

April 26, 1990

EVENING SITTING

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure
Saskatchewan Crop Insurance Corporation
Ordinary Expenditure — Vote 46

Item 1 (continued)

Mr. Upshall: — Thank you, Mr. Chairman. Mr. Minister, you have just given us the list of the RMs, but just for the record can you tell me what the percentages are in some of the RMs — RM 340, RM 310, 280, 281, and 312, please.

Hon. Mr. Hardy: — Mr. Chairman, I'll give the highest loss, which was the worse case so they would be eligible. That's the bottom number on the ones I gave the member over there. The RM, I believe you said, of 340 is 21.8; 339 is 21 . . .

An Hon. Member: — Three what? RM 310 is the next one.

Hon. Mr. Hardy: — Oh okay, I'm sorry. RM 310 is 22.8; 280 is 22.8; and 281 is 22.5; and 312 is 22.5.

An Hon. Member: — That's 22.5 on 312?

Hon. Mr. Hardy: — Yes. While I'm on my feet, just so you notice there for the RM of 308, which I believe is Big Quill, when we were talking before here about 19.45 — I believe the actual number is — loss, that was the worse possible scenario. Actually the loss in that RM was 16.8, and as you know, one-half of that RM had some rain and that's probably what . . . so half had fairly severe conditions; the other half had reasonably decent crops. And so their loss actually, for that RM, was only 16.8, but when you took the worst possible scenario it brought it up to 19.4. So there really is an RM about 4 per cent out if it wasn't for — or 3.2 per cent out — if it wasn't for the averaging effect. So the averaging effect actually made it better than if it was the way it really was — just as an RM by itself.

Mr. Koskie: — Mr. Minister, you said that you would send over a copy of the regulations setting forth the rules as applied by the federal government. We want to see those.

Okay. I want to go into a block of constituencies, Mr. Minister. I want to ask you, is it a minimum of four RMs or is it a multiple of four RMs? In other words, if you could combine 12 RMs, say, or eight RMs, which their average is divisible by four, and the overall is less than the 20 per cent, will they qualify?

Hon. Mr. Hardy: — It's a block of four, but it's a moving block of four, so it always moves forward or whichever direction necessary. So they don't use eight RMs as a block; they use four RMs as a block, but any combination of the four RMs that you can work in, that join each other, can be that block. So it's a moving block, always a moving block, but it has to be a combination of four.

Mr. Koskie: — Mr. Minister, I read your information here and I just want to be clear what figures you're using. I take the RM of Leroy, 339 — 21.8. Is that correct?

Hon. Mr. Hardy: — Yes.

Mr. Koskie: — All right. I go down to 309 — 22.8.

Hon. Mr. Hardy: — Just so you understand, that's not the individual RM; that's the highest group of that combination. So that's not the individual RM; it's the highest group of any four you can put together for a loss benefit. You look at the top number is the one, is the actual loss for that RM.

Mr. Koskie: — Let's start again then. What is the individual loss in respect to the RM of 339?

Hon. Mr. Hardy: — 17.1.

Mr. Koskie: — Okay. And what is the loss in 309?

Hon. Mr. Hardy: — 27.6.

Mr. Koskie: — 27.6, right. And what is the loss in 279?

Hon. Mr. Hardy: — Remember those three will never be in the same four-RM block. It's a column. It's got to be a rolling block, so a block is a block . . . square blocks or a block. So it has to be a rolling block.

Mr. Koskie: — Roll all you want, Mr. Minister, but I got 339, 309, 279. It seems to me they're adjoining, right? Why can't they qualify?

Hon. Mr. Hardy: — All the RMs have to be adjoining and it doesn't adjoin 339.

Mr. Koskie: — You've got to have how many common boundaries? Can you not have four RMs in a strip — one, two, three, four, on a diagonal strip? Well who says you can't? You said you have to have them adjoining. Surely if you start with 339: 339, 309, 279, and if you join 308, well what is this rolling, moving target? Holy suffering . . .

Hon. Mr. Hardy: — According to the regulations it's a block and a block is not a column. And a column, okay you could run up and down, you could run all the way up and down it . . .

Mr. Koskie: — Can a block be a diagonal block or does it have to be a square block? What is a block? Can you give me the definition of a block? I know a block when I see a block, but I'm asking you, can't you have a block: one, two, three, four? All you have to do is to have joining municipalities abutting in some configuration, Mr. Minister.

Hon. Mr. Hardy: — My understanding is that a block, as set out and been interpreted through the regulations, is a block of four adjoining, and that's what they've defined as a block.

Mr. Upshall: — Thank you, Mr. Chairman. Mr. Minister, in the explanation in the news release, accompanying the

news release of March 13, it says and I quote:

The multi-year disaster benefit is triggered when a group of four RMs are paid at least 20 per cent of their liabilities in indemnities in two consecutive years.

Now can you define for me if there is a difference between a group or a block, and can you define for me how many common boundaries there are in your definition of a block or group of RMs?

Hon. Mr. Hardy: — Well I was asking them about that, when it says a group or a block, and I don't know, but under the definitions in the regulations, under the regulations and interpretations of the regulations as well, in 1986, that a block was a block of four, adjoining. You know that's all I can say, and I don't have any other thing to go on, other than that.

Mr. Upshall: — Then, Mr. Minister, you're saying that a block does not mean four common boundaries. So what my colleague from Quill Lake was saying, a block could be a vertical or horizontal block.

Hon. Mr. Hardy: — Well, what they had informed me, the staff, is that a block was defined in regulations as having the four common boundaries and that's how they defined a block . . .

(1915)

An Hon. Member: — What do you mean, four common boundaries?

Hon. Mr. Hardy: — Well they'd have common boundaries then but four of them together as a block.

Mr. Upshall: — Mr. Minister, I don't want to complicate this, but I have to know whether or not the boundaries as you describe as common mean that a vertical or horizontal block have common boundaries or a square block has common boundaries. Please explain that for me.

Hon. Mr. Hardy: — We're just discussing here the block bit and also how you would look at it any other way. The way it was defined in regulations, I'm told, and the way it's been interpreted in regulations is a block is with at least all the RMs touching at some point; so that would be a block. So if they all don't touch, they wouldn't be a block.

Mr. Upshall: — Okay, Mr. Minister, then on the block of RMs that are qualifying, being — if you want to take note of this — 340, 339, 310, 309, 312, 281, 280, and 279, can you describe to me the common boundaries of the . . . what I would say will be two blocks there because there's eight RMs. Could you describe to me the common boundaries of those two blocks?

Hon. Mr. Hardy: — Actually under that scenario that you drew up, the four top ones all touch the four onto the . . . on the west side are all touching with 340 having . . . and the three bottom ones all are square. 340 would be, or 310 would be in all three of the blocks but there'd be four

blocks.

Mr. Upshall: — So, Mr. Minister, then you're saying there are, if we use that scenario, I'll tell you I'm not sure how you figure this out. But there must be thousands of combinations in order to have certain RMs qualify.

Let's take the scenario then, Mr. Minister, just so one can be common to all, of RMs 312, 313, 281, and 282. Could you work out for me the percentage of that block?

Hon. Mr. Hardy: — When you add those four RMs up that you mentioned, you get the average of 17.7 for the four RMs. If you take the 281 and the 312 and bring them in with the 310 and the 280, then they all qualified because they're all over the amount of loss. But if you roll them with the other four in there, they don't qualify; they only come at 17 per cent, 17.7.

Mr. Lingenfelter: — Thank you very much, Mr. Chairman. I've been listening with interest to this convoluted argument the minister is making about how his program works, and it's not surprising to me that the farmers of Saskatchewan are protesting against the way this minister has developed the criteria for collecting this money. Even he, with staff sitting around him, can't explain the program to the satisfaction of the members of the committee. It's not hard to understand now why farmers are very, very upset with this program. I'm sure the minister has to admit to the problem.

Can you tell me, Mr. Minister, what planning and what involvement you had in planning this program? Did you have any input, or how did this come about?

Hon. Mr. Hardy: — No, I didn't. I wasn't the minister responsible at the time.

Mr. Lingenfelter: — Can you tell me who was the minister responsible for the crop insurance at the time that this plan was being developed?

Hon. Mr. Hardy: — I believe that the member for Arm River was the minister responsible at the time.

Mr. Lingenfelter: — I want to be clear on this. Was it the member for Arm River or was it the Minister of Agriculture — the member from Estevan, the Premier? Can you tell me for sure that it was the member from Arm River?

Hon. Mr. Hardy: — It was the member from Arm River that was the minister responsible for Saskatchewan Crop Insurance at the time.

Mr. Lingenfelter: — Give me the time period that the plans and criteria for this program were drawn up. Will you give me the planning period up to the date of implementation?

Hon. Mr. Hardy: — It was developed in 1985 and it went in for 1986, brought into place for 1986. The premiums were loaded in for 1986.

Mr. Lingenfelter: — Well what I want to say to you is that it's hard to believe that any minister of the Crown would approve a program that is this convoluted and difficult to

explain to the farmers of Saskatchewan. I say again, it's not hard to understand why there's so many people confused and upset with the government.

I want to change just for a moment, not to take away from this argument, but we will be coming back to it very quickly as my colleagues do some figuring on the numbers that you have given them. But I have had expressed to me from former crop insurance adjusters who worked back in the period between 1982 and 1986, who worked a number of years for crop insurance, that when they were let go by your department, their pensions seemed to have disappeared. That they didn't get any compensation for the pension moneys that they had paid into the plan and they are not now receiving any pension. Can you tell me the deal that was made with crop insurance adjusters who paid pension into the plan, let's say worked for crop insurance for three or four years, paid the pension, and then leave employment? What happens to the money that is deducted off their cheques in terms of their pension money?

Hon. Mr. Hardy: — In 1987 crop insurance adjusters, was the first time in this province, have joined the pension plan. Previous to that they had not belonged to it nor had there been any deductions made for the pension plan for them.

Mr. Lingenfelter: — The period from '87 on that there is pension collected. What happens to a crop insurance adjuster who works for one or two years and then is let go by the department or not called back in the spring of the year? Is that pension money paid back to them? Can they draw that down or what is the formula that applies?

Hon. Mr. Hardy: — My understanding is that you could draw it out up to three years in the plan. If you're in there more than three years, you can't draw it out, but we're going to verify that to be sure it's absolutely correct. We'll have to get the copy of the pension plan.

Mr. Lingenfelter: — I want you to clarify that for me. You're saying up to three years they can draw the money out. And would that be 100 per cent of the moneys that were paid in or would it be a percentage of the money paid in? And what about the moneys that the government matched in the pension plan?

The other point that I wanted to ask is whether that would be transferable or portable within other government departments. I just want you to clarify that for us.

Hon. Mr. Hardy: — For sure, it's transferable. We're going to get the details so we get the correct figures. The House will have to go get the copy of the pension plan if it's . . . I don't know if we got it with us or not. If we don't have it with us, we'll get a copy and submit it and give it to you, if you like, of the entire plan.

Mr. Lingenfelter: — The issue I'd like to raise with you, Mr. Minister, now is the percentage of farmers who are presently enrolled in crop insurance. Can you tell me, maybe a breakdown by region, what percentage of farmers are enrolled in the present crop year and what the anticipation is for the coming year in terms of the breakdown on how many farmers, what percentage of

farmers would be involved in crop insurance, and whether there is significant changes in the various regions?

