

EVENING SITTING

COMMITTEE OF THE WHOLE

Bill No. 56 — An Act to amend The Farm Financial
Stability Act

Mr. Chairman: — Would the minister introduce his officials.

Hon. Mr. Martens: — Yes, Mr. Chairman. Seated beside me is Henry Zilm, assistant deputy minister; to my left is Bill Rayner, program administrator for counselling and assistance for farmers; Merve Ross, over here, is the livestock incentive branch, economics branch; and behind me is Ross Johnson, budget and support services for admin.

Clause 1

Mr. Upshall: — Thank you, Mr. Chairman. Mr. Minister, I want to start out by just asking you one question, and that is: how many people in the last 12 months have applied for the counselling assistance for farmers program? How many have been accepted and how many have been rejected?

Hon. Mr. Martens: — First of all I'll explain how the record is kept and then you can measure it in whatever way you want. Year to year as of April, there were 750 applications made April to April, and 431 were accepted; 203 were rejected.

Now if you want to deal with just this April, I can deal with April till now. And there we have 231 applications; 141 have been accepted and there's 36 have been refused — 33 by us and three by the banks. The rest are being treated on an ongoing basis and they're being dealt with as we deal with it through the spring.

Mr. Upshall: — Mr. Minister, of those 451 who have been accepted, now, April to April and April to date, what has been the amount of guarantees — the cash amount, dollar amount of guarantees provided?

Hon. Mr. Martens: — April to April to date is 24.7 million and this April till today is 3.38 million.

Mr. Upshall: — Mr. Minister, could you give me a breakdown. Of the 451 accepted April to April, can you give me a breakdown as to how many were over \$500,000; from zero to 500,000; from 500,000 to a million; and over a million?

Hon. Mr. Martens: — On average most of the people are \$100,000 or less; 95 per cent of the people are under 100,000. Where you have multiple people in the farming business in that unit, you can go up to 200,000, and that 5 per cent is over and above the \$100,000.

The individual this year, from April, is 58,000 average and last year to date is 55,000.

Mr. Upshall: — Mr. Minister, of the total, April to April, and April to date, how many of those have had a second

CAFF (counselling and assistance for farmers program) loan?

I would rephrase that. How many have had more than one CAFF guarantee?

Hon. Mr. Martens: — These, Mr. Chairman, are just rough calculations. Thirty-three per cent are first year, 22 per cent are second year, 15 per cent are third, and the 25 per cent that are left are those that go beyond that.

Mr. Upshall: — What you're saying, Mr. Minister, is that 66 per cent of the people in the CAFF program have been provided with guarantees more than one time. That means they've gone into CAFF and have their debt consolidated and then at a date beyond that they have found that they're still in trouble so they are renegotiating and have a second guarantee and third and fourth guarantee?

Hon. Mr. Martens: — Mr. Chairman, our guarantee is on an operating loan and therefore the operating basis that needs to be required in each one of these cases is that the loan is totally repaid; then they come back and get a new loan. And on that basis are the numbers that I provided for you.

Mr. Upshall: — Mr. Minister, I understand what you're saying. Are there any cases in which a person who has applied and been granted a CAFF loan has defaulted in that loan and received another loan, has had their loan written down or off and received another cash loan, CAFF loan?

Hon. Mr. Martens: — Since 1984 we've had 6,700 loans. Of that, the amount that have been entirely paid back are 4,000-and-some, 4,069. The amount that have had a judgement placed against them because they haven't repaid from 1984 to date is 755. Of those, we have worked out an agreement for repayment schedule on 262 of them. And of the people who have gone bankrupt or quitclaimed since 1984, we have 206. And there have been 17 write-offs in those 206.

Mr. Upshall: — Mr. Minister, of those judgements and the agreements, the bankruptcies or quitclaims and the write-offs, have any of those people qualified for an additional CAFF loan?

Hon. Mr. Martens: — On those individuals who have had a very small dollar value in their judgement, we have allowed, after Farm Debt Review has gone through the process and allowed them to restructure some of their other loans, from that we have extended the second CAFF guarantee as a part of the restructuring process.

Of the 755, I don't have an exact number but it would be in the neighbourhood of 50 to 60.

Mr. Upshall: — And that's the judgements. And what about the agreements for repayment category? Could you break these down into bankruptcies or quitclaims and write-offs. Could you break down those three areas please.

Hon. Mr. Martens: — On those that are bankrupt or quit farming there is no assistance provided for them in a renegotiated second CAFF.

Mr. Upshall: — And the category of agreement for repayment?

Hon. Mr. Martens: — On the 755, the 262 that I talked about on a repayment schedule, those 50 or 60 would fit into that category.

Mr. Upshall: — That's 50 or 60 between the judgement category and the agreement for repayment category. Is that right?

(1915)

Hon. Mr. Martens: — The 755 have judgements against them. Of that, 206 have either bankrupted or quitclaimed, and the 262 are a part of that number and that 50 or 60 become a part of that.

Mr. Upshall: — Okay, Mr. Minister, what is the total cost of the program, April to April, and April to date? That means administration costs and pay-outs from the government in guarantees. And could you break that down between those two areas.

Hon. Mr. Martens: — On administration from April to April, there's about \$880,000. And the \$24 million that we've guaranteed, there are six claims against that for \$376,000 by the banks.

Mr. Upshall: — And, Mr. Minister, then what are the . . . in that same period what were the total losses incurred by the program as far as any accounts that they had?

Hon. Mr. Martens: — Mr. Chairman, the \$376,000 that I mentioned to you is the claim so far on the 24 million. As these files are processed there may be more; however, that's what we've claimed on one year's guarantee.

Mr. Upshall: — And how many . . . what's the dollar value of the arrears portion of that 24 million?

Hon. Mr. Martens: — As we go through the pattern of a year for the client to apply and do his expenses, he starts paying it back on August 1, not when he makes the application. So he starts paying back on August 1 in that crop year. And as that crop year evolves . . . That's why it's \$24 million now — 375,000 has a claim against it; 39 have paid it off completely. So when we get to the end of the crop year, that's when we'll begin to make those kinds of assessments more accurately for you.

Mr. Upshall: — Well can you give me the figure for the end of the last crop year, Mr. Minister?

Hon. Mr. Martens: — These numbers, Mr. Chairman, are going to be different. So you have to take 1,050 clients; 689 were accepted by the banks, and of those, 264 have repaid, 129 have not. They had a loan of forty-five and a half million dollars. They've paid back twenty-three and a half million dollars, and there's claims outstanding on a little over \$3 million.

Mr. Upshall: — Mr. Minister, a couple more points here. Of the number, since '84 you've had about 33 per cent who have not paid back, either have judgements or had to make special arrangements or quitclaims or write-offs. Of those number, the 33 per cent of those people who have applied for the program, what is the total cost to government, total cost to government for the people like the 33 per cent who have not been able to pay back their loans? Now I understand that you're going to have to . . . you've rolled some over, but I just want to know the total cost, the potential cost to government of that 33 per cent.

Hon. Mr. Martens: — Okay. I'll start giving you some of the numbers of what I think you asked for. Of the 6,700 since 1984, they have had loans of \$279 million, and we have had a loss of about \$40 million. And that isn't entirely a loss because we are getting these people to pay some of that back on these 262 that I talked to you about. There is a repayment process on those 262 and that is equivalent to about \$2 million a year on what they're paying back into after the claim has been made.

Mr. Upshall: — Okay, Mr. Minister, of the 750 that applied April to April, you've accepted 451. Can you tell me what happened to the other 300 . . . or 299 people who applied? What criteria was used and why were they rejected from the program?

Hon. Mr. Martens: — Of the 750, April to April, 185 were rejected by either the CAFF or the bank because of a lack of viability, or where you talk about the individual's capacity to cash flow, for his cash costs plus his living expenses. Now the — I'm sorry — the CAFF rejected 185 of that 750; the bank did 18; 25, the farmer decided not to take it himself; and 56 just applied for the counselling part.

Mr. Upshall: — Did you use a debt/equity ratio to establish the criteria of rejection, Mr. Minister?

Hon. Mr. Martens: — The equity is not ignored, but it isn't necessarily used. It's again, as I said, serviceability on the basis of the cash flow to cover cash costs plus living expenses.

Mr. Upshall: — So what would determine then, Mr. Minister, the . . . Like, can you give me an example of a minimum requirement for cash flow, debt/equity ratio to service the cash costs so that they could apply for . . . they could be accepted into the program?

Hon. Mr. Martens: — No, Mr. Chairman, you can't isolate one, because they're all different and they all have a different basis for their cash flow. You'll have living costs pretty close to being the same, but you're going to have different variables. From livestock operation, whether it's pork or beef to the grain, you're going to have different variables that fit into there. So the criteria on the basis of their counselling . . . people that go to counsel with them, they base that on the cash flow, serviceability for cash costs and living expenses.

(1930)

Mr. Upshall: — So that is a judgement call then is it, Mr. Minister? And by whom is that judgement made as to who

qualifies? And you must have some guide-lines or some policies as to exactly who does and who does not qualify for the program. Could you explain that for me please?

Hon. Mr. Martens: — The individual who makes application is asked to supply his records to peer counsellors. Farmers go to this individual — and sometimes it's two, sometimes it's three — they sit down and go through all of his records and then they make a recommendation, together, to the office in Regina here, and then they decide on that basis what to do with the application.

Mr. Upshall: — Of the 6,700 since '84 who were accepted, can you give me the figure of how many were rejected over that period?

