

August 16, 1989

## AFTERNOON SITTING

## ROUTINE PROCEEDINGS

## ORAL QUESTIONS

**Bosco Homes and Big Valley Jamboree**

**Ms. Simard:** — Mr. Speaker, my question is to the Minister of Social Services. Mr. Minister, yesterday the Ombudsman released his report on Bosco Homes and the Ombudsman determined that a detailed examination of Bosco Society, Bosco Homes, and Big Valley Development Corporation was beyond his jurisdiction. As a result we have many questions that remain unanswered.

In 1984, Bosco was in financial trouble because of liabilities incurred from developing Big Valley. And through the Department of Tourism, your government bailed out Bosco with a \$1.3 million loan guarantee on the condition that Big Valley Jamboree be made separate and independent of the treatment program for children at Bosco Homes. Mr. Minister, can you explain why this was never done?

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

**Hon. Mr. Schmidt:** — Mr. Speaker, I'm glad the critic for Health has asked that question. Quite clearly Bosco, the institution to care for children, was separated from Bosco, the fund raising organization. I deal specifically with the institution that cares for children and the report also deals with that, so the question is rather bizarre because the government does not operate any of these institutions.

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

**Ms. Simard:** — My question is to the Minister of Economic Development and Tourism, Mr. Speaker. Madam Minister, you no doubt heard the question that I raised with the Minister of Social Services. Through the Department of Tourism, your government bailed out Bosco with a \$1.3 million loan guarantee on the condition that Big Valley Jamboree be made separate and independent of the treatment program. That was a condition of the loan guarantee, Madam Minister. This failure to enforce the conditions set out in the loan guarantee made by your department led to many of the problems experienced in Bosco Homes subsequently, including the resignations of the board and a number of staff at Bosco Homes. In fact the Ombudsman's report states, and I quote:

... there was never any intention on the part of the Board of Directors (of Bosco Society) to comply with that condition of the agreement.

Madam Minister, why have you permitted a situation to continue where the terms of the loan guarantee were clearly being violated?

**Hon. Mrs. Duncan:** — Mr. Speaker, I do not believe the terms of our agreement were violated. Big Valley Jamboree corporation has its own board and does the

organization of the jamboree. I might add, Mr. Speaker, that this spring we put Mr. Ken McNabb, a well-known, highly respected public servant into Big Valley Jamboree corporation to oversee the government's portion of the event. Mr. Speaker, I do not consider a \$1.3 million guarantee as a bail-out as much as a help from government to see that the Big Valley Jamboree continues and the good work of Bosco Homes also continues in our province.

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

**Ms. Simard:** — Supplementary, Mr. Speaker. Madam Minister, was not the requirement that there be a treatment . . . that the Bosco Society and Bosco Homes and the treatment program be named a separate entity? Was that not a condition of the terms of the loan guarantee made by your department?

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

**Hon. Mrs. Duncan:** — Mr. Speaker, this spring when my department negotiated with Bosco Society and the Big Valley Jamboree corporation with regards to the start-up, a loan — I think it was \$375,000 which the department has advanced to Big Valley each year — we did put in certain conditions and Mr. McNabb has been put in to see that those conditions are met.

**Ms. Simard:** — What we have here, Madam Minister, is a situation where a multimillion dollar Jamboree is being run supposedly to provide financial assistance for a number of Regina homes for disturbed children, and in reality, there is no guarantee that the money raised will go to the Regina treatment homes because this has not been happening. And it's clearly pointed out in the Ombudsman's report, at page 13, I believe, which states that there was never any intention on the part of the board of directors to comply with the condition of the agreement, of the loan guarantee agreement. And this went on for a period of time without your department ensuring that these conditions be met, Madam Minister.

So I want to know whether or not you are going to personally make sure that those conditions are met in the future.

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

**Hon. Mrs. Duncan:** — Mr. Speaker, I would say to the hon. member that at the onset when the concept of Big Valley Jamboree was being developed, a plan was put into place, a plan which said that it would take five to six years before the Big Valley Jamboree would show a profit. Those profits would be split as agreed to by Bosco Homes and the bank. The banks were in on the agreement.

But for the member to think that there was profits in year one and year two and year three really tells me that she knows little or nothing about business.

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

**Care of Children at Bosco Homes**

**Mr. Prebble:** — Mr. Speaker, my question is to the Minister of Social Services. This morning at a news conference, Mr. Minister, you rejected the notion that the treatment of children at Bosco was a problem. The heart of the Ombudsman's report that was tabled yesterday, Mr. Minister, deals with the issue of treatment and how to improve treatment in the future. And there are recommendations in there, Mr. Minister, for the need for long-term planning, the need for individualized treatment plans for children, annual audits, full funding for the treatment program, a children's Ombudsman and a children's code of rights.

These are all recommendations, Mr. Minister, which we on this side of the House endorse. And my question to you is, we want to know why you deny that treatment is at the heart of the issue here.

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

**Hon. Mr. Schmidt:** — Mr. Speaker, yesterday that member for Saskatoon University called for my resignation on the basis of the operations of Bosco and its connection to the government.

Bosco has operated since 1971 under many ministers, including the member for Saskatoon South, the member for Regina Elphinstone, and during the reign of the Leader of the Opposition as minister of Justice. Nearly all of the allegations of misconduct made in that report date from the period of time when those three members of the Assembly were responsible for investigating the care of children and allegations of criminality.

I said at the news conference this morning that if there ought to be resignations they are to be in the order of the member for Saskatoon South, the member for Regina Elphinstone who were ministers during the 1970s; the Leader of the Opposition, third, should resign; and after they have done that, I will take my turn, fourthly.

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

**Mr. Prebble:** — New question, Mr. Speaker. Mr. Minister, that is nonsense. You're just trying to play politics and politically side-tracking . . .

**The Speaker:** — Order, order.

**Mr. Prebble:** — Mr. Minister, you know that's nonsense. This report deals with the shortcomings of your government, Mr. Speaker. That's what this report deals with, and you're just trying to play political side-tracking.

Now, Mr. Minister, clearly you don't want to deal with the question of treatment, so I want to ask you a question about your own responsibility with respect to the recent events that the Ombudsman's report directs itself to. Mr. Minister, as legal guardian for the children at Bosco, your responsibility was to ensure that proper care and treatment of those children would be guaranteed. The Ombudsman's report clearly shows that you failed.

For instance, on page 34 of the report, it says:

The children were out of control and little was

being done to rectify the situation.

Mr. Minister, how can you justify the fact that the entire board of Bosco Homes resigned, most of the staff had quit, the children were out of control, and you chose to do nothing?

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

**Hon. Mr. Schmidt:** — Mr. Speaker, either the member opposite doesn't understand the English language or has amnesia. Is doing nothing, when the children were found to be out of control, is doing nothing putting in on November 2, 1988, two members of the Department of Social Services to directly supervise the operation of Bosco Homes? Is that doing nothing? Did the members opposite, when they were cabinet ministers ever do that? No, they did not.

In addition, the report does not state, and it was clearly within the knowledge of the Ombudsman because I informed him when I took the action in April of 1989, more or less, April 21, 1989, I took the action of putting in Social Services workers 24 hours a day, seven days a week, and I advised the Ombudsman of it at the time. He did not put it in the report. I gave that information to the media this morning. The members opposite had representatives there. Is that doing nothing?

That is doing everything possible. If I did anything more the department would have taken over the operation of the home completely. As it is, we now have dual operation. We have the society operating the home and my workers there 24 hours a day to be certain that it's operated properly. We will have to make some final decisions in the next few weeks whether that situation should continue. But that certainly isn't doing nothing.

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

**Mr. Prebble:** — New question, Mr. Speaker, to the minister. Mr. Minister, the issue here is your ministerial responsibility as the legal guardian of these children and the question of the treatment of these children leading up to the events of October 28, the escape of three children to Saskatoon, the alleged assault that you could have prevented as the legal guardian of the children.

Mr. Minister, in September you received a complete report which confirmed that the situation at the Bosco school was out of control. On October 17, Mr. Minister, there was a riot at the school. The Ombudsman suggests that the children's treatment was being jeopardized by the conditions at Bosco. You knew this and you did nothing, Mr. Minister. And my question to you, Mr. Minister, is why, as the legal guardian responsible for these children, did you fail to intervene?

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

**Hon. Mr. Schmidt:** — Mr. Speaker, on November 2 the Department of Social Services, at my direction, and I did it publicly because there was a gigantic scrum outside of my office after I met with Father Larre and announced to the public that we were sending in two people to supervise directly the operations of Bosco Homes. That is

not doing nothing.

But, Mr. Speaker, I have in my possession sworn affidavits of people who were resident in the 1970s, who alleged that there was criminal activity, abuse and mismanagement at the home. The sworn allegations have been turned over to the police. And contained in that affidavit is an allegation that the then Minister of Social Services, the member for Saskatoon South was advised and did nothing. Zero, nothing. That is doing nothing.

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

**Mr. Prebble:** — A new question, Mr. Minister. Once again you're trying to duck your responsibility. If these allegations, Mr. Minister, were true, they would have come out long before. You've been in government for seven and a half years. You would have brought these out against us long before now.

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

**Mr. Prebble:** — Mr. Minister, the question is why you did not intervene in time to prevent the tragic incident that took place on October 28. You knew in September there were terribly serious problems. The situation was totally out of control. You had a report to that effect. On October 17 there was a riot at the school, and you still didn't act, Mr. Minister.

Why, Mr. Minister . . . my question is this: why didn't you have day-to-day monitoring taking place after that riot? Why didn't you place your departmental staff at Bosco on a daily basis after that riot, Mr. Minister? You didn't even bother, Mr. Minister, to follow up with . . .

**The Speaker:** — I believe the member is getting into debate.

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

**Hon. Mr. Schmidt:** — Mr. Speaker, the member opposite should ask his colleagues why in the 1970s when a child committed suicide at that institution with a gun and ammunition that was kept on the premises of a home for emotionally disturbed children, why the member from Saskatoon South and the Leader of the Opposition did not act and shut down the home at that time. He should ask himself that question and his colleagues that question. I am now burdened with 17 years of mismanagement from the members opposite.

And at Bosco from time to time, it had good times and it had bad times. We are now going to make a final decision on the future of Bosco Homes, but as far as the history of that institution is concerned, the member opposite should ask his colleagues why they did nothing, should ask the Leader of the Opposition why he as minister of Justice did not investigate the allegations of criminality when the evidence was fresh. I am now to deal with it 14 years later in a report from the Ombudsman. What do you do with 14-year-old evidence?

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

**Mr. Prebble:** — New question, Mr. Speaker. Mr. Minister,

once again you're trying to duck your responsibility. You've now had two reports from two different Ombudsmen, the last appointed by you, which says that the state of care for children that are your responsibility is in a disgraceful state in this province, Mr. Minister, and you've taken no action. And now you're trying to duck responsibility.

Mr. Minister, you've failed to protect the children; you've failed to protect the staff at Bosco; and you've failed to protect the community, Mr. Minister. And my question to you is: why are you not now at least prepared to do the honourable thing and take responsibility for that?

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

**Hon. Mr. Schmidt:** — Mr. Speaker, I have no choice but to take responsibility and take action. I've inherited this sorry mess that has developed over 17 years. The members opposite . . .

**The Speaker:** — Order, order.

**Hon. Mr. Schmidt:** — Mr. Speaker, the members opposite paved over PCBs (polychlorinated biphenyl) in Regina; they paved over their ages; and they paved over the investigations at Bosco that should have been done in the 1970s.

**Mr. Prebble:** — New question, Mr. Speaker. Mr. Minister, you may claim that, but that is not what the Ombudsman's report says, and you are trying to rewrite the Ombudsman's report and you know it, Mr. Minister.

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

**Mr. Prebble:** — Mr. Minister, surely you will acknowledge that a treatment program for 25 children which depends on the operations of a multimillion dollar jamboree for its finances is unusual, particularly when there is no assurance that the money from the jamboree will reach the treatment program. Now the Ombudsman recommends that government be responsible for fully funding the costs of caring for emotionally disturbed children assigned to your care.

And my question to you, Mr. Minister, is whether you are prepared to accept that recommendation and implement it and make sure that in the future children under your care who — emotionally disturbed children — who need this kind of treatment will get full funding from your department for this treatment without having to rely on outside sources.

**Hon. Mr. Schmidt:** — Mr. Speaker, we are currently paying \$132 per day per child, the same rate as at Ranch Ehrlo. We are prepared to pay all reasonable costs, but we are not prepared to write a blank cheque, and if any institution cannot manage on reasonable sums that are paid to other institutions, then that entire institution has to be examined.

The Ombudsman has made recommendations, number one, that we conduct a full inquiry of the operations of the Bosco home. My department has been present 24 hours a day ever since April of 1989, has had two people on site

supervising ever since November of 1988. It will not take us longer than three or four weeks to complete the full investigation, write the report, and make a final decision.

However, all institutions will have to operate on a reasonable sum, and I submit \$132 per day is a reasonable sum.

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

### **Enforcement of Regulations re First Investors and Associated Investors**

**Ms. Smart:** — Mr. Speaker, my question is to the member from Maple Creek, the minister responsible for Consumer and Commercial Affairs during the collapse of the Principal Group. Mr. Minister, 6,700 Saskatchewan people, many of whom lost their life savings, have waited many months for you to explain why you failed to enforce this province's regulations governing financial institutions. Will you offer these people your explanation today for your negligence.

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

**Hon. Mr. Meiklejohn:** — Mr. Speaker . . .

**The Speaker:** — Order, order.

**Hon. Mr. Meiklejohn:** — Mr. Speaker, this is certainly not the first time that this member has asked this question, and I will give her the same answer that has been given in the past. We know full well the difficulties that these two companies were involved in, in the very lengthy inquiry that took place in the province of Alberta. We also know what the contents of the Code inquiry brought down; the report that came down not that long ago. But the members opposite of course often seem to fail to realize who had the primary responsibility for the supervision of these particular companies.

Now she tries to make out that previous ministers here were responsible. We are responsible for a company certainly in this province, but at the same time the accepted practice right across this country, not just in the province of Saskatchewan, has been that the province in which the companies are housed, in other words where they have their home offices, they have the primary jurisdiction over those companies. And we, in the same way that all of the other provinces across the country, relied on that primary jurisdiction to provide us with information and provide us with the right to go ahead and relicense companies.

And this is the case that went on at the same time that that party was in power, Mr. Speaker. These companies that we're talking about, First Investors and Associated Investors, have been in business back since the early 1950s. The same practice has been followed for all of the years that those companies have been in business, Mr. Speaker.

So for the member opposite to try to accuse a previous minister on this side of the House from being negligent is just being totally irresponsible, Mr. Speaker.

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

**Ms. Smart:** — New question to the member from Maple Creek. Madam Minister, you have obviously abdicated your responsibilities to the Minister of Science and Technology, and when you were Minister of Consumer and Commercial Affairs, you abdicated your responsibility to the people of Saskatchewan by failing to enforce government regulations. In 1985, when you were the Minister of Consumer and Commercial Affairs, quarterly statements from the Principal Group were not filed as required by Saskatchewan law. Did you take any action to correct the situation?

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

**Hon. Mr. Meiklejohn:** — Mr. Speaker, we relied on the receipt of the annual report from the province of Alberta, which was received. The consideration to relicense these companies in the province of Saskatchewan of course were dependent on receipt of that report.

Now the province of Alberta saw fit to renew the licences of the companies that were doing business, not only in the province of Alberta but in, I believe, five or six other provinces across the country. They had not give us any indication as to why these companies should not be relicensed. They had not given us any information as to whether or not these companies were in difficulty. So for that particular reason, then, the minister responsible for Consumer Affairs at that time had no reason not to renew the licences in the province of Saskatchewan.

And that's the same practice that's been going on since these companies started business back in the early 1950s; the same practice, Mr. Speaker, that's followed by all the other provinces in which these two companies were doing business.

**Ms. Smart:** — New question to the member from Maple Creek. Madam Minister, the people in this province who lost their life savings expected that you, as the minister responsible, would act to protect their interests. Instead, you sat idly by while the laws of this province were not being followed. You were aware of this breach and did nothing. You practised the typical wait-and-see policy of this government. Already in 1983, annual statements for both Associated Investors and First Investors were not filed in accordance with the laws of Saskatchewan, and two years later the quarterly statements were not filed according to the laws of Saskatchewan.

Will you table the documentation that proves to the people of this province that you were not negligent in your duty to protect Saskatchewan people?

**Hon. Mr. Meiklejohn:** — Well, Mr. Speaker, obviously the member opposite is not aware of the fact that it's usually the minister in charge of the department that responds to questions. I would point out, Mr. Speaker, that it was during the time of the previous minister of Consumer Affairs that a suggestion was put forward to the other provinces that we needed an information-sharing agreement among provinces which would ensure that information would be passed back and forth quite freely between the regulators if and when a company did get

into difficulty.

The member opposite is asking for the tabling of certain documents. These documents have all been tabled. Information was provided to the previous leader of the opposition many, many months ago, and for her to ask for that same information now certainly is not necessary at all. Maybe he didn't share it with them.

But I would point out that we do now have an information-sharing agreement, in not only the four western provinces, thanks to the minister that was in charge of Consumer Affairs at that time. But indeed, Mr. Speaker, that information-sharing agreement is now right across the country, so that it does require regulators to pass on information immediately, if any company should be getting into difficulty.

## GOVERNMENT ORDERS

### COMMITTEE OF FINANCE

#### Consolidated Fund Budgetary Expenditure Agriculture and Food Ordinary Expenditure — Vote 1

##### Item 1 (continued)

**Mr. Trew:** — Thank you, Mr. Chairman. Mr. Premier, I want to turn these estimates to a portion of responsibility that falls under the Department of Agriculture, talking about the Saskatchewan Council for International Co-operation or SCIC, and I want to ask some questions about your participation, and in places lack of participation, in the great work that this organization does world-wide.

It is a widely held belief, and it's certainly a belief that I hold, our world is right now at a crossroads of sorts. In fact some people have described it as, our world is now in a position of maximum shift meaning what we have to address is global problems. Certainly we have to look after our problems here in Saskatchewan, but we can't lose sight of the global picture either. And it is how this generation, not your children, sir, and my children, it's not how they deal with the problem that is going to be the ultimate concern, it is how we deal with it, you and I and members of the present generation that are making decisions right throughout the world.