(1930)

Hon. Mr. Hardy: — We don't have it by region, although we can get it for you and send it to you. It averages about 78 per cent last year in the province. It looks like it's going to come in about the same this year. It averages from 90 per cent in the South to about 60 per cent in the North. It sort of varies that much. Less take it in the North than they do in the South.

Mr. Upshall: — Thank you, Mr. Chairman. Mr. Minister, am I right to assume or am I correct when I think that you said that RM 310 was common to four blocks? Is that correct?

Hon. Mr. Hardy: — That's correct.

Mr. Upshall: — Then, Mr. Minister, the blocks of 312, 310, 281, and 280 are considered as one block? Is that right?

Hon. Mr. Hardy: — Yes.

Mr. Upshall: — I don't want to prolong this but am I also correct that 340, 339, 310, and 309 are considered one block?

Hon. Mr. Hardy: — Yes.

Mr. Upshall: — And also that 310, 309, 280, and 279 are one block.

Hon. Mr. Hardy: — That's correct.

Mr. Upshall: — Well, Mr. Minister, if you add in . . . would it be possible then to have another block considering 309, 308, 279, and 278, that works out to 21.4 per cent in my calculations? Is that correct?

Hon. Mr. Hardy: — You're right if you use those four numbers and put them together as . . . just use the numbers, but you've got to take . . . because the four RMs . . . it says they've got to be a weighted . . . So you take all the total liabilities against the total indemnities in those four RMs . . . (inaudible interjection) . . . Well that's what it says. That's why you come out with that at 19.4.

Now I'll read you the . . . I think I sent you a copy, but you'll realize that it says that:

An area block of four municipalities in size will be determined to be an eligible area when an indemnity to liability ratio is greater or equal to .20 to 1 for the current year and the immediate preceding year.

. . . (inaudible interjection) . . . An indemnity to liability ratio in the four RMs. So those figures up there, although it's for the one RM, and each RM, when you total the total liabilities together against the indemnities, you come out . . . it changes it because the one RMs are larger — one small RM changes it all.

Mr. Koskie: — 309, 309, your figures, 27.6, right? Right? Okay, RM 279, 17.4, your figure; 308, 16.8, okay? 278, 19.6. I'll tell you, you take that, you add those up, you take the average and it's over 20 per cent, and that's what you should be paying on because you . . .

An Hon. Member: — Common, too.

Mr. Koskie: — And it's common too. It's a block of four RMs; exactly what you have said it needed to be to qualify. And you set it out, and that is the figures, that's the statistics that you've given to us, and I say that 308 should be included and I say that 278 should be included, Mr. Minister, on your terms, on your definitions, on your figures. No other conclusion can be drawn. If you start twisting the regulations to make up an excuse now . . .

An Hon. Member: — Playing politics.

Mr. Koskie: — I'll tell you, you're playing politics. That's the only reason it can be. And I'll tell you what I'm going to do. On these statistics here, unless you admit tonight, that on the basis of your statistics, I am going to see the representatives in those RMs and to see whether they want to, in fact, take legal action to qualify under the criteria that is set out in the regulations that you have brought into this House. I ask you, Mr. Minister, to justify why those two RMs are not included.

Hon. Mr. Hardy: — Well I explained to you that . . . and you know the regulations. You got a copy of them. And it says, indemnity to liability ratio is greater than, or equal to in the four RMs. And when you take the total indemnity against the liability in that four RMs, it comes out to 19.4 when you average them all together.

You know, that I know, that when you have one large RM, therefore your indemnity, percentage-wise, when you've got a large RM and the number of farmers, that's figured on the percentage based on per farmers. When you do that, immediately the size of the RM changes the ratio, when you start bringing four together.

Mr. Upshall: — Well Mr. Minister, using the figures that you sent across to us in . . . Let's go back to four other RMs. Let's go to 340, 339, 310, and 309. Now you're saying that those are a block of four RMs, and the numbers that you have indicated, 340 is 22.3 per cent of liabilities paid in indemnities in two consecutive years; 339 is 17.1 per cent; 309 is 27.6 per cent; and 310 is 25.4 per cent.

Now the average of that of course is above 20 per cent. When we take 308, 309, 278, and 279, according to my calculations, that comes out to 21.4 per cent or 1.4 per cent above the 20 per cent. Now I don't see where there's a difference between the common block of the first four that I mentioned and the common block of the last four that I mentioned. Now you were trying to tell me that there is some factor included there, dealing with the number of farmers.

Now Mr. Minister, just for clarification purposes, would you just slowly go through that again to explain to this House and explain to those farmers and those RMs exactly why they do not qualify?

Hon. Mr. Hardy: — I don't know if these are . . . we're using some figures of estimates based on the size here, but in the . . . say two RMs, 310 and 309 . . . 309 and 308, the liability would they be about 6 million. In the one below, in 279 would be about 8 million, and then 278 would only be about 3 million. So when you average them all together, the liability against the indemnity, that's when your figures change because you have a lot more numbers of contract holders. So the more you have, the difference of figures change because you're ratioing them. And any time you ratio anything, the numbers . . . every time you put one more number in or take one out you change those ratios. This is true for that RM; it's not true for the block.

Mr. Upshall: — Well, Mr. Minister, the numbers above the RM number on the map indicate . . . am I correct to understand that those numbers indicate the percentage of liabilities paid in indemnities in those RMs?

Hon. Mr. Hardy: — Well I said a moment ago, when you take those four RMs and you take the total dollar liability that's there, against the total indemnity in that area — the total — then it changes. Now if you only had a million dollars in one and 10 in the other, that's a 10:1 ratio when you're dealing with it. So that's why the ratio of indemnity to liability ratio changes when you . . . is different from just being an RM. If it's an RM — a small RM or a large RM — each one will be differently. If this had of been a larger number it would have affected a whole bunch around there. Had it been a smaller number it's vice versa.

Mr. Upshall: — Well, Mr. Minister, what you're telling me then is the numbers on this map that you gave me mean nothing. We're talking percentages here, and the rules say that 20 per cent of the liabilities paid in indemnities in two consecutive years, in a block of four RMs, qualifies them for the multi-year disaster program. You told us earlier that the numbers above the RM number on the map were the percentages of liabilities paid in indemnities in two consecutive years.

Now, I'm talking about percentages here. Now don't give me the number of the total dollars of liability because that means nothing right now. We're talking about the percentages of liabilities paid. We're talking about the percentage of liabilities paid in indemnities in two consecutive years.

Using that criteria, Mr. Minister, there will be many multiples in other RMs that will vary according to your analysis. And all we're saying and all I'm saying is that the block of four RMs: 309, 308, 279, 278, which have common boundaries and are common to the block, the numbers you have given me work out to higher than 20 per cent of the liabilities paid in indemnities in two consecutive years.

Now don't give me the business about the dollar amount in each liability because that's irrelevant. We're talking about percentage because that's what your rules say. That's what your regulations say. Mr. Minister, do you agree with that?

(1945)

Hon. Mr. Hardy: — Well, for tomorrow we'll bring the total liabilities in each one of those areas for all four against the indemnities for those four. And as you know, here's the regulation, indemnity to liability ratio for the four RMs, and we will bring you those numbers. We don't have them with us. So you'll know exactly and you can figure it out for yourself then.

Remember that when you use . . . You can't average percentages when you have different sizes of anything. So those percentages only pertain to that RM. When you do the total four-RM, as it says you must do in the regulations, then it's called a weighted average and it can change somewhat. If the RMs are all similar then it changes little or nothing, but if you get a great big RM like 279 compared to a very small RM like 278, it's a great deal of change. Actually 279 probably was two RMs joined together; it's a very large RM. So the percentage then does not necessarily reflect the weighted average of the four RMs. It doesn't in this case because of the two difference in sizes.

Mr. Upshall: — Well, Mr. Minister, I'm not understanding something here, obviously. Either that or you're not coming clean with us, because am I correct to understand — let's take this one step at a time — that in RM 279 they had a ratio of 17.4 per cent of their liabilities paid in indemnities in two consecutive years?

Hon. Mr. Hardy: — Nineteen eighty-nine only.

Mr. Upshall: — Then in RM 278, does the 19.6 per cent relate to 1989 only as well?

Hon. Mr. Hardy: — That's correct.

Mr. Upshall: — Then, Mr. Minister, how does 1988 come into this figure that you have on these two RMs, the percentage figure?

Hon. Mr. Hardy: — Well in 1988, using exactly the criteria that I explained to you now, they qualified because they were over the 20 per cent in those RMs. In 1989, as we've talked about here today, two are in that you're talking about and two are not in.

Mr. Upshall: — Okay, Mr. Minister, let's just go back. Can you give me the number, the percentage of liabilities paid in indemnities in 1988, for RMs 308, 309, 278, and 279.

Hon. Mr. Hardy: — In 1988, so that it would trigger, make them eligible to trigger the program for 1989, 309 had 0.53, 53 per cent; 308 had 49; 278 had 52; and 279 had 54.

Mr. Upshall: — We're talking about percentages of liabilities paid in indemnities in those years?

Hon. Mr. Hardy: — That's correct.

Mr. Upshall: — Mr. Minister, if in 1988, RM 308 had 49 per cent of its liabilities paid indemnities. In 1989, it had 16.8 per cent. In 309, it was 53 per cent in '88 and 27 per cent in '89. In 278, it was 52 per cent in '88 and 19.6 per

cent in '89. 279, 54 per cent in '88 and 17.4 per cent in '89. I would conclude that in both years combined it was well over the 20 per cent average. Now unless I'm missing something here, that would mean that those RMs should qualify. Could you explain then what other reason would make them not qualify, please?

Hon. Mr. Hardy: — Well to qualify for the first year you have to have in excess of .20 loss to even qualify for the next year, and if you don't have over .20 the second year you don't qualify. There's no averaging of the two years together. The first year only qualifies you for the second year and it's got to be the two consecutive years of an excess of .20 loss per RM per year.

Mr. Koskie: — Mr. Minister, what you have been saying is if you have four adjoining RMs, and if they combined have a total of over 20 per cent indemnity paid or liability paid out of the indemnity, that they will qualify. That's what you have said. And then you gave us the statistics here of 309 at 27.6, taking in all the calculations; 17.4 for 279; 16.8 for 308; and 19.6 for 278. And when you take those, I'll tell you that joining those together you get the average of over the 20 which is set out in your regulations. They don't go into any calculations on the total liabilities in your regulations here. You sent the regulations over, Mr. Minister. It doesn't say that. It says, four adjoining RMs whose liability of the indemnity is over 20 per cent. That's precisely what it says.

Now I want you to tell me where, in the regulations that you sent over here, that it brings in the other criteria that you're talking about, because we have looked at it and it's not there. You're bringing in another factor, Mr. Minister. Would you explain that? Where is it in the regulations?

Hon. Mr. Hardy: — Well, Mr. Chairman, just so we go back, and here's what the regulations do say:

8. An area (a block of four Rural Municipalities in size) will be determined to be an eligible area when the Indemnity to Liability Ratio is greater than or equal to 0.20 to 1 for the current year and the immediately preceding year.

9. The Indemnity to Liability Ratio is the combined experience of all insured crops and coverage levels . . .

Now it says, all insured crops, the combined experience.

Mr. Koskie: — Mr. Minister, how does that get you out of the dilemma that you have with respect to the four RMs that we have mentioned — 309, 279, 308, and 278 — having read the regulations? You explain it.

Hon. Mr. Hardy: — It says very clearly that it's the combined four RMs' indemnity to liability ratio. I mean it's in point 8 of the regulations. It says that, so there is no choice. We just don't have any choice but to follow what the regulations says, and it's the indemnity to liability ratio. And it tells you that:

8. An area (a block of four Rural Municipalities in size) will be determined to be an eligible area when the Indemnity to Liability Ratio is greater

than or equal to 0.20 to 1 . . .