Hon. Mr. Martens: — Of the 6,700, 1,400 have been rejected by CAFF, 578 by the banks, the farmer had 183 himself, and 198 only applied for counselling.

Mr. Upshall: — Mr. Minister, is that over and above the 6,700, the number that you have given me?

Hon. Mr. Martens: — That's a part of the 6,700.

Mr. Upshall: — Well I must be a little confused. Mr. Minister, you said that 6,700 were accepted for the program, and now you're saying that 2,000-and-some were rejected by either CAFF or by the banks or by the farmer themselves. Can you explain to me exactly how you arrive at that figure?

Hon. Mr. Martens: — The 6,700 are the applicants; 1,436 were rejected by CAFF, 578 by the bank, 183 by the farmer, and 198 by the fact that they just wanted counselling just by themselves.

Mr. Upshall: — Mr. Minister, were there more people who applied than who were accepted? What I'm getting at here is there must have been a number of people, I would presume, who wanted to be in the counselling assistance program. And I know there could be a discrepancy of numbers by those who were actually applied and accepted as opposed to those who applied and some were not even considered.

Hon. Mr. Martens: — Mr. Chairman, all the people who applied to counselling and assistance were 6,727 — that's all the people who applied. And of that total, 4,069 were accepted by the banks, and then you break down those that were accepted or not accepted by us, and then the banks and the farmer and the counselling part.

Mr. Upshall: — Mr. Minister, I understand that. Were there others who approached the program and who were counselled not to apply because they wouldn't qualify?

Hon. Mr. Martens: — Mr. Chairman, we are of the opinion and we're of the understanding that anyone who applied received the counselling and that's some of the counselling part. Some people may have just received the counselling and then they decided on their own not to move further. Some may have found that that was sufficient. And so, no, we looked at every one of the applicants on a consistent basis.

Mr. Upshall: — So, Mr. Minister, then there is not a process by which the applicant comes to the program and is advised whether or not that person should apply or not. Is that what you're saying?

Hon. Mr. Martens: — We did not reject anyone. And on the basis of the individual applying, he required his records, farmers were sent out to help him and counsel with him, and the office staff dealt with him. The only time that perhaps someone may have been turned away, and I'm not — no, that wouldn't even have happened; he'd have gone for counselling — is if his net worth was over \$500,000. Then he can go there for counselling, but he isn't allowed to apply for a guarantee.

Mr. Upshall: — So, Mr. Minister, am I absolutely clear on this that there is no mechanism whereby, if a farmer comes into the office, that he will be rejected or advised not even to apply for the program.

Hon. Mr. Martens: — Not by CAFF. The lenders perhaps may have done that, but not by CAFF counsellors.

Mr. Upshall: — Okay, Mr. Minister, since 1984 you say there's 6,700 who applied. Can you give me an annual breakdown of the numbers who have applied and the budget that you have supplied for the program?

Hon. Mr. Martens: — Mr. Chairman, 1984 there were 600 applications, a little over \$13 million of guarantees; '85 there was almost 1,000 . . . 998 with a 48.5 million guarantee; '86, 1,099 with a 46 million guarantee; '87, 950 with a 44.78 million guarantee; and '88, 1,049 with a \$52 million guarantee. And then we have '89 with 1,050, with a 45.5 million guarantee; and this year we have 750 with 24.7 million.

Mr. Upshall: — Mr. Minister, I've had people inquiring as to a potential problem for many of the institutions, and that is that you are apparently behind in your payments to institutions. Can you give me an indication as to whether or not that is true; and if it is true, why it is true and what you plan to do about it.

Hon. Mr. Martens: — Mr. Chairman, that flowed through from the year end of 1990, and there was insufficient money in the budget, but we have allowed that budget to flow into this year and we will . . . we have paid those creditors off on their claims.

Mr. Upshall: — What is the normal time, Mr. Minister, from the time of the application from the institution to the time the payment is made? And what did it reach at its peak, and what is it now?

Hon. Mr. Martens: — There are a number of things you have to take into consideration when you deal with a claim position. Normally we have paid out between six and eight months on that basis. When that claim is laid, you have to go back to the lender and then discuss with him some of the individual claims within that file from that lender. Let's say it's one of the chartered banks. Then that bank deals with a writ and a judgement in some of those cases and that then becomes the time delay on some of the payments made to the lenders.

Mr. Upshall: — Was that the reason, Mr. Minister, that some of the institutions were complaining that they weren't getting the money, or is it, as you stated, primarily that you had a lack of funds to provide those payments?

(1945)

Hon. Mr. Martens: — The problem occurred because of 1988 and the lack of cash flow within the agriculture sector. You have then 18 months before that rotates into position. So we had budgeted for that money; however, the volume of dollars because of that was not really able for us . . . or we were not able to determine exactly the volume of dollars that would be needed on a claim and therefore it took just a little longer to get that — but not significantly longer than any other time.

Mr. Upshall: — Mr. Minister, this is for clarification purposes. Am I to assume that when a guarantee is given that it's basically, as you said, an operating guarantee? But what is the collateral that is usually taken to provide that guarantee? Is it a portion of their assets or do they have to roll all their portfolio into the CAFF program in order to qualify?

Hon. Mr. Martens: — Mr. Chairman, CAFF does not request the farmer to have collateral for that. The bank requires a 178 and the credit unions have a personal property security process that they deal with in relation to that loan. Sometimes the bank has that on other assets, or the credit union has that on other assets, and then it becomes a part of a bigger picture. But it's not the imposition by us on the individual to provide that.

Mr. Upshall: — But in essence, Mr. Minister, the person who applies for the loan, the guarantee, for the most part, or in every instance, has to tie up, has to consolidate his expenses in order to qualify for the loan before the bank or any institution will accept him.

Hon. Mr. Martens: — Mr. Chairman, I think we have to separate the mortgage of the individual from the CAFF guarantee, and the guarantee is paid on the basis of a claim. And we provide the banks with the opportunity to go, and the credit unions to go to that individual farmer, and he asks them whether they would be prepared to lend him the money on the basis of his capacity to pay — as I said earlier, on the basis of cash flow and his living expenses. And then they become the individuals who decide whether or not the 178 that they have against him, as an individual, is adequate or the personal property security that the credit unions have.

Mr. Upshall: — But that, Mr. Minister, is part of the criteria on which this program was based. And my question is, is it true that, for the most part, a farmer who applies for a CAFF guarantee goes to the institution and the institution requires him to consolidate all of his loans and outstanding accounts and tie everything up — basically is what I'm saying, to the institution — before the institution will then go to the government for the guarantee?

Hon. Mr. Martens: — On the majority of the cases that we have, the requirement by the individual to get a 178

and personal property security are for operating capital alone, not having anything to do with putting all of his loans in one pile or consolidating them. That sometimes may happen — we're not aware of it — sometimes may happen on the basis that the lender requires that, but we don't require that.

Once it goes through the process and the creditor accepts the proposal by the individual, based on his cash flow and his cash costs and his living expenses, then he has the opportunity to deal . . . or he has the total opportunity to deal with the bank. We only deal with it on a guarantee after we do the counselling beforehand.

Mr. Upshall: — Well, Mr. Minister, with the whole CAFF program, can you give me an indication as to why . . . as to the proportion of the guarantee that has been paid out — if you want to give me an average, that's fine, over the number of years — to the number of people . . . or the total number, the ratio, the total number of dollars compared to the loans that have been paid out.

Hon. Mr. Martens: — We have, Mr. Chairman, paid or guaranteed \$278.9 million. That's from 1984 till now. We have outstanding, \$48 million. Of those, 260 of them are on a repayment schedule. I mentioned that earlier; \$2 million a year is roughly coming in on that one.

Mr. Upshall: — And what would the average number of years be to have that paid off?

Hon. Mr. Martens: — Of the 262 people who are repaying, would have agreements that would vary between 5 and 15 years on it, in a general kind of a way.

Mr. Upshall: — And those people — and I might be repeating myself because I asked a number of questions — those people from 5 to 15 years, that is an ongoing and repayment schedule. And are they as well receiving more guarantees or added guarantees? Or are these, this repayment schedule for those people and are they now just have to pay that off and they're not part of the program?

Hon. Mr. Martens: — I've got 262 that have a repayment schedule; 50 to 60 of them have a repayment schedule and also have an additional guarantee.

Ms. Atkinson: — Thank you very much, Mr. Chairperson. Mr. Minister, can you tell me how often you meet with officials from ACS (Agricultural Credit Corporation of Saskatchewan)?

Hon. Mr. Martens: — Now I'm not sure whether you were asking how many times I see ACS or the staff see ACS . . . (inaudible interjection) . . . Both?

On the basis of the information provided by the individuals who come forward for counselling and assistance, they will provide all of the creditors on a list and we will have access to that file by their permission and when we do that we verify their loans outstanding to each one of them. I, myself, probably meet with ACS officials every other week.

Ms. Atkinson: — Mr. Minister, how often would your

officials in the Department of Agriculture meet with ACS officials?

Hon. Mr. Martens: — Well I'm not sure that I could say that how many times. We have an ongoing dialogue between officials of the Department of Agriculture and ACS because ACS is a subvote of Agriculture, and we have discussions on an ongoing basis about various financing options, various kinds of those things. So that could take place a few times a week.

Ms. Atkinson: — So, Mr. Minister, is it fair to say that between yourself, the Premier of the province, who's the Minister of Agriculture, and the officials in the department, that you would sit down on average two or three times a week with ACS?