The Saskatchewan Council for International Co-operation, Mr. Premier, has a number of organizations involved with them. Indeed they have a declaration of Saskatchewan fund raising and there's a whole page full of organizations such as The Baptist Union of Western Canada, the Canadian Catholic Organization for Development & Peace, Canadian Crossroads International, CUSO, Save the Children Canada, The United Church of Canada, Young Women's Christian Association, World Vision Canada, Canadian World Youth, the Wycliffe Bible Translators of Canada. Those are just a few that I have selected out of the whole page. I'd be happy to read the whole page but I don't think that serves these estimates any particular purpose.

The point I am making by talking about some of the

organizations that participate in the fund raising for the Saskatchewan Council for International Co-operation is that it is a wide range of organizations that operate certainly all across Saskatchewan and indeed far beyond. Nobody would accuse the Catholics of being unique to Saskatchewan nor any of the other church groups, The United Church of Canada or the Mennonite Central Committee, nobody says that those church organizations are unique to Saskatchewan alone.

The fund raising for 1987-88 from these non-government organizations totalled \$5,719,738, but on the next page of their brief we see that the Government of Saskatchewan matching grants are certainly not matching. Indeed, they go through the whole scenario right from . . . their scale goes from 1974-75 right up to 1988-89. They show that government grants peaked in 1981-82 at 2.1 million and have subsequently slipped. For the last two years they've been frozen at 800,000, this despite government talk about moving towards matching grants, that is matching dollar for dollar. Every dollar that these other organizations I've just spoken about raises, the Government of Saskatchewan would match.

I'm just more than a little bit curious how you can justify the drop in government matching grants to some very, very worthwhile projects. I just want to go through a very, very few. These projects include things like: development of native peoples in Argentina — there was \$11,000 spent on that; a refugee rehabilitation in Swaziland; community education in Peru; sewing and dressmaking in El Salvador; preventative medicine in Brazil; a leprosy out-patient clinic in India; a fish net production project in India; shelter and care for street children in Bolivia; family health and nutrition in Peru. That's just a few that I've selected out of the first of a number of pages of the projects that the Saskatchewan Council for International Co-operation participate directly in with their money and, of course, with the expertise.

So I'm arguing they're very worthwhile projects. My question to you is, why you have allowed the slide in matching grants. And to put it into perspective I want to read in 1980-81 . . . pardon me, '81-82 the NGO (non-governmental organizations), these organizations raised over \$3.5 million here in Saskatchewan. The Government of Saskatchewan at that time put in \$2.1 million.

Now in '87-88, the NGO fund raising had risen to over 5.7 million, that being up from about 3.5 million to well in excess of, well nearly five and three-quarters million, and yet the government matching grants dropped from 2.1 million to a mere 800,000. Is there any hope, Minister, of that government matching grants being improved, being enhanced?

**Hon. Mr. Devine:** — Well we have increased the support for the Saskatchewan Council for International Co-operation, and recently added the \$50,000 discretionary fund that they could use immediately for transporting goods and services and people to places that had emergencies, and that brought it to 850,000.

I will also point out to the hon. member, in terms of Ethiopian aid, 1985-86 we put \$5.2 million into that. And

I think you failed to recognize that contribution towards international aid that was very necessary in co-operation with the farmers and the federal government.

There's also a large list of projects that we do with the agricultural development corporation that helps internationally and indeed all over the world. So we are continuing to provide the funding, and we have had some modest increases. We have spent as much as \$5.2 million in aid, in additional aid to what we provide the SCIC, and we certainly have projects in other departments like agricultural development corporation.

So I would agree with the hon. member that the Saskatchewan Council for International Co-operation does do significant work internationally. We have supported them, and we will continue to support them in the future.

**Mr. Trew:** — Thank you for part of that answer. It seems to me you're avoiding the issue of the Saskatchewan Council of International Co-operation when you talk about the other issues.

I want to come to the \$50,000 that you mentioned in your response, but it's part of my next series of questions, so I'm going to ignore that for now. But you talk about moneys that you have spent but not regarding SCIC, and that's what I'm asking questions about.

We see government matching grants going from 2.1 million down to 800,000. It's been there for a couple of years now. Let me get this straight. The matching grants have dropped in every year of your administration — every single year. And in every year, the NGO fund raising has increased. You are making the volunteer sector pick up the slack in this very important way.

But for instance in '83-82, the Government of Saskatchewan had matching grants of \$2,840,780. The next year, that was slashed to \$1 million, and the year after that, 900,000. You've been slashing the SCIC for the entire term of your government. What have you got against the people who do such great work for SCIC and indeed for the entire world? What have you got against these people? Why won't you increase their grant?

**Hon. Mr. Devine:** — Mr. Chairman, I said to the hon. member that we are continuing to fund SCIC and we are targeting our funds at food and agricultural projects. I made that point very clear in the past and I will make it again.

In addition, we have put over \$5 million into food aid into a country like Ethiopia that needed it, and we targeted specifically in terms of aid. We haven't seen other jurisdictions either in the past or at present do as much or even begin to match that.

So when we're targeting our kinds of money towards aid for people who need it in food and agriculture, I believe that's very important. We had, and I had, recommendations from people who would say, make sure that that money is going to food and agriculture and teaching people how to feed themselves and organize their agricultural capacity, and we've done just that.

So we have continued to fund them. And if the hon. member is saying, well I wish we had more money and I wish you had more in your coffers so that you wouldn't have a deficit, you could fund a lot of things. Well we went through that in the estimates this morning. Some of the members opposite wanted us to give more cash to farmers and at the same time, they admitted that they didn't want as big a deficit. So we do both.

We have provided grants, we have given as much as \$5 million at a time to developing countries that need food aid, and we continue to fund SCIC or fund with them. And he would like to maybe see more; maybe I'd like to see more; but under these circumstances — and the hon. members are certainly in a position to tell me that they don't like to see a deficit — then, you know, we have to budget accordingly and that's what we've done.

**Mr. Trew:** — Minister, I'm going to come back to the overall funding picture but you keep talking about the emergency aid program and the \$50,000 that you came up with. And for that, SCIC is truly grateful, truly grateful for that \$50,000. They had requested 100,000 and were optimistic at one time — they thought they were going to get it. They understand some of the constraints that your government has got itself under, if you like. They understand that you are, or should be grappling with a deficit program, but I want to point out to you on page 4 of the SCIC brief to the Government of Saskatchewan, it was presented in December of 1988, they recommended that:

1. That the Government of Saskatchewan continue the highly successful, Saskatchewan emergency aid program; and that the allocation be increased to \$100,000 for 1989-90 to meet the need for a higher level of funding.

Are you going to be increasing that level of funding to 100,000 or beyond, that emergency aid?

**Hon. Mr. Devine:** — Well, we will have to see, Mr. Chairman. We put together our budget on an annual basis, and that's something that we decide when we look at the agricultural budget, and we look at our aid budget, and we look at our marketing budget, and so forth. So we will give that consideration.

I meet with the board and the members of SCIC on an annual basis to discuss their requirements, and we'll be doing that again and then we can respond accordingly.

**Mr. Trew:** — Okay, Minister. Take it as a prod from this side that we are urging you to increase that emergency aid funding. Fifty thousand dollars is, I know it, if we're talking about money to an individual, we talking a big chunk of change, but in terms of emergency food aid needed around the world, \$50,000 is helpful certainly. I don't mean to diminish what you can do with \$50,000, but you can do twice as much with \$100,000, and I would argue that the Minister of Finance spills more than that during his coffee break.

(1345)

I want to get to the overall funding. There is a

recommendation on page 8 of the SCIC report to the government, or brief to the government, and it recommends that the Government of Saskatchewan — there's two recommendations I want to deal with here. The first one is that the Government of Saskatchewan take steps to move towards a full dollar-for-dollar match in the Saskatchewan matching grants in aid program beginning with a significant increase in funding in the 1989 fiscal year. What they don't say is they were hoping that then in the following year, you will achieve the dollar-for-dollar match.

The second recommendation that they are making, and this is really a longer-standing grievance than that. The SCIC, as you know, Mr. Premier . . . every organization requires some money for organization. They have a paid staff, whether that staff be one person or more than one person. But SCIC has been labouring under an administration fee provided, I understand, by the Government of Saskatchewan, but the administration fee is now set at 1.6 per cent, and that is severely hampering the work that they can do. It's preventing them from being even more active in raising money and in administering the very good programs that they are administering world-wide.

The SCIC, the second recommendation that they are making is that the Saskatchewan matching grants in aid program and Saskatchewan emergency aid program be amended to provide for an administration fee to SCIC of 5 per cent of the total grants available. Minister, I would urge you to move in those directions.

The SCIC, I think we're in agreement, does some very, very good work world-wide. They tap into a lot of people right here in Saskatchewan, as is evidenced by the fact that this totally voluntary organization can raise over \$5.7 million in gifts from ordinary people — in gifts over \$5.7 million. They're incredibly successful as a fund-raising organization. They are equally successful in the administering of those funds. That's indeed why they can keep going back to the well, back to the people, and asking for those voluntary contributions.

My questions, of course, address the Government of Saskatchewan's overall response. And will you undertake to increase the amount of money going into the matching grant; and secondly, will you increase the administration fee amounts upwards from 1.6 and move it certainly towards the 5 per cent level that the SCIC is asking? Because to do anything less, Minister, may well be spelling the death knell for SCIC. They cannot operate on air for ever. They simply and urgently need some of those moneys. So would you respond to those two questions, please.

**Hon. Mr. Devine:** — Well, Mr. Chairman, I said on the last question with respect to increasing it in the budget sense, I'll say the same thing with respect to administration. We believe we provide something like 14,000 or near \$14,000 in administration moneys, and we will consider their request. I meet with the board once a year and we go through their requests in some detail, and we'll certainly look at it with them this year and see how everything else fits, certainly how the agriculture economy's going and how our general economy's going,

and respond in that fashion.

**Mr. Upshall:** — Mr. Chairman, Mr. Minister, before lunch we were talking about the method in which you had your priorities set in this session, being that agriculture was put on the back burner. In fact we find that we still do not have any regulations on the Bills that we passed; after we forced you to bring them forward and passed so co-operatively, we find you still don't have any regulations.

I just want to look into those Bills just a bit more, Mr. Minister. Can you tell me, Mr. Minister, from your studies . . . or rather from what you have planned to do in agriculture as far as reorganizing farm debt through these Bills, can you tell me where in your budget you have set an amount of money aside, and what that amount is for to cover the costs of your reorganization to ag credit corporation and the farm finance Act?

**Hon. Mr. Devine:** — On page 19 and page 20 of the blue estimate book, you'll see item no. 14 to start with is a grant to the Agricultural Credit Corporation of Saskatchewan for administration pursuant to The Agricultural Credit Corporation of Saskatchewan Act. And the estimated expenditure in 1989-90 is \$7,468,500. And then if you turn to the next page on item no. 20, payments to or on behalf of individuals, you'll see grants to the Agricultural Credit Corporation of Saskatchewan for interest subsidy that pursuant to the Act, 17.184 million, so the two of them are carried under . . . one under administration and the other interest protection.

**Mr. Upshall:** — So, Mr. Minister, are those two figures the amount that you've set aside to fund your restructuring programs through the amendments to the ag credit Act and anything in the farm finance Act?

**Hon. Mr. Devine:** — They represent an estimate of what it would cost for existing administration and any reorder of administration, and an estimate of what the interest rate costs will be.

**Mr. Upshall:** — Mr. Minister, can you tell me what increase that is over last year?

**Hon. Mr. Devine:** — The administration costs were increased almost double on 3 million . . . if you look on page 19, '88-89 it was 3.356 million up to 7.4 million, so about doubling. And the estimated cost for the last half of the year, when you implement this program, in interest rates is about \$17 million. Now if you were to take that on an annual basis, it would be considerably more than that because you anticipate bringing in a new program like this half-way through the year or some time in mid-year. So the expenditure estimates will certainly reflect the full figure as we go into 1990-91.

**Mr. Upshall:** — Well, Mr. Minister, it appears to me from that that you've increased it about \$4 million. Now, Mr. Minister, can you tell me what you've based your increase on? Can you tell me what the projected cost of the program under the ag credit corporation amendment, what you projected your costs on, and how much did you think it was going to take, how much money did you think it was going to take to fund these programs?

Mr. Minister, I wonder if you could present to the legislature your research in analysing the crisis and analysing the number of farmers that could be helped, the number of farmers that you would be helping, and the number of dollars it would take, that you were going to spend, to help those farmers.

**Hon. Mr. Devine:** — The estimates were based on approximately \$120 million worth of approvals, that is people coming forward, farmers, and applying for some protection under the new program for their home quarter or for additional quarters. And if we approved 120 million of them over the rest of this year, up until the beginning of the next fiscal year, then we'd be spending somewhere between \$500,000 and a million dollars in interest rate protection. The nine and three-quarters applies to the home quarter, and additional loans and back-up are at cost. And the mortgage back guarantees, obviously we don't lend money, we back them up. Now there's some risk associated with that in case people don't make the payment, and we'll expect that to be reasonable or modest.

So it's based on the thought that about \$120 million worth of approvals would come forward under this program during 1989-90.

**Mr. Koskie:** — Mr. Chairman, I would ask leave to introduce some guests that are in the Speaker's gallery, if I could. Is leave granted?

**Mr. Chairman:** — Is leave granted?

Leave granted.

### INTRODUCTION OF GUESTS

**Mr. Koskie:** — It's my pleasure to introduce a group of people in the Speaker's gallery this afternoon with the Tri-State Tours. There are some 37, I am advised, tourists — people from Illinois, Iowa, Wisconsin, Minnesota, and New Jersey. So I've asked members of the House to join with me in extending a very warm welcome to our friends from the South. Thank you.

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

### COMMITTEE OF FINANCE

#### Consolidated Fund Budgetary Expenditure Agriculture and Food Ordinary Expenditure — Vote 1

#### Item 1 (continued)

**Mr. Upshall:** — Mr. Minister, you said it was based on some \$120 million worth of protection. Could you give an indication to the House how many farmers that would affect. How many farmers would there be involved in that?

(1400)

**Hon. Mr. Devine:** — The estimate on the initial go-around would be to 1 to 2,000 farms, and in the

mortgage back guarantees, it's really open-ended. We're not really sure how many people might pick up on it. There seems to be a considerable amount of interest. I could say to the hon. member, on both programs we will certainly accommodate people who want to apply, and if they're at all reasonable or viable in terms of the criteria, then we will be there to help them.

So it's an estimate of a new program, and we'll see how fast it's picked up and how readily people adopt both of them, both in terms of the mortgage back guarantees and in terms of the protection for the home quarter and additional lands for refinancing. And if it's popular, it will be more than this. If it is not as popular, or they're doing better, then perhaps it will be less than that. As I said, this is an estimate for the back half of 1989-90.

**Mr. Upshall:** — Mr. Minister, we see a number of farmers in debt in this province. We see a \$6 billion debt. Now my question is: on this debt and on your program, is a farmer going to have a chance to apply to your program if he sees himself facing financial difficulty before he is in severe financial crisis, to reorganize himself? Or is the program geared to have him go through all the channels, through the stress, and through all the legal fees and complications that arise out of that, through the Farm Land Security Board, farm debt review board, until he is absolutely down and out? Is that when your program kicks in?

Or can a farmer who finds himself, as many are now, with severe cash flow shortages, looking down the road this year in many areas with no crop on top of a year last year with absolutely no crop; and being an astute manager, he would say to himself, well I'd better try to ward this off somehow, is that person going to be able to take advantage of this program?

**Hon. Mr. Devine:** — Well, Mr. Chairman, it's really a combination of both. Certainly people who want to pick up on the mortgage back guarantees, may want to take advantage of it right now under any kind of condition. They say, look, I want to retire, I want to move on and sell my land to my children; and here's a reasonable interest rate, and rather than going to the bank, I'll let all the interest stay in the family and the government is prepared to back it up. So the interest is paid to mom and dad, and the kids can buy the land, and mom and dad can retire.

Now that can happen at any particular spot. And that could happen with he looks like he's on a slippery slope to some difficulty, or whether he's doing all right, or whether he's in a lot . . . that option is there.

The second option with respect to our financing and refinancing the home quarters and other quarters, is based on the whole combination of things that you mention. Because if an individual has access to capital and loans and operating loans at the credit union or financial institutions, then we expect his obligations to be met.

So we're not going to supersede and be the big bank or the new bank. We are the bankers in this case of that final resort that says, look, if you've got a new chance at it and you need operating capital — and that's what they've



come to us for — we'll be there. But we don't want to replace the financial institutions as the point of first entry. And I don't think you'd want us to. I don't think you'd want the government to go in and be the major banker in agriculture, but we can be there to help.

So these two programs in parallel touch every level. If somebody wants to go in and start refinancing his son or his daughter or somebody else, we'll be there to back him up. If they have gone through some difficulties and through the hoops and they have a chance to start again, and they say, now I can make it at this new level, if you back me up, then we're prepared to look at those.

So on top of all the other programs that we have in place, including, as I went over this morning, over a billion dollars in loans at low interest money and \$2 billion in cash that we've put out there, we've got these two new programs to help them at various stages.

**Mr. Upshall:** — Mr. Minister, does an operation have to be deemed viable, a viable operation, in order to take advantage of your new program?

**Hon. Mr. Devine:** — Mr. Chairman, there will be viability criteria that we'll look at and that the officials look at. So it was along the lines, I guess, that the member from Regina Centre was talking about it. He said this morning, I don't know if your program should be for everybody, maybe you should look at targeting some of your programs. So we're looking at this for everybody, but we want some sense that they can be viable and that they can pull themselves out of it if we're there to help them. You have to have some judgement.

Now if we didn't, we could probably put up 6 or \$10 billion and just say everybody's there, and we'll just take on a bigger debt in the province, we'll double the debt load and just pay off all the debt. I don't think you're asking for that either. It's a question of managing the debt that's there the best we can.

**Mr. Upshall:** — Well, Mr. Minister, I think therein lies the problem. If a farmer has to go through the hoop, as you describe it, and he comes to the end of the line where his debt far outweighs any assets that he has, then you're saying, well he has to be viable. So he has to try to square a deal with the bank where they're going to write off a certain amount of it, and then you will help him. But that's the problem; this program is not what you say it is.

You said it's going to be a debt restructuring program for the farmers of Saskatchewan. But the problem is that before that you even enter into the picture, the guy is not viable; and in order to qualify your program, you say he has to be viable. So there's something wrong here, and that is why I described your program as a program that is really not going to help out to any great degree because the debt problem, the debt crisis in this province, with the few number of farmers that we have remaining in this province, is \$6 billion.