Mr. Upshall: — Thank you, Mr. Chairman. Mr. Minister, can you tell me then what the indemnity to liability ratio is for RM 308 in 1989.

Hon. Mr. Hardy: — Just for that RM, it's 16.8. That's not the combined one; you've got to combine them all four when you go to put them together to be sure that they qualify.

Mr. Upshall: — Well, Mr. Minister, that's my point. When you combine them for 1989, it comes to 21.4.

Hon. Mr. Hardy: — Well you're using percentage ratios there, and that's figured out on an RM. And I explained that a moment ago: the difference in size; the amount of dollars; the dollars that the liability is . . .

An Hon. Member: — But you've taken that, you've calculated that in the 16.8.

Hon. Mr. Hardy: — No, but when you take a small number and calculate it by whatever number you got or a large number and calculate it, then when you put them all together, you get certainly a different percentage. I mean, it's obvious that you would get a different percentage because it would change in particularly the two RMs. So it's the dollars of liability against the dollars of indemnity that's paid in the combined four municipalities any way you want to form them — that they'd be formed in a block.

Mr. Upshall: — Well then, Mr. Minister, what does your calculation come out to for that block in 1989?

Hon. Mr. Hardy: — Well I said tomorrow we'll have the total liability against the total indemnities available tomorrow so you can look at them for those particular four RMs. And we don't have it with us but we'll get it for you.

Mr. Upshall: — Well, Mr. Minister, this is key to this debate, and I would wonder if it would be possible for you to now provide us with that information, because in order to pursue this line of argument, in order to make sure everything is clear that we have to have that figure. I would ask the minister if it would be possible in a short period of time to provide us with that because it's contingent upon the figure for 1989 which, in your own calculations of minimum requirement in that four-RM block, comes to 21.4 per cent or .24 per cent of liabilities to indemnities.

And that is key to this discussion because in 1988, all the numbers are very high; there's no problem there. But in 1989, we're dealing with very close numbers to the 20 per cent triggering of the payment. So, Mr. Minister, I'm wondering how long it would take you to get those figures so we can continue this discussion.

Hon. Mr. Hardy: — As you know, the office is in Melville and most of the staff that would be doing that research is here. Well tomorrow morning there would be somebody there. We could get the information for you. We can have it here for estimates tomorrow morning. That would be

about the soonest that we could have those particular estimates here.

There's 299 RMs. There's 1,160 different blocks that you could be working with in the province when you put it together like that. So we just don't have it with us, but we'll get it for you for tomorrow, if you like.

(2000)

Mr. Upshall: — Well, Mr. Minister, I was wondering if you would be willing then to postpone these estimates till tomorrow, and we will allow the critic for Highways to go on his estimates for the duration of the evening so that we can continue this discussion tomorrow morning.

Hon. Mr. Hardy: — We can change it around or whatever, but there must be some other questions you want to ask other than this particular one here, and if you'd like to finish them all off except for this one and then we could postpone it and come back tomorrow, I have no problems. I know you want to pursue it and that's fine. I just don't have them with me, so there's no use saying that I have them here because I don't. We can do some calculations but they'd be estimates. So if you have some others that you'd like to pursue, I'm willing to go ahead with them and leave this and come back to this tomorrow when I have the figures for you.

Mr. Upshall: — Well, Mr. Minister, I don't think we could finish it tonight anyway, so if you can oblige us with that, I think the critic for Highways is willing to go. And I believe that he was on stand-by, so I assume that the staff would be here for the Highways minister.

And due to the fact, like I say, that we wouldn't finish anyway, and I would just like to be able to do a little more work on this tonight in order that I fully understand the whole . . . go through the regulations and go through the numbers again, then we could continue this tomorrow.

Hon. Mr. Hardy: — I have no trouble if the House Leader wants to change, that's fine, but you must have some other questions other than this one here. And I'm saying if you'd like to pursue all the rest of them that we can clean them up tonight, and then if we get that done, we can go into Highways and still come back tomorrow to this. Because I've got the staff here, and I might as well do up as much as possible because they're driving from Melville in and you may need tomorrow or whatever. So that's one less day and it costs money to bring staff in and everything.

Mr. Upshall: — Mr. Minister, the agreement was tonight, and I had no intention of going this long on this topic but, as you will know, estimates are unpredictable. The critic for Highways was prepared to go tonight, and I believe that in his time frame that it is essential that he go now in light of the fact that we could have been done if we hadn't got into this confusion that we've got into now. I think that if it's agreeable to you that we will have the evening then to work through. Because we just got the regulations, we'll be able to work through some of the numbers and pursue it tomorrow.

Hon. Mr. Hardy: — If the member from Humboldt there

... I just want to say that we're going to send somebody out and see if we can send somebody down to the office in Melville to get that information for you. And give us 15 minutes or so, and if you want to go on with a few other questions and we'll see. If we can't, then we're prepared to go over to another part. How's that? Sound fair enough?

Mr. Upshall: — Okay, we will give you a short period of time to do that and I will pursue another line of questioning. I'll just move back to my desk so I can get my other notes.

Thank you, Mr. Chairman. Mr. Minister, then we'll go into some routine questions for the time being. I will read off a number of routine questions that I'd like you to have answered. First of all, the name, title and salary of all the minister's personal staff; any change in those salaries in the past year. Number two, for 1989-90, the number of out-of-province trips taken by the minister, identifying in each case the following: a) destination b) persons accompanying the minister at government expense c) cost of the trip, and d) the purpose of the trip.

Number three, for 1990-91, the total amount budgeted for out-of-province minister's trips. Number four, for 1989-90, the total amount spent by the agency on advertising, and for 1990-91, the total amount budgeted for advertising. Number five, for 1989-90, the total amount spent by the agency in polling and market research, and for 1990-91, the total amount budgeted for these purposes. And number six, did the agency use any charter aircraft during '88-89 and, if so, at what cost and what amount has been budgeted for charter aircrafts in 1990-91? Would you be able to provide those for me, please.

Hon. Mr. Hardy: — If the member would like, we'll put it all together — we have no trouble with any of it — and send it over to you. We'd have that ready tomorrow, probably. No trouble at all, but whenever, even tonight maybe, some time, if we get it all pulled together here. That's quite a few questions. But there's no problem with answering all those questions, not at all.

Mr. Upshall: — Yes. There's no rush for those answers, Mr. Minister. If you could have them ready for tomorrow, that would be fine. Mr. Minister, I would like to talk for a minute now about crop insurance and the plans for crop insurance in the future. We have a situation where we have a number of agents around the country, and there is one scenario that the agent scheme under crop insurance is the first step to privatization. I don't know if that's true or not. You may wish to respond to that.

But the other question I have for you, Mr. Minister, is the hail insurance component and crop insurance. Are there any plans to reduce, possibly, the premium by taking hail insurance out of crop insurance and having hail insurance as a rider on crop insurance that could be taken by the farmer if he so wished? Are there any plans along those lines, Mr. Minister?

Hon. Mr. Hardy: — On the last, in regards to the hail component out of crop insurance, the federal government have been asking to have us do that and put it as a rider. Alberta already has it that way. I've met with

municipal hail, co-operative hail, three or four other hail companies, I can't think of their names right off hand here, about three or four different meetings. They've been asking to have that done too, and reduce the premiums.

The only problems that I have with it — and I suppose if I was really talking about privatization, that's a real way of moving it — but I have some problems with just making it a good working corporation, and I would wonder if we would not reduce the amount of those taking crop insurance coverages if we take out the hail.

It was brought back in by the former administration, in I believe '74, when they brought it in. I think that's the year we brought it in. They brought it in for that reason. As you know, the government of the day then decided that if they brought that in and made it part of the package, that they could keep more farmers involved and have a broader scale which is less risk and better premium rates. And that was done for that reason. We have some trouble, or at least I do, and the department, if we take that out, what it might do to the crop insurance as an insurance company.

Before it came in, there was very few or very low participation in the program. And when it was brought in in them days by the NDP in them days, I believe it really increased the amount of participation in crop insurance. So I'd hate just to take it out because somebody says to take it out because it will make it a little better for me. I want to be sure that the crop insurance corporation is here. We're doing a lot of things to it; we're trying to make it an enhanced corporation. So, you know, I would have some problems to do that. That don't mean to say we won't, but I've told municipal hail, I told co-operative hail that, and that we would give it some consideration. And they certainly have been lobbying for it. And certainly the federal government would like it taken out and set as a rider on the side.

In regards to the agent system, it's a marketing system. It's a marketing and monitoring system. We've asked the agents to do three things. One, to inform the producer of what is available to them and all the different programs — one on one. I think it's been fairly well received and in fact I think received very good.

A second thing we've asked them to do is pick up the seeded acreage report, and talk to make sure the farmer has filled in all his crops, that he's satisfied or she's satisfied that they've got it all on there.

Third, we've asked them to do a field estimate, which just says we think the field will go whatever, and it's got nothing to do with if you have a claim or not. It's just for our records and tells us if we're going to have some of these problems in the area that we've identified over the last years — good management.

And in the fourth they do what they call a report in production, which means that he would go out, talk to the farmer, ask the farmer how many bushels per acre he thought each field went, for our records and for his, how much fertilizer he used, and whatever else that he'd like to put into there in the records, and we'd measure the bins so we know how much grain there is that he had for production.

Those would just be basically for records so we'd have it. We would also be available to the farmer later on if they, he or she, wanted those records for whatever reasons, for selling their farm, or just to prove production, or go back and look at what they've been using over the years.

So we think it can benefit two ways. One, it's good management. We'll know what's going on in the farming industry. We'll know if we have some problems coming up. We'll know the estimated yields and where we have multi-contracts. In some areas it will certainly manage that a little better. It will also give the farmer a base if they want to come back at a later date. It will be a print out for them; they can have it.

So I think it's a good . . . it's a marketing product that we use in the agent system, but it's also a good management tool that will allow both the farmer and us as crop insurance to manage it much better I believe, at the same time keeping all our 32 claim centres.

There'll be claim centres, dispatch centres. They'll do everything out there instead of doing it in Melville, the head office. It's all being done out in the field through the computer system. So it's a different way of doing it, but I think it's a good service to the farmer if he had a claim. And it's a good way of managing because the local person certainly knows better what goes on out there than maybe head office does.

So it just gives us good management and good for the farmer because, like I mentioned two ways: one, he'll get his claim finished and filed there. Our target is seven days after the claim is turned into the office, and if there was a need it probably could even be quicker than that because it'll be filed directly on the computers and paid out directly. So some of the things we're doing there I believe are really positive steps and looking ahead to good management and good for the farmer as well.

Mr. Upshall: — Mr. Minister, can you tell me what the average percentage rate is for hail coverage premium-wise under crop insurance?

(2015)

Hon. Mr. Hardy: — I was just checking. We believe it's about 3 per cent — the farmers' share — but when our research analyst gets back here, Mr. Harris, we'll verify that for sure. But they believe it's 3 per cent, the producers' share. That's an average across the province.

Mr. Upshall: — Well I agree with that, Mr. Minister, and I understand it'll change from risk area to risk area. But the point that I make then is that crop insurance is the factor that keeps all the other line companies in tow, so to speak, when it comes to percentage of premiums. And if you were to go to a rider system, that would give the line companies free-wheeling when it came to premiums and percentages for hail coverage.