Hon. Mr. Martens: — When we visit and discuss with ACS and the Department of Agriculture from a wide variety of things that we do with ACS with the Department of Agriculture, we could be meeting with them by telephone, by fax. We could be doing a whole lot of things. If that's the reference to the meeting, those are the kinds of things that go on on a regular basis.

My office in here could be in contact with ACS in Swift Current 10 or 15 times a day. And if that's what you meant with reference to this minister's office, then that's what we do. The department is somewhat isolated. They set the policy; they review policy. But the board of directors of Ag Credit Corporation are the ones that function as a part of the entity that delivers the rules and sets the policy for Ag Credit Corporation.

Ms. Atkinson: — Mr. Minister, I did not ask you how many times you communicate by telephone or fax machine. I asked you how many times you sit down, eyeball to eyeball, with the people in ACS, not only yourself, but the Premier of the province and your officials in the Department of Agriculture. And based on your previous answers to my question, my assumption is that the officials from ACS and the officials from your department and the Premier and yourself on average would sit down two or three times a week, eyeball to eyeball. Is that a fair assumption?

Hon. Mr. Martens: — That probably could be an average throughout the year. There are times when it's more pressing than others. On those occasions there could be more. However, on an average I would say that's reasonable.

Ms. Atkinson: — And, Mr. Minister, when the director from ACS or the other officials from ACS meet with yourself or the Premier or your officials from the department or all three, where do you meet? Do you meet in Swift Current or do you meet in Regina?

Hon. Mr. Martens: — We meet in Regina. We meet in Swift Current. Both of them. And there are times when the board meets outside of Swift Current, around the province, and we've done that on a number of occasions at different area regional offices that we have. And those are the kinds of things that we do on a regular basis. And that's a part of how we function.

Ms. Atkinson: — Mr. Minister, can you confirm that the director of ACS is in Regina on average two times to three times a week?

Hon. Mr. Martens: — No, he's not likely in here two, three times a week. He's probably in Swift Current the majority of the time. He may come in here every other week. I'm not sure. I'd have to get that information if you really wanted to know.

Ms. Atkinson: — Well then, Mr. Minister, then you must go there. If you meet two or three times a week on average, then you must be in Swift Current or the Premier is, or your department officials. And if that's the case, I'd like to know how you get there or how they get here. Do you drive or do you fly? Do the officials in Swift Current, do they drive or do they fly? The officials in your department, do they drive or fly?

The other question I have is: how many times do you meet with the deputy minister of Agriculture every week?

Hon. Mr. Martens: — I'm not sure what this has to do with this Bill, but I live in Swift Current, if that's of any assistance, so I'm at home. When we're out of session, I drive.

The Prairie Flying have a shuttle service from Swift Current to here and they use that shuttle service whenever it applies.

Meeting with my deputy on a consistent basis is probably once a week.

Ms. Atkinson: — How many times does the Premier meet with the deputy minister?

Hon. Mr. Martens: — It would probably be a couple to three times a month.

Clause 1 agreed to.

Clauses 2 and 3 agreed to.

Clause 4

Mr. Upshall: — In clause 4, it says that:

... striking out "of at least six persons" and substituting "composed of a prescribed number of members".

Can you give me an indication, Mr. Minister, of what that means and why the change is necessary?

Hon. Mr. Martens: — The feeder association loan guarantee program dealt with a feeder association where six members were the requirement. We are moving into a bred cow association focus and where the numbers on certain associations will require, for security of risk in this, we will require higher numbers of people to be involved because of the assurance fund on bred cattle is up to 10 per cent. It will provide more of a capacity to cover the risk involved in, not only in the financing, but what we saw as a concern where one single family would have enough members to deal with a breeder association, and

that might, in the long term, cause us some concern where they could manipulate what they were doing.

Mr. Upshall: — So in other words, it's proportional to the numbers who are going to be in the association?

(2000)

Hon. Mr. Martens: — It doesn't deal with 6 members out of the association; it deals with the volume of people who are required to be in this association. We will require, based on history and risk, whether we will say that instead of 6, you need 8 or you need 10. Or if there's 6 members of one family saying that they want to be on this breeder association, we'll say you've got to have 12 in order to accommodate that.

Clause 4 agreed to.

Clauses 5 to 7 inclusive agreed to.

The committee agreed to report the Bill.

Bill No. 55 — An Act respecting Programs to Stabilize the Income of Agricultural Producers

Hon. Mr. Martens: — I'd just like to thank Merv Ross and Mr. Johnson and Bill Rayner for coming in . . . for helping me with this Bill. And I'll introduce one other gentleman as soon as he comes in.

Mr. Upshall: — I too would like to thank the minister's officials for assisting in the passage of this legislation.

Hon. Mr. Martens: — With me again is . . . to my right is Henry Zilm; on my left is Mr. Hal Cushon who is the stabilization co-ordinator under the economics branch; and behind me again is Ross Johnson, manager of budget support service for admin.

Clause 1

Mr. Upshall: — Thank you, Mr. Chairman. Mr. Chairman, I want to make a point first about Bill 55 and that is it's a little peculiar to me that a Bill of this significance and touted importance by the Minister of Agriculture, the Premier of this province, is not being carried by that minister. And I understand that there may be some reasons for that, but it would be my suspicion that if this Bill was as well received and as popular as the government minister and the Premier of this province would like to think it is, then I'm sure he would be very willing and eager to answer questions in committee in order to make sure that the people of this province know exactly how popular it would be. And the fact that he has asked the associate minister to carry this responsibility signals to me that maybe the Premier and the Minister of Agriculture is not that confident that this Bill, which was a Bill that was put forward in the ninth year of this government when it was being needed for a Bill of this type, not this particular Bill, but a Bill of this type we needed for many, many years.

I find it a little peculiar that the minister would not take this Bill himself because there is a certain amount of responsibility that comes with the position of the Minister

of Agriculture, and I'm sure that the popularity of this Bill may have something to do with . . . the popularity of this program may have something to do with the fact that the minister has asked the associate minister to carry the ball for him in this respect.

I guess what I'm saying, Mr. Chairman, is that this Bill was supposed to be . . . this legislation was supposed to be the program that carried the Tory government through an election, because many people have asked for long-term security programs. Many of the farm groups have been participating in this program. And for one reason, for one reason I believe this Bill is not being well received, and that is the agenda of the government.

The agenda of the government is not to provide long-term security for agriculture. The agenda of the government was . . . Because the farm groups who were participating in this had nothing, or little or nothing to do with this since October last year, the agenda of the government was to try to put forward a program that would woo farmers into thinking that this government, these people, were again trying to do something, perceived to be doing something for the farmers.

An Hon. Member: — You're against it.

Mr. Upshall: — But, Mr. Speaker . . . Mr. Chairman, rather, the member says I'm against it. Well I'll tell you, I'm not against the principle put forward, Mr. Chairman, by the farm groups that sat and worked so hard to try to come forth with a good program.

What I'm against, Mr. Chairman, is a government who has altered the Bill 80 to 100 times, changes made to the Bill . . . made to the program rather, in order to try to get themselves out of a jackpot — a jackpot ironically that was created by farm groups who put forward sound principles of a program. So I guess that is why, Mr. Chairman, I think that the Premier of this province is shirking his responsibility, the Minister of Agriculture is shirking his responsibility in carrying this Bill.

There are many questions that we will be asking in committee. And if it was a well-received program, I know, Mr. Chairman, that the minister would be standing at every question and telling the farmers of this province exactly why it's a good program. He doesn't do that; he ducks his responsibility and gets the associate minister to do it.

And this is another point, Mr. Chairman. Having an Associate Minister of Agriculture, having basically two ministers — and at one time the government opposite's had three ministers, because if you'd include crop insurance into it you have three ministers with three salaries being paid. And what they do is bounce the ball back and forth. If it's a good program the Premier takes it; if it's not so well received then the associate minister takes it.

So, Mr. Chairman, my point here is that I know why the Premier is not taking this Bill — because he has failed miserably in an attempt to try to create the impression that he has a program that's going to save Saskatchewan farmers. It's an *ad hoc* program. In the short term it will

benefit. No analysis has been done and the Minister of Agriculture, the Premier, knows that and has chosen not to take the Bill, not to stand in his place and answer the questions, but has asked his associate minister.

Now, Mr. Minister, I want to start by asking you a few questions about the process that went forward. A number of months ago, the announcement was made on GRIP (gross revenue insurance plan) and NISA (net income stabilization account). A number of months ago you began to have meetings around the country.

And, Mr. Minister, my question to you is . . . At those meetings there were a number of questions that were asked, and I followed the meetings, not personally — some of them personally, but not all of them personally — but I got results from meetings and questions that were asked. And from meeting to meeting there seemed to be great confusion.

Mr. Minister, my question to you is this: in the meetings that you held around this province to explain the GRIP and NISA programs, from day one did you know all the answers to the questions? Did you have a package put together to answer the questions the farmers would be asking?

Hon. Mr. Martens: — Thank you, Mr. Chairman. I want to outline to you and to the committee, first of all, that I considered it a privilege to carry the Bill. I said that in the second reading speech and I say that in this. I believe that this is a bench-mark. As a matter of fact, people from the university who we met with quite a number of times said this: that they figured that this was the most significant piece of legislation to come to Saskatchewan in 50 years, and I get a sense that it probably is.

Now people will measure this in a relative fashion. When we dealt with . . . fall of 1990 we talked a lot to farm organizations. We had three days of meetings around the province — actually four days — dealing with farm incomes and finance and transportation. And in that period of time, one of the things that came out over and over again was that farmers needed income security where they could say that this is the dollar value on a per acre basis that we will receive.