If they have to go through the hoop, Mr. Minister, do you not agree that the probability of them being able to get into your program is probably very slim? Because they won't be viable unless they can . . . they're spending an

awful lot of lawyer fees with a good lawyer to try to get the bank to write off a substantial portion of the debt. If the Farm Land Security Board or Farm Debt Review Board says they're not a viable operation, if they say they're not a viable operation, will that make a difference of them getting into their program or not?

**Hon. Mr. Devine:** — Well, Mr. Chairman, we've designed this new program with the support of farm organizations and farmers. The Saskatchewan Wheat Pool supports this program very strongly. The United Grain Growers, the stockgrowers, the hog producers — and we've talked to them — the SARM (Saskatchewan Association of Rural Municipalities), they like the program and I guess the judgement will be if farmers pick up on it or not. I think they will.

Now in terms of viability, you know yourself that if some people have got caught at high price land, they're not going to be viable. If you want to cut the debt in the province in terms of the agriculture debt, you write down a bunch of it and then you've cut the debt. And that means that financial institutions have to eat some of that. Well fair enough, they made the loan, they made a mistake the same as the farmer. There's nothing wrong in Saskatchewan by forcing the Farm Credit Corporation or the financial institutions and the farmers to jointly write down some of this so that you can start again at, say, half price.

Now you want to put taxpayers' money at risk with a viable young manager who wants to go out there, he's paying it at \$300 an acre rather than a thousand dollars an acre — much higher probability of being viable. If you want me to try to subsidize somebody that's bought a thousand dollars an acre when they should have only paid three or four, I think that's putting good money after bad.

Now this program is for both. If you want that interest to stay in the family, they can do it, but if you had some problem paying your bills and you can't be viable . . . And you know it yourself, I've heard you talk about it in the crowd walking around in Humboldt, if I'd have bought all that land, I'd have been in trouble today. You know what it's like, but you didn't, you missed it. And you're probably better off for it. If you got caught buying a lot of land at high prices and you can't make it pay, it's just about impossible to keep you viable particularly at these low grain prices. So we're saying, all right you go do your deal, you start over again at something reasonable and we'll be there to help you out.

Now there's no sense us putting in money to bail out the banks. Why should I bail out the banks? Why should I give them a whole bunch of our money and say, well a young fellow paid too much, we'll keep him viable anyway, we'll pay all of his principal and half of his interest or vice versa? Why not start over again at half price or a portion of it and say, we all made a mistake, but let's start over at something reasonable.

They've certainly done that here, they've certainly done it in the United States, they've done it in Europe, they've done it all over the place. But you don't go at it at over-priced property. You start over again and say, look

we both made a mistake and let's go at it fairly and squarely now with some help in terms of interest rates, some help on the home quarter.

Finally let me make the point. This might not be for the whole farm. This might be for a quarter or two. It might be for a combination of things there. And lots of people are saying, I'm going to rent a quarter, I'm going to buy a quarter from my dad and pay him the interest, and I'm going to have the government help me on this quarter, and maybe I'll have to let a quarter go. And that goes on.

So this will have the capacity to be flexible enough to help young people particularly who have in any way, shape, or form some sense of viability at reasonable prices. And so that's why you want to force them to deal with their financial institution so that in fact you can get it back to being somewhere close to viable.

**Mr. Upshall:** — Mr. Minister, I make a couple of points. You talked about the people who supported it. Well we co-operated and pushed the legislation through, even though I knew in the back of my mind that it was going to be something like this. Because they will support something rather than nothing. And what you have right now is nothing.

Mr. Minister, the problem is, it's like taking an aspirin for cancer. You're not attacking the problem and solving the problem. The problem can be solved between you and the federal government. The problem can be solved by using the federal government Farm Credit Corporation to restructure, along with Saskatchewan, to restructure the debt. And you're not restructuring the debt, you're not restructuring the debt. What you're doing is . . . you're saying you're restructuring debt. What you're doing is forcing a farmer.

You use the example of a farmer paying a thousand dollars an acre for land. There are as many examples as there are farmers out there for different reasons people got into trouble. There are farmers who have had their land paid for who are in trouble because the prices were down so low.

And you're shaking your head no. Well that's about as much in touch as you were because the grain prices were so low. There has been drought in many parts of this province in the south for five years in a row. So there are many reasons. And I mean you can use that example because it's the one you choose and that's the one you think will sell in the country. And there are people who did that. And let me tell you, Mr. Minister, that was when you were the economist at the university advising them to do that. You were advising them along with the banks. And that's when your plough was a pencil, and you were a million miles from the wheat field, I'll tell you. And I don't think it's changed much since.

But my point is, Mr. Minister, you have to, if you say you're going to restructure debt, you have to make an attempt to do so. Right now you have used the federal government as an agent for selling your political gain in Saskatchewan through the ad hoc programming. Why don't you organize and reorganize the debt in consultation with the banks and the provincial

government and the federal government? And I agree with you that we can't pay off the banks. But the problem is, Mr. Minister, you are putting people through your hoop, and I'm going to be willing to suggest that there will be very few people who will qualify for your program.

And another thing is, your right-hand man there said the other night when we were meeting in Meadow Lake, well if you've got 10 quarters now, you may end up with only two quarters, but you'll still be a farmer. Well that goes along with your other theory, Mr. Minister, that there are too many farmers and 80 per cent are inefficient, that you were talking about a few years ago. It goes along with the fact that you said that their land size hasn't reached its optimum.

But if I'm a farmer with 10 quarters of land with a tractor and a full line of machinery to farm that 10 quarters of land, and then I go through your hoop and get into the program and I end up with two quarters of land, do you think that's an alternative for me? Do you think that's an alternative for me as a farmer to go on? And what do I have with two quarters of land in a situation with prices and input costs the way we have them today? Can you honestly say that I will still be able to continue farming?

**An Hon. Member:** — Bigger is better, right.

**Mr. Upshall:** — Mr. Minister, the member from Kelvington-Wadena says bigger is better.

**An Hon. Member:** — That's what you're saying.

**Mr. Upshall:** — No, what I'm saying is that you are . . . the average size in Saskatchewan, the average farm size in Saskatchewan, being about a thousand acres, is what farmers hope to make a living on. But you're saying that you're going to drop that down to two quarters. And, Mr. Minister, can you tell me this. Do you honestly believe that after they go through your hoops and they end up with two quarters of land, that they will still be able to make a living and call themselves a farmer on that amount of land?

(1415)

**Hon. Mr. Devine:** — Mr. Chairman, the hon. member makes such little sense with his questioning that the guests are leaving.

I'll say to the hon. member that . . . I've explained this several times but I'll just go back and say that he has to have the debt restructured. Now I would just ask him again . . . he obviously doesn't have to reply, but what would he do with the debt; what's his plan? When you restructure debt, you have to do something with it. What we've been encouraging people to do is write it down, and that means that the banks and the credit unions take a hit and they lose. Now that's a major restructuring.

There's lots of young people out there that are starting all over again on half-price land which is much more viable than the very expensive land. And he says two quarters. I didn't confine this to two quarters, right? That's all you've got left to weasel with, because you just come back and you say it's going to be two quarters. Well, come on.

This program is designed to help people to restructure their debt and to finance it, and if they don't want the interest to go to banks or credit unions, we can keep the interest in the family and we'll back that up. Now that program, I believe, will be popular. And we'll see, we'll see a year from now standing in here doing estimates whether it was picked up on or whether it wasn't. And I suspect that it's going to be quite popular.

**Mr. Upshall:** — Well that remains to be seen, Mr. Minister. I tell you that you can't attack a problem by trying to solve the symptoms, and that's what you're doing. We put forward in the federal election . . .

**An Hon. Member:** — What's your policy?

**Mr. Upshall:** — I'm glad you asked. We put forward in the federal election a potential debt restructuring program that was good enough to win 10 out of 14 seats in Saskatchewan. And that was, Mr. Minister, in case you weren't listening during the federal election, that farm credit corporation should be the prime lender, up to \$125,000 at a low, long-term fixed interest rate; 125,000 debt set aside in the banks where the banks would have to, as you say, do their share because the theory is that the people involved in the problem should be involved in the solution. So \$125,000 at a low, fixed interest rate, the government's portion.

**An Hon. Member:** — More debt.

**Mr. Upshall:** — This is restructuring debt, Mr. Minister. He says more debt. This is restructuring present debt. The second \$125,000 set aside and anything over the \$250,000 would be negotiated.

And, Mr. Minister, that are the principles of a debt restructuring program that we need in Saskatchewan. That is the type of program that we need that would restructure the debt — where the farmer takes part because he is part of the problem, where the banker takes part because he is part of the problem, and where the government takes part because they're part of the problem. I still can't figure out how to get at the economists, but that's beside the point.

Now, Mr. Minister, you asked me what kind of program I'd put forward, and I'm telling you. That was the basis of a federal agricultural policy from the NDP. And every farm I went in they said, that is a good plan because . . . the first reason they said, at least it's an attempt to reorganize the debt. And you say, I'll bet they did. Well I'll tell you, 10 out of 14 seats in this province, federally, went NDP, and that was a big part of the reason.

And, Mr. Minister . . .

**An Hon. Member:** — . . . back into a by-election that blew you away. And you tried it on every door, and it didn't wash with you then because they didn't understand it nor do you.

**Mr. Upshall:** — Are you finished, sir?

**Mr. Chairman:** — Order. Allow the member from

Humboldt to make his comments.

**Mr. Upshall:** — The members are getting a bit sensitive because they know that that type of a program would work well and would work well in Saskatchewan, as opposed to a program like this: where there's, first of all, no commitment from the federal government; and secondly, where this government is trying to again, just like they did last year with The Saskatchewan Farm Security Act, put forward a facade that says this is going to be a great thing for Saskatchewan farmers; and they said it. And the Saskatchewan farm land security Act has been described as one of the most vicious pieces of farm legislation that this province has ever seen. But that doesn't matter. It doesn't matter to those people, but it matters to the farmers out there.

Now what I'm saying, Mr. Minister, is you are not restructuring debt. What you are going to do is go through a process of having farmers go down to the bottom of the barrel, question whether they're viable or not, many of them won't be, and the few that will be maintained, they'll be viable at two quarters of land even if they had 10 or 12 quarters before. That's the type of program this is, and we'll say . . .

And there's no doubt that you're going to have some people participate because that home quarter is very, very important, and I think therein lies a big key to what you're doing. There's a strong emotional attachment to the home quarter, rightly or wrongly, and that is what you're working on. You will have farmers saying, well at least I'll be able to keep my home quarter. Well that's good, but what does it do to their life-style? What does it do to them in the future? What does it do to the unemployment scene in Saskatchewan? Mr. Minister, that's the problem with your program.

Can you explain to me, Mr. Minister . . . You give me a projection of about 2,000 farmers that are going to be helped by this program. Can you tell me, Mr. Minister, how many farmers right now, in Saskatchewan, under all the actions that are going on, foreclosure notices . . . or from notices of intent to foreclosure right down to the foreclosures, how many farmers are in that process right now through banking institutions, other than the institutions, provincial government and federal government?

**Mr. Chairman:** — Why is the member on his feet?

**Mr. Muirhead:** — I'd like to ask a question . . . if it is permissible if he would take a question, Mr. Chairman?

**Mr. Chairman:** — This is not debate. It's not proper to ask an opposition member questions. You can certainly ask questions of the minister when his time comes to . . . anybody is allowed to ask questions of the Minister of Agriculture when the other members are finished.

**Hon. Mr. Devine:** — Mr. Chairman, I could ask the member to restate the question, and he might after I provide him some information here. We've got farmers in various financial situations. You've got half the farmers in the province that don't even borrow money at bank, they just deposit, and then you've got some that are doing all

right and making payments, and some at the bottom end that are restructuring.

I have here, for example, the total notices received and total number of farmers involved by rural municipality in terms of the Farm Land Security Board, and a good number of them have resolved their situation. But the total notices, as of August 9, 1989, would be 3,891. That involves 2,900 farmers, and approximately half of them have resolved their situation already and others are in the process.

So you would have farmers before the Farm Land Security Board who may be interested in this, running somewhere in the neighbourhood of 1 to 2,000 farmers.

**Mr. Koskie:** — Mr. Premier, I want to get a few more details in respect to the proposed programs that you talk about in the budget and the legislation which we passed. First of all, in the — if I may term it — the intergenerational transfer, at least the government's proposal that where land is sold that the government would guarantee the mortgage, I want to ask you: what are the criteria in respect to the mortgage guarantee; that is, will it be done on the productive value of the land, will it be done on the market value? What is the criteria that's going to be used in regulating and determining the amount that the government will guarantee?

Because obviously one of the problems that farmers got into, and governments were a part of it, in fact your farm purchase program was a part of the problem — I'm not saying that it wasn't well intended — but you gave subsidized interest rates in the farm purchase program at a time when the price of land was extremely high. And I have constituents, and there are lots of them up in the Swift Current area when we toured through there, where young farmers took up your farm purchase program, bought the land at a very high, substantial price, the price that you're talking about, market value.

Now are we going to continue down that line in respect to this program, that is the intergenerational or the guarantee that you're talking about, Mr. Premier; are we going to be guaranteeing any price that is set between purchaser and vendor? Or are we going to get back to guaranteeing that which it will . . . productive value, on the basis of productive value? Or are we going to be using straight market value?

**Hon. Mr. Devine:** — The government guarantee will be based on the combination of things that you've just pointed out. What we're calling it is the repayment capacity of the farm operation, if it's a dairy farm or wheat farm or whatever, but on what it can produce, the prices of the produce, the kind of management structure that was there, the kind of experience that's involved, and the kind of operation, whether it's supply managed or whether it isn't, and whether there's complementary income — a combination of things that would give us the level of repayment capacity.

Now that'll vary from farm to farm and area to area and operation to operation. So it's not just on the price of land, it's not just on the production, it's on a combination of variables that we'll look at.

**Mr. Koskie:** — Who is going to be determining . . . What mechanism have you set up for determining the criteria and implementing that criteria? Who have you in place? Who are you intending to have in place, which will do all of the evaluating in order to determine whether it meets the criteria in respect to the guarantee? Surely you're not letting a vendor and a purchaser merely go and set their price and come along with the government guarantee. I don't think you're going to do that. At least I hope you're not going to do that, because that can lead into a tremendous risk in respect to the government guarantee.

And so I'm asking you, what is the mechanism that you're going to have in order to evaluate what amount you're going to be guaranteeing?

**Hon. Mr. Devine:** — Well, Mr. Chairman, we have an excellent professional staff at the agriculture credit corporation, and it has a very, very good board of directors. And they will, with the help of the cabinet and caucus and public officials, put together the criteria necessary for them to make the appropriate decisions.

Now as thousands and thousands of people apply, they will look at them and say: the bottom line is this is repayable, you can do this, it's there; this is your dairy quota and here are your prices; here's your feedlot and your prices; here's the price of the land and the grain you can grow; and here are your management skills and here's the rest of it, and then they will examine it.

(1430)

So you can't just holus-bolus sell your land to somebody for \$2,000 an acre and whip in and get a guarantee, because if it doesn't pencil out, they're not going to get that backing. So the professional staff will look at it, given the criteria that the cabinet and others put on it, and say it's got to be payable. It has to have some repayment capacity that seems to be viable and seems to be recognized.

I think a safe point would be that when we look at young farmers who are applying for the home quarter financing and other quarter financing, we're looking at their viability. It's another way of saying, what's their repayment capacity? Can they manage the operation at these prices? Does it look like they have a reasonable chance?

So it has to be reasonable, and that criteria will be before the professionals in government that obviously we employ. It's a big operation, the agriculture credit corporation. They're well-trained professional people who deal with farmers day in and day out. And they will take the criteria and apply it and say, this looks like it would be a fair thing to back up, and away you go with it. If it's too expensive, they say, well you can't make those payments, and consequently say, no it's not viable.

**Mr. Koskie:** — Mr. Minister, in respect to the debt restructuring program that you're indicating, I want to ask you whether or not young farmers who picked up your farm purchase program and have used it for a number of years, but are nevertheless, because of various factors, are

in trouble — whether or not those that have qualified under the farm purchase program with the subsidized interest rate, which you have to admit was implemented in the farm purchase program, are they going to be eligible also in respect to the restructuring of debt? Or are they set separate and apart, having gotten their subsidy already, are they entitled, I'm asking you, yet for another subsidy of taxpayers?

**Hon. Mr. Devine:** — Well, Mr. Chairman, we will not be discriminating against people who have had one program in government like the production loan program or on land bank or on some other things. We'll look at them all, and nobody is categorically excluded. So when they come forward in their applications, we will say, are you viable? And let's look at your operation, and at these prices, under these conditions, see if it will work. So on the face of it, nobody's excluded from it.

**Mr. Koskie:** — You're setting up a debt restructuring program you indicate. Is there a danger or a concern, and have you looked at it, whether by the very nature of announcing it leads to a tighter policy or refusal by the financial institutions to restructure as many of them have been doing up to date?

Now you put a program into place, and you're going to say to the public of Saskatchewan, we're going to restructure the debt for the farmers. And along comes the farmers and they go to their financial institutions, and the financial institutions say, well let's hang tough, let's not take any losses here, let's force the government, because the crisis is there, to pay a higher amount for the restructuring.

Isn't there a counter-productivity in respect to this unless there is some way of addressing the restructuring of debt in the write-down by the financial institutions in an orderly fashion, because otherwise you're going to run counter-productive? You're going to set up a restructuring and at the same time when the farmer goes, that needs restructuring, the bank says, well you go to the government, they're restructuring, we aren't going to write down. How do you get around that basic problem, Mr. Premier?

**Hon. Mr. Devine:** — That's a very good point that the hon. member raises, and it's . . . I agree with him. But it does fly in the face of the member from Humboldt's argument that we should be involved as the first lender and the bank and the lead bank, which he said was NDP policy in the last federal election, to restructure all this.

I think your attitude, your suggestion is right on the money. We should force the financial institutions, farm credit, and others to restructure all they can restructure and keep their feet to the fire. And they have to take that damage and eat their mistakes as well as everybody else, because when we come in with this program, then we want to be able to help young people who say, look I've gone through all of this and I have an opportunity because farm credit has restructured, the banks have restructured, to start again at some reasonable price, and I want you there with me.