And so I would ask you, Mr. Minister: what's the procedure for changing, for taking hail out of crop insurance and putting it on as a rider? If you're going to pay 25 per cent of the crop insurance and the government

pays 25 and the producer pays 50, what's the procedure for making that change, for taking out the hail insurance out of crop insurance?

Hon. Mr. Hardy: — I think for one of the few times, I think the member and I agree that we shouldn't be taking out, so we really never looked at the procedure to take it out. I make it clear that when I talked to both municipal hail, to co-operative hail, and hail and rain — and I can't remember the other ones, there was about six total — I made it clear to them that at this time that I had no intentions of even suggesting it be taken out.

The federal government has been pressing because we're the only province that has it in. We're saying that may be true, but because of the circumstances we have here, because of the spot loss hail feature . . . And remember what a spot loss hail does. It's sort of a double indemnity; it allows you to collect on spot loss hail and then if your total loss is not greater you can claim again, so there is a double indemnity. You pay a little premium but you get a double one, and that's what's good to the farmer. And so that's one of the reasons I'm not prepared to take it out.

The other thing, when I talked to municipal hail — and I use them because they're the next big player in the game who run as a co-operative and a non-profit, or I shouldn't say non-profit, but non-accumulated profit — they sold last year in excess of \$500 million in hail insurance, and you know that tells me that they are in there keeping both for crop insurance and for the other ones in line as well. So we've got a double step there through municipal hail and through crop insurance.

So I'm not prepared to even suggest that we take it out. I think it was put in for a good reason, I think it should stay in there. And in fact that's one of the areas when we went down to appear before the Senate on the crop insurance changes, that we made representation to the Senate, saying that's one area that we're not prepared to give an inch on. Also when I met with . . . the only other one in is Manitoba and Manitoba's not prepared to take it out either, so we both sit on exactly the same position.

Mr. Upshall: — Mr. Minister, you said that Alberta — if I heard you correctly — Alberta has already, already has hail as a rider on their crop insurance, so that would tell me that is a negotiation between the federal government and the individual province. I'm a bit surprised that you do not know the process that is involved there, because if you're so concerned about the federal government putting pressure on you to remove hail from crop insurance, I think that you should really find out the procedure there. But am I right to assume that whether or not hail is taken off crop insurance and put on as a rider is a decision, a bargaining decision between the federal government and the individual province?

Hon. Mr. Hardy: — To the best of my knowledge, Alberta's never had it as part of crop insurance all risk. They did put it on — and I don't know how many years ago, a good number of years ago — as a rider, maybe the same time that it was put on here as part of the all risk, I'm not sure. But it's a good number of years it's been on there.

But I was saying, under the proposed new legislation, the federal government has been fairly reluctant to leave it in, and we have been saying adamantly that we're not taking it out. Before we sign the new agreement it must remain in. So I guess that's the strongest position that you can take. And if you refuse to sign the agreement until it's left in, I think that it's fair to say that there'll be no agreement signed until it is left in there. So our concern was that in the legislation it even allowed them to discuss that, to make that change, and that's why we made a representation to the Senate on that.

Mr. Upshall: — Well, Mr. Minister, I hope you stick to your guns on that one because I think it's very important that hail insurance is a component of crop insurance. As you said, it is . . . from my experience it is one of the reasons, and one of the major reasons that crop insurance, that farmers are carrying crop insurance because it has a reasonable hail coverage component in it.

Now just one further question on that. You say you won't sign the agreement unless hail insurance remains under crop insurance. What tools or levers do the federal government have? Now you haven't signed the agreement on the 25 per cent cost sharing. Is the agreement of the 25 per cent cost sharing . . . let me put it this way, is the hail insurance rider clause part of the same agreement that you'll be signing when it comes to the 25 per cent cost sharing agreement?

Hon. Mr. Hardy: — That's right. It would be part of the agreement when and if it's signed, right.

Mr. Upshall: — So then what you're telling me tonight is that you will not sign that agreement, you will not sign that agreement unless the hail component stays in. Mr. Minister, I ask you, what are the ramifications, or what are the levers the federal government has to force you to sign that agreement without the hail rider in? Are there any?

Hon. Mr. Hardy: — I guess, Mr. Chairman, is that they always could refuse to fund it and that would be a thing that they could do. I would be reluctant to think they would do that. We are part of Canada and we do have a crop insurance in place. If they change the legislation . . . I believe that it was in there before; I don't think they have or should have the right to take it out. If we are going to be cost sharing on the premiums, they do in fact certainly reduce their cost, and if they're reducing their cost, I wonder why they wouldn't sign it regardless of whether it was in or out.

So I think it's to the benefit of us all. We're getting some major changes to crop insurance. We want to know what we need in there to make this a good, sound insurance plan.

The only alternative they would have is to refuse to fund it, and I suppose that's always an alternative any government has, is to refuse to fund anything. But at this, you know, to the best of my knowledge, they would certainly come and be part of it. They'll certainly argue their point, but you don't always win every one.

Mr. Upshall: — Well until the last comment, Mr.

Minister, I was feeling a little bit secure in the fact that you would not allow the federal government to remove the hail insurance component from crop insurance.

Mr. Minister, let's take the worst case scenario and say the federal government refused to fund. Would you be willing to cover the cost of keeping hail insurance under the crop insurance scheme?

Hon. Mr. Hardy: — I think I made it quite clear we don't plan to sign it unless it's left in. It's not only our province, it's also Manitoba. So it's not going to be signed unless it's in. It's to the federal government's benefit, regardless of the other 3 per cent which they're only paying 1 per cent on, so, I mean, you're talking about — or 25 per cent — so you're talking about a very small portion. You're talking about one percentage point or something.

It's to their benefit to be in. They negotiate hard. They tried to off-load, that's for sure. We believe that it's with all the advantages that's in there, we both break out about even. The farmer has a better coverage and it's a long-term crop insurance plan for the 1990s and beyond.

Mr. Upshall: — Well, Mr. Minister, I will be watching closely because I think that's a very important factor. We must have the hail component remain in crop insurance.

Just to go to another topic. Mr. Minister, under the agent program I was led to understand that the farmers dealing with an agent that they chose not to deal with, had the option of dealing with another agent. Is that true, Mr. Minister?

Hon. Mr. Hardy: — If the person has a problem with the agent out there — we're running about half the agents there; we've been using crop insurance adjusters and staff and offices and everybody's really chipped in to make it go — if you have a problem with the agent out there, you can apply to crop insurance.

If you've got a service centre in your town, you can apply to the service centre and they will assign one of the other agents to you. And you can sort of pick your agent around, but you can't keep picking a different one all the time, but he'll let you pick one. But you have to work with an agent in the area. But there's other agents; they join together. And if you have a problem we will assign that to another one.

They got somebody in the office; they were working there. I have the information here for you in regards to the RM, the indemnities that was paid there . . . (inaudible interjection) . . . I was just going to say I'll send it across to you so you can look at. Be all right? And I'm sending along just a little graph that was drawn up to say, you know, how it would work — just a simulated one, as well. I'll send them both over just so you have it. And then we'll finish this certainly.

Mr. Upshall: — Yes, Mr. Minister, so what you're saying then is that because of the boundaries, the way they're drawn, geographically it may be more advantageous for a farmer to choose another agent. So are you saying that the farmer has . . . I understand that the farmer can't be picking an agent as he wishes every so often. But am I

understanding you right that a farmer has a choice of choosing an agent, different than the agent that he has?

Hon. Mr. Hardy: — Yes, maybe I didn't make it clear. Yes, you can pick a different agent if you're not happy with the particular agent that's in your area, and we would assign that contract to that agent that you pick, you know, within a reasonable distance, but there's agents around. There would be a list of agents in the area if you didn't know the rest of them that were around that you could deal with.

Mr. Upshall: — Well, Mr. Minister, maybe you can clarify for me a letter to a farmer from crop insurance corporation in Melville. I'll just read the content of the letter. This was as a result of a person wishing to choose another agent. It says:

Your letter of March 17, 1990 requesting transfer agent has been received. We are unable to proceed with your request for transfer at this time. Later on this year we will decide on which agent we will transfer you to. In the mean time please deal directly with customer services office.

Now, am I to understand by this letter, Mr. Minister . . . It's a little different than what you said. I asked you if a person could choose an agent and you said yes, but this letter says that the corporation will decide on which agent they will transfer the person to. Can you clarify that for me please?

Hon. Mr. Hardy: — I guess, to be clear, maybe I was not quite exactly right either. Because we're just setting them up now and in some cases we don't have the agent; we don't have the transfer of boundaries in place for the agents, we allow that person to go to the customer service office and get her or his contract filled out there. When we have the boundaries agreement fixed up so we can change the boundaries, get them all in place so we can make those changes, then we can assign a different agent to that person that would be relevant to the area that we could assign the contract over to.

(2030)

Now there probably is more than one agent in the area. Some places we're short of agents. I don't know about that particular spot. The reason we didn't do it right now is because we haven't finished all the agency system. They're still only about half done. Then we have to be able to rearrange the boundaries. We want to finish the agents first, and we allow that person to go to the customer service office this year as they have done in the past. But for next year we'll have that so they can be assigned to a different agent.

Mr. Upshall: — I understand why they would ask them to go to a customer service office this year, but let's assume all the agents are in place. Now does this letter mean that the policy is that the corporation will determine what agent is available to the person in question.

Now there's a difference between what you said earlier and what you said just now. And what I want to determine is whether or not the corporation decides, or the farmer

can decide what agent, because if you come to a corner of an area where there's four possible agents, does the farmer have a choice on which agent he takes or does the corporation dictate what agent will be servicing that farmer?

Hon. Mr. Hardy: — Well I was . . . maybe half didn't give it to you just as it should be, and half you didn't quite understand it. The farmer will be able to ask to move into district 150 from 149 or 155, but we have to work out an agreement with that agent to take that farmer. So we would have to ask, then we'd have to go back and clarify it with that agent that he would accept that farmer. So therefore it has to be worked out. So I maybe didn't give it to you just exactly how it is, or you didn't quite understand how it is, but that's how it is.

The farmer could pick an agent that he . . . system he'd like to go into, one of the agents, and then . . . out of the one he's in. He'd have to have a reason for moving, and the reason's good enough is he can't get along with the person — that's good enough. And then we'd pick an area; then we'd talk to the agent in that area and see if that agent would accept that contract. And if he would, then we could transfer the contract over from one to the other and then the farmer would then be covered by a different . . . There's going to be quite a few of them, because where they split boundaries they maybe have land in two or three different areas, and the farmers scatter around quite a bit now. We know they're going to want to move back and forth, but we'd like to get our agents all in place before we start that.

Mr. Upshall: — So then what you're saying, Mr. Minister, is there is an agreement between the farmer and the corporation as to what agent is selected. But what I want to know is who has final say on determining the agent. Is it the farmer or is it the corporation? I'm talking within reason. I'm not talking the worst case scenario or anything; I'm talking within reason. Who has the final say?

Hon. Mr. Hardy: — If the farmer doesn't want to deal with that agent that's been assigned him — we assign the first agent to him — then we will work out with the farmer — with the farmer — an agent that is acceptable to him. But we also have to work it out with the agent that that farmer is acceptable to him, too. So it takes a bit of massaging to be sure that both are happy. There's no use just assigning somebody if you're going to be angry about it afterwards anyway. And there will be some, there will be some that can't get along with any agent and there'll be the odd agent, probably, can't get along with any farmer. And where that is the case, the latter is the case, we can do something. Vice versa, we just have to live with it and work the best we can.