The member mentioned also that it was too bad the Premier couldn't be here for this. I will just say this. Members opposite have criticized this Premier for a number of years for the fact that they didn't think that he was able to take the time to be the Minister of Agriculture. You've done it over . . . said that over and over again. So now when you come back and say, is there an associate to help him do the work of the responsibility of the minister, then you say it's too much. When I add on Rural Development, then you say that's too much.

I just wonder, where do you stand? Do you isolate this the same way you do everything that you do? You got two positions or maybe three positions or four positions. And I think that that's where you're coming at this discussion here today.

I want to point out that the question you asked deals with a number of items, and I want to point them out. We were

dealing with a federal-provincial agreement. The federal-provincial agreement was being negotiated throughout the 1990 year. It was being discussed by the committee. It was being discussed by agriculture ministers from across Canada. This was not done in isolation by Saskatchewan and the federal government. It was put together by all of the provinces and the federal government. So it took a lot of negotiations.

A lot of the problems that came along were dealt with as part of this discussion, but there were a number of things that we talked about as we held the meetings. And some of those items, for example, were, how do you treat irrigation when you have no production loss; how do you treat Canada prairie spring wheat, for example; how do you deal with the crop offset question?

Those are still some questions that . . . Some of them have been resolved; some of them are in a pilot project basis. For example, the irrigation, we have what we call the Jackson offset where you can target your yield higher than what your area average is. And that gives you an opportunity to increase your production without the risk of an offset.

And the crop offset between crops is, in our opinion, or should be, in our opinion, next year the same as it is this year where there is no crop offset. But we have to deal with the federal government on that. Other provinces are just as concerned as we are that that is a focus on not having expansion in agriculture for speciality crops. And we are concerned about that and we're going to be looking into that.

(2015)

Mr. Upshall: — Well, Mr. Minister, what I said was that if this was such a good program, I'm sure the minister would be out here touting his politics on the program. I didn't discredit you or anyone else. I just said, simply said, and I think the facts speak for themselves, that in the desperation of the situation that the government finds themselves in, that you find yourself in with popularity, that if this was such a good program, I thought the minister would be up there giving it all, telling people of this province why this is such a good program. Because it would be some publicity, possibly, for him. But if he wasn't very proud of it, I'm sure that he would divert it to you. And I'm sure you're proud to take this program. I'm not sure that you're totally being honest by saying that you're proud to take it because there are a number of questions.

And the university people you talk about pointed out a number of problems with this program, a number of problems. They're saying that it will muzzle market signals. They're saying that it will expand acreages. It will create an incentive for producers not to farm properly and farm the program instead of farming the land. And there are a number of people who have said this.

Now, Mr. Minister, back to my original question. The meetings that you held, you went around this province, you had . . . I just forget how many meetings you had. There were a number of meetings in many communities. The meetings were described as meetings to explain the

GRIP and NISA programs. My question, Mr. Minister, is: when you went out to the public to explain the GRIP and NISA programs, did you have all the facts on the GRIP and NISA program?

Hon. Mr. Martens: — We made that presentation the same way at the majority of those meetings. We did have a lot of people ask a lot of questions. And the complexity of the program was verified by the questions these people asked, because they asked them on the basis of their individual farm and how it related to each one of them. On February 20 we put together a question/answer format that we had available to every one of the people that went around to all the meetings, the agrologists and the ministers and various other people we gave that information to. And we provided the answers. If the question came to us and we didn't know the answer, we got back to that individual with an answer to the question.

Your observation about whether we had all of the answers for all of the questions that could have been asked in the complexity of the process, the answer in that framework would be no, we didn't have all the answers. However, in the framework of the majority of questions that would suit the majority of producers on a normal basis, we had the majority of those questions answered. And that was important to those producers to find that out.

In each of the cases where decisions had to be made, we in fact told producers that there was decisions that had to be made on those issues. We did not hide that from them, and I don't think that at any one of the meetings that we ever discouraged the opportunity from questions being asked and then saying, we didn't know the answers and not get back to them. We answered the questions from individuals by telephone, by comments directly to individuals all through these 100 meetings that we had across the province.

Mr. Upshall: — Mr. Minister, from the feedback and reports that I got from the meetings that I was at, it appeared to me . . . it was apparent to me, rather, that there was tremendous confusion when farmers came out of those meetings.

And tremendous confusion is an understatement. Farmers didn't know what the program was, what the criteria was, what the support levels would be at that time, what the rules were to be for what grains you could grow, what the cost of them. They didn't know what their premiums were going to be.

They came out of those meetings, Mr. Minister — and you said 100 meetings — confused. They were more confused when they came out of the meeting than when they went into the meeting.

Mr. Minister, do the taxpayers of Saskatchewan pay for those meetings?

Hon. Mr. Martens: — Mr. Chairman, the producers in this province are very astute; they're very candid; they're up front; they know what they're doing on a very precise and concise basis. I just believe that when they came in, there were perhaps more questions raised when they

went home. The reason for that was, Mr. Chairman, because they didn't have the time to raise all the questions and allow us the opportunity to give the answers. And so, that's why a lot of these producers went to two or three meetings, because as they became accustomed to the format, they could then become . . .

Mr. Chairman, as I was saying, we . . . (inaudible interjection) . . . That's right. We have a . . . I believe more questions were asked by people after the meetings because they began to understand it more. And as they began to understand it, they began to raise questions about their individual farms and the production on those farms. What I discovered in the process . . . For example, the very centre where we talk about the cost of production, a lot of people didn't understand that, and how that process worked in relation to the development.

And I was at a meeting in Hodgeville, for example, and when I went through that, after I was finished, the people said, you know, that's the first time I understood what the whole program was about. And that's the kind of process that we went through. We did that to educate the people of the province.

They were interested enough to find out; they were concerned enough about what they had as a responsibility on their farm; they were concerned enough that they wanted to find out what the details were. And that's why we extended the application date beyond the end of April, so that the people could have an opportunity to really seriously take a look at it, assess it, go home and find out what was going on, and then go and buy it. And that's why 90 per cent of the acres in this province are covered with GRIP. And that's why 54,000, almost 55,000 farmers, are involved in either your crop insurance or in revenue insurance. And that, Mr. Speaker, is because they found out what they need to know.

The second point I want to make is that each time they ask a question, they can then have an opportunity after that fact to go to their agent and find out exactly what it was on their farm. They even had the ability, Mr. Chairman, to go to their agent and find out . . . They could decide on the basis of what kind of crops, the volume they were going to have of those kinds of crops on their farm, and they could find out how much premium they wanted to pay on each of those crops. They could assume all of those things and then plug it into the computer and get that back out. They then could make a decision on a very candid basis, and on sound fact, what it was going to cost, what their return was going to be. And that, Mr. Chairman, is the first time in the history of this province that that has ever happened, and that's why it's an honour for me to represent this side of the House in presenting this Bill in this way.

Some Hon. Members: Hear, hear!

Mr. Upshall: — And, Mr. Minister, were these meetings paid for by the taxpayers of this province?

Hon. Mr. Martens: — Yes, sir.

Mr. Upshall: — What was the cost of those meetings, Mr. Minister?

Hon. Mr. Martens: — Mr. Chairman, the agreement that we had with the federal government was that they would pay 50 per cent of the cost of the initiative of getting this developed. I don't have those figures on hand. And they aren't finished being calculated because we aren't finished with the NISA program yet, either. So what we will be doing is we will provide them to you as quickly as they become available to us.

Mr. Upshall: — Mr. Minister, do you have an estimated figure of the cost that surely . . . Surely you've estimated the cost and you've had a chance to see if those costs were on estimate. You may say you don't have the final figure, but can you give us a ballpark figure as to the provincial government's and the federal government's share of the hundred or so meetings that you've said you've had around the province.

Hon. Mr. Martens: — Mr. Chairman, we have not got those figures, nor have we got them available to us yet. But we had 100 meetings, we had rented a hall, in Humboldt for example, we rented a hall and it was . . . housed 700 people about, 650. That was full. We did that same thing in Assiniboia, Moose Jaw, and we bought coffee for those people at that time too. And then we had to have audio-visual equipment at those places. When that information is finalized we'll provide it to you.

Mr. Upshall: — Mr. Minister, I don't accept what you're saying because I think you do know the costs. I think you know the costs, because I think you know the point I'm about to make. Mr. Minister, what did you budget for your 100 meetings?

(2030)

Hon. Mr. Martens: — Mr. Chairman, I'm not able to give you that figure today. However, I want you to know that there was a supplementary budget provided to Crop Insurance to supply this additional focus for implementation. And those kinds of things that we dealt with would have included extra housing for staff, the computers, agents had to be trained, brochures, forms, meetings — all of that stuff. And we will provide for you, as soon as we get it, an estimate of the cost . . . or the real cost, and that's the way we'll handle it.

Mr. Upshall: — Well, Mr. Minister, it's obvious that you're not going to tell me the cost of the meetings.

Mr. Minister, the point I was making before we got off on this tangent was that you've had 100 meetings. The people came out of those meetings more confused than they went in. And I was at them. I have talked to people who were at them. People went from meeting to meeting. I talked to people who went to as many as six or seven meetings, and they were saying that information at one meeting was different than the other meeting.

The point, Mr. Minister, is that I believe you used these meetings as a testing ground to develop a program, to find the methods in which you'd have to change the program in order that farmers wouldn't farm the program, in order to make it more convenient for the government. And the net result was that you confused people. And that's why the people, in the beginning of this program, didn't

accept it. They didn't accept it because you didn't have the answers to the program.