Now sometimes the banks won't even talk to them then,

or the credit union, or somebody else. They're often done with you. We're going to say it's not over. You want to start now, if you're reasonable and you're viable, and you have repayment capacity, then we're going to back you up. So I agree with you. That's precisely what you want to see happen.

You don't want to go in and restructure and pay the banks all these thousands of dollars an acre and get them off the hook. I agree with you. That's precisely why we're doing it this way, exactly why we're doing it this way. So make sure that they go through it, and then you'll find that you don't replace the financial institutions. They have to attend to business, and they have. To be fair, they've been pretty reasonable under very difficult circumstances.

But I think we all got to go through it together, the banks, farm credit, the credit unions, and ourselves, and the farmer because in most cases it was a joint responsibility, and we're jointly responsible and we should work together to get out from under it. So I will say, however, on the mortgage back guarantees, they may just find at any particular level that they just say, a man like yourself says, look I'm going to sell to a niece, or a nephew, or a neighbour, and I'm going to retire from farming. And they can do that if it's anywhere close to being reasonable. Then we'll look at it, and we'll obviously have to visit and talk to the financial institutions that have been providing their operating account and some of the rest of that. But I agree with your principle.

The point is, force those financial institution to go through it so that we don't pick up all the damage that was done because of some of their mistakes and some of our own and some of the farmers. We all have to take the hit together.

**Mr. Koskie:** — I agree, Mr. Premier, with what you're saying, but I just don't agree that you're going to take on financial institutions. That's the problems . . . (inaudible interjection) . . . Oh, but you say they have to. Putting the farmers through the stress of going through the hoop, as you call it, there is no mandatory readjustment of the structuring of the debt necessarily, not necessarily. And before you had the restructuring financing in place, it was to their advantage to take a look at it, but going through . . . What's mandatory about it after you go through all the debt review and so on? You don't come out with a mandatory restructuring. How are you going to implement and entice the banks and credit unions and financial institutions to act reasonably? And I'm not denying that to some extent they have been, and I know many farmers got restructuring.

But now you put it in and you say, go through the same hoops. But there's an incentive now for them not to, and I don't see how you get over the problem by merely running the farmers through the hoops, Mr. Premier. How do you get over the problem?

**Hon. Mr. Devine:** — There's a big incentive for them to do it because if they don't go through it, we're not going to be there. And if they think they can handle it and the farmers is going to make his payments, then fair ball, let him try it. But he, the farmer, is going to say no, enough is enough of this and that's what's happened. And he says,

I'm taking you through this process, I'm not paying my bills, I'm going to the Farm Land Security Board, I'm going through counselling and assistance, and I'm just walking through that. Whether you like it or not, that's what's happening. And that's what they do.

So the financial institution is caught just as much as anybody, and say, look it, we have to work out something reasonable. You get to that line, and the young person, as you and I both agree that we want to keep them on the farm, keep them involved — maybe they're working off farm and doing some things — all right then we're going to be there. But certainly we're not going to go in and restructure or talk about refinancing something at a thousand dollars an acre and bail out some financial institution. We're just not going to do that. It's not viable.

Going back to your criteria. We'd say you don't have the repayment capacity. The banks just proved it; the farmers proved it. We're not going to go into that mess. We'll start over again somewhere reasonable, but we have forced them to do it before we get into it. Your point is very well taken and I agree with you.

**Mr. Koskie:** — With respect to the restructuring of debt which is absolutely necessary to get functioning, Mr. Premier — and I know my colleague has pursued this, but I just want some clarification — when do you expect to have the regulations in respect to how these programs are going to work? He may have asked this question when I was out, but I want to know for my own edification, Mr. Premier: how soon — in respect to the restructuring of debt — how soon do you think you can have the regulations, and that the farmers who are desperate, under a tremendous stress many of them, and who will, if they had some help, be very efficient operators . . . It's those that got caught, young farmers that got caught with the high-priced land and down went the prices and they didn't get the breaks, it's not management but maybe it's partly management in buying, but things looked good and they went ahead.

So what I ask you: how soon do you think you can get the regulations in place and the program functioning?

**Hon. Mr. Devine:** — I said to the member for Humboldt, I believe that the regulations should be before cabinet in the next cabinet session and then available by the end of the month. So we're working through with our regulations committee, and the officials are dotting the i's and crossing the t's and putting them together.

**Mr. Koskie:** — You also mention as one of your proposals is a pilot project equity financing project. And I want to ask you: is there any financial contribution in this budget for the setting up of an equity financing pilot project? And is it your intention, first of all, to proceed with that against the wishes of many of the farmers in Saskatchewan? You've tried to fly that throughout the province, and I think a large number of your supporters in fact are against the equity financing because there's a great tradition among farmers to wanting to have that family farm and to own it if at all possible. And what I want to ask you then: are you going to be proceeding with the equity financing pilot project? And secondly if you are, what financial contribution and/or land are you intending to make as a

contribution?

**Hon. Mr. Devine:** — Mr. Chairman, we are still designing that program. We have allocated \$150,000 in the budget to initiate the pilot project. I'll point out to the hon. member, about 40 to 45 per cent of the land in Saskatchewan is now leased, as you probably know is rented, and that's traditionally been the case. So by allowing some refinancing through leasing is nothing particularly new. But we're proceeding with that, and I hope to be able to implement a pilot project in the future.

**Mr. Koskie:** — What source of capital are you looking at in respect to setting up your pilot project? Is there any outside foreign money? Certainly I think it's available. But I want to ask you: what sources of revenue are you looking at, what are the possibilities in respect to setting the equity financing corporation?

**Hon. Mr. Devine:** — The principals put together in the pilot project include . . . obviously Saskatchewan farmers will have obviously the first opportunity to participate in this, and we want to have at least 15 per cent Saskatchewan farmers who will be at least 40 per cent controlled by Saskatchewan government . . .

(1445)

**An Hon. Member:** — 40 per cent?

**Hon. Mr. Devine:** — Yes. And we will have . . . then it opened up to Saskatchewan residents and institutional investors, like Saskatchewan pension funds, the wheat pool pension fund, the teachers' fund, and then Canadian residents and institutional investors, particularly the pensions funds. That combination will make up the equity in the project.

**Mr. Koskie:** — Mr. Minister, have you made public the principals of the equity financing corporation that you're setting up, and would you be able to provide us with a copy of the principals that you are reading from in order that we might advise the farmers throughout Saskatchewan what they're looking at? Are you able to provide us with that?

**Hon. Mr. Devine:** — Well we'll be able to provide it fairly shortly. We are still putting together the final touches, and when they're completed, obviously they'll be public documents, and I'll certainly make sure that you get one or your Agriculture critic has one when they're published.

**Mr. Koskie:** — Mr. Minister, you obviously went as far as Canadian investment. Are your principals in respect to the equity financing corporation going to in any direct way exclude the foreign investment in the equity financing corporation?

**Hon. Mr. Devine:** — Well so far, Mr. Chairman, we have limited to Saskatchewan and Canadian residents. As we've gone through the debate with respect to potash privatization and other things, whether or not somebody could have as much as 5 per cent internationally, we haven't resolved it, but to date it's limited to Canadian and Saskatchewan investment.

**Mr. Koskie:** — That's the fear that the Saskatchewan farmers had, is that outside of Saskatchewan people are going to be owning the farm lands. You, Mr. Minister, said when the land bank was here that for the government which they elect and call the tune, the electors, that that was a drastic thing when it was a voluntary program.

Now what you offer to the Saskatchewan farmers, you offer them outside investment, and you won't stand in this House and say that you will not allow foreign investment from foreign countries to own our farm lands. You have not stood in this House, and I ask you: will you give a guarantee to Saskatchewan farmers that no foreign investment will in fact be allowed in the equity financing and the purchasing of Saskatchewan farm lands?

**Hon. Mr. Devine:** — Mr. Chairman, we've had this discussion before. It seems to be all right for the hon. member to have the Royal Bank or the Bank of Commerce with shareholders all over the world, owning half the farm land in Saskatchewan. And he can run around and defend that. And this is an international bank, a multinational bank, with shareholders all over the place. And they come in here and they are involved right up to here in farm land.

And so, Mr. Chairman, I make the point to the hon. member that we have people owning farm land here and investing in it that have shareholders from all across the country, and indeed internationally, that are involved in financing agriculture. So he's going to run around now and say, well, for heaven's sakes, if you have somebody outside the province of Saskatchewan involved in a project, look at how terrible it's going to be.

I just make the point again that we have multinational banks in Saskatchewan now involved in farm land. So there you go. And if they do . . . and then he says, and mortgages. Well if I can replace debt with cash and the farmer has the opportunity to do better, then he's against that as well. We'll see.

When this pilot project's put together and people voluntarily can participate in it, we'll see if they like it or not. If they can replace high interest payments with a much lower reasonable payment towards the principal, then, Mr. Chairman, we'll test it and we'll see how it goes. I believe, as we've seen with the mortgage back guarantees and our new home quarter financing, that it will be popular and people will take advantage of it.

Nobody's obliged to pick up on these programs, Mr. Chairman. If you like the mortgage back guarantee, try that. If you want an equity project, try that. If you want home quarter refinancing, you can do that. There's a combination of things. This is a cafeteria of various kinds of programs that you can pick up for your farm. You may have a quarter or two that you might do something with, and another quarter or two you might do something else with.

So I don't think that people in Saskatchewan are going to be necessarily afraid of international or multinational financing when they walk in here and see that the banks from all across the country and around the world are in here financing them already.

**Mr. Koskie:** — Well I welcome your answer because that's exactly what the farmers of Saskatchewan feared is that what you're going to do is set up an equity financing corporation and you're going to use foreigners, foreign investment into the ownership of land. That's exactly what you have declared here. You're going to allow them.

You haven't guaranteed that you will not allow it. You won't get up and stand. You're defending their investment in farm land, that's what you said. There should be nothing wrong with foreigners coming in and buying up Saskatchewan farms. That's what equity financing's about. That's what you said and that's what we'll be relaying to the farmers, and that's why the farmers of Saskatchewan rejected your equity financing when you tried to sell it with your road show at the cost of taxpayers' money.

That's the problem that you have, Mr. Minister, and we will convey it to the people of Saskatchewan that you are intending to sell off the farm land to Easterners, which you say are bad people. Everything is Easterners. And you're selling off now, letting them invest in the farm lands, taking it from the private ownership of families, putting them under the hook of private, foreign investors. Isn't that a great future for the farm families? And they rejected it. And still you know best, you know best, Mr. Premier. Yes, you know best.

I want to ask you whether or not you're aware of whether the Australian, there's a particular name for it but the . . . in Australia they set up an Australian trust company in respect to holding of land. I'm advised that that trust company, Australian trust company, has now registered in Alberta. They're going to put into effect their equity financing in Alberta.

I understand that they are also seeking to be registered here in Saskatchewan. And I want to ask you whether you have any information in respect to the Australian land trust company wanting to . . . having established in Alberta and showing an interest in coming into Saskatchewan.

**Hon. Mr. Devine:** — Mr. Chairman, I don't think that the hon. member's information is entirely accurate. The information that we have . . .

**An Hon. Member:** — Well I got it from a pretty good source.

**Hon. Mr. Devine:** — Well you might want to check your sources. The information that we have is that the . . . it has not been set up in Alberta and it was not associated with the land company in Australia or New Zealand. It was an individual who was interested. He has not been given the go ahead in Alberta and certainly hasn't been given the go ahead here.

**Mr. Upshall:** — Thank you, Mr. Chairman. Mr. Minister, I want to go back to the topic we were on just a little while ago, talking about your new program in conjunction with the settlement actions between ag credit corporation and farm families. Now in many of settlement agreements

between farm families and ACS (Agricultural Credit Corporation of Saskatchewan), there's a paragraph which reads, and I quote:

The borrowers understand and agree that they will not in the future be entitled to receive, and shall not apply for, any grant, loan, cash advance, guaranteed loan, financial assistance, or benefit whatsoever provided by ACS or its successor corporations under any Act of the legislature of Saskatchewan or the regulations thereunder.

Now, Mr. Minister, can you tell me if that is part of the settlement agreements between farmers and ACS?

**Hon. Mr. Devine:** — Mr. Chairman, the way the settlement works is if somebody has borrowed money from the agricultural credit corporation and they come in and they have gone broke and they haven't made the payments and it's all over, then we will say, look, it's over for you and it's over for us, this is the end of it, you agree and we agree to take the hit. We will not demand any more money or any more from your farm or your hide. It's over. But you also acknowledge at the same time that you're not getting any more, and he leaves farming and we eat it and take it.

Then down the road in five years or 10 years or the next 10 minutes, he can walk out and he can apply for more agricultural credit or do something else and says he's going to start all over again. And we'll say fine, when you pay your bills, because we've already struck an agreement where we've agreed that you're out of farming and we're finished with it, because it just isn't there. So in that case and, so I'm advised, most cases, the individual has said, look it just didn't work out for me and I'm going on to do something else.

**Mr. Upshall:** — So if a young farmer has gotten into financial difficulty and signed this agreement with ACS, are you telling me that now he will not be able to . . . I mean, an agreement is an agreement. When it's settled, it's final. And this paragraph says that he is not entitled to any other program. So what you're saying is, he will not be able to partake in the vendor-mortgage guarantee program or any of the new programs that you brought forward, that he is done for ever, well as far as ACS is concerned?

**Hon. Mr. Devine:** — Well I said, if he's finished farming, he's out of farming and it's over. And he wants his settlement, he says, look I can't pay you any more, it's over, I'm quitting. And he owes 10,000 or 100,000, and we say, fine, it's over, we forgive you. It's gone. But you owe us and before you're going to get some new programs, say you come back into farming five years from now or want to change your mind, you have an obligation to the taxpayer here.

Now if the man is still farming and he's restructured and he's still hanging in there, then he's eligible for all of this. But when the guy says I've quit, I'm over, it's finished, then we hold him to that because he's no longer a farmer. If he still wants to farm and he's restructured and he's trying, he's paying his bills and doing all that, that's the people that we want to help. But the guy that says no, I'm

done, then we say fine, you're done, it's over.

You see if we didn't do that, you know what would happen — and this is the same rules as farmstart under the NDP — everybody would say I'm finished, it's over, write it off. Come back in and apply, and I've got a couple hundred thousand dollars in my pocket. You can't let them do that. The taxpayer certainly wouldn't be well defended if that was the case.

If he's legitimately finished farming and he's over and it's gone, we say fine, goodbye. We're going to take the debt; we'll eat it. That's the way it is, you're okay. If you want to apply again some day, however, you owe. Now that's reasonable because if you didn't, then most anybody could say, look I'm not farming any more and come back in 10 minutes later and pick up some more operating cash. To be fair, you just can't let them do that.

**Mr. Upshall:** — Well, Mr. Minister, what you're doing though is you're putting the blame on that individual for the shortcomings in programs between you and the federal government. And you're saying it's his fault and his fault only. And if that person has a desire to farm in the future, you are saying no way, you cannot farm, you're done for ever.

And I understand that there is complications that come into it, but the problem is that it's the way that you're delivering your programs. You wouldn't restructure his debt in the first place or have a program to help him to structure his debt in the first place, and now you're saying, well you're going to start restructuring debt, but that person is done for ever. Well that falls right in line with your theory that there's too many farmers — falls right in line with that.

Mr. Minister, are you contemplating, because it may have been through no fault of the farmer's that he got himself in financial difficulty. It could have been simply because of the prices and the lack of crop. Are you going to be looking at any way in which that individual can re-enter the ACS program like the . . . if he has a member of his family or a neighbour who wants to . . . has land that comes up for sale now, the land is at a greatly reduced price, and he wants to partake in the vendor mortgage program, are you going to be looking at any ways whereby that person can re-enter into farming?

(1500)

**Hon. Mr. Devine:** — Well he can re-enter if he agrees to pay what he owes. And that's . . . we've made the point. Let me also say that we're involved in restructuring. We restructure a lot. Agriculture credit corporation is involved in restructuring. They'll extend out the payments. They'll restructure. We restructured the production loan and we extended it out over time and restructured it. We've given people cash. We've allocated about \$2 billion between us and the federal government to help them restructure. They could apply it to their loans; they could apply it to interest. We have had a lot of restructuring.

After all of that, if the individual says, I'm still broke, it's over, I'm gone, we'll say, fine. You know, we'll take the



hit. Now if it's over, it's over and they're gone. If they come back in and want to apply again for other things, we say fine, but you're obligated to pay your debt to the taxpayers. You can't just write it off and then come back in and say, well it's gone. You've got to always have some integrity there. And I think that's the only responsible thing a government can do. And let me say again, you've the very same paragraph in the farmstart legislation, which I think is only appropriate.

**Mr. Upshall:** — Well, Mr. Minister, I think that that is part of the problem that farmers see with the way you administer programs in that your lack of programming to try to stop the problem has led to many farmers going bankrupt, and I understand their obligation, but when a settlement agreement's reached, that's an agreement. And you have gotten your pound of flesh out of that farmer, in fact, everything that he has, and you are eliminating him from farming operation. I think if you had any commitment at all you would try to work around that in order to make sure that that farmer who has a desire to farm could farm.

And, Mr. Minister, I want to turn now to the drought assistance program. Mr. Minister, you have promised along with the federal government that there's going to be many, many dollars coming out for drought assistance. We did not know in the beginning that you were going to be required to pay a portion of that drought program. Mr. Minister, can you tell me when you realized that the federal government was going to be asking you to partake in the program? When did you know that you were going to be involved in the program?

**Hon. Mr. Devine:** — Well, Mr. Chairman, at the outset the provinces have been involved in sharing the costs of various kinds of programs, so when we had the livestock drought assistance package we paid 50 per cent of it. We have been negotiating for some time with the federal government on an improved crop insurance mechanism, and they were saying to us, well I think the provincial government should have a different share. They even looked at a 30-30-30 sort of share, but maybe split the premiums, the 50 per cent part of the premiums with the provincial government.

And they talked to us at the outset, if we're looking at a drought payment and we're looking at extended crop insurance payments, that we're going to be looking at some sort of cost sharing. So everybody was aware of the fact that we had shared in it in the past, and there was some discussions about it going on into the future.

**Mr. Upshall:** — So, Mr. Minister, you then are telling me that you knew right from the outset that you would be partaking in the program. Is that what I'm hearing?

**Hon. Mr. Devine:** — At the outset, Mr. Chairman, I knew that it was a possibility that that would be the case, and other provinces were also talking with the federal government. So we didn't know how much money they would come up with. They didn't know how quickly they would pay it. They announced that they would pay in the neighbourhood of a billion dollars, and that it would come out in two payments during the crop year of '88-89. And it has happened. And then they began to negotiate

with the provinces on a new crop insurance mechanism and cost sharing the drought.