Mr. Upshall: — I understand that. And then there's going to be probably cases where that happens. But what I'm saying is that, if the agent is acceptable to the farmer, can the farmer have the final say as to which agent he chooses?

Hon. Mr. Hardy: — That's right. If the farmer isn't happy with the first agent assigned to him, then we'll work with the farmer to find an agent that he or she will want to work

with. So we're going to leave it down to the working situation. It'll take a bit to work it out, I understand that, for a lot of reasons. Some of them mightn't be because they don't even like . . . Maybe I like the agent well, but because I got some land over here, I live over here, and all the other reasons, I haul my grain to here; I mean, there's a whole bunch of reasons. I live in town and I commute out to there — a whole bunch of reasons, we know that. So we're willing to sit down and work it out with the farmer. It'll take a bit of consultation and a bit of time but we also have to work it out with each of the agents at the same time.

Mr. Upshall: — Thank you, Mr. Minister. Mr. Minister, talking about the agent program, you have a process that you go through in training the agents, and there's a cost involved. Now there was a number of questions that I'd like to ask you. First of all, let's start with the agents and their security in their position. Are you planning on taking the agents to an in-scope position within the union of crop insurance?

Hon. Mr. Hardy: — No.

Mr. Upshall: — Well, Mr. Minister, what security does the agent have with regards to the position he's in? What I'm saying is there may be agents that aren't suitable to the corporation and those agents would have to be replaced, but there also may be some, the corporation who thinks an agent is not suitable but the majority of farmers may think he is suitable. What security does the agent have after putting out a substantial amount of money to acquire the agency, what security does he have in his position?

Hon. Mr. Hardy: — It's a franchise dealership. The agent has the option of, if he doesn't like the agents that he can sell it back to the corporation, and we would get somebody else to be there. He also will have the option — as we get into it, we'll be looking at allowing him to sell it to another agent or dealer provided he meets all or she meets all the requirements of Sask crop insurance. You go through the training and be, you know, capable of doing the job, so that would . But it's a transferable or . . . it's a franchise dealership. It's based a lot like your SGI (Saskatchewan Government Insurance) dealerships that many SGI agents . . . I've had one for 20 years there in Hudson Bay and, in fact, we have two.

Those are franchise dealerships. They pay for them. They're bought and paid for. They don't come free. For sickness or any reason at all, they can always sell them back to the corporation for what they paid for them. It's sold on a contractual basis at \$20 per existing contract. They can build on that, and if they build that up bigger, if they want to sell it back or sell it to another agent who qualifies because of the training and that, they can do that and they would be worth more.

Our concern was that it would be there; you'd be long-term; that you would get to know the people in the area; that you'd be their contact person; that you had good public relations, and that you be acceptable in the community — community to be that kind of a person who would work with the farmers out there and would understand farming.

Mr. Upshall: — Mr. Minister, you said the agents can sell back to the corporation the files. Is that exclusive, relating just to the files, or does an agent . . . He has the expense of, I understand, buying a computer and setting up an office. Will there be any possible way that he will be able to sell the corporation the complete unit or does he exclusively sell the files?

Hon. Mr. Hardy: — Just for his protection, it's only the contract he purchased or what he's added to, if he's added more to it. We would give him what he paid for it. If he wishes to sell it to somebody else who would take the training course, as you do to be an SGI agent — I mean you just don't become an agent without taking a real estate course and whatever else is necessary and a real estate insurance brokers association certificate or whatever is needed for there. And I don't understand the legal technicalities to it. But those kinds of . . . it would be the same thing.

So we would buy back the franchise only, the contracts only back. If he wanted to sell all the rest of it, he could either sell it to somebody else who would have to be trained, and passed the test as necessary, and that would be their decision, or we'd take it back.

Mr. Upshall: — Mr. Minister, what is the anticipated price of buying back the files from an agent? I mean the agents have to pay you, say \$20 a file. Now if they work for a year or two years and build up files and service the corporation well, but for some reason they have to get out of the corporation, what is the anticipated price that the corporation will buy back the files from the agent for?

Hon. Mr. Hardy: — Back to the corporation it would be at \$20 a contract as he paid for it in the first place. If he sold it to somebody else as an ongoing business, that would be between the buyer and the seller. The only thing is, the buyer has to pass and be a qualified agent for the Saskatchewan Crop Insurance. And there is a test they go through. We bring in 20 at a time or 25. Two or three usually don't make it each time because of the tests, and they have to go through them. So we're looking for quality people; we've got good quality people there and that standard would have to be maintained.

Mr. Upshall: — Mr. Minister, could you describe to the House exactly how the agents will be paid. We hear figures of 200 or \$220 a contract. Now can you explain to the House exactly how an agent receives his money from the corporation. Is it an annual reimbursement per contract, or is it a fee for service basis, or is it a commission basis?

Hon. Mr. Hardy: — It's based on performance, could be monthly or whatever, as he sends in his three areas or four areas that he'll get paid on — well really three areas. On the sale of new contracts or renewal of existing contracts he'll get paid, and also part of that is, the field estimate fits into that. He'll get paid 7.5 cents an acre for picking up the seeded acreage report, and he'll get paid for picking up the record of production in the fall. So he'll get paid for four different things but based on each one.

The average contract, average per agent for the whole year for doing these four things. For selling it to the agent, for picking up the seeded acreage report, for doing the

field estimates, and for doing the report and production in the fall including bin measurements, he'd average about \$120 per contract per year. Now that's an average. Some would be less and some would be a little bit more, but that'll be close to the average as you go through it.

Mr. Upshall: — So what you're saying then, Mr. Minister, it's basically a fee-for-service operation whereby if he completes a certain number of steps then he will build himself up to an average of \$120 an acre . . . a contract rather. Is that correct?

Hon. Mr. Hardy: — I think that's a fair way of saying it, yes.

Mr. Upshall: — Mr. Minister, the agents have . . . let's say they have 200 contracts that they buy, purchase from the corporation. That would be \$6,000. I understand there is a cost involved for purchasing a computer. Can you explain to me who the computer is going to be purchased from, what type it is, and the cost of the computer?

(2045)

Hon. Mr. Hardy: — If you had 200 contracts, they're \$20 a contract; it's not \$30 if you purchase it. So it would be \$4,000 just. What they do, they have a . . . And I don't know much about computers, I guess it's fair to say, but they use a computer. The agents use a computer. It's available through . . . They can either buy it themselves from wherever they want. It's a Toshiba that most of them have been picking up, but they can buy whatever they want, I guess. The computer that we have that they can rent through crop insurance at \$150 a month, and it's a rental purchase — in five years they would own it. It's available to them under those conditions and so they would . . . For the computer it would cost \$150 a month for five years on a rental purchase plan through crop insurance or they can just go buy it outright whatever it's worth. I don't know what it's worth.

Mr. Upshall: — Mr. Minister, is the computer compatible with the corporation's computer in Melville?

Hon. Mr. Hardy: — Yes, they are.

Mr. Upshall: — Mr. Minister, have you done an analysis — or let's ask the first question first: what is required of an agent? Can he run the agency out of his home or is he required to have an office separate and apart from his home?

Hon. Mr. Hardy: — We would like to encourage them to set up an office but it's not a requirement to set up an office in the town. We would encourage that. We know when they first start up, some of these agents don't have a great deal of money, and if things work out well for them and they may well do it. They would have to have an office at home or wherever. Remember, it's farm gate service. So they go to the farmer; the farmer doesn't come to them. It's basically an answering service that you have there, an answering machine, your computer print-out so you know what is available for each farmer, those kinds of things. The farmer needs some information. It can be put back through the mainframe computer and we can put it out to them.

Mr. Upshall: — Mr. Minister, then from that I would assume that there would be very few agents who would have offices out of their home because, for the amount of money that they're receiving, after they have to purchase a computer, purchase the contracts, and service the customer, I don't think there's going to be an awful lot of money left over for these agents. And that's what worries me a little bit.

Mr. Minister, is it possible for an agent to be a broker for another insurance company?

Hon. Mr. Hardy: — No.

Mr. Upshall: — Is it possible that an agent's wife could be a broker for another insurance company?

Hon. Mr. Hardy: — Well we're saying no, if that agent is involved with that insurance company in any way. We have a letter from the insurance brokers association, which they sent to all of their insurance agents, stating to us and to them they didn't want them selling both their insurance and crop insurance. They wanted them two stand-alone agency system. So the insurance brokers of the province have asked us to do that. They have asked their agents to be part of that system.

So we have acknowledged what they've asked us to do, and to the best of our knowledge we do not have an agent and a wife or a wife and an agent, whichever way that might be, or the combination thereof, selling crop insurance.

Mr. Upshall: — Does that also include members of the immediate family, if they are sellers of general insurance, that the person would not qualify to be an agent?

Hon. Mr. Hardy: — I think it's fair to say, as long as they're not involved in another insurance company. You could be a son or a daughter or a son-in-law or a brother-in-law or whatever. I don't think you can draw any lines there. And we even had some thoughts about whether a wife was being an agent and the husband selling the insurance, if that was even a conflict. But the insurance brokers have asked us to be fairly stringent with it. We're abiding as close as we can by what they have asked us to do. But a relative? I don't know. Where do you draw a line? We haven't tried to draw that line. As long as they're not involved with another insurance company, we have honoured them as agents if they qualify.

Mr. Upshall: — Well, Mr. Minister, the fear, of course, from many of the brokers around the province that have contacted me is that if a person got a contract to be an agent under crop insurance and any member of their immediate family was to be a general insurance sales agent, then there would be nothing to stop them from travelling together from farm to farm and cutting into someone else's area. I just have a fear that that's possible, and I want to know what the strict rules of the agent that you have laid down to the agent are, to ensure that there is no conflict between that agent and any member of his immediate family as far as moving into other areas that are covered by general insurance people.

Hon. Mr. Hardy: — First of all, the agent would have his area and that would be defined and he would have to stay in those areas. He can't go into somebody else's area. We would deal with it appropriately if we knew that they were doing that, as you suggested, travelling together and selling two different insurance companies or two different lines of insurance at the same time. We would have to sit down and deal with that appropriately, and we would take the steps necessary to see that it discontinued.

Mr. Anguish: — Mr. Minister, I want to pursue this just a little bit in terms of the person, the agent being a spouse, suppose, of someone who is not an agent but has an insurance agency, a general insurance agency. I own a general insurance agency in the town of Battleford. Now I don't think that you would ever give my wife a contract anyway, because of politics that may be involved in it, but setting politics aside, Mr. Minister, in a situation like this, I have a general insurance agency in the town of Battleford. Would my wife, for all intents and purposes, then qualify if she met the other requirements as a crop insurance agent? Would she qualify to do that, or would she be ineligible to be a crop insurance agent because I, as her spouse, have a general insurance agency? That's basically what we're asking here.

Hon. Mr. Hardy: — We haven't hired one of those to date. The only way that we would do that — I'll make it absolutely clear — is if there were separate identities, and they couldn't be run out of the same office. They'd have to be run out of separate offices totally, not even adjoining.

Mr. Anguish: — But, Mr. Minister, you said some agents can run out of their house. Now I know that general insurance agents, if they've come into the business within the past 10 years or so, can no longer run a general insurance business out of their residence. But because of grandfather clausings, there are some insurance agents in the province that do in fact run their general insurance agency out of their house, and I'm sure you're aware of that. In that situation, and some of these, quite a few of them as a matter of fact, are in rural areas.