Mr. Minister, I wrote you a letter on April 22 asking you for the contract, the contract that could be supplied to producers, because it should be obvious that if you're going into an agreement for a program, the producers should have the contract in hand before they were signing up. You put the sign-up date at the end of April, and extended it to May 15. Right? I asked you on April 22 for a copy of the contract and on May 17 you supplied me with a copy of the contract, two days after the deadline.

I had in the meantime contacted many agents, many agents in rural Saskatchewan. I said, all I want is a copy of the contract so that I know and I can tell people what they're signing up, so that I know what people are signing up for. You didn't have a copy of the contract, Mr. Minister, until days before . . . or one or two or very few days before the deadline for people to sign up.

You went out in the country and you got people all stirred up about saying the . . . You tried to use taxpayers' money as a promotional gimmick to sell your program because that's the program you thought was going to win you the election. You didn't have any information for them. You didn't even have a copy of the contract for them. In fact the copy of the contract didn't come until days before the deadline of sign-up.

And that is what made . . . that's what made people mad. Because you weren't being straightforward with them; you weren't giving them the goods on this thing. You were trying to sell them a pig in a poke. And you wonder why this program of yours wasn't going to be the program to get you re-elected. And we'll get into a number of the other reasons why it won't get you re-elected.

Mr. Minister, I say to you, first of all you wasted taxpayers' money on a political gimmick of having 100 meetings around this province because the first few that you had, you got a large turn-out. You misinterpreted that large turn-out as being support for the Tory Party. So then you said, well we're going to have about 60 more meetings because we're going to have such a turn-out everybody is going to be happy with us.

You weren't astute enough to understand that you've put people in a desperate position. They need a program with the basic principles supplied by this program. Then you went and changed the program, after the farm groups had expended a lot of energy in supplying you with information and facts as to how the program should be run. You went out to the country and you got people to ask the questions and you ran back into your offices and said, well geez, they're asking about this; we've got to change this program aspect. They're asking about that; we've got to change that aspect.

I can remember when people were saying, well geez, you know, I'm going to go out there and I'm going to sow everything to speciality crops — because the rumour at that time was speciality crops were going to have a high pay-out — or I'm going to change my production. So then you went back into your office and said, well we can only have 10 per cent change in your average production.

All these changes, Mr. Minister, were made after the fact — after the fact that you went out and spent, I would guess, tens of thousands of dollars of taxpayers' money trying to promote a political agenda of the Tory Party.

Mr. Minister, can you tell me why you asked the farmers of this province to sign up for a program before you provided them with a contract so they could see in writing what they were signing up for.

Hon. Mr. Martens: — Well, Mr. Chairman, I want to point out a couple of things here. I guess as we went through the process of establishing the program to begin with, the federal government asked a committee to start. And they were made up of 19 producers; they began the process.

That process worked whereby the producers would make some decisions about what they thought the part of the program should be. They would meet with the ministers of Agriculture from across Canada. As a matter of fact, we met at least seven times, and I think maybe even eight times on this program alone to deal with it so that the process could be moved along.

We gauged what we did by the volume of dollars and net return to agriculture in Saskatchewan. We based that decision on a lot of things that were happening in agriculture in this province. One of those things was that we knew that there was not going to be a high volume of net cash flow for the people of Saskatchewan. We realized that we needed an opportunity to get money into the hands of the producers.

There was only one way to do it and that was to get the program going as quickly as possible. The process was announced officially in the beginning of January. If we would have decided — like Alberta and Manitoba did — to delay and defer and delay and defer, discussing with farmers the opportunities that were available to them to the extent that we were firm in what we had decided on, we would have been a whole year later.

As a matter of fact, one of the observations made to Mr. Findlay by the Premier in one of the meetings we had, he told Mr. Findlay from Manitoba, the Minister of Agriculture in Manitoba, you could make all those decisions and you'd have another pile of questions just as high as the ones you've already answered. And that's the reason why, Mr. Chairman, as a part of the Bill, we are putting in place a committee to deal with some of the concerns that the farmers still have.

Now you talk about the process. From the beginning of January to the end of March the majority of producers were looking at an opportunity for what they would consider as the best opportunity for themselves. And as we went through discussing with them these opportunities, they began to understand what we were really talking to them about.

In that process you have to understand that there is about 12,000 people in this province who take forage insurance. The agents, the 200 plus agents in this province had till the end of March to get the forage insurance contracts all signed. The majority of them did

not even begin with their GRIP and revenue insurance and crop insurance till after the April 1. That's when they began, and many of them did not even begin till the full second week in April.

So what we had to do is we had to say to them, are we going to give you an opportunity to make a decision for this crop year on the basis of the production capacity of this year, or are we going to wait another whole year before we give you an opportunity to have this program in place?

Now we get criticized many, many times for saying, well you didn't tell us. And you people on the other side criticize us many, many times for saying, well we didn't know, we didn't understand, or we didn't know anything about that — why didn't you tell us, why don't you send out brochures, why don't you send out pamphlets, why don't you do this and why don't you do that.

The consultative process that we went through to deliver this, I think was exceptionally well done by the people who are on my staff. I think it was well done by the people who co-ordinated all of those meetings. We at times had six and seven ministers out on the road selling this opportunity to the farmers so that they could understand what was going on.

And, Mr. Chairman, those people who accompanied us as ministers did a very, very good job in dealing with that. And I would say it's an affront to them to say that we told different stories the majority of times. As a matter of fact one of those people was on the committee that dealt with this on the national level. And I think that that's an affront to them to be discussing it in that terms.

Mr. Upshall: — Mr. Minister, my question to you was this: why did you expect farmers of this province to sign up to a program after, as they told me — no aspersions upon anyone but yourself, Mr. Minister — as they told me that there was conflicting information from meeting to meeting? And they had no contract. They had nothing in writing but your propaganda. They had no contract. And you were forcing them. In fact you went so far as to force them by saying you're going to pay part of their premium. You were forcing them to sign up before they had contract in their hand.

From year to year with crop insurance, we've always had contracts mailed out. You know what the program is. You had months and months and months and months to establish this program. The meetings began in January. The consultative process began the year before. And I can just tell you, Mr. Minister, I want to just read to you about this process. Headlines from *The Western Producer*: farmers say programs aren't farm product. And you can go down the list and I quote: Government claims that the new farm safety net programs were designed by farmers are misleading, say the producers credited with drawing them up.

You used them. You tried to use them but they didn't let you get away with it. People like Keith Lewis, a farmer from Wawota: I really feel the program was designed by bureaucrats and politicians. I think more by politicians for political agenda. Terry Hanson, the Canadian Wheat

Board advisory: it's ludicrous to suggest that GRIP and NISA was designed by farmers. Ed Armstrong, the Western Barley Growers: as we have it right now, there's not much farmer design in it. Barry Senft, the Saskatchewan Wheat Pool: we developed a concept through consensus but from there the government took it and developed the meat of the program.

(2045)

Another headline: GRIP designed by farmers is total hog-wash. This is from the Humboldt **Journal**, April 24. Column by Jim Knisley, the same result. People saying that you had a program, you consulted with the farm groups after August 1990, Mr. Minister. You designed the program yourself to meet your political agenda.

But you messed it up. You messed it up for the people and you messed it up for yourself. And that's another reason why the minister isn't sitting in his place and standing in his place and taking the questions to this.

Mr. Minister, I'm going to leave that topic alone for a while. But just to recap: you used taxpayers' money to try to sell a program in which you didn't have the facts. You didn't have a contract. You tried to bribe them into it because it was getting late. You had months and months to create it. You left the advice of farm groups that you consulted with and went on your own political agenda.

And that, Mr. Minister, is why this program is not being well accepted by farmers. That's one reason.

Now, Mr. Minister, I want to turn now to the area of the federal Bill C-98, as it affects Saskatchewan and this legislation. Now, Mr. Minister . . . I'm just trying to find where I put my federal Bill, Mr. Minister. But in that Bill it talks about crop insurance reinsurance fund of about half a billion dollars — tell me if I'm wrong on that, but I'm sure that's fairly close — and the western grain stabilization account deficit, which at the end of the term will be roughly 1.6 billion, as I estimate it.

In the federal legislation, Mr. Minister, section 25(2) talks about western grain stabilization account, and it says: western grain stabilization account and that interest shall be included in the estimated deficit of that account.

And it talks about federal crop insurance, reinsurance, section 12(6):

the repayment of an amount advanced under subsection (3) shall be charged to the Crop Reinsurance Fund.

And my question, Mr. Minister, is: do I interpret — and I'm not going to read all of the sections — but do I interpret that as saying that the deficits from these two programs, western grain stabilization, federal crop insurance reinsurance fund, can be, may be, permitted to be rolled into the GRIP program?

Hon. Mr. Martens: — Mr. Chairman, the Bill as it was presented by the House of Commons dealt with it on the basis that in order for them to provide a continuity for western grain stabilization, for crop insurance, and for the

stabilization account — I think it's ASA, the Agricultural Stabilization Act — those three were repealed. If you look at the end, they were repealed. And because of that they were no longer there. What they did is allowed the Western Grain Stabilization Act account to continue and the crop insurance account to continue as they were, and they're not a part of the GRIP. So they're exclusive to themselves, even as they are before this Act and after the Act.

Mr. Upshall: — So, Mr. Minister, are you saying that there are no provisions for western grain stabilization deficit, federal crop insurance reinsurance deficit, Agricultural Stabilization Act deficit to be rolled into the GRIP program?