So our position was, look we are really interested in a new long-run crop insurance mechanism that is more substantial and bigger. If we can have your commitment on that, then we'll entertain paying some modest amount towards the drought program because we have paid the drought programs in the past. So that was the basis that we started the negotiations.

**Mr. Upshall:** — That's the basis you started the negotiations. Mr. Minister, when did you know for sure, when did the federal government say that yes, you are participating, and when did you agree that you would be participating in the program?

**Hon. Mr. Devine:** — Well the final agreement on what we would be prepared to reach was just prior to the Agriculture ministers' meeting in Prince Albert, and all the provinces had pretty well talked about it and worked it out, and negotiated with the federal government. So at the Agriculture ministers' meeting there, everybody agreed to the new crop insurance sharing, and there was an agreement in principle in terms of sharing the drought payment because this is a national program — Ontario paid into it, Quebec paid into it, B.C., everybody. So it really finished up just prior to the agriculture ministers' meeting here.

**Mr. Upshall:** — You were saying that just prior . . . just a week or so ago, that was the date in which you knew that you were going to be involved in the program. Is that what you're saying?

**Hon. Mr. Devine:** — Hon. member, I will repeat it again. The agreements were reached just prior to the ministers coming here. We knew all along that we had cost shared drought programs and other programs and knew that the federal government was interested in a new crop insurance mechanism if we were prepared to design it with them, and we knew that from the outset.

So we pushed hard for new crop insurance, and in doing that we knew that there would be some possibility that we would have to or would be asked to contribute. I mean, they wanted half or three-quarters; we said look, we're not bailing you out — but some contribution towards this drought payment. So we were negotiating it, and we just finished and it was all agreed and signed just prior to the ministers getting here when we all met in Prince Albert three or four weeks ago, two or three weeks ago.

**Mr. Upshall:** — Mr. Minister, the problem lies in that when the federal budget was announced of course you know that there was only half of the amount budgeted federally initially. And one of the reasons was because the provinces were going to be partaking in the program. And then as it unfolded and as more pressure was put on Ottawa, they said, well we're going to come up with all the money and then we're going to continue the negotiations.

And I say, Mr. Minister, that that is one of the reasons that it took so long to get the drought payment out, is because this program was announced before the federal election,

as we all knew it would be, because everything is done around political timing in your books. And then it dragged on and on and on and on, and I have numerous clippings talking about delay after delay after delay. You said that you were going to have the payment in the hands of farmers before spring seeding, and that's when they needed it. First of all it was going to be out early in January, then it was going to be out spring seeding, and finally you know, after all was said and done, it was the early part of August, and two payments when it was supposed to be one payment.

Mr. Minister, that is part of the reason I believe that the federal drought assistance program was delayed so many times, is that there was absolutely no forward planning. You and the federal government were in the discussion stages, and then the federal government came up with the idea, well if we pay all the program then we can put pressure on you guys because the ball will be in your court for coming up with the money to make sure that this program gets paid out.

Mr. Minister, in the drought program, as I said, it has been a comedy of errors and confusion right from the outset and farmers know that and that was the talk throughout the country. I mean, can't these guys do anything right? I mean, there was a drought that began in the spring of last year, early spring of last year, and in some areas it was years before that. We came through that and you would think that by the middle of summer when there was absolutely no crops in this province in most areas, that you would start figuring out how the program should work and what should be done.

But no, that wasn't the case. You waited until October, the federal government waited until October with not a word from yourself, publicly, to pressure them into coming out with the drought payment. The errors continued by the delays, by the confusion. And you said farmers eventually were going to get 40 to \$45 an acre. After the whole process has been finished, Mr. Minister, we find that the formula they came up with ends in a result called the target return, which is the price after you top up crop insurance by seven and three-quarters per cent and after you multiply it by the price of the market grain, you come up with the target price, and then you start making your deductions.

Well the actual production comes off, which is fair. Crop insurance comes off, which is fair ball. And one of the surprises many people got was when they found out that through some series of events that they had an overpayment from 1986-87 in the special grains payment, and that came off. Or if they owed any arrears on cash advances, that came off. Any arrears on farm improvement loans came off. Any income taxes owing came off. And what that statement says, Mr. Minister, is that you and the federal government have decided the orderly payment of the farmers' debts.

Can you tell me, Mr. Minister, what justification there is for the federal government to implement these overpayments and arrears by taking them off the drought program. Can you give me the justification for the deductions, those deductions on the drought program?

**Hon. Mr. Devine:** — Mr. Chairman, I don't have the number of people that were influenced or that had some deductions as a result of their negligence to pay back loans or various other kinds of things. But I would think that when the federal government allocates a billion dollars out to farmers, or almost a billion dollars across the country, it's only fair, because it's an ad hoc program needed for drought, that the government on behalf of the taxpayer would ask individuals and explore and say, well you're behind in some of your payments; let's clean those up before we just give you some more. And the taxpayers expect some degree of integrity when it comes to these major programs.

This is not a loan. As I've said many times in the House, is now almost \$2 billion in money that goes directly into the farmers' pocket. And the farmers can do with it whatever they want. They can write down interest, they can restructure debt, they can go to Hawaii, they can do whatever they like.

So all the federal Finance department was saying, if you're going to receive this money, let's make sure that you're up to date and paying your income tax and doing some other things. So I'm not sure what percentage of farmers had some deductions, but in any event it seems to be not an unreasonable thing for the Department of Finance to do with the taxpayers' money is ask to have any delinquent payments or late payments paid up to date so that in fact everybody's treated fairly.

If not, then you just don't bother making your payments, and you still get more money. And people would say, well why should I bother paying the government? I don't have to pay it back because even guys that didn't pay it back got as much as I did. So you can't have that system. It leads to anarchy or chaos financially. You have to maintain the integrity in the system.

Now if you're suggesting that people shouldn't have to pay their financial bills to the federal government and that's okay, then what you're saying and you're implying is that nobody should have to pay their bills and you can still apply for more. And you were alluding to that when you were getting into the position with farm credit. You say, look, I've got a bunch of debt and I'm not going to pay it, but I want a bunch more money. And that's fine, and I can do it over and over again. And I don't think that's right. And I don't think that the Finance officials on behalf of the taxpayers should treat it that way.

So I think it's reasonable to expect people to pay back their obligations to the federal taxpayer, particularly when they're receiving grants in the tune of about \$2 billion in the last two or three years, coming directly from the taxpayers into their farm.

**Mr. Upshall:** — Of course, Mr. Minister, the problem is that the federal government has put itself first on the list. I'm not saying that the farmers shouldn't have to pay back their debts, and it's ludicrous for you to suggest that. What I'm saying is that if many farmers who are in severe financial situations have to make decisions on what debt is paid first. And what the federal government has done and what you are agreeing to, is the fact that a portion of the \$450 million coming to Saskatchewan will be from

the federal government, through the farmer, back to the federal government. They're first in line even though it might mean that that money could make a difference in that farm succeeding or not succeeding and eventually the money being paid back altogether.

That's the problem that I have with this. And those deductions, Mr. Minister, the fact that the federal government have put themselves first in line for any repayment of debt tells me that because they don't have the kind of support . . . or give the support they need to farmers that they are trying to reduce their debt load, and they're going to do it by announcing a large sum of money, then taking some of it back.

(1515)

But that doesn't work for Saskatchewan farmers who are trying to make their payments. That doesn't work for a farmer who has to make a payment on a combine to take the harvest off because he needs that money to get his harvest off which would then in turn enable him probably to pay back some of those debts to the federal government.

But the federal government has said no, that's not the way we're going to do this. We are first in line. It doesn't matter if you get crop off or not, doesn't matter if you need the money to sustain your operation, we're going to take our chunk of flesh first. And that's the problem that I have with it and that's the problem many farmers have with it.

Mr. Minister, in this whole operation we have seen that the farmers of Saskatchewan were expecting 40 to \$45 an acre in what you termed as the severest drought areas. The perception that you gave, along with the federal government, and told farmers of this province that the \$12 areas were the hardest hit areas; the same time you are saying 40 to \$45 for the severest hit areas in the province. That led many farmers to believe that because they got the \$12 an acre, they thought they were going to be . . . in \$12, they thought they were going to be entitled to the full payment. But what a surprise many people got.

Now, Mr. Minister, will you admit that you misled the people of this province when you talked about 40 to \$45 for the severest hit areas, whereas you really meant that there was going to be . . . actually the \$12 area had nothing to do with whether they got 40 or \$45. Will you admit to the farmers of this province that you misled them by leading them to believe they were going to get 40 to \$45 if they were in a \$12 area?

**Hon. Mr. Devine:** — Mr. Chairman, I didn't say anything of the kind. The hon. member knows that anybody that got 40 to \$45 an acre payment, and some did get the maximum, most likely received the \$12. But certainly everybody that got 12 wouldn't end up with 40 or 45, or else there'd be a large percentage of the people that would have got 40, 45 . . . (inaudible interjection) . . . Well that's what you said that they did. That's what you said would happen. And you went around . . . (inaudible interjection) . . . well no, you kept it going.

With respect to the deductions made from this final payment, it just seems to me that if an organization offers

to give you a bunch of cash, then that organization should get some call on whether you owe them any debts. I mean, if the Saskatchewan Wheat Pool went out and said, I have a billion dollars for farmers and I'm going to give you the cash and if you owe me anything I'm going to deduct it off, and if the provincial government does the same, then they've earned the right at least to say, well balance this out. And the federal government said the same thing.

So the farmer is certainly better off by receiving the cash, clearly they are. I mean, they got a billion dollars in cash. If he hadn't . . . see what it is, it's overpayments under the Canadian special grains program were deducted. Well he already got more than it was owing to him. Overpayments under the Agriculture Stabilization Act, overpayments under the Advance Payments for Crops Act, overpayments under the Farm Improvement Loans Act. So if he'd been overpaid, then it's only fair if he's going to get a reasonable amount, that that's settled out.

And child support payments owing, so that they're looking at the children and the families involved there.

**An Hon. Member:** — I didn't even mention it.

**Hon. Mr. Devine:** — Well you didn't mention it, you overlooked. So it's the combination of these. There were seven items where they said, let's be fair and reasonable to the families, to the children, to the farmers, to the taxpayers, and everybody else. So they designed it that way. And if they're going to come out with the money, it seems to me they should at least have some call on all the money that's flowing back and forth between them and the particular farm family.

**Mr. Upshall:** — Mr. Minister, I said there are several deductions that I okayed, but the problem is with the overpayments, was that the farmer's fault or was that the government's fault that that overpayment was made? And I agree that it's still a debt owing but you missed my point, so I'll repeat it.

In those cases the federal government is supposed to be there to support farmers. You're saying they gave the money to support farmers in a year of a drought. What I'm saying is that they supported the farmers with a drought payment but they have put themselves first in line as far as debt repayment is concerned, where that might make the difference of whether a farmer can get his crop off to enable him to have money to make his arrears payments. That's the problem. I mean you can make your argument and that's fine, but the problem remains, arrears owing on cash advances. Well the problem . . . many of the problem was there, the farmers are strapped for cash.

**An Hon. Member:** — Well you didn't have to cash the cheque.

**Mr. Upshall:** — They didn't have to cash the cheque, you said. Well, Mr. Minister, the problem is, these people are strapped for cash and they need the money. And you're saying that . . . what you're saying is the federal government is first in line, doesn't matter what.

And what I'm saying is if you were doing it rationally, you

would give them the option. You're making a management decision for that farmer on his farm, and that should not be the role of the federal government. You're telling them what management decision they're going to make with how they're going to repay this . . . how they're going to handle their drought payment. And that's the problem.

I mean on one hand you're saying the government's supporting farmers, and on the other hand you're saying that they're deciding . . . they're taking a management role on that farm. Now you talk about government control. Well I'll tell you, that's pretty heavy handed government control when they're into making management decisions on a farm-to-farm basis.

Now, Mr. Minister, another problem that arises is that . . . I want to get back to the whole theme that I talked about yesterday. This is a one-time payment, a one-time payment. And the increases in the federal budget, the interest rates, the transportation rates, are all continual payments to the federal government. So the farmers are in a situation now where they're getting one-time payments, having the government dictate how they're going to make their repayments. And they turn around and employ other measures to on an annual basis take almost twice as much as they gave to farmers back. And we're going to get to that in a minute.

Now, Mr. Minister, there are a number of farmers who have had problems with your drought assistance program. And I want to read parts of a letter that I received from a farmer on the west side of Saskatchewan, and if you'll just indulge with me for a minute, there are a few quotes I want to take out of this letter just to make a point in the words of a farm family. It says:

We were banking on a maximum of \$40-plus per seeded acre. We got a shot below the belt, where it really hurts, to receive \$21 an acre. We haven't had a decent crop for at least five years. The past three years have been unbelievably poor. We averaged three bushels an acre in 1988. That is severe drought.

To receive that 3 bushels an acre, we went through as much expense as we do in a good year. We ran our swather and combine in the dirt, trying to get all we could. We sprayed chemicals for weeds and farmed with 100 per cent effort and expense, trying to take a crop in that costs extra on repairs as it is so hard on machinery.

He goes on to say:

What we are saying is we farm to the best of our ability. We had a severe drought in our area. But the government comes up with a crazy formula to save themselves a lot of money. It is not an election year, so they think that people will forget that they lied. We probably more than likely (he says) won't be farming by your next election, as we and many others will be forced to give up farming. But we won't forget when it comes to marking the ballot.

It goes on to say:

Any articles in the newspapers and radios and television stated \$40 an acre plus in severe drought. The government goes ahead with this crazy formula to save costs.

We haven't had a decent crop for five years so of course our average goes all to pot. (He goes on to say) They could have sent a gun in the mail and we could have at least ended our depression and misery.

Those people who received a maximum because of their excellent averages over 10 years has nothing to do with the drought in 1988.

And he goes on to say:

We were told by different members of the municipal government that to appeal is a waste of time as no positive results would occur. Our crop insurance invoice has increased by three times in this bad year again for us. We are averaging 5 bushels an acre in 1989. We have received a total of 1 inch of rain in all of 1989. How are we to pay such a high premium?

And one more paragraph, Mr. Chairman. Mr. Minister, they go on to say:

The people in our area have been really shafted. We felt that the Progressive Conservatives have really stuck one to our farmers this year. They misled us and lied. When we called the drought aid office at 1-800-267-6343 they got our files and told us we'd be receiving the maximum as we were in a severe drought area. We call that being misled and lied to. We are banking on the maximum for survival this year. Please help us.

Now, Mr. Minister, that is the type of situation that we see in this province. Whereas again you said in the severe areas they were going to get a maximum amount of money, and obviously in this case they certainly were misled and lied to.

Mr. Minister, how do you justify a program that has loopholes in it that's so big as to a farmer who gets a 3 bushel crop can only get half of what you said they were going to get? How do you justify that?

**Hon. Mr. Devine:** — Mr. Chairman, I will say to the hon. member that the formula that we used to design this mechanism was wholeheartedly supported by the Saskatchewan Association of Rural Municipalities, SARM, by the Saskatchewan Wheat Pool, by the United Grain Growers, by the stock growers. All the farm organizations designed this formula together and said it's not perfect but it is fair as they've seen, and they've brought it down to the smallest area that they could, which was the township. And if you look at your long-run averages, it's based on the price and it's based on your average production over time, and then it's based on the extent of the drought in your area. If the people in the particular south-west . . . if he wants to give me the township, we'll go down through the formula and tell him

exactly why it is the way it is.

And certainly if they take the time to appeal, they will find out precisely why it is that way. If you're in an area where the long-term average is 16 bushels per acre, then you're going to get a maximum based on 70 per cent of that based on price, based on drought and so forth. Now you compare that to, say, Kindersley where the long-term average is 27 or 30 bushels to the acre; you're going to get a bigger payment there compared to perhaps lighter land or sandy land or some other sort of land in various other parts of the province.

So you're not . . . and you know that, and that's why the wheat pool and other organizations have said this is a very good formula. It's not perfect, but it's based on what you should normally get and based on the farm land and its productivity, and the area, and the average.

Now that's the only way you can do it. You can't give people who, say, normally get 15 bushels to the acre, a 44 or \$45 payment, and you know that and I do, because that's more than they would make — well above average.

So if you're into a situation where you've got very light land and your average is low and you got dried out, you're going to get a much lower payment than you will if somebody that's got a very good average based on high productivity land. And that's what we said, and that's the formula.

I mean, I've quoted the wheat pool several times here today, this morning, and this afternoon in its support for free trade, in its support for this program, in support for cash going out, in support for the fact that we've had an initial payment and a final payment, and it's 4 or \$500 million. And the member opposite just . . . Well I've made my point.

The formula was designed in co-operation with farm groups and they recommended this formula, so I hope when you're writing those people back, you tell them that this formula was recommended and designed by the Saskatchewan Association of Rural Municipalities and by the wheat pool and by UGG (United Grain Growers) and farm groups along with the provincial and the federal government.

I hope you make that point. If you would care to give me the letter, I'll make sure that they get that point and that they get the formula. If you don't pass it over, then I will . . . you know, you will be somewhat suspect in terms of just raising it for grandstanding purposes as opposed to giving them accurate information.

**Mr. Upshall:** — Well, Mr. Minister, you have a copy of the letter. It's indicated on this letter that you were sent a copy of the letter.

Mr. Minister, the point is you misled them. You said, if in the severest area, and how would anyone think that they weren't in a severe area if they were getting 3 bushels an acre.

And you said in the severest drought areas there was going to be a \$40 payment, but that was what you were

saying because of your political position. You were saying that to enhance the political position of the federal government before the election and to enhance your own political position in the eyes of the farmers. You were telling them they're going to get \$45 an acre, built the expectation up, and the many farmers that I talked to said, well if I get 40 bucks an acre if I have no crop, you know, that'll just about break me even. That would be good. But now they're finding out.

(1530)

And I know the formula, and I know how things work, but why weren't you honest with them. And that is why you're slipping so badly in the eyes of the people in rural Saskatchewan. You're not being honest. There's time upon time upon time that you have not been honest with the people of Saskatchewan, especially the farmers. You could save yourself a lot of grief, Mr. Minister, if you were forthright and came up and said, well there's going to be a formula based on a long-term average, and the payments will be in an area from zero to 40, with maybe the average being 20. But no you didn't say that. You weren't honest. You said, severest areas, \$40 an acre. And in *Hansard*, if I remember your words exactly, "and we're going to hold them to it." Well we all know that you were going to hold them to it.