In a situation like that, where possibly the man of the household has a general insurance agency, could the woman of the household become a crop insurance agent and they both run out of the same house? They might divide their basement in half and run it out of the same operation. Is that possible to happen, Mr. Minister?

Hon. Mr. Hardy: — No, if that was the case they would have to have a separate office some place else and have to be identified as that too.

Mr. Anguish: — Well, Mr. Minister, I would hope that you would steer away from spousal relationships having both a general insurance agency and a crop insurance agency appointment, because I think that that just causes some very real problems for the insurance industry and I hope that you make a very clear distinction that that cannot happen. I see you shaking your head in the affirmative.

I want to go back a little bit to a question that my colleague from Humboldt was asking and that's one in terms of the commissions that are paid. Were you saying

earlier this evening, if I understood you correctly, that an average commission to a crop insurance agent would be about \$120 per contract per year? Is that correct?

Hon. Mr. Hardy: — That's correct.

Mr. Anguish: — Now you also mentioned that if a crop insurance agent wanted to get out of the business, that crop insurance agent would be able to have the option to sell it back to the crop insurance corporation at \$20 a contract. Would the crop insurance agent also have the option, rather than selling it back to the crop insurance corporation, to sell it someone else he'd be selling his business to?

Hon. Mr. Hardy: — Yes, he or she would. But they would have to take the training course and pass the Saskatchewan crop insurance agents' tests that go with it and so they'd have to do that. If they pass those tests they come in. They'd have to go through the tests as they do with other agencies. Then they would be eligible.

An Hon. Member: — What's that? A blood test?

Hon. Mr. Hardy: — Well you can laugh about it but we're doing it properly.

An Hon. Member: — Properly from the point of view of the Conservative party.

Hon. Mr. Hardy: — Yes, well check all the agents and see. They're available. You could sell it. I'll answer the member from Battlefords. Yes you could. You could sell it to whoever you decided but they'd have to be, you know, qualified to measure the bins and have to be able to pass the tests and do the things that are necessary. That's exactly what we are asking the agents that we're appointing now to do. So that's the same test. They'd have to go through exactly the same procedure. Same as if you took over any other type of an agency of that concern.

Mr. Anguish: — I can't foresee many people, Mr. Minister — and I don't know whether you'd agree with this or not — I can't see many people who are crop insurance agents at any point selling back their contracts to the Crop Insurance Corporation, because it seems to me that this business in terms of the commissions and the way it functions would not operate much differently than a general insurance agency.

And I don't know whether you're aware or not but I would offer to you, Mr. Minister, that in the province of Saskatchewan general insurance agencies are sold on the basis of times the annual commission volume of the agency. And depending on where an agency would be located and depending on the volume and the viability of the general insurance agency, you find insurance agencies selling, general insurance agencies selling for one times the annual commission volume, 1.5 times the annual commission volume, two times, maybe as high as two and a half times in special cases, the annual commission volume for that agency.

And I'm wondering if you expect that crop insurance agents will be going into similar arrangements, and if they do, you can see why they would never end up selling

back at \$20 a contract to the Crop Insurance Corporation because they would make multitudes of more money by selling to another crop insurance agent who would be coming into that area, Mr. Minister.

Hon. Mr. Hardy: — There is a bit of difference between what we're asking the crop insurance agents to do and what a general insurance agent would probably do. Our estimate is that the average agent will spend 1,100 hours on the road and about 100 hours in the office. Most insurance agents spend most of their time in the office. So there's a great deal of difference, if you have to spend your time in a car driving from farm to farm four times in a year, from getting your insurance coming to you in your office. So there's a bit of difference.

I agree with you. He may well want to sell them, and that's why we left that option there. If that option is there and they can find a person who will do that, it may be to their advantage, and that's fine if they want it. But we believe in many of the cases that they'll probably want to sell it back to the corporation. It hedges against them losing or not being able to sell it to somebody else for whatever reasons, whether it's because they didn't like it, it's new; whether they felt it was too much work. In some cases we've had agents work one day and quit and said this was a lot more than I thought it was going to be. So there's a combination of things. So we've already had to take a few back because of that. I think it's just a little bit different. I know what you're saying and I appreciate that. But I think it is a little different. It's a bit unique.

(2100)

Mr. Anguish: — Well it's not appreciably different. I suppose you have some growing pains in the start-up operation, but certainly if the industry does what I would expect it to do, no agent would ever want to end up selling their contracts back to the crop insurance corporation. I mean it would make no economic sense for someone who has built up their business over a period of 2, 3, 5, 10, 15 years, to sell it back at \$20 a contract. So you're going to be finding other people buying that business on the basis of so many times the annual commission volume of the crop insurance agency.

Now, Mr. Minister, I would ask you about the areas that you have set up and the restrictions on the areas. Is there a possibility, if say years got difficult for a crop insurance agent, that they could amalgamate with another crop insurance agent in another area to have two areas that might not be viable because of economic circumstances, reduced contracts that they are able to sell? Is there provisions made so that more than one area can amalgamate so that two agents can in fact work together?

Hon. Mr. Hardy: — The staff says yes, there is provisions within our policy to do that, but it would have to have approval of Saskatchewan Crop Insurance before they could do it.

Mr. Anguish: — So they would make application to the crop insurance corporation and what would be the factors you would look at to allow two or more agents to amalgamate to save costs on the operation of their crop insurance agency, Mr. Minister?

Hon. Mr. Hardy: — They'd have to show us that it would be viable to do it; that they could manage that themselves; that the number of contracts in there, as you mentioned, may be down somewhat, the train, maybe the area. It may be because of some of the way . . . we do the boundaries out by imaginary lines in the sense of number of contracts, so that could change. It could be different things that could change some of those.

So yes, you're right. If the number of contracts were down, if the contracts became larger contracts, maybe some of the areas have larger contracts, or they go back to cattle, and in some of the cases where they're bigger areas and they've seeded them to grasses, those kinds of things may allow us to do it. But we'd have to feel that the person was capable of handling the contracts in that area before we would approve it.

Mr. Anguish: — Mr. Minister, I suppose . . . I don't want to pursue this much longer, but I think that the . . . Was it 230 areas that you have in the province?

An Hon. Member: — Two hundred and twelve.

Mr. Anguish: — Two hundred and twelve? Of the 212, I imagine there are going to want to be some who want to amalgamate in the not too distant future because if the average one would have 200 contracts — I don't know what the average would be, but there are 200 contracts and \$120 average per contract per year — they're looking at \$24,000 a year. And with their capital input costs to the crop insurance agency and the amount of travelling that they are going to have to do, by your admission — I wasn't aware that they had to make that many calls, but I don't know that many of these areas are going to be viable.

So if you dispute those figures maybe you could shed more light on it, but the figures that I've heard you saying are the average. The agent would get \$120 per contract per year, about 200 contracts in an area. That comes to \$24,000 gross, and I just don't know how some of these crop insurance agents are going to make it, Mr. Minister. And I think that you should maybe be prepared for amalgamation of some of the areas where crop insurance agents cannot make a go of it.

Hon. Mr. Hardy: — Well we'll certainly look at it as we get them up and running. It seems that some don't make it anyway; they're quitting for one reason or another. It'll take a while. We'll give it a year's run. If they come to us and show us that, like I said, that it's viable and what we did didn't make sense, we'll move it around.

In some cases where we have a vacant one, we may split it in half, and half each way. Some of those things . . . The boundaries of the rivers will change and maybe there across the river there's no bridges — a whole bunch of things. We're going to have to look at some of them. We know that; we're prepared to do that. We'd like to get all the agents in place first only, and then see where it goes from there.

Mr. Koskie: — Mr. Minister, I want to pursue this just a bit further. And first of all you've set up a number of

franchisees in respect to the crop insurance. And I want to ask you first of all what consultation you had in respect to the establishment of agents or franchisees.

What is the total cost to the insurance scheme and to the farmers of Saskatchewan in respect to the establishment of the 212 areas throughout the province, as you have indicated, and as you have indicated that you are paying on the average of \$120 for the servicing of each farmer, and an average franchisee has some 200 clients?

Number one, what consultation and what requests did you have from the agricultural community to establish it; and secondly, at what cost to the plan and to the farmers in respect to the implementation?

Hon. Mr. Hardy: — First of all, no cost to the farmers. It's administration, as you know; it's cost shared by . . . And the proposed agreement by the federal government and provincial governments, under the existing one, it's totally by the provincial government.

In regards to what consultations, we had a great deal of consultations. We invited all the farm organizations in last June to come before the board of directors of crop insurance and two — actually four outside people representing different groups: canola growers; stock growers. I forget the other two that were involved into there. They met with these farm organizations.

Everyone was requested — not requested, asked — if they'd like to come and make a presentation in regards to some of the proposed changes, some of the ideas of what we put together for crop insurance for 1990. I don't know how many . . . I forget the number that showed up, but I believe 23 farm organizations showed up at those meetings. Every farm organization in this province was invited.

Then later this fall — or last fall, in October — we had 13 open meetings around the province and all over the province. We held 13 and all this was proposed at that time to the farmers that came out. There was about 4,000 farmers that came out to the meetings. The proposals, I think, were well accepted. We had long meetings as you know, and a lot of questions, a lot of responses, a lot of direction, and from that we had . . . all these were proposed at the time and we got . . . I think basically, it is fair to say we got the approval of the farm organizations as well as the farmers out there to proceed. So we had not only the 23 farm organizations that showed up but also we had the 13 public meetings were held around this province open to just everybody that was interested.

What else was I going to say. I think that covered your questions that you asked. No, you asked me the cost. That was the other thing, the cost. The estimated cost for the agent system, above what we'll save, an additional cost will be about 3 to \$4 million extra for the agency system, above what we will save in through the system in things that we do and areas that we would have costs involved in.

Mr. Koskie: — Well if you carry on your cost analysis like the provincial treasurer does or the Finance Minister, I doubt very much in your figures, Mr. Minister.

But I want to ask you, Mr. Minister, how you chose the individual franchisees. In other words, did you have the districts set up in the province, and that you openly asked for applications, and what procedure was used in evaluating who was going to be chosen to obtain the franchise?

You indicated here that you had a training course and you had tests and all sorts of things. And I suspect you did have tests because the test that I see that you gave was a litmus test, whether or not they were Tories or not. But in any event what I'm asking you, Mr. Minister, what was the general procedure that you outlined in so far as getting applicants, and secondly, after you had the applicants, how did you go about getting the ones that were to qualify to get the franchise in respect to the crop insurance?

Hon. Mr. Hardy: — What we did, we advertised in *The Western Producer* for agents and in the local paper for agents, and it was put in there what was required. It asked you to pick up an application form at your local customer service office. If you were interested, the application forms were then forwarded to a company called North West Consultants.

If there was a lot of applications for one particular area they short-listed it down. If there wasn't, and in many cases there was only one, two or three, they then interviewed them to see if they were interested and if they knew what they were getting, if they knew the work that was involved, if they had the education to be able to do the necessary work. Were they physically capable of climbing bins and all the things that is necessary to do, because you've got to climb bins and measure fields. Were you prepared to commit the number of hours that were there?

In many cases we ended up with hardly anybody, one or two is all that really remained when we got to a district because they just weren't that interested when they found out that is was going to be lots of work and lots of hours. By eliminating all the insurance agents in the province it eliminated a large number that may have decided not to take it or to take it. Then from there on it went to . . . (inaudible interjection) . . .

Mr. Chairman: — Order, please . . . (inaudible interjection) . . . Well pay attention to the question, then. I think the member from Quill Lakes has been asking the questions and he hasn't been interrupted in asking them and I think we should allow the minister to answer.