Hon. Mr. Martens: — Absolutely none.

Mr. Upshall: — I thank you for that, Mr. Minister. I hope that that is true. That is not an interpretation that some people are putting on it. And I wanted to ask you that just for clarification purposes, and I'm sure by answering in this House that you're true to your word.

Mr. Minister, another point of the GRIP program is that you chose not to go to a cost-to-production formula, and you will argue there is a cost-to-production formula, and we'll get into this. But I say that you chose not to go to an actual cost-to-production formula, a formula that reflects cash costs of farmers, and you chose to go to a 15-year average.

Can you tell me, Mr. Minister, why you chose a 15-year average, by the way, when every other program that we have seen get into difficulty has had a 10-year average — the national tripartite for beef, for example, where the downward averaging net result is that you work your way down to a level where you don't have any return. But why you chose to go to a 15-year average and not a cost-to-production formula?

Hon. Mr. Martens: — Mr. Chairman, there's two items that I think that I want to address here. First of all, your observation about the 15 years. Fifteen years was a recommendation by the committee and I believe it was a good recommendation. It expanded the period of time to include those years when grain prices began to move up in the market. And I think it's going to add stability to the grain prices — that relates to wheat. Some of the others had a greater degree of variability and they were, on a general sense, prepared to say that 15 years is a good, solid way of doing.

The committee also included in its reference to us the 12 costs that would be included as a part of the indexing factor. And I think that that was a very good recommendation too.

Your observations about costs of production are in themselves probably just a cliché to you. I'm not sure how you can establish costs of production on an individual farm. And I'll give an example. We have dry-land farming in where I live and we have irrigation on the same farm. If I was to take the cost of production and say that because of cost of production on irrigation is \$200 an acre, it would probably be equivalent to what people take as a

cost of production somewhere in the park belt, for example, where they want to have high production. And if I take my dry land, I probably have between 50 and \$80 a seeded acre cost of production.

Now, which one of those are you going to take? One family has a standard of living that is \$5,000 for that family. The next one has a standard of living that they assume is \$15,000. The next family is 10,000 or 12,000. Each one of them, on a basis of individualizing that cost of production, in the discussion that I've had with a lot of people, they say that really is a relative sort of thing.

And then you get to the next place. This one guy fertilized, and the next guy doesn't fertilize. Which do you take as a cost of production? This guy uses one type of seeding equipment, this guy uses another. This guy uses an old tractor, this guy uses a new one. Which one do you take as a cost of production on that specific acre? And that is as wide ranging as the people that we have in this province, and that's why it's difficult to set up an exact and precise cost of production. Now you're going to say, well, a certain somebody said \$160 an acre, that's what the cost of production is. Well, put in their \$20 a cultivated acre for the cost of production, and then you talk about . . . earlier on you talked about the high cost of this program. The high cost of this program could have been doubled if you'd have put that kind of cost of production into there.

One of the things these people consistently said — the farm organizations that we talked to — this is not to make people rich on the basis of the taxpayer. That's what was consistently said. We want to have income security on a reasonable basis. And we don't want to have the production be amplified or increased to the place where you over-produce. We want to have it within the framework of the kinds of things that happen on a regular basis, and resource neutrality would be the way I would classify that.

And I think that the ministers of Agriculture, the committee, and all of the people who worked on it, the staff of the Department of Agriculture in Saskatchewan, I believe did an excellent job of putting together that kind of a production formula that is a balance between what the taxpayers of this province can afford and what the people require to continue to production in the province.

Mr. Upshall: — Well, Mr. Minister, I didn't want you telling me why it couldn't be done; I'd like you to tell me how it could be done. Because the point is that the 15-year averaging formula does not reflect cash costs. If you take fuel, for example, at 18 per cent of the weight on the 100 per cent, and fuel increases by 10 per cent, then the average goes up by 1.8 per cent.

Mr. Minister, that does not reflect the cash costs to the farmer. And I realize that a cost-to-production formula is difficult and could be, I admit, more expensive, but the net result is that you're going to have a long-term program. This way, because of some of the things that were omitted, you can have costs increasing, prices decreasing over the 15-year average period, and no return. You could have the granaries full of grain and no return from the program.

And, Mr. Minister, the weighted averages that have been put forward in the formula, I say, do not reflect the cash costs. I'll give you an example of a cost that was omitted. You omitted interest, mortgage interest. Now if the interest rates were to sky-rocket, the index would not increase, would not move. And interest is one of the heaviest costs born by farmers in this province. Why was interest not included? In a cost-of-product formula, interest could have been included.

Mr. Minister, the long-term effect of this program is that you have a 15-year averaging formula whereby the costs are going to come down as the prices come down. We move off the mid-'70s, and you have an index of costs that are not all encompassing because you've omitted interest, for one, you've omitted machinery purchases, for another.

But you can work out that formula. And had you gone to cost of production you would have been able to say to the farmers, this is a long-term program. It's not going to make them rich, but at least it will ensure that they're going to meet a portion of their cost of production to keep them viable.

And the cost to the taxpayers — and that's another issue that we're going to get on to — states that this program could eventually, and the way it's set up will eventually in a few years probably not pay anything back to the farmers. The potential is there.

Another issue — why you didn't put forward some figures saying what . . . if the price is going to be so much, then the return will be so much that the price fluctuated up or down, or the price went up and down in different years, what the net result would be.

So, Mr. Minister, why was mortgage interest not included in your formula?

(2100)

Hon. Mr. Martens: — I want to point out, Mr. Chairman, that this probably is one of the points that was debated the most as to whether the cash costs would be used or whether in fact mortgage costs, capital costs allowances would be used in relation to this. The committee recommended that cash costs be used. That's point number one.

Now, I just want to point out, you made an observation about the fact that this program would be only useful two years or three years or whatever. Farmers in this province would just as soon have the market give them the price for the grain as the program. And they don't want the program to pay them the price that they think they need to have, they want the market to pay that.

And because of that, that overriding focus or point that they have told me over and over again, I just want to point out that crop insurance has been in existence — this is the 30th year — and crop insurance has provided some years where there was payment, some years where there was no payment. Did that program cease to exist? No, Mr. Chairman. As a matter of fact that program consistently had improvements made as we went along.

It went from 70 per cent coverage to 70 per cent of 70, which gave you a 50 per cent coverage, to an individual coverage based on your individual yield of 80 per cent. And then you could choose between 50 per cent of that and 80 per cent.

Well that, Mr. Chairman, was a part of what the producers wanted to have. On an ongoing basis they asked for changes and we delivered that to them. And for the past 30 years crop insurance has visibly been a part of agriculture in Saskatchewan.

I want to point out too, that one of the items that is an expansion of what crop insurance did, is that we went from 80 per cent individual coverage now to 100 per cent individual coverage. Is that an improvement on the program or is that not an improvement on the program? That's on the yield component on that individual farm. Now he will be farming for himself, not for bringing up the average in his area. He'll be able to farm for his own farm, increase the production to have the capacity to farm in the best possible way.

What other time in history has a crop insurance and a GRIP program provided a fixed rate of return per acre based on your yield? Never in the history of this province has that had an opportunity to do that and that price is fixed. It's different than the old program was. If you had a loss under the old program then you got paid the equivalent of what that dollar value was. But under this one you get paid on the basis that if the price isn't met on a per acre basis for the commodity that you sow and that you produce and that you sell, you will get a return on that per acre.

Now somewhere along the line you had to have a balance between what the producers could pay as premium, what the taxpayers could pay for as a premium as a part of this province and as a part of the federal government. And that balance, I believe was struck very, very well in relation to the capacity of this program to deliver an opportunity for agriculture to stabilize itself in Saskatchewan over the next 15 to 20 years.

And, Mr. Chairman, there will be changes to this. I expect there will be changes. And as a matter of fact I am going to be asking for the committee to report back to me by February 15, and that's stated in the Bill, so that they can be assured that they will know and understand what the new parts of the contract will be.

And then, Mr. Speaker, we will have changes again because this is not a static program. This is going to be a program that is built around the capacity of the individuals, number one, to pay for it; number two, for the taxpayers to pay for it, and the willingness of producers to participate.

I made this observation on a regular basis at the meetings that I was at and I said, I'm not here to tell you you have to buy it; I'm here to tell you what it's about. And that's exactly what we did. That's what the staff did as they went around from place to place. And I think they did an excellent job of describing exactly what it was that they were selling and that people would be prepared to buy.

Mr. Upshall: — Well you didn't convince the farmers of that, Mr. Minister. I mean let's face it. There's a reason. Well the Minister says, well 90 per cent signed up. Well that's because you held a gun to their head. It's the only game in town. You've done away with all the other programs and you forced them into this program.

But let's get back . . . The member for Rosthern asks if I signed up. And yes, Mr. Minister, I did sign up, because I'm like every other farmer in this province; I have to take what's offered to me to provide what little security that I have and this program provided very little security but there was nothing else to work on. There was no other game in town. You put the gun to the farmers' heads and you said, you better sign up because if you don't sign up you're on your own. They were very unhappy about this program, and you know that. I mean don't deny it. You should talk to the farmers. You should not talk to them; you should listen to the farmers. They were very unhappy about having this program shoved down their throat by an arrogant Tory government — shoved down their throat because they know that the 15-year average . . . they know that the 15-year average, as we move into years of lower grain prices and move off the mid-'70 . . .

Mr. Chairman: — Order. I'd ask the member for Rosthern not to interfere in the debate.

Mr. Upshall: — Thank you, Mr. Chairman. The farmers of this province know that this is not a good program for them. And you say there was 90 per cent signed up and I say because they were forced into it.