And, Mr. Minister, can you tell me what percentage of the province was in the \$12 per acre area, and what percentage of the farmers . . . or townships rather, received the maximum of \$40 per acre?

**Hon. Mr. Devine:** — We're getting some of the information for the hon. member. I have here in my notes: over 200 townships have received payments of over \$40 an acre. And I don't know what the per cent of the total that is but we're digging up who got the maximum and who got 12 and who got 7. I will point out that, just for the record, that the formula being used was developed through extensive consultation with Saskatchewan and other provincial wheat pools, the wheat growers, the barley growers, and other commodity groups. It's based on four basic principles agreed to by all groups involved in the consultations. It is crop specific. It is based on the area average. It is targeted at the areas most severely affected and it is a national program.

The decision was made to base the payment on the area rather than on an individual basis so that an evaluation of individual farm management practices would not have to be made. In other words, we would like to have it right down to the farm and eventually through crop insurance you're going to see that down to the quarter section. But what it meant is you'd have to now go out and individually examine every farm management practice that is going on and obviously that would take too much time.

This decision was agreed to unanimously by all groups involved in consultations in the West. These groups also felt that the area should be used as small as possible, so payments have been calculated on a township basis.

Another important consideration forwarded by these groups was that while all affected farmers should be

eligible for the payment regardless of whether or not they had crop insurance. Those who had crop insurance must not be penalized. Therefore the payment calculation treats all farmers as if they had crop insurance. So as a result of the fact that we got \$450 million, I believe something like 58,632 farmers received some support and cash from the drought payment.

**Mr. Upshall:** — Mr. Minister, I wasn't looking for an explanation. I know how the program works. But the point I'm making is that you weren't honest with the farmers when telling them how much money they were going to get. You didn't tell them the truth.

Another example . . . and a few minutes ago you said that you knew that you were going to be in the drought program right from the beginning. Well in December 2, 1988, *Leader-Post* the headline is: "Saskatchewan refuses to pay share of drought aid". The truth is being missed here somewhere. It says:

Saskatchewan is joining Manitoba and Alberta in refusing to pay its share of the \$850 million drought relief program announced by the federal government during the campaign. "We don't have an extra \$200 million," said Devine who is also the Minister of Agriculture.

You just told us that you knew that you were going to be involved in the program right from the beginning. So, Mr. Minister, again you seem to have trouble identifying the truth. Why didn't you just say to people right from the beginning: this is a cost shared program; yes, we're going to be involved in it — like you told me here a few minutes ago? Why didn't you tell the farmers that they weren't all going to be getting \$40 an acre in the severest hit areas?

I mean, it's your integrity that's in question here, Mr. Minister, not the program. Although there are some questions and problems with the program, it's your integrity that we're talking about. How can you stand in your place as the Minister of Agriculture in this province, lead people to believe that they were going to be getting \$40 an acre, instead of being honest and just saying, no, maybe the average is going to be 20? But you chose to pick the top figure and not be honest.

Mr. Minister, the problem that I have and many other people have is that in this whole drought program, we have a one-time payment, an ad hoc program as we've had in the past. And that's the mind-set that many farmers were in. And then they got to be the brunt of several jokes because of that. But, Mr. Minister, what the federal government is taking away, through the budget and through the increases, far surpasses what they will be getting in this year's program.

And, Mr. Minister, I want to move into another area, and that is this year's drought. We have a situation in Saskatchewan where many areas are again, as in the letter I just read, many areas are again, because of the heat and the lack of rainfall, are going to get a very, very small crop, if any crop. And from my travels around this province and from my conversations with many people, that drought is probably in, I would guess, a good 35 per cent of the province, possible 40 per cent.

Mr. Minister, you're saying that the ad hoc programs now . . . you've said the ad hoc programs are going to be ending and there's going to be a crop insurance system set up for next year. Mr. Minister, I was wondering what you had in mind, if anything? Do you have in mind to help those farmers who are obviously faced with difficult cash flow for this current year? Is there going to be anything, any restructuring of the crop insurance program for this year? Is there going to be any type of assistance for the drought? And what are your plans? Have you looked at it? And can you tell me exactly what percentage of the area of Saskatchewan, farm land in Saskatchewan, is suffering a drought this year?

**Hon. Mr. Devine:** — Well, Mr. Chairman, the harvest is under way and we will be able to assess that when people have done their combining and know what the yields are going to be. We are looking for less than an average crop across Saskatchewan, something that will be better than last year, but obviously not as good as some of the expectations we had in the spring. In June it looked like we could really have a super crop. I noticed forecasts were out by financial institutions still have Saskatchewan leading the nation in economic growth, not at 6 or 8 per cent growth this year, but between 3 and 4, but still leading the nation in economic growth with some sort of an average crop.

So we have said to individuals, we are prepared to help restructure their debt and we're prepared to talk with them and we're doing that all the time.

So if farmers have gone through their harvest, they've received their drought payments from last year, if they're still having problems with respect to making some accommodations for various kinds of programs they have, then we certainly invite them to come in and talk to us. And we have a large number of programs and a series of them that we can use to help them. Certainly we will soon have the new programs available towards the end of the month, which they may find very, very interesting.

**Mr. Lingenfelter:** — Yes, Mr. Minister, I just want to follow up on my colleague and some of the questions he's been asking about the drought, and I want to be specific about this year's crop. I want to ask a few questions about the crop, because I think there's a number of people who are going to be getting excellent crops. I'm not sure about in your area where you'll be combining now, but in certain areas of the province just south of the city, I know where your deputy's from, I think the crops are very good in around Regina; other areas not so good.

But I wonder, can you indicate to the committee, what is your expectation for crop production in the province this year? Has the department got a final estimation at this point on what you expect the total production to be and how that would fit into, let's say, the 10-year average?

**Hon. Mr. Devine:** — As I said to the hon. member, our estimates will . . . the crop will be slightly below average. On average it's 18.6 million metric tonnes for all grains; we're forecasting 18.1. So it's our best guess. It's been dropping as we've gone through the summer because in the last three or four weeks, it was at 24 and then at 21,

and now it's down to 18.1.

**Mr. Lingenfelter:** — I wonder, Mr. Minister, can you indicate what you base that on? Does the department get in crop reports from the various ag reps in the province and then do just a quick estimation, or how? And I guess the other thing I'd like to know is how accurate will be that be in terms of past years performance of using that kind of a survey that you must have in place? Is it relatively accurate and is that the process? Is it just ag reps talking to farmers and getting an idea that way?

**Hon. Mr. Devine:** — The surveys in the past have been pretty accurate. We have about 200 crop reporters, and they phone in starting about 5 o'clock in the morning on Tuesdays, and they report. When you have close to an average production, or good production, they are extremely accurate. When you get into more and more severe drought, they can vary more because it is somewhat more difficult to estimate how badly the crop has gone down.

But the farmers are pretty good judges and we have about 200 of them, so it would be an adequate sample from around the province to know that you'd be very close to being in the ballpark.

**Mr. Lingenfelter:** — Mr. Minister, my concern I guess is the fact that, although last year's drought was in some ways, in fact, in total production much more severe, the problem that I'm running into when I'm travelling around the province, and I'm not doing as much as I would like to, but when I'm out particularly in the north of Maple Creek area, and I'm sure your colleague and cabinet colleague has brought this to your attention, but that area north of Maple Creek, there seems to be a drought on there that in some ways is as bad as last year.

I'm just wondering, when I'm talking to people up in the Tisdale area and Melfort, places like that, down in your constituency, I know that the drought is relatively severe. I'm just wondering, is there a plan by the federal and provincial government at this time to have a drought program similar to the one that was set in place last year that would help these farmers see their way through the drought of this year?

**Hon. Mr. Devine:** — Well, Mr. Speaker, we are going to be talking to the farmers in these areas, and if individuals have some particular difficulty we will be more than willing to sit down and look at various programs that we have. Crop insurance has been improved. If individuals have opted for crop insurance — and we're quite high here, almost 90 per cent of the farmers take it out — then they're going to see, perhaps in good measure at least, their operating costs covered.

So whether we'll need another program or not, that's going to be something that we'll have to decide in looking at municipalities, talking to our agriculture officials, talking to farm credit, the federal government and ourselves.

We have made no decision at all to start another drought program, and certainly I would not raise the expectations for people in various pockets of Saskatchewan that there's

going to be another federal payment. So I wouldn't want to leave that impression with anybody.

We are certainly sensitive to the fact that there's less crop in some areas, and as you point out some of them are quite severe — relatively small but quite severe. So we'll deal with them as the harvest unfolds and see what's necessary.

(1545)

**Mr. Lingenfelter:** — Mr. Minister, I really wonder how a government wouldn't be working very quickly to put in place a program for those farmers who are now finding themselves in many areas of the province in a worse situation than they were last year. And I say that they are in worse shape, Mr. Minister, and being out there on the farm last year while we didn't get the drought payment, at least the initial stage of the drought payment, we did get a western grain stabilization payment that meant probably a buck a bushel on most of our grain.

Also the price of wheat that we did harvest last year was a dollar a bushel higher than it is on the initial payment. I'm just wondering how in the world, if they were in trouble last year, they will ever be able to survive this year given the fact that things like machinery prices, chemicals, crop insurance have all gone up in price. And the simple fact is that the way the crop insurance formula tends to work, is that if they needed it last year and used it — and some of them have been using it for three or four years — the coverage is down considerably.

And I quote again from the letter that my colleague from Humboldt was using that these people who wrote to us in the north of Maple Creek area, are going to be getting this year 5 bushel an acre they say in 1989. They say crop insurance invoices increased three times. It's a bad year again for us. We have an average of 5 bushel an acre in 1989 — and they're busy combining now — and we have received a total of 1 inch of rain this year.

Now when they're asking why are their premiums so high, I mean, telling us clearly that their cost of production has gone up this year; that they're getting no western grain stabilization; that the price for the little bit of grain that they're getting is a dollar lower than it was last year.

And I'm just wondering how we can expect . . . and I use an example of a farmer who's out there, let's say on 4 or 500 acres of seeded — because they summerfallow half and half, and that's not a bad average in that area of the province — getting coverage for 12, 15 bushel an acre. They're only combining five, so they'd get the maximum crop insurance; I understand that. But they're guaranteed 15 bushel on 500 acres, 7,500 bushel at \$4; you're looking at a tad less than \$30,000 on the farm total income.

Now you and I know that it would be virtually impossible for a family to live on \$30,000 a year. That's just cost of living. And here you have farmers who are struggling out there, doing the best that they can, their total gross income on that size of a farm, that would be 1,000 acres, getting \$30,000.

And I'm just wondering . . . and I'm not being critical here now at this point. I'm not being critical, but I'm saying how can we in government at this time, expect a farmer who's farming 1,000 acres out in the Richmond area of the Maple Creek constituency to make a living when their gross income, that's before their fertilizer and crop insurance payments, is \$30,000. And I think, wouldn't it be important that we set in place now, before the pressure starts building, because what will happen clearly is that we will have to go out there, somebody will have to go out there and talk to them. Then there'll be disaster areas declared by the R.M.s. And then the public meetings will start and then the pressure would grow.

Wouldn't it make more sense for the government to analyse the crop and say look, these farmers are in a desperate situation. I mean, we simply can't let that many farmers go, regardless of your previous statements. I really want to give you the benefit of the doubt in hope that what you were saying about 80 per cent of the farmers being non-productive, that you've changed your mind being Premier, and looking at these farmers and the great job that they try to do.

And I ask you, what plans could we possibly get in place at this time and not have to force the farmers to go out and beg and organize, and hold rallies and protests to get a drought payment? Because if they were in a problem last year with the price being a dollar higher in western grain stabilization program, how can they possibly be making a living this year in those drought areas?

**Hon. Mr. Devine:** — Well I haven't looked in detail at the letter they wrote. But if their premiums have tripled, if their crop insurance premiums . . .

**An Hon. Member:** — Three times.

**Hon. Mr. Devine:** — Well that's tripled . . .

**An Hon. Member:** — They've increased three times.

**Hon. Mr. Devine:** — Okay, increased three times, then you have the possibility that they're in an area that is very vulnerable to drought. And if their long-term average is 15 to 20 bushels to the acre — and that's certainly the case if they got a crop this year — let's assume that they got a normal crop, which would be 18 to 20 bushels to the acre at \$4 a bushel, is \$80 an acre times 500 acres is \$40,000. Now that's all they're going to get in the good times. That's it on a thousand acres — \$40,000.

Now obviously in that kind of average production you don't want to be putting a whole bunch of money into land payments, and you don't want to be spending an awful lot of money on imports and some other things, because it's fairly marginal agricultural land. Now if you took out the variable price option in crop insurance, you took it out, you will receive more money this year — and you got dried right out — you will receive more money this year than you did last year if you took out crop insurance plus the drought payment.

So the new crop insurance mechanism that we've worked to design along with farmers and United Grain Growers

and wheat pool is designed to help people just like you're talking about. If you insure, you can get the maximum, and some payments have been in excess of \$100 an acre, some as high as \$150 an acre that you could get with the variable price option that could ensure you, you know, somewhere up into the neighbourhood of 100 to \$150 an acre locked in. And the expense on that might have been as little as from 5 to \$10 an acre. And that's going to be a much bigger payment and a broader payment than getting all the drought all over again and your crop insurance.

So we're aware of those situations and my officials advise me that as you look at that variable price option, I don't know if you've done crop insurance estimates yet, but if you want to protect your farm you can certainly go to a fairly substantial payment. Now you'll say the premium is up. That's true, but it's a pretty reasonable risk, and particularly if you're in an area that is, you know, dry.

I'll take your advice. We'll go back and look at those specific areas and see how severe those pockets are. If crop insurance is doing the job it should, and if it isn't then we have to have modifications to it. I think you have stood in your place and recommended that we get rid of these ad hoc programs many times and say, design something so they know exactly what's going on so that they can count on it and the taxpayer can go on.

And I agree with you. So if that means that we've got to do something to top up crop insurance and make it better and better, then I'm quite prepared to look at it and we can certainly be prepared to get your best suggestions on how we deal with it now.

If these folks have crop insurance and they're picking up 30 to \$35,000 as you pointed out, if they had a 20-bushel crop at 4 or \$5 they wouldn't be getting much more than that in that particular land. And that's what we have to compare it to and that's what's important for a crop insurance mechanism with integrity.

**Mr. Lingenfelter:** — Well that does raise the exact point, is that at 3.50, \$4 wheat, is the question whether farmers can survive on average size farms in this province — and that's really what we're talking about — when they're competing with other agricultural based economies where the subsidies add up to much more than that.

And that's why it worries farmers a great deal when they hear the Premier saying that he is going to be the first in the world to withdraw the subsidies. What you're saying is that you're going to be using the farmers in Saskatchewan in the cutting edge to try to break the subsidy plan, and I simply don't think that the farmers in Saskatchewan should bear that brunt. I don't think they should be used as the test case in getting rid of subsidies, because if they're the first ones on the line, they're going to be the first ones to go.

And that's the very point; you raise an excellent point when you say that farmers in an area north of Maple Creek, whose average is 15 to 20 bushel can't survive at \$4 a bushel. You make the point for them. The question then is, if they can't survive at \$4 wheat in an area that produces 15 bushel an acre, that tells you one of two



things. Either we let them go, which is what I think you're saying, or we have a subsidy plan in place to see them through this period. We all know — at least I hope we know, that letting those farmers go in those areas isn't going to solve the problem.

And the point I want to make is that in that area north of Maple Creek, I believe there are five R.M.s that have now gotten together and either are declaring themselves a disaster area or are about to. That includes the R.M. of Big Stick and a number of R.M.s that go north of Maple Creek.

And it's clear to me, Mr. Premier, that you have laid out succinctly the very essence of the problem, and that is that in some areas of the province even with slightly average or slightly less than average production, these farmers are going to be in a great deal of trouble this year.

And the question then comes, what is the solution to that problem? One, throw up your hands and say that we can't do any more. That's a solution, but it's not a way to manage the change that inevitably will have to be dealt with. The other way of course is to continue some form of subsidies and make the change gradual in order that farmers can make that adjustment. I think simply pulling away the subsidies is going to kill a great number of family farms, and that's what concerns the R.M. reeves and R.M. councillors in those drought-stricken areas. They see western grain stabilization not coming through with any payment because that's how a formula works.

Now knowing that the formula works that way doesn't solve the farmer's problem or the mother on the farm's problem when it comes to now going out and buying clothes for the kids and buying books for them or hockey equipment this winter. I simply say that an average sized farm in that area of the province with a total gross income of \$30,000 is not adequate.

And I think, Mr. Premier, you would agree with that and then you and your colleagues and the cabinet should say, what do we do about it? Sit down, formulate a plan; crop insurance obviously isn't working. It may work a year or two from now when we've got it solidly in place and have told the people what the plan is. But what are we doing about this year? This is the crunch year.

In many ways farmers are in a much worse situation, much worse than they were last year or the year before or the year before. This is the make or break it year for thousands of farmers in this province, and I say, pulling back on the subsidies now is not a reasonable solution. And I think obviously we should be going to Ottawa for more money. I really believe we should, simply because I don't know any other solution.

I go visit with these farmers. We get letters from people like this who are basically pleading — not only with the government, with the opposition — to do something about their plight. And I know it must be distressing for you, after years in government, after seven years, to be at the point where farmers are at the worst shape they've ever been. And I will readily admit, not all your fault, maybe not even the majority your fault, but the simple fact still remains that we've got to do something about it. And I really would urge you to take us up on the idea that

we do call on Ottawa.

There is a crisis in about a third of the province — and I'm sure the member from Arm River will agree with me on that — that in my constituency that I used to represent in Shaunavon, there is about a third of it that isn't getting a crop; and in Arm River, probably half. And I just don't think that any argument on the changes that you've made to crop insurance is going to solve the problem for those people who are in the drought area. It may solve the problem here in the Assembly and it may solve it in the constituency of Elphinstone, but it simply is not solving the problem for the farmers who are in the drought area.

And what I'd like to see, Mr. Premier, is you giving us the commitment today that you are going to be calling on Ottawa for a drought relief payment in the drought areas because crop insurance, by the letters we're receiving — and I don't argue that you're making some changes — but I just don't think it's going to do the trick this year.