(2115)

Hon. Mr. Hardy: — The applicants were then short-listed. If there was a bunch they were short-listed down to three, and then picked by North West Consultants to try and do the test. In most cases — in most cases — if the agent didn't get the one that he or she applied for, they usually applied for two or three alternatives, and then they had the opportunity to go to the second or the third choice of theirs.

Quite a few came and did the interview, came even to where they took the course. It was a two weeks course,

and they came and in some cases they stayed one or two days, found it was a lot of work going to be involved, and left. And that left some places short without anybody at all applying for those particular areas.

So that's the process it went through. There's been about 100 agents been selected so far and there's about 100 to go. And I believe there's 20 in training right now.

Mr. Koskie: — I wonder whether you could indicate who North West Consultants' principals are, and whether you could indicate the total cost and fee that you paid to North West Consultants for the work that they did in choosing the franchisees in respect to the crop insurance.

Hon. Mr. Hardy: — Okay, I'll hurry — about \$36,500 . . .

An Hon. Member: — How much?

Hon. Mr. Hardy: — About \$36,500 for doing the selection and interviewing.

Mr. Koskie: — Who are the principals?

Hon. Mr. Hardy: — The principal is Walter Basler and I don't know who else. There's another one but I'm not sure who his name is.

Mr. Koskie: — Where's Walter Basler from?

Hon. Mr. Hardy: — My understanding is he's from Regina.

Mr. Koskie: — What qualifications?

Hon. Mr. Hardy: — I understand that North West Consultants does this for a lot of people in a lot of different companies in the province. He's a consultant in human resources. He specializes in interpersonal skills and training and he's . . . well that's about all I can say for the gentleman. That's his qualification.

Mr. Koskie: — Would it be too much trouble to find the other agent that operates . . . principal that operates with Walter in this here North West Consultants or is that a secret?

Hon. Mr. Hardy: — I'm prepared to provide it to you even after the estimates is done, or tomorrow, whatever the case is. Yes, either way I'll get it for you.

Mr. Koskie: — What's wrong with tonight? Well, I'll ask you, Mr. Minister, can you indicate what agent was chosen in the Wynyard area, and whether you could indicate how many applicants there were in the Wynyard area?

Hon. Mr. Hardy: — My understanding is for the Wynyard area — I don't know what district number that is — a Bruce Melsted was chosen; there was two applicants.

Mr. Koskie: — I wonder whether or not you could indicate who the other applicant at Wynyard was?

Hon. Mr. Hardy: — I don't know. I'll find out and send it over to you, but I don't know who it is. I don't have no

record here of it.

Mr. Koskie: — And I wonder whether or not you could indicate who was the appointed agent in the Quill Lake area as the franchisee in respect to the crop insurance? And could you indicate how many applicants in respect to Quill Lakes?

Hon. Mr. Hardy: — Merv Sigstad is the one that's appointed there. There was four applicants that were interviewed. We're not sure how many were . . . how many applied? There was four interviewed.

Mr. Koskie: — Would it be possible to provide me with the information of the other people that were interviewed in the applications in the Quill Lake area? I know that Merv Sigstad, who was the Tory candidate in Quill Lakes in the last election got it. But could you also indicate the other applicants in that area?

Hon. Mr. Hardy: — We'll get those three for you. And I know what he says and it's true. Certainly he ran as a Conservative last time. I just want to make mention that there was a variety of people. If you look up in the region 150, you'll see a Gordon McMasters is appointed up there. I'm sure the Leader of the Opposition knows who I'm talking about, and so we have been fair.

An Hon. Member: — Who?

Hon. Mr. Hardy: — Gordon McMasters, a very fine gentleman. But you know, well . . .

Mr. Koskie: — Well I just want to know one more thing in my area. I wonder whether you could advise me who obtained the franchise in Watson? Also at the same time, indicate how many applicants there were in Watson?

Hon. Mr. Hardy: — A Dwight Mierke, and there was four interviewed.

Mr. Koskie: — Would you provide me with the names of the other applicants, similarly?

Hon. Mr. Hardy: — Yes.

Mr. Koskie: — I have one other appointee that I want to ask you about, Mr. Minister, and that's a Mr. Holmes from Quill Lake, formerly from Quill Lakes. And I wonder whether Mr. Holmes was fortunate enough to get one of the franchises over in the Kindersley area. Could you check with your staff and indicate to me whether or not, I believe it's Mr. Bill Holmes, is reported to have also obtained an appointment over in Kindersley. Could you confirm that?

Hon. Mr. Hardy: — That's correct.

Mr. Koskie: — Well, the point is well made, Mr. Chairman. I'll tell you exactly what you have appointed. Just exactly, Mr. Chairman, what I have been alleging. The odd NDP or Liberal may have sneaked through. But let's take a look at what is appointed here in the constituency of Quill Lakes. Merv Sigstad, Tory, former candidate; Bruce Melsted, Tory, either he or the father is the treasurer of the Quill Lakes Tory Party in Quill Lakes;

Bill Holmes, related intermarriage to Bob Andrew, Tory, left Quill Lakes, went to Kindersley, got a job as crop insurance; Dwight Mierke, Tory.

One, two, three, four, out of four. Not bad, Mr. Minister. You are efficient. And I'll tell you North West Consultant has done a great job for you.

An Hon. Member: Independent.

Mr. Koskie: — I'll tell you, very independent. You should be awfully proud of yourself, handing out at the cost of farmers, organizers essentially for Tories. That's what you're trying to do. Melsted, Holmes, Sigstad, Mierke — Tories, every single one of them. There was no fairness in this, there was a blood test. And that's what happened here, Mr. Minister.

I wonder, you said you gave them a test. I wonder whether there was a standard test given. Could you indicate the nature of the test they had to take and whether you could in fact provide to the committee and to our side a copy of the test that got them qualified? Would you have a copy of that test that you could provide us?

Hon. Mr. Hardy: — Well, Mr. Chairman, they go through the interviews as I explained it all earlier here, and then they go to Melville — usually at Melville — and they take two weeks of schooling and they write an exam at the end of that time. And that's the procedure.

Mr. Koskie: — I wonder, Mr. Minister, you have now appointed 108. I wonder whether you could provide us with a complete list of the 108 that have been appointed, and send over a map indicating the area and district that each of them have been assigned to or have the right to operate within.

Hon. Mr. Hardy: — Yes Mr. Chairman, we will make it available to them.

Mr. Koskie: — When are you going to do this? After the next election or are you prepared to do it . . . like, don't you bring any information in here? Wouldn't you think that we would want to know this information tonight? I wonder whether you could check with your officials and see whether or not you have the information.

Because after all, I would have expected that perhaps this new, innovative program that you have introduced, where you're setting up the potential of 250 new businesses out in rural Saskatchewan, that you would want to be proud of it and have that information. When can you provide that information, Mr. Minister?

Hon. Mr. Hardy: — We can get that information available for you. We'll try and have it for you tomorrow here.

Mr. Koskie: — Well Mr. Minister, you have the information there because when I start going through district by district, what you did is be able to confirm to me who was appointed in the individual districts. Now when I stand up and ask you for it — because you made me very embarrassed — you say tomorrow. I'm going to

ask you again, Mr. Minister, you knew the particular ones that I was asking about. You got it from your officials. Why can't you deliver it over? Take it off the list; send that list over here.

Some Hon. Members: Hear, hear!

Hon. Mr. Hardy: — Mr. Chairman, I was just asking the officials. They do remember. We don't have it written it out in a list and they . . .

Mr. Chairman: — Order, order, please. Give the minister the chance to answer the question.

(2130)

Hon. Mr. Hardy: — Well, Mr. Chairman, I said we'd make the list available tomorrow. They will have to go back and get a print-out from the office in the morning, and we'll make it available to them tomorrow. And that's what I said. We just don't have it here. I can keep asking them for names and they'll keep giving names, but we don't have it listed out on a sheet of paper, that's all, because we're hiring on a continuous basis. The 20 that's in training now, who haven't passed the exams yet, and there's a few that had passed had gone back — so we'll have to go and bring the list in. I'm prepared to submit the list. Every time an agent is appointed, a letter goes out to that area stating the agent's name, so it's public.

Mr. Koskie: — Well, Mr. Minister, this isn't the first time that you've dodged a bullet. Every time you get into a corner and an embarrassment, you start ducking and waiting till tomorrow to provide it . . .

Some Hon. Members: Hear, hear!

Mr. Koskie: — I mean, this is vital information. And what surprises me is you turn to your officials. And when I ask you in respect to Quill Lakes, you look down; you know who was appointed; you know how many applicants there were because you turned around and asked. I'm asking you — you said that you 108 appointed. Why do we have to wait till tomorrow morning? What is the coincidence that you suddenly had the four that I asked about and you can't provide the 108? What we want to do is pursue it. And I'm asking you, have you checked with your officials to see whether can in fact deliver that right now?

Hon. Mr. Hardy: — As you know, Mr. Hill here has been dealing with the agents on a one-to-one basis, so he knows them all by name. We don't have it written on a sheet of paper, and what I said is we'll get a print-out with the names tomorrow available here for them, and I said we'd have it available for you and it will be made . . .

The Chairman: — Order, please. The minister is answering the question. The minister has been asked for some information of which he said he would supply to the committee tomorrow, and I would ask the member to move to another line of questioning.

Mr. Koskie: — Thank you very much, Mr. Chairman. Part of the purpose of that estimates is to be able to seek information at the time that you're dealing with it and to

be able to pursue it. I'm disappointed that the minister is in fact dodging this and delaying it until tomorrow.

What surprises me most is that I can go into the area of Quill Lakes and he suddenly has it. That surprises me, Mr. Minister, that you would just suddenly come forward with that particular piece of information and wouldn't have the others.

Well, Mr. Minister, what I want to ask you: you have very flexible situations here. These franchisees, they can operate in their own homes or they can have offices or whatever. What I'm going to ask you, Mr. Minister, I want to ask you, number one, this question: are any of the franchisees who you appointed, who are supposed to have their own office and their own facilities, the computer and phones and so on, are any of the agents operating out of provincial government offices, such as rural service centres?

Hon. Mr. Hardy: — The only one that we're aware of is where they're operating in the same building, not out of the rural service centre, make that absolutely clear. The RM is at Wynyard; the RM is in the building; they own the entire building. The RM leases to the rural service centres, and they also lease the space, understand, to the agent there. And the RM owns the entire building and make the decision on who can or cannot be in that building. The rural service centre is leased from the RM by the property management.

Mr. Koskie: — What I want to ask: is the office that is leased by Mr. Melsted in Wynyard, is he paying for the lease rental or is he in fact using an office that is an office of rural service centre? That's the question, because I've talked to people in Wynyard and they indicate that that's where he moved in, and he's operating out of the rural service centre and the office space is being provided.

Hon. Mr. Hardy: — He does not. We do not pay the rent; we pay our own rent for our rural service centre. The agent pays his own rent to the RM, as the best I know, because the RM owns the building. And well that's it. The RM owns the building; we pay our own rent. If he's renting, he pays his own rent to the RM. No way do we pay for any of his rent or is he part of our building or part of our structure.

Mr. Koskie: — Mr. Chairman, Mr. Minister, you obviously have a contract and an agreement with the franchisees. I would ask you whether you are prepared — and we request at this time a copy of that agreement with your individual franchisees — will you provide us with a copy?

Hon. Mr. Hardy: — We don't have a copy with us. We'll give it with the list of names tomorrow; you'll have it with all the others.

