great number of farmers naturally pride themselves in their independence, in their making all of the decisions themselves. I don't see a co-op changing that, but I do see a need for formal mechanism so that when you have, for instance, three farmers sharing a combine, they know before harvest time what order the combines goes in. Do you all of your fields, for instance, and then move in and do all of mine, and then all of someone else's? Or do we do it one at a time, one of your fields, one of mine, and then the next partner's?

There are some tax ramifications in machinery co-ops as well, and it is advantageous to be set up that way.

I realize that you find it rather humorous that, you know, farmers could save some money, but we're dealing here . . . You have got a dog and pony show, talking about equity financing. You don't think that's very funny; the farmers don't think it's very funny either. They think it's a horrendous, a horrendous program.

I'm putting forward a proposal to you that you should be putting some backbone into. You have potential to save many thousands of dollars for farmers who are interested in it, and I'm just suggesting to you that instead of doing away with the department of co-ops, as your administration has, you should be putting some teeth into it. You should be having more people out there talking with farmers, and people that are actively engaged in farming, helping them to save money. That's what you should be doing. That's what I'm proposing.

Hon. Mr. Devine: **—** Mr. Chairman, I'll be as generous as I can under the circumstances, but if this a typical plan by the NDP to help the farmer . . . I mean this sounds to me like it's classic stuff where you're going to now design, by law, regulations for a local co-op, and in that law they'll say that my farm comes first, and another farm comes second, and this is the way it'll be, and then by law it's there. And as it happens this farm . . . I'm supposed to be firs, and he gets hailed out, or this one isn't ripe, but you got to farm it that way anyway, and you got to cut his first, and you got to combine it first, and them that one because the law says it; because the bureaucrats in Regina, under this new socialist plan, have figured out how to do it.

I mean, no wonder, not much wonder that farmers are looking and saying, this is it. This is the new wave in agriculture under the NDP. I mean, I can't leave you alone on this one. I mean, if you're serious, if you're serious, standing here in this legislature, when people are looking at debt . . . And we've just been through it, buying land at $1,000 or $1,200 an acre, and you're sitting here designing a new co-op legislation that's going to say, if you just had a plan where your crop could be first, and your crop could be second and we'd put it in the legislation, and we could have this under the new co-operative movement and this is really going to be something special. I mean, you have . . . Honestly, you are serious about this. You're telling me this is going to be the answer to save the family farm if you could just legislate, under the new co-op department, how you're going to have, in law, my farm comes before your farm and it comes before another one and another one, regardless what Mother Nature said, regardless of what crop you're growing. I mean, you should have heard yourself.

Well, Mr. Chairman, all I can say is that, I mean, this is classic, this is classic, and knowing that the hon. member, this is classic, it's classic socialist dream world. I mean, this is the big plan. We could just farm this from the centre and say, your farm will be this way. This sounds like the commune farms in the Soviet Union, for Heaven's sakes. This is the big farm plan. And your field . . . They've been trying to get out from under that for 100 years.

This is the way it will . . . You're first, you're second, you're third, and you're fourth, and it doesn't matter whether this one isn't ripe or not, we'll cut it green; we'll cut it. It doesn't matter if this one's hailed out, we'll run over the land anyway. It doesn't matter. I mean, that's why farmers want their own farm, not so that you can have somebody like you who would sit in here and say, the legislation says that you've got to go first, and this year I go second. And then next year it flips regardless of what happens in the weather or the crop or the combine, or next you'd say, well we'll go a round around yours, and then next day we'll go round around mine, the next day a round around somebody else's. Because we got 12 guys in the co-op, we'll have a round around each of you 12 days in a row.

You tell me, you tell me how this country would have been developed under a plan that you just described. You tell me how we would have been as productive as we are and made massive productivity changes when there's been 67 crop failures in the Soviet Union just doing exactly what you've described. That's the pathetic nature of what you're into. You're saying, we will plant it here in the middle, and because we call it a co-op, you will all do just as we say and productivity will go through the roof. I mean, you have got to be kidding us. That is so naive.

Now, Mr. Chairman, listen, I finally got to him because he's finally got a bit of a lesson about agriculture. You're going to listen to this, my friend. You know so little about agriculture. You could make progress probably if you worked for the Soviet Union in telling them how to increase productivity. They're even behind you.

Mr. Chairman, I'll tell you what . . . His description of agriculture and how he would solve their problems is going out across the land. He can bet on it. It's the next plan; it's the next wave. This is how you're going to do it. You stand there and you say, we'll join a co-op, we'll put 100 of you in a co-op. And we'll go to your land first and your land second, regardless of the conditions — that's classic commune farming. It's classic commune farming, and that's why the Soviet Union imports food day after day — 67 crop failures in a row because some dream-boat bureaucrat figured out that if we just had it co-operated like this, it would work. Well there's a co-ops, but they don't operate the way you think it. You're in some philosophical dream world that is still 100 years behind.

I'm saying to you, the hon. member, if that is your leader's new plan . . . this is the new Leader of the NDP Party's plan for agriculture. We've just had it described here in detail. We're going to have co-ops that tell you when to harvest, whose you're going to harvest, how fast you can get into it. If you can go around and around this guy's field in one day, and around and around this guy's the next, and if there's 100 of you, we'll go to 100 different farms and then we'll go back and do it all over again.

Well, Mr. Chairman, I can only say the hon. member, if this is your leader's new plan for agriculture, I wouldn't bet on you doing too well in rural Saskatchewan, or indeed rural Canada, in the next 100 years in agriculture in this province.

The committee reported progress.

MOTIONS

Substitution of Names on Standing Committee on Public Accounts

Hon. Mr. Berntson: **—** Thank you. Mr. Speaker, I move:

> By leave of the Assembly, that the name of Hopfner be substituted for that of Mr. Saxinger on the list of members comprising the Standing Committee on Public Accounts.

Motion agreed to.

Substitution of Names on Standing Committee on Crown Corporations

Hon. Mr. Berntson: — Mr. Speaker, I move, seconded by the member for Maple Creek, by leave of the Assembly:

> That the name of Mr. Saxinger be substituted for that of Mr. Hopfner on the list of members comprising the Standing Committee on Crown Corporations.

Motion agreed to.

The Assembly adjourned at 10:03 p.m.