The 15-year average . . . Did you, Mr. Minister, provide the farmers with an analysis of what would happen if the grain prices were to drop or if the grain prices were to remain low? No, you didn't. Did you provide them with an analysis of what the return would be if the grain prices were to increase slightly over a few years? No, you didn't. Did you provide them with an analysis of what would happen if the grain prices were to fluctuate up and down over a number of years? No, you didn't.

And you didn't do that because you know yourself that in very few years, if the projected price of grain meets the expectation — and that is staying fairly low — that we in a few years will run into a situation where you could have a good crop and because of the formula, the percentage of the average price, 70 per cent of the average price will not be enough to make a payment to those producers. And they know that, and that is why I say that you should have gone to a cost-of-production formula or at least included all the costs into the program. And I asked you just the last question: why did you not include mortgage interest, a substantial cost to farmers, into the formula, the indexing formula, the farm input price index?

Hon. Mr. Martens: — Well, Mr. Chairman, there are about a third of the producers who don't have a cost in agriculture as it relates to interest on a mortgage. And therefore, it's as I said before: you have one type of seeding operation by one farmer costs X amount of dollars. You've got another seeding kind of equipment with another farmer. You've got a whole host of variables. You've got new tractors, old tractors; you've got

medium-sized tractors, big tractors. Who decides the kind of component that you deal with as it relates to cost of production? Who decides that?

What we have in a mortgage context is a third of the farmers in this province don't have a mortgage. So are you going to say that they get a benefit to their mortgage on the basis that they don't have a mortgage? And I'm going to point out they did include the cost of production on the basis of operating capital. They did include that. Now that's a cost of production and that's a part of the cash costs, and that's what they assign to it.

I just want to point out to you that a third of the people don't have a mortgage. And which one would you take? Would you take the one with a big mortgage or would you take the one with no mortgage as a part of a cost of production?

The other point I want to make is that we did not provide a large degree of information as to the flow pattern on the index moving average price that we possibly could have. However, as I explained to many, many farm organizations and to many meetings, I explained exactly how it would work on the basis of a formula.

It was in the middle of a book that we gave to every one of those producers. And they could take it home, take it and use their calculator, put that on their computers or run their calculators, and they could figure it out for themselves. And that, Mr. Chairman, did not imply that I was making the curve pattern on when it would pay out and when it would not. They could decide for themselves when it would pay out.

Another point I want to make is that cereals had a certain flow in them in the market-place through the '70s and the '80s. The oilseeds had a different one. Now you could have had 10 years of figures for this program and 22 different commodities, to put that all on the table. And how much of that would have been necessary information?

The farmers were told how this could work. They were told how it could be done and how the formula worked. They could take it home and do it for themselves. As a matter of fact, when they went to talk to their agents they could even get some of that on the basis of, what if I seeded this in proportion on my farm, or if I changed it and seeded another rate or a formula for the volume of the kinds of commodities I seeded in my farm? They were given that opportunity when they went to see their agents.

And, Mr. Chairman, going back to the point that was made originally, how do you judge a cost of production based on mortgage interest when a third of them don't have a mortgage?

Hon. Mr. Hodgins: — Mr. Chairman, could I ask leave of the Assembly to introduce a couple of guests to the Assembly?

Leave granted.

INTRODUCTION OF GUESTS

Hon. Mr. Hodgins: — Thank you, Mr. Deputy Speaker. Seated in the west gallery, I'd like to introduce a couple of my constituents, two gentlemen from the fine city of Melfort. Seated over there is Mr. Barry Jung, and his accomplice, Mr. Murray Wall. These two fellahs are in town doing a little bit of business this evening. They stopped by to witness democracy in action. And I trust you will find the proceedings here informative and interesting and enjoyable, and we wish you the best in your stay in the fine capital city.

Mr. Deputy Chairman, if you would join with me in welcoming these two gentlemen to the legislature.

Hon. Members: Hear, hear!

COMMITTEE OF THE WHOLE

Bill No. 55 (continued)

Clause 1 (continued)

Mr. Upshall: — Well, Mr. Minister, with an attitude like that, I'll tell you, we would never had crop insurance, or we never would have had western grain stabilization, or we never would have had medicare, or any of the other programs we have, because you're convinced in your own mind that you're governing for a few. The third of the people who don't have mortgages don't have to worry about it, Mr. Minister.

It's the two-thirds that do have mortgages — who are facing bankruptcy, many of them, or who could be potentially forced off the land because of the incompetence of this program — that you're not considering.

And as I said earlier, if there was a will to do it, it could be done, as many of the other programs in the past have been done. But with your attitude it simply means to me that you have tried to design a program to help a few instead of help the many. And in the long term it won't even help any because of the way the formula works.

Now, Mr. Minister, I want to move on to one more question. Why does this program . . . And please don't tell me that it was recommended by anybody. I mean we've had the quotes from the group farm leaders saying that they had little input after August of 1990, and that you basically designed the program with your federal politician friends. Why is there no cap on this program as there has been on every other program we've seen?

(2115)

Hon. Mr. Martens: — Mr. Chairman, we have a number of programs in this province that do have CAFFs. We have a number that don't. I just want to point out that crop insurance doesn't have a CAFF. The volume of acres that you have seeded is what you put down on your seeded acreage report and that's what you get covered for. And you can seed whatever you want there and it will be covered if those commodities are under crop insurance coverage.

Now I guess one of the things that I could say is that the

review committee will have an option on reviewing any one of the kinds of things that we have in place in this GRIP program today. They'll be able to review any part or the whole of it — whatever they decide to do. I'm not going to sit in judgement on them.

I just will say this: that the review committee on the basis of principle set most of these things down. You said they would have almost nothing to say about it after August. What they did say till August was that these kinds of things should be a part of the process — the committee said that.

What we did when that became a part of the functions, the methodology of the premiums and the cost sharing, that was a decision that we made. You're right. However, the federal Minister of Agriculture told us over and over again, the revenue share of the cost of this program should not be higher than one-third.

And that, Mr. Chairman, is exactly what it is. The revenue portion is not higher than a third and that is part of the committee's recommendations also. And that is what we generally did.

Now putting the administration functions together, we have a lot of those kinds of things that we're still prepared to change on. And I give an example of one of the things that I'm going to instruct them to do and that is to use this GRIP premium costs in a way that they could . . . or set it up in administration so that they could deduct it from the . . . at the time of delivery of grain. And that, Mr. Chairman, is an excellent opportunity for these producers to become involved in not only designing how it could be done, but implementing it at the same time.

And those are the kinds of things that my review committee will in fact be given instructions to do. And they will be able to determine some of the things that they think are on the agenda and we'll go through them.

You have to keep in mind that the taxpayer is paying a considerable amount of this. I want to point out that the farmer is paying a considerable amount of the premium too. And that is important for people to remember.

And I think that that's important from a number of aspects. Crop insurance in this program was isolated by itself. It was done for a reason and the reason was that crop insurance was green under GATT (General Agreement on Tariffs and Trade) and it was supposed to be left, and producers said that's the best way to leave it. So we did. Crop insurance is still a part of the GRIP program.

And as a part of the total, the revenue insurance, that is amber under GATT. Now if for example the federal government was to pay everything under that revenue portion and the farmers were not paying any premium at all, it would be red. It would not be available for . . . or we would be able to have tariffs put against us or we would be not allowed to market into some countries.

That, Mr. Chairman, is the reason why it's important for producers to be a part of the payment process, and not only the taxpayers. Now you can have the taxpayers paying a whole lot more. But as I see it, this is a balance between what premiums the farmers pay and what the

taxpayer has to pay.

Mr. Upshall: — Well, Mr. Minister, we're talking about the cap. I guess to put it bluntly, will you instruct your committee to implement a cap, recommend a cap on this program?

Hon. Mr. Martens: — I'll not instruct them to do anything except to bring forward a program that is, in their opinion, a better program than what we have today. And I'm not going to tell them, no they can't put a cap on, but in my view, the majority of producers in this province would not be in agreement with putting a cap on it.

Mr. Upshall: — Well I disagree, Mr. Minister. Producers that I talked to are asking that — why is there no cap?

And there's no cap because I know who you're talking to. You talk to the producers who are the larger producers who will make the most money from this program.

Farmers are asking for this. Why don't you listen to them? Taxpayers' money is involved here. You're into a program where there can be, as has been reported to be, people buying up or renting land to try to take advantage of the program. And a cap, Mr. Minister, does one thing. It provides a certain amount of taxpayers' dollars to be distributed across the board to the maximum number of people.

And it is my suggestion to you, Mr. Minister, that you — and I can document this over the past number of years — you have been moving steadily towards reducing the number of farmers in this province. And so the larger they are the more benefit they get from the program, and come what may to the smaller producer who doesn't get his fair share of the program.

So, Mr. Minister, that in itself tells me that you had no desire to try to develop a program for the average Saskatchewan farmer, for the average Saskatchewan community, to make sure the taxpayers' dollars were used to their maximum benefit in order to sustain a viable agriculture industry in Saskatchewan.

You've had record bankruptcies, record foreclosures. And you're still, given the opportunity to design a program . . . have failed that opportunity. In the short term, sure, there's going to be some money coming. But in the long term, Mr. Minister, I tell you — I tell you because farmers are telling me — that there is . . . this program is short term and the benefits from it in the long term are going to be very, very little.