Mr. Koskie: — When are you going to get some information here? I mean, we're sitting in here going through estimates, and every time we ask you a question . . . You'd think you would have a franchise agreement because you got 108 operators.

I want to ask you, Mr. Minister: when are you going to

provide this franchise agreement? Can you provide that by tomorrow morning? Do you think you're going to be able to cart in all those documents that you referred to yesterday? Can we in fact have that here tomorrow morning?

Hon. Mr. Hardy: — Mr. Chairman, about 30 seconds ago I said I'd have it here tomorrow morning.

Mr. Upshall: — Thank you, Mr. Chairman. Mr. Minister, staying on the topic of the agents, I'm wondering if you are familiar with the term "exempt agent," in terms of a person who is qualified, who has qualified to be a crop insurance agent?

Hon. Mr. Hardy: — No idea. None of the staff here know.

Mr. Upshall: — Mr. Minister, a little while ago we were talking about agents and whether or not family, immediate family could be involved in — whether the agent himself or immediate family could be involved in being a broker for another insurance company. Now it is my understanding that there are agents who sell other general insurance.

Are you telling me, Mr. Minister, that you're not familiar with the term exempt agent — that being an agent who sells crop insurance as an agent and sells other general insurance — that you're not familiar with that term, and are you telling me that there are no agents hired by you that either are commissioned sales people for other general agents, or their family are working for general insurance sales people?

Hon. Mr. Hardy: — Yes, there is. There's two that are in there. They've been given eight months from the time they signed the contract to be out of it or the contract is cancelled.

Mr. Upshall: — Could you identify those two please?

Hon. Mr. Hardy: — One is Don Cody and one is Mark Szyda.

Mr. Lingenfelter: — Mr. Chairman, I was listening closely while the minister was trying to explain how people were appointed as to the crop insurance to be agents for you and, Mr. Minister, you outlined some of the people who had been already appointed. And during that debate you were referring to your staff, and they were referring to a document, and you were looking at a document.

I wonder if you would take the time right now to table the document that you were referring to when you got the names of Melsted, Holmes, Sigstad, and Mierke? You referred to a document. Now I would ask you to give us that document right now and so that we could have a look at that to see the list of names that you were referring to.

Hon. Mr. Hardy: — I was referring to names that were written on a sheet of paper here by one of the staff here. And this is what I was referring to, which is just our own personal writing; it's not a document.

Mr. Lingenfelter: — Mr. Minister, first of all I would accept that piece of paper that you refer to, the document

that you refer to, and if you would ship that across. The other thing — I wonder if you would turn to that same staff person and ask him to continue the list, because obviously if he can remember those four that quickly, the only four that were asked, even if it's an incomplete list that he could remember, 30 or 40 of the names, that would be at least a start. And I would ask you for that kind of a list right now at the present time.

Hon. Mr. Hardy: — He says he'll write out all he can remember, so we'll start. It will take 15 minutes.

Mr. Lingenfelter: — Mr. Minister, will you please send across the document that you were referring to so that we can read that?

Hon. Mr. Hardy: — No. I've written some personal things on here, so I see.

Mr. Lingenfelter: — Mr. Minister, I ask you again. The rules of the Assembly are clear — and I'm not going to raise as a point of order yet — but the rules of the Assembly are clear that a document referred to by a minister has to be tabled. And I would ask you, Mr. Minister, to table that document now.

Hon. Mr. Hardy: — Well that's the way it was used and I'll send it over. If it's so important to the member that he reads it, I will send it over to him. And I don't believe that, Mr. Chairman. I'll send it over just in the principle because it don't matter whether he reads it or not, what's on there. But I'll tell you, I don't believe I have to table documents in here when I'm doing estimates because we refer to documents all the time here in estimates. I'll send it over in the principle there's nothing to hide. So I'll just send it over.

Mr. Upshall: — Mr. Minister, you were giving me some names of two agents who were given a certain period of time to divest themselves of the personal insurance. Is that a standard rule with the agent program that any person who currently has an agency selling general insurance has a period of time to divest themselves of that?

(2145)

Hon. Mr. Hardy: — They said their business was very poor but they wanted to do something with it, either turn it back or finish the contracts off. We said fine, you have eight months to do that or with crop insurance you're cancelled. My understanding is they were very, very small businesses and they wanted to either turn them over or sell them to somebody else in another area.

Mr. Upshall: — And that is standard procedure for all agents you hire, and there are no other agents in that situation?

Hon. Mr. Hardy: — Not that we're aware of.

Mr. Upshall: — Mr. Minister, we've talked about the cost incurred by agents. At one point in time I was led to believe that the agents would have to visit the farmer four times in one particular year. Is that the case for the agents, and will they be paid mileage for doing that?

Hon. Mr. Hardy: — Yes, it's the case, and no, they won't be paid mileage.

Mr. Upshall: — Mr. Minister, then it is quite clear that it is a requirement of the agent to visit each of the possibly 300 contract holders four times in one particular year. Then can you tell me, have you done an assessment of the cost to the agent for mileage incurred on those visits? It would seem to me that it would be very substantial. If you had 300 contracts and one person had to make four or 1,200 trips to each farm in one year, 1,200 trips in total to the farms in one year, there would be a tremendous cost involved. Now is that a strict rule or is that just a guide-line that you provide?

Hon. Mr. Hardy: — Yes, that's what's expected of them. No, they can take it or leave it. That's part of the franchise dealership. That's what we expect of them. We know that they'll have to do their driving very carefully. They'll have to, in some cases, pick up three or four or five or six or ten, or whatever the number is when you go out there. The initial one will be the tough one, and we realize that because you're sort of setting new grounds and going to places. So that'll take some time when you're doing the measurements in the fall or picking up the seeded acres recorded. You'll probably pick a lot up in one day.

So those kinds of things you will be able to do. The amount of miles, they'll decide for themselves how they want to travel the area. They'll certainly travel the least miles possible. And we never said it was a sweetheart deal. We said you're going to earn every dollar you make. We never said you were going to get rich off it. We said it was a reasonable wage. That's what they will make from it, and that's all that's expected from it.

Mr. Upshall: — Well I tell you, I don't think the same requirement is made by your government to Chuck Childers who is getting pretty much of a sweetheart deal. But I understand there is a discrepancy of how you treat farmers and how you treat your corporate friends. Mr. Minister, can you tell me how many, if any, agents that have undertaken to train as agents have quit during the process of that training?

Hon. Mr. Hardy: — In the neighbourhood of 20.

Mr. Upshall: — Twenty agents who have started taking training have quit. Now Mr. Minister, can you explain to me exactly why they quit? Was it due to the fact that they probably have figured out this system that you got? Like you said, they're going to earn every penny they make.

By looking at it, I just don't think that it's going to be very lucrative unless they can expand the business by way of having a general insurance agent or having a spouse or family dealing with general insurance in order to supplement their business. Mr. Minister, can you tell me exactly why those people quit?

Hon. Mr. Hardy: — I did explain a little earlier that some of them didn't realize how much work was involved; some didn't pass the exam; that at the end of the training program some went out and started to sell and found that it was more than they wanted; some found that dealing with the public was just not what they expected. And so a

series of things, and any time you set up a new agency you're going to run into those.

Mr. Upshall: — Mr. Minister, will you have a process of evaluating the performance of the agents over a period of time? And exactly can you explain to this House what the procedure is in evaluating the performance of an agent?

Hon. Mr. Hardy: — It will be monitored on an ongoing basis, based on the quality of work they do, the reaction of those they sell to, those kinds of things. The public relations that they display will all be important to whether they maintain and be part of the agency system.

Mr. Upshall: — Mr. Minister, can you tell us who does the training of the agents and who does the monitoring of their performance?

Hon. Mr. Hardy: — Staff does the training and staff will do the monitoring.

Mr. Upshall: — Well, Mr. Minister, I think that what you're saying is that you have staff now who know the complete system. They know the entire system of crop insurance, obviously, because they're training your agents. And I think that you had an option, when moving into the agent program, of using current staff under crop insurance who are very knowledgeable, who were already hired, who had the ability to provide the farmers of Saskatchewan with information as to what the programs under crop insurance would be.

And yet you chose to go out and hire your Tory friends as indicated here — we asked four questions and we got four answers and they're all Tories — to come to the agency to provide for you a service that you have already had under the current crop insurance system.

What you're doing, Mr. Minister, is disallowing people who are presently working under crop insurance to have a decent income. Many of those adjusters and field staff are making a living or supplementing their income, their living, by working for crop insurance, and yet you chose to go into an agent program to take the first step to privatizing crop insurance, and we've heard a little while ago that you're also . . . the federal government is pushing you into the second step of privatizing by removing the hail coverage. But you chose to go to the agents when we have a fleet of 200 to 300 people under crop insurance who already could provide that service.

There's not very many people, Mr. Minister, that I've talked to who are not satisfied with going into the offices to get information on their crop insurance program. I heard absolutely no people complaining about the current system, except you chose to start to privatize the corporation and to choose your Tory hacks, for the most part, except for those few who maybe slipped through, to deliver a program that was already being delivered under the current system.

Mr. Minister, or you had another option. You could have gone through the insurance brokers if that's the way you wanted to privatize the industry. Mr. Minister, what I'm saying to you is this: there was absolutely no clear reason why you're spending 6 to \$7 million setting up this

program, why you are choosing to cut hours off of current staff, in light of the fact that the agents will be doing some of that work. And I would ask you, Mr. Minister, how many of the current staff that you have, have acquired agent contracts?

Hon. Mr. Hardy: — About 20 per cent of agents were former adjusters . . . were adjusters that applied for the agency position.

Mr. Upshall: — I'm sorry, Mr. Minister, you said 20 per cent of the current 108 were field staff or adjusters that were working for crop insurance. Is that correct?

Hon. Mr. Hardy: — About 21 or 22 people so far that were crop insurance adjusters or people within the system that applied for the agent's position.

Mr. Upshall: — Well, Mr. Minister, I guess I just would say that I see absolutely no reason for going to the agent program. We will see, and I will reserve judgement as to exactly how it works, but I think there's going to be many man-hours reduced for those people who are currently involved in the crop insurance program. And unless the motive was to start the trend to privatization in the crop insurance, I see no other motive than that, because there is an existing system out there that has worked and served the people of Saskatchewan well.

And the only other reason, Mr. Minister, is that you have the crop insurance program so confused, as witnessed by the debate here on the multi-year disaster, as witnessed by yourself saying that there have been many changes, that you are attempting — attempting — to solve some of your problems by going to an agent system.

And, Mr. Minister, I want to ask you a couple of questions about the forage feed program. Can you tell me, Mr. Minister, under your forage program this year, whether or not I'm correct by saying there were a number of cheques issued, or a majority of cheques that were made out, then destroyed, and new cheques reissued?

Hon. Mr. Hardy: — Not that anybody in the staff here is aware of.

Mr. Upshall: — Mr. Minister, can you tell me exactly what the procedure was to determine the loss under your forage program and the wild hay program.

Hon. Mr. Hardy: — Mr. Chairman, to determine if a producer was eligible for a payment under the forage program, they did the actual production of tame hay and native grasses that was in the area. They averaged it by townships. They used the centre township, which was 50 per cent, and the eight adjoining townships around which was the other 50 per cent against the normal yield. The producer coverage level was then used against that township average, and then the per cent of the compensation or the pay-out was based on the loss against the area coverage based on those eight townships and the centre one being 50 per cent.

The committee reported progress.

The Assembly adjourned at 10 p.m.