**Hon. Mr. Devine:** — My officials advise me that the individual coverage on crop insurance this year, or the coverage on crop insurance is \$29 an acre more than it was last year, on the average. That's J land in Saskatchewan. And that \$29 an acre increase in coverage is substantially more per acre than the whole drought payment.

So the substantial improvements we've made to crop insurance are going to allow people to insure their land more than they ever have insured it in the past, and with substantial payments almost equal to, and in some cases — and I could take my farm, for example, because I know the land — more than you would get at a 30-bushel crop at \$5 a bushel. Now if you can buy that kind of coverage, certainly we would hope people who are in marginal land will put up the money and buy that kind of coverage.

I've heard lots of people say, and you'll run into it when you get into the Melfort and Tisdale and Kamsack and Canora area, you know, are you sure that this forage land — and I would hope that these people have good forage coverage — shouldn't be encouraged to be put into more forage. If your average is 13, 14, 15 bushels to the acre on average, summerfallow, I mean it says something compared to the average that you might have at Canora, which would run 30 or 40 bushel to the acre on summerfallow, they say, are you sure that maybe this shouldn't be into forage, into the diversification, into the mixed farm operation.

(1600)

So I'll say to the hon. member, we're watching it very closely. I will certainly find out if crop insurance is applicable there. I will say that as we move towards individual coverage, we'll be able to beef it up. I'm just advised that there's probably a 10 per cent top-up, if this is the second year in a row, that individuals might be prepared to either get or apply for. But the individual coverage on crop insurance in that area, as well as across the province, should be substantially higher — \$29 an acre higher than last year — and that is substantially higher than crop insurance plus the drought payment last year.

So if you say I want just as much as last year, Mr. Premier, you're going to get more than last year if you just took out the crop insurance. If you took the crop insurance plus the drought and you add it up, you're better off than you are receiving another benefit from the federal government in a drought payment plus the crop insurance levels of last year.

**Mr. Lingenfelter:** — Well, Mr. Minister, the argument on \$29 an acre, I don't know what area that would be, what the production would be, but I know in the area where they're producing 15 bushel an acre — let's use that as our example — the coverage has gone up from about \$3 a bushel on 15 bushels per acre, to \$4. And I am just rounding off here, just for easy calculation . . . (inaudible interjection) . . . well 4.65, use 4.65 and we'll round it off to a buck fifty a bushel. But let's use hard weight, and let's say 1.50 a bushel increase. The 500-acre farmer at 15 bushel produces 7,800 bushels, let's say 8,000 rounded up. And you take a buck fifty a bushel, that's an increase of about \$12,000 from last year's crop insurance. That's the increase they'll be getting.

Now that doesn't replace the drought payment in that area and the western grains stabilization. It doesn't replace western grains stabilization. I'm talking about the total income they had last year — and I don't want to be argumentative here — I'm talking about the western grains stabilization, crop insurance and the drought payment. This is why, Mr. Premier, this is why the argument is that the income in the province is going to drop by 32 per cent because of the large amount of money that was flowing in, not only from the drought payment, but as well, the western grain stabilization plan.

Now the problem here is that the income of these farmers is going down; all their expenses are going up, and they were in a disaster situation last year. Their machinery has depreciated. They haven't bought machinery, many of them, for 10 years. They're holding it together with haywire because they can't — and I'm saying that facetiously, but you know and I know that many farmers haven't been able to afford . . . they've been living off the value of their machinery, and they're getting lower and lower and lower. Price of their farm has gone down probably by half of what it was, in some areas, and the member from Shaunavon will well know, maybe less than that, and there's desperation out there.

Now I don't know that it's good enough to say that we're going to be working on crop insurance to make it better in the future, because for many thousands of farmers, it isn't going to matter, because if we don't get a payment this year, I think we're going to have more farmers leaving the land this December and next spring than ever before. So I would like you to make a commitment that we are going to be asking for payment for this drought year in those areas where it is required.

**Hon. Mr. Devine:** — Mr. Chairman, I have the final prices on the crop insurance here. And for spring wheat, it's \$4.63 on the variable price option; and durum wheat, it's 4.90, almost \$5 a bushel. Okay? So if you took your maximum crop insurance that you're eligible for, and you're running, say, 15 bushels to the acre and say it's . . .

either that is the 70 per cent or 80 per cent or pick a number, 15 times \$5 is \$75 an acre. Now if you want to take it less than that, let's say 13 or 14 bushel average at \$4.50 to \$5 an acre, you're looking at 60 to \$75 an acre that you can get. Now that's more than the drought payment, and that's more than the grain stabilization payment, and that's more than the crop insurance.

Now we may get a grain stabilization payment. I don't know; you don't know. I mean, we may or may not. But what I'm saying is on average, crop insurance is up \$29 an acre payment. And if you just look at your area, or wherever you're talking about, if it's 13, 14, 15 bushels at 4.63 or 4.90 a bushel, it's a substantial amount of money. It's certainly more than the drought program and the crop insurance put together.

Now grain stabilization moves with prices. If prices go up, you don't get a stabilization payment; if they go down, you do. So we'll have to see how that goes. But that's what people have been telling us. They say, get rid of the ad hoc program, build a very good crop insurance that has some options to choose from. Now on a thousand acres in my area, you can insure up to \$150 an acre, so you can insure for about \$8,000, \$150,000 in income. Now it's all relative to the price of land and to the productivity of land.

In this area you're probably paying something in the neighbourhood of, on that same area, maybe 4 or \$5,000, and you could insure yourselves in the neighbourhood of 80 to \$90,000 in income. Now that's a lot of money.

Now you haven't mentioned the forage option. We're going to go back and we're going to examine those areas with respect to the forage production. There would be a lot of farmers in this area, I would suspect, would be in forage and they have excellent insurance. They can insure up to \$150 a cow. As he knows, \$150 a cow insurance is better than they've ever had it before.

So if you can go up to 60, 70, \$80 an acre in this area and you can go up to \$150 a cow insured because of the federal and provincial governments, you've got a comprehensive program that pays them more this year than the crop insurance and the drought payment paid last year. And that's not ad hoc; that's built right into the system.

So before we just run off and say well, you know, we have to redesign it, and we are getting better because it's going to get down to the home quarter, I think people should recognize in this province that there are substantial payments, potential payments can go to people as a result of those two programs.

**Mr. Lingenfelter:** — Mr. Minister, obviously you're talking about the very highest rate in crop insurance, and I don't blame you for using that example, that's your choice. I wonder, can you tell me what percentage of farmers who took the crop insurance took the variable, the highest option?

**Hon. Mr. Devine:** — Approximately 35 per cent.

**Mr. Lingenfelter:** — Mr. Minister, the point I want to

make on that is that that's 35 per cent of those that took crop insurance. So that would be about 30 per cent of the total farmers then if you take off the 90 per cent, or the 10 per cent who don't take it. And I'm just rounding off here. But 30 per cent who took the highest rate.

I think part of the reason for that is that my understanding, this is the first year for the variable rate. Is that correct?

**Hon. Mr. Devine:** — A couple of points. About 80 per cent of the farmers took the high option of 4.35 a bushel, about 30 per cent of the farmers, 35 per cent of the farmers took the variable high, the very high option, and a large percentage of farmers in the south-west take crop insurance compared to the north-east. Okay, so you would have it running higher. You might want to run it down and say, well it's only 90 per cent. It would be higher than 90 per cent in the south-west . . .

**An Hon. Member:** — I'm not running it down.

**Hon. Mr. Devine:** — No, just run it down by 10 per cent because of the averaging.

So you could say that given the combination of 4.35, 4.65, and 4.90, you would have 80 per cent, you'd have . . . Well we would say, 60, 70 per cent of the farmers in the south-west would take an option that would give them in the neighbourhood of 60 to \$70 an acre if they only could produce 13 or 14 bushels on average. If it was higher than that average, you'll get there. But 13 or 14 bushel average is pretty marginal farm land if you're looking at the worst case scenario.

**Mr. Lingenfelter:** — I wanted to know too, is this the first year of the variable option? I didn't get that from you.

**Hon. Mr. Devine:** — Yes, it is.

**Mr. Lingenfelter:** — I think one of the reasons that a good number of these farmers are not in the variable rate — and I think it's a good idea, I want to make that point clear — is because it's the first year it was available. I mean, farmers being like myself, it often takes a year or two to make that kind of a change. And looking back on it now, obviously next year I would be surprised if it wouldn't increase by 20 or 30 per cent next year. Many farmers simply didn't have an option, or they had an option but they didn't take the advantage to check out the variable rate. They did what they did the year before, and that's why it's a very low number who are taking the variable that would have taken it up to the highest level.

But the fact is, Mr. Minister, is that they didn't, and the fact is is that there is a huge problem out there. And we can talk all we want in here as politicians about whether it's good or bad, and whether farmers are in big trouble or not, but I'll tell you, Mr. Minister, that getting letters like these that we're getting, and there are literally hundreds of them now . . .

**An Hon. Member:** — Didn't they have crop insurance?

**Mr. Lingenfelter:** — They have crop insurance . . .

**An Hon. Member:** — Do they have reasonable

options.

**Mr. Lingenfelter:** — I say that they are using the option that is basic, that they have used in previous years. And I want to say to you that the question is not here numbers and figures and formulas. I mean, this does not help the farmer out there. I mean, it seems to me I can almost remember a day 10 years ago when the roles were reversed, Mr. Minister, in this very House, where our minister would have been sitting there making the same argument as you are today.

**An Hon. Member:** — We've changed it so much since then.

**Mr. Lingenfelter:** — Well you may have changed it, but look at reality, look at reality. I don't want to be argumentative here. I'm saying to you, look at reality of what's out there. And I know the member from Arm River agrees with me, and if we were in a different forum where it wasn't adversarial, I know he would agree with me. We can argue whether the farmers were better in '81 or in 1989. In my mind, I know when they were better off. And you can say well because the price was higher and bigger production.

But the simple fact is and remains that farmers are struggling. That you can say and you can get up with your formula that the people in Regina write out for you and say there should be no problem north of Maple Creek. If they would have done this and that, this formula says there shouldn't be any. But come with me, man, out to that area and look at the problem that there is.

And there's no sense debating about a formula. The simple fact is there's farmers going broke right, left, and centre, and unless we get another program from the federal government, there will be a disaster in those drought areas of the province this year. Now I'm not going to go on about this.

I guess all I'll say is that I'm very disappointed with today, the minister standing in his place quoting formulas that will give the farmer the right amount of income. I just tell you that that isn't reality. It isn't. And when I go into those drought areas, whether it's on the farms around your constituency, and I was down there last week — not trying to unseat you, because I think you're in a safe seat — I was down visiting some people and down at the SaskEnergy hearings, but got to talk to some farmers and they tell me there's a huge problem. They don't care what I say in here, and they don't care what you say about a formula. They just tell me they've got a huge problem and they want someone to help them out.

And it doesn't help them to say that in a couple of years, you'll have a better crop insurance, or that you should have taken out an option or a variable rate. The simple fact is that we have thousands of farmers in the drought stricken area of the province that aren't going to survive, and their families are going to have to give up the farm. And then they'll move to the city and then they'll go on welfare. And I can't understand how a government would say that is cheaper in any way. Financially, emotionally, morally, socially, I think we're making a mistake — you and I. And if I don't convince you, I'll share part of the

responsibility because that's my job is to convince you of it.

And all I'm saying, Mr. Minister, is we've got to come to reality, that simply standing in this House, saying things are all right out there, and if farmers had simply done this and that by the formula, they'd be all right, isn't solving the problem. And I'm getting out of this. I've made my point.

I've met with some of the farmers north of Maple Creek. They asked me to come and relay the message. The people who sent a copy of this letter to me wanted me to raise it in the House. That's all I can do. But I've got to say that I'm disappointed to hear the minister say, we're pulling subsidies. We've got a formula in place that's going to work, even in spite of the reality that there's farmers dropping like flies all over the place because they're going broke.

And I say again that it's not their fault totally. Sure they could have taken the higher option. But no one told them at the beginning of the year that there would be no cash advances. It's not in the drought area; this is in different areas of the province where the crop's now in the bin. Take the Climax area where the harvest is done. They've hauled in their three-bushel quota; they want to get a cash advance. No cash advance.

(1615)

And I want to say to you, Mr. Minister, that I'm disappointed. But I'm not going to spend hours here debating with you. If you don't realize there's a problem out there, then that's all we can do. We raised the point; we told you there's a crisis out in rural Saskatchewan. You say there isn't. End of debate. You're the Premier and you're the government.

**Hon. Mr. Devine:** — Mr. Chairman, I just make the point to the hon. member that if he would like the same kind of program that was in place last year, that is, the drought payment plus the crop insurance, I only make the point — and I'll certainly be making it to the people, and I'd be glad to go with him. Or I'll be down when I travel across Saskatchewan. They get more money this year than they did last year. I just make that point so that he's got it.

**An Hon. Member:** — Thirty-two per cent less — 32 per cent less income.

**Hon. Mr. Devine:** — No, no. No, no, I just said . . . I'll just point out to the hon. member . . .

**An Hon. Member:** — Your formula.

**Hon. Mr. Devine:** — No, no. If you take normal crop insurance, and I'll give it to you so that you won't be able to give anybody else, if you hand them *Hansard* . . . Last year you could get 4.90 a bushel, and this year 4.90 a bushel for durum wheat. It's the same this year — 4.90. Doesn't matter.

Barley is 2.07 and the final variable price option is 2.07. So if they just take normal crop insurance — normal crop, no variable price option, none of this new variable stuff,

normal insurance; and in the south-west people take out crop insurance — if you take out crop insurance this year at \$4.35 a bushel on spring wheat, at 15 bushels, is \$65 an acre — \$65 an acre.

Now the hon. member knows that \$65 an acre is going to be more than crop insurance last year plus the drought payment because we've improved the drought payment. So if he wants to go on and say well these people didn't take out insurance on their livestock, they didn't take out normal crop insurance, then that's a different situation, because, I mean, you and I as much as we'd like to change these programs and we try to help people. Obviously the taxpayer at some point is saying I hope you insure your farm if you want some taxpayer help.

So all I point out to the hon. member: he wants me to get more money from the federal government. We have designed a long-term program that if you're interested in insuring your farm — not the variable price option, the normal price, at 4.35 — that you can get \$65 an acre if your average is 15 this year, which will be more than the crop insurance and more than the drought special cash payment last year.

Plus you can get \$150 a cow livestock forage insurance on top of that. So if you've got a hundred head of cows and you want to insure them for 150 bucks, you got \$15,000 on that. So you can put these programs together and we can take farm by farm by farm and find out what they insured in their livestock and what's insured in crop insurance, and you find that you can get from 65 to 100 to \$140 an acre insurance. I mean, that's what you've been asking for — long-term programs to replace the ad hoc programs.

I mean, I understand, it's fair enough. You want to say we need more and more money from the feds, and I should go down there and target some more and so forth. I mean I understand that you want to say this.

At the same time I point out to the hon. member, you've asked to have crop insurance beefed up for livestock and beefed up for grain so that in fact you can help people and they can plan on it. They pay their premiums in crop insurance; they've got a reasonable income guaranteed on marginal land. Now you say that's not good enough — fair enough. We're going to even make it better, and we'll look at it this year. I'll take your word for it. We're going to go into areas where there's been drought and where there's been some deficiencies with respect to if crop insurance is deficient. I want to find that out because I certainly want to make it better if it's possible.

**Mr. Lingenfelter:** — Well, Mr. Minister, just a final comment. I promised you I wouldn't get back in, but I just want to make the point that here we are debating that farmers are going to be much better off. I mean, you're making the point over and over again. I don't know to who, maybe to the people in the city you might make the point. But I'll tell you, to the farmers out there, they are not better off.

Agriculture Canada, and I quote here from a story out of *The Western Producer* in July. The headline: "Net farm income ready to take a 46 per cent plunge." In that story it

says:

The effects will be felt most severely in Saskatchewan, where realized net income are projected to fall almost 52 per cent.

That was in July before the full impact was known. That was before the drought. That was when we were predicting at least or above average crop. Net income in the province, this is not the NDP, this is Agriculture Canada that predicts a 52 per cent drop in net income.

Now you can figure out on your formula, on the back of a match flap or whatever you're doing it there, how farmers are going to be better off, but it defies reality. It defies the predictions of your own federal counterparts that say there'll be a 52 per cent drop. It defies the reeves out in Big Stick and those R.M.s north of Maple Creek. It defies the R.M.s and farmers down in your constituency. It defies the farmers up in the Kelsey-Tisdale, Melfort area — areas where they're dried out.

I say to you that the formula you've worked out here in this building, at your desk, saying that farmers will be better off this year, doesn't mean anything to anyone. It's not reality; it's a figment of your imagination that farmers are better off. And I say to you, I can't believe a minister would not be going to Ottawa when he went the year before the election, when things weren't as bad, and won't go this year. I can't figure it out, that doesn't make any sense.

**Hon. Mr. Devine:** — Mr. Chairman, we've been over it and over it, and I'll just say to the hon. member that by designing a program as we have, we've got more money going into the hands of farmers who need it, who are dried out, then we did under running to Ottawa and getting a special drought payment. So the hon. member says that farmers are hurting, I absolutely understand that, and farm income is down because of the drought, I understand it. What they said was, design a program that they can buy and lock in some income, and I've just gone through it with you.

And if they have bought crop insurance, they certainly will be able to receive more money than they did with all the drought payments last year, and so it's built in into the formula now. It's built in and it can help, and if they are involved in it, they'll get much more payment than they did last year. So the hon. member says, well on top of that I want another program, which is fair enough, I can say that.

**An Hon. Member:** — They do; I don't want it.

**Hon. Mr. Devine:** — No, he says that they want another program on top of the programs that they've got already, which is . . . I mean, the NDP have asked for that because when they were in power they never did it, but they've asked for programs. We've delivered \$2 billion in cash and a better crop insurance mechanism, livestock, and forage insurance, and I'm glad we have. And they say, well it's not enough. Fair enough, you agree . . . or we can agree to disagree.

You want more payments from Ottawa, more payments

from me. I hope that you recognize that when we're coming out with these additional payments that in fact when you're talking about balancing the budget, as you point out, under these dry conditions and on these pricing conditions, some recognition will be given to the fact that we have put literally hundreds of millions and indeed billions of dollars into the farmers' pocket to help them survive during these difficult times. But I understand your point, and we will be watching those areas very, very carefully.

**Mr. Thompson:** — Thank you very much, Mr. Chairman. Mr. Premier, I want to ask you a few questions about the sale of the three northern farms in my constituency, namely the Silver Lake and the Central farms at Green Lake, and the Ile-a-la-Crosse farm at Ile-a-la-Crosse. For quite some time now we have been trying to get answers from the minister of privatization as to who the individual group was that purchased the Silver Lake farm in Green Lake and how much money they paid the government for that asset.

Mr. Premier, I wonder today . . . the minister of privatization continually indicates that he cannot give us those figures because the deal has not been finalized. I just wonder, Mr. Premier, could you provide the legislature today with that information: the name of the group and the name of all the shareholders within that group that purchased the Silver Lake farm at Green Lake, and the amount of money that was paid for that asset?

**Hon. Mr. Devine:** — The majority of the farm was purchased by Don Anderson and Mike Gill and Dennis Huber of Prince Albert, and 120 acres of the farm was purchased by Wilfred Morin, who had been a long-time employee of the farm. And I am not at liberty to release the amount of money they put together. The minister will certainly make it public when the thing has been completed.

**Mr. Thompson:** — Mr. Premier, I wonder, could you indicate why . . . you indicate who the group is; they've taken over the asset. Could you indicate why you're not prepared to disclose the amount of money that was paid for that farm?

**Hon. Mr. Devine:** — Legally we're not allowed to release those figures as a result of . . . in fact there's a caveat been placed on it, and until that's resolved, you just can't . . . you're not supposed to release the figures.

**Mr. Thompson:** — Thank you, Mr. Premier. In questioning your minister yesterday, he indicated that there was no caveat against the farm, that the caveat had been dropped. You can go back in *Hansard* to yesterday and check out what the minister of privatization indicated to me in the question period. He indicated, when I asked him that same question, he indicated that there was no caveat, that that caveat had been dropped and that everything was clear to go ahead.

**An Hon. Member:** — Misleading. I didn't say that at all.

**Mr. Thompson:** — Well the member says from his seat that he never said that, but I want him to take a look at *Hansard* yesterday at question period, and you'll find out

that that's exactly what you said, that the mayor of Green Lake, Mr. Rod Bishop, has now dropped that caveat. It's in *Hansard*.

But, Mr. Premier, I feel that that is an important asset for the folks of Green Lake. I just got through talking to a group of people from Green Lake, and they indicate to me that they feel that that deal should not go through. You indicate, Mr. Premier, that the deal has not been finalized. Yet as soon as June 30 came along, the trucks moved in and there was 10 semi loads of cattle moved off of that farm immediately — 10 semi loads. Also, Mr. Premier, they also moved a large amount of hay and a large amount of oats off the farm. And if the deal has not been finalized yet, I submit to you that they most certainly should not have moved any of the livestock off, or they should not have moved any of the oats and hay.

Also involved in that deal, Mr. Premier, and this is up to today, and I was just speaking to the folks at Green Lake about a half an hour ago, everyone that has worked on the Green Lake farm that were working from Green Lake, and there was many, many individuals that were making a living there, many of them had worked for up to 20 years, they have all now been released from that farm. The farm is being run totally from individuals outside of Green Lake, and the assets have been moved off.

Mr. Premier, the citizens of Green Lake are saying to me that they would like you to reverse this decision. You indicate today quite clearly that the deal has not been finalized. And given the fact that that farm was built up totally by the sweat of the brow from the citizens of Green Lake. They're the ones who cleaned the land, picked the roots, picked the stones, cut the bush down; they're the ones that put up the fences; they're the ones who built the corrals and all the buildings that are involved there, and they sacrificed many, many years of hard work. And all they're asking you for is an opportunity, if you want to sell that asset, to let them buy the asset. And you indicate now that you have not finalized that deal. And I would ask you, Mr. Premier, if you would reconsider, considering all these facts, if you would reconsider looking at the bid that came from the citizens of Green Lake.

**Hon. Mr. Devine:** — Well, Mr. Chairman, the people who purchase it have a legal lease and they can operate it. There's no problem with that. The machinery and cattle, there isn't a problem with. There has been a caveat placed on the land, and what the minister said yesterday, and I'll quote:

It might be interesting to the member opposite, and I'm sure he's aware that if the caveat that is placed on the Silver Lake farm by Mr. Bishop and his group from Green Lake were lifted, the transaction would take place very quickly. But until that happens, it may well be we have to go through legal avenues before that can take place. So that could take some time . . .

(1630)

So the minister did not say that it was lifted. He said, if they lifted it, and it's my understanding here today that they haven't yet. Their lawyers are still at least leaning

towards leaving it there. So until that is lifted or completed, we will not put out the final figures.

Certainly everybody had an opportunity to bid for this, and there are three employees that work there that are still working with the people who purchased it, and one employee who bought 120 acres. So that they had an option and the possibility, the opportunity, the same as anybody else. They didn't exercise it, or they were not successful.

So, I mean, we said here it is for the public to look at. We didn't even take the highest bid, if I remember, because they couldn't finance it. They put a big bid in, but they just didn't have the money or wherewithal, so we took the next one. And we believe it'll work out fine and it'll be resolved, but there's certainly every legal right to lease the land. It's there, and the machinery and the livestock are fine, and a caveat has been placed on the land. I believe that we'll be successful, but it's not resolved yet.

**Mr. Thompson:** — Thank you very much, Mr. Premier. Yes, that's right, I did make a mistake. If the caveat was lifted. So that reinforces my argument, Mr. Premier, that the caveat has not been lifted. There's a caveat against that asset. That is why the deal has not been finalized.

So I submit to you, sir, that that deal has not been finalized. So I think it's highly unfair that the individuals who have come from Prince Albert into Green Lake have taken over the Silver Lake farm. They have released all the employees. They immediately started to move livestock off the land and oats and hay.

I would ask you, Mr. Premier, is that not improper for those individuals who have not had the deal finalized to go in there and literally destroy the lives of the individuals who have worked there, some of them up to 20 years? And yet the legal documents have not been signed for the Silver Lake farm.

**Hon. Mr. Devine:** — Well, Mr. Chairman, I just make the point that the deal is done. It's been challenged, that's all. A caveat has been put on against the land, so you can't do this. We believe that you can and it will be legally every right to do it. But they certainly have the legal right to the lease to operate it, so they're operating it, and it's being challenged.

But the deal is done. Three of the farm employees have remained with the new operator, three have transferred to the Central farm, and one is hired on a seasonal basis. So that there has been fair accommodation met and presented to people that are there. One obviously was a major investor — buying 120 acres.

So, you know, I would consider it resolved all but the legal caveat that was placed because . . . and we certainly provided some reasonable accommodation to the community there and have received, you know, very little thank you for that. And we talked to them. We worked it out, and then all of a sudden, you know, people seem to want to play some games with it.

It's an operation; it's legal; it's carrying on, and it's finished as far as I'm concerned. The caveat is there, and it

will go through its normal legal process, but I believe we'll be successful.

**Mr. Thompson:** — Well I would think then, if you say the deal has been completed, you have allowed the new owners to move in, release the employees, start moving off the assets — namely the cattle have been moved off, hay and oats have been moved off — then I think it's only fair that if you're allowing that individual group to do this, then you should be prepared to indicate how much money they paid for that asset.

And that's what I'm asking you here today, Mr. Premier, is how much did they pay for that asset? They are benefitting from it already. They've moved 10 large semi-trailer loads of cattle up there immediately.

As of an hour ago, I was checking at Green Lake and there is not one individual from Green Lake working on that Silver Lake farm. They have all been released. Three of them have been transferred over to the Central farm as you indicate. But I want to indicate to you that those jobs are temporary and they will be through as of October 1 over there. And I just think that this is a bad deal for the citizens of Green Lake and the citizens of Saskatchewan and that it should be reversed.

I want to also ask you, Mr. Premier, how much did the communities of Green Lake and Ile-a-la-Crosse pay for the Ile-a-la-Crosse farm and the Central Lake farm, and what conditions were attached to that sale?

**Hon. Mr. Devine:** — On May 4, '89, the employees in the villages of Central farm and Ile-a-la-Crosse were notified of the government's decision which was to offer Central farm and the Ile-a-la-Crosse farm to the communities on the following basis: (1) the transfer would be to an economic development corporation established by the community, the structure of which must be acceptable to the government; (b) the community must provide an acceptable plan for transferring lands to private ownership; (c) land, buildings, and other fixed assets would be transferred for \$1; and (d) moveable assets, that is machinery, cattle, feed, and other inventory, would be split 50-50 between the community development corporation and the province.

Now I don't have anything here on any commission to do that, but I'll continue to explore for that. Doesn't look to me like there would be much need for a commission on a dollar, but . . .

**Mr. Thompson:** — Yes, the offer was made for \$1. But all the moveable assets on both the Central farm and the Ile-a-la-Crosse farm have to be disposed of, and the government takes 50 per cent and the community takes 50 per cent. And I indicate to you that once you get rid of all the moveable assets on those farms, there's not really going to be much left for the two individual farms to make it a viable unit. As you indicate, you may want to split up the land and make smaller units out of it.

I want to ask you one final question, Mr. Premier, and if you could have your officials provide me with this information in writing — I know that you wouldn't be able to do that today — but I wonder if you would agree to

pass on the information in writing. And what I'd like to have is the number of machines that were purchased by the Silver Lake farm, the Green Lake farm, and the Ile-a-la-Crosse farm — all machinery that was purchased in the last two years by the individual farms. I wonder if you could have your officials provide me with that information.

**Hon. Mr. Devine:** — Well we'll certainly endeavour to dig that up for you and get it to you. And with respect to the 50-50 split between the community and the province on the machinery, I mean, if it's not moved and it's used, we just jointly own it, and the community uses it. If they want to purchase some of it, we're open for that. And I suppose if they jointly agreed you didn't want this and you wanted to trade it in on something better, you'd auction it off or you'd trade it in on something.

But we'll write you a note on what's possible and what's been bought and what's been sold and what we're open to in terms of the split in the 50-50 on that. We'll provide it to you.

**Mr. Upshall:** — Thank you, Mr. Chairman. Mr. Minister, I just want to wrap up this session by going over some of the things that we've talked about here today, and just explaining to you why I feel that you're sadly lacking in your policies, even though you say you have many, many policies, and I've heard them time and time again. That when all is said and done, what is happening is we're seeing a transfer of costs from the federal government onto the backs of Saskatchewan farmers.

I started out by explaining that what I thought your vision was by your writings in previous years, and how you fulfilled that vision step by step and in doing so you have not spoken a word against the federal government. Everything they say is okay, because it actually fell in line with what you were believing.

We've seen the number of Saskatchewan farmers declining. We've seen the debt load of Saskatchewan farmers increasing. We see an out-migration of population, not only from cities but from rural areas. We see unemployment going up and social services going up.

Mr. Minister, if we take the federal budget this year, along with some other increases that the farmers are facing, you will know that reports show that the federal budget has added about \$710 onto the backs of ordinary Saskatchewan people, farmers included.

The interest-free cash advance is gone and that could be up to as much as \$1,000 per farmer on the cash advance. And that's another problem with the cash advance. In years when the grain can move, of course, there won't be a great lot of interest charged, because the grain moves relatively quickly. But in years when farmers need the cash advance the most, in years when quotas are tight, and that can never be predictable, that is when the cash advance is going to become very expensive. So you slip it in in a year, you allow them to slip it in a year where the production that there is should move quickly because there's low supplies, but actually in fact, this is an ongoing process year after year after year where farmers will have to pay more money, as opposed to the past ad

hoc programs of income support systems, which was a one-year, one-time basis.

So if you add on the loss of the fuel rebate, which has been calculated to be about \$600 for the average size farm in Saskatchewan every year, year after year after year — that's a long-term program, and every year that farmer has to pay that extra cost.

If you take into consideration the grain freight rate increases on 24,000 bushels, roughly another \$1,000 every year, and as I predicted, I think it will be going up even more in the years to come. That is a long-term federal program year after year after year. And if you take into account on \$100,000 debt, a 4 per cent increase rate over the last year, that's going to add another \$4,000 onto a farmer, as I say, with a debt of \$100,000.

And you say that's okay. Brian Mulroney says he's controlling increases in activity in Ontario. But there's a double whammy there. Not only as a result of the interest rate increases have we seen farmers paying more interest on their loans, but it is also driving up the Canadian dollar, thereby making Saskatchewan farmers' exports, the grain exports, worthless. So there's a double whammy with that and you're very silent on that issue.

That adds up, Mr. Minister, to about \$7,000, just over \$7,000 of new cash on an annual basis — with some fluctuations, but you could take that as an average — every year that the farmer's going to have to come up with. If you add on to that, Mr. Minister, the fact that the drop in the grain prices for a farmer seeding roughly 600 acres to wheat, durum, and barley, that'll subtract \$12,000 off his income for this year, and that is unpredictable. But that adds up to about \$20,000 combined new income with lost income for the farmers of Saskatchewan, and that's is why we see the 46 per cent figure coming forward where farm income will be dropping.

Mr. Minister, if you take that over the 60,000 farmers in Saskatchewan, that is an incredible number. In one year — in one year — it will be double what your great drought program gave to the Saskatchewan farmers. If you add up the loss of income and the new expenses contained in the federal budget and other activities of the federal government that you have supported, you will find that that is double what Saskatchewan farmers received in the drought payment. And that is the problem that we are having here.

(1645)

On one hand you are standing in your place saying that you're doing all you can to help Saskatchewan farmers, and on the other hand you're totally silent when the federal government drastically increases their prices and reduces their returns. And I'll tell you, Mr. Minister, a major part of that is the free trade agreement.

I never thought I would see that free trade agreement affect this province so quickly, but you look at the interest on cash advances, the loss of the fuel rebate, the increase in grain freight rates, and the reduction in the price of grain — you take that into account, and those are all

affected by free trade that you supported so openly and proudly, because in those instances it's all designed to keep the level playing field, to keep the subsidies down, set the price of grain as low as possible so you don't have a deficit in the pooling system because they'll call it an unfair subsidy. That is simply the increases in the last little while.

If you add on to that, Mr. Minister, the \$200 million a year over two years from crop insurance that the federal government says it's going to be saving, that's going to be tacked on the back of Saskatchewan farmers; you add on, Mr. Minister, the \$240 million coming to western Canada from the two-price wheat system that we've seen disappear . . . and that's another thing that we have to mention. Two-price wheat was supposed to be paid on an annual payment. I remember the Prime Minister of this country saying that it was going to be made to replace the two-price wheat system; there was going to be a payment made. Well we've seen that simply disappear. I mean, that's the type of dishonesty . . .

So what you're saying is not what you're doing. You can stand up in this place and say all you want about what you're doing and all your programs, but the actual fact of the matter is and the truth, the reality in rural Saskatchewan today, is that the debt load is increasing, and it's going to drastically increase because of the federal budget because you would not stand up to Ottawa, you would not take it upon yourself to be a leader of Saskatchewan agriculture.

Oh you say you are. And in every issue that the federal government has done, you were silent on the policies of your own in this province, the farm programs. As I said earlier, five months after this legislature began sitting, you still don't have the regulations in place to provide a program. And as I predict, that program will not be a very good program anyway because I think that you're going to have such strict qualifications and criteria on it that very few farmers will be able to benefit from the program. Oh there might be a number involved, but I think very few will be able to benefit from the program.

So, Mr. Minister, all these factors put together — the fact that you didn't tell the truth when it came to the Canadian crop drought assistance program, the fact that you didn't tell the truth about how much the farmers were really going to get, and the fact that you didn't tell the truth about the negotiation process that was going on — farmers simply can't trust you, Mr. Minister of Agriculture.

Despite what you say, they simply can't trust you because you're not up front with them. You're so concerned about your political gain that you will say anything at the time to get through the situation. But I'll tell you, Mr. Minister, the chickens are coming home to roost because I spent an awful lot of time in rural Saskatchewan, and I'll tell you, the farmers out there aren't very happy with you. And is it any wonder? Is it any wonder when you stand . . . when you don't tell them the truth; when you have your economic pencil working and say, well it should work on paper so it should work on the farm; when you stand idly by and let the federal government run rough shod over Saskatchewan farmers, and when you don't even have



the confidence in your program to put it out immediately when this session began?

That is why they are losing confidence in you and your government. And, Mr. Minister, I would simply say that we would ask you first of all, to please stand up to Brian Mulroney and quit being his lap-dog; to please have a look at this current crop drought situation this year, and react accordingly; and, Mr. Minister, on behalf of the Saskatchewan farmers, would you please start telling everyone the truth about your agriculture policies.

Item 1 agreed to.

Items 2 to 24 inclusive agreed to.

Item 25 — Statutory

Vote 1 agreed to.

**Consolidated Fund Budgetary Expenditure  
Agriculture and Food  
Agriculture Development Fund — Vote 61**

Items 1 to 6 inclusive agreed to.

Vote 61 agreed to.

**Consolidated Fund Loans, Advances and Investments  
Agriculture and Food  
Vote 146**

Item 1 — Statutory.

**Supplementary Estimates 1989  
Consolidated Fund Budgetary Expenditure  
Agriculture  
Ordinary Expenditure — Vote 1**

Items 1 and 2 agreed to.

Vote 1 agreed to.

**Saskatchewan Heritage Fund  
Budgetary Expenditure Agriculture Division  
Agriculture and Food  
Ordinary Expenditure — Vote 50**

Items 1 to 3 inclusive agreed to.

Vote 50 agreed to.

**Supplementary Estimates 1989  
Saskatchewan Heritage Fund  
Budgetary Expenditure Agricultural Division  
Agriculture  
Ordinary Expenditure — Vote 50**

Item 1 agreed.

Vote 50 agreed to.

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

**Mr. Upshall:** — Thank you, Mr. Chairman. I would also

like to thank the minister and his officials for their co-operation in carrying through these Agriculture estimates.

**Hon. Mr. Devine:** — Mr. Chairman, I would like to, along with you and the hon. members, thank my officials for all their work. It's been, to say the least, some trying times in agriculture in Saskatchewan, and they worked extremely hard under some very adverse conditions in providing new ideas and programs in servicing the people of Saskatchewan. And so while some of the criticism can be levelled towards me, very little of it can be levelled against the staff in the Department of Agriculture and Food and in crop insurance and in the agriculture credit corporation.

So I sincerely thank them for all their hard work and praise them.

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

**Mr. Chairman:** — It being near 5 o'clock the committee is recessed until 7 p.m.

The Assembly recessed until 7 p.m.