I want to turn now, Mr. Speaker, to a couple of other topics. You've removed spot-loss hail from this program. Now spot-loss hail, Mr. Minister, in the short term, you will say, is not necessary because it's going to be covered by the GRIP return. But, Mr. Minister, in the scenario whereby the price of grain stays low, the production stays up and there is no pay-out — and I contend that there will be that time coming within the next three or four years, maybe sooner — that in order to receive the benefit of spot-loss hail you have to take out of your pocket again and above what you would have got out of crop insurance.

And I know there was a tremendous lobby in the past to remove spot-loss hail from crop insurance. The line companies wanted to remove it because spot-loss hail, through crop insurance, kept down the price, the premiums, and provided a decent return. Many farmers took crop insurance simply because of spot-loss hail.

But, Mr. Minister, do you agree that removing spot-loss hail from this program could, in a very few number of years, put farmers in a position where they will actually . . . it will actually cost them more money if they want to cover themselves with hail insurance, because they will be getting very little out of GRIP and they'll have to have some coverage for hail?

Hon. Mr. Martens: — I want to talk a little bit, Mr. Chairman, about putting the cap on the size of your GRIP program. In the '60s when I started farming there was a quota called the unit quota. And that allowed every farmer to haul 300 bushels of wheat to his elevator, or barley equivalent, or oats or whatever. And what consistently happened, Mr. Chairman, what consistently happened over the years, was that the farmers would just say, okay I'm going to have my wife have a quota book; I'm going to have a quota book; then I'm going to set up a limited company that's going to have a quota book, and each one of these have their separate acres and their separate volumes.

That's exactly what you would have happen if you set a cap on the volume of acres on a particular farm that would be GRIPable and that, Mr. Chairman, is exactly what would happen with this program. And I know the member opposite isn't old enough to remember those, but I am, and that is what happened at that time and that is, in my mind, exactly what would happen again.

Now, as it relates to spot-loss hail. Under crop insurance, spot-loss hail was covered. Under crop insurance, spot-loss hail is covered today. Under crop insurance 50 per cent was paid for by the federal government and 50 per cent was paid for by the producer. Under the GRIP program, Mr. Chairman, spot-loss hail is taken out. That is right. But the premium is reduced also by that 3.6 per cent in total which was the equivalent to the cost of the spot-loss hail in crop insurance.

Added to that, Mr. Chairman, and this is a crucial point and when I explained this to producers across the province they began to realize the importance of it, that when you have an average production of 30 bushels to the acre and you have a hail loss that will reduce your average below that 30 bushels to the acre, it will be deemed not to have been allowed and you will be able to have a 30 bushel maintain itself through that year. That in fact, Mr. Chairman, if you had a 100 per cent loss on that crop would reduce your average by 3 bushels to the acre. Then, Mr. Chairman, you would have 27 bushels to the acre coverage next year, but that is not allowed to happen.

So in fact, you get a benefit in each of those years that you have hail by not having to have that average included in your production. And that, Mr. Chairman, any time that I went to any of the meetings, that was a part of the

discussion and people accepted it and they accept it very well. I want to go back to . . . I'll just suffice for that.

Mr. Upshall: — Well, Mr. Minister, you missed the point. Because of the formula, in the years to come, assuming the price stays low as the prediction is, spot-loss hail is not in the GRIP program. Most farmers took the GRIP program because it was cheaper and they were looking at a high premium. And now they're not going to have the benefit of spot-loss hail in the years to come when they may have no pay-out from GRIP. And it's going to be an added cost to them. That is the point. And you can argue that you're right, and I'll argue that I'm right, and we'll see what the farmers say, Mr. Minister.

In the interests of time, I'm going to keep moving on, Mr. Minister. Another issue: the Premier of this province, the Minister of Agriculture, and probably yourself, are running around this province saying this program is bankable; you can take it to the bank.

Well, Mr. Minister, as far as open-market grains are concerned, this program certainly isn't bankable. Because you have a situation where if you are forced to sell your grain right off the combine, when prices on open market are usually low, you will be selling your grain probably below the average market price for the year. You are forced into it to pay your bills. If you are a wealthy enough farmer that you can hang onto that grain and try to play the market and get above average price, you will get a benefit. Because the difference between the average price and the low price, the farmer consumes himself. The difference between the average price and the higher price is an additional gain to that farmer who can afford to do that.

So, Mr. Minister, why did you tell the people of this province . . . why did you mislead them by saying that this program was totally bankable?

(2130)

Hon. Mr. Martens: — Mr. Chairman, I want to point out one more thing about the cap before I leave that and go to another observation, one of the things that you need to think about as it relates to the cap. The ministers, myself, and staff went to 100 meetings, and not once did we get a question about a cap. And that, I think, has some significance as to what people think of a cap.

I just want to point out the GRIP program is assignable to a bank. Crop insurance was assignable as a part of an instrument that banks would give credit on. The assignment of your GRIP program is also available. So is NISA, if you want to. And that, Mr. Chairman, is a part of what the producers were asking for.

Now you mentioned something about the problem that people would have if they had a shortfall in cash. Well as a matter of fact, they can go to the elevator and get a cash advance on their crop. They did that last year; they can do that this year, and that's at no interest up to \$50,000.

Now one other thing that you mentioned and I think it has to be said here. You have to allow the market-place to determine the value of the product. You cannot dump it

on the market and expect your taxpayers and your premium from producers to pick up the loss. You have to have the market determine what the value is. Now if you're going to sell under the market, then you're going to have to have a shortfall on what you sold under the average of that market. And, Mr. Chairman, it's necessary to have this resource-neutral. It's necessary because you want the market-place to determine the value of your product, not the program. You want this to be resource-neutral in what you seed and how you market, and therefore it has to be market-driven. And when it was set up it did that. As a matter of fact it provided the opportunity for the individual to be a good marketer and the commodities that he grows. And he can sell it when he gets the greatest benefit, not only of the program but also of the market-place.

Mr. Upshall: — Well, Mr. Minister, you designed a program basically for the wealthy and you've misled people by saying that it's bankable. Because two-thirds, Mr. Minister, two-thirds of the commodities sold on the open market are sold below the average price . . . (inaudible interjection) . . . You look it up, Mr. Minister. You say how do I know? You look it up. And that, Mr. Minister, tells me that the people who can afford to play the market, to hang on . . . Don't tell me about cash advances or anything like that. You know what the situation is like, or you should know, in the rural Saskatchewan.

The people who can afford to hang on and play the market are going to be in a more advantageous position than the people who can't afford to do it. And you've designed a program for the wealthy people who can afford to play the market. If you had any gumption at all you could put all the grains under the Wheat Board so that it would be fairer for the people of this province, but you won't do that.

Mr. Minister, my point is this: you have had ample opportunity to design a program. You're talking about going to the banks to get credit for this money, for this security. People don't think that way in rural Saskatchewan. They're tied up to their ears in debt. And you've designed a program for those people who aren't, because you have no mortgage interest and because you have an average that where people can sell above and gain, where people who sell below don't.

Mr. Minister, that is why this program is not being well received in the province of Saskatchewan. That is why the farmers of this province don't trust you. They put their trust in a government years back and they've been denied that trust by the actions of this government. They know that the debt is still there. They know that you have no debt restructuring program.

All you're saying is well, see if we can get another program out there to convince them that we're going to buy them off again. And it's not working. It absolutely is not working.

And you can use all the statistics you like about the numbers of people who are signed up. But the numbers of people who are signed up, Mr. Minister, is a direct result of you forcing down their throats a program they didn't

like, taking away any options they had, and now saying, well people must like it; there's 90 per cent signed up.

That in itself, Mr. Minister, is the reason, another good reason, why farmers don't want you around to govern this province any longer. They don't trust what you're going to do because they've seen what you've done in the past. You've had years and years to design a program. You ram it through — you don't think it through. You consult only to a point, and then use your own political agenda to try to achieve an end that is going to win you an election and not worry about the farm families in the small communities of this province.

Mr. Minister, I want to ask one very specific question and that is to do with payments in the first year. The premiums are due in the fall and there is an anticipated initial payment in the fall. Will the premium be taken off of that initial payment when it comes in the fall? Or will farmers have to pay by a certain date? Or will there be a percentage of the premium, whatever the percentage of the pay-out, will that be proportional to the percentage of the premium that the farmers have to pay? Can you explain to me exactly how that will work?

Hon. Mr. Martens: — Mr. Chairman, the regulations indicate that the premium is due on November 1, and at that time the province and the federal government will be matching those in proportion to what they have by law and agreement decided. And at that time the premium, as it is done in crop insurance, will generally be deducted from the payment. And that is the way crop insurance has always handled it; they've deducted the premium from the payment. If there is a shortfall in payment, then premium has to be added; if there is more payment than premium, then that is sent out to the producers.

Mr. Upshall: — So what you're saying then, Mr. Minister, is that — let's assume that 40 per cent, or 35 per cent of the payment is made this fall — the total amount of the premium is going to be deducted from that payment as is done in crop insurance.

My point, Mr. Minister, is this: with that type of a scenario there will be no cash. There will be no, or very little, cash available this fall because the premium is going to eat up, I would guess, the majority of the first payment, the initial payment.

And what are farmers to do? This program that you designed, saying it's going to be a stability program to offset cash costs, this program will not do that this fall. Farmers are going to have to wait until February or March of 1992 in order to get any cash out of a program that they signed up for a year previous.

Mr. Minister, would it not make more sense to take the percentage, or the estimated percentage of the payment — let's say 35 per cent if you want to pay out that much in the fall — take that portion, 35 per cent of the premium, and then take the rest of the premium off subsequent payments. At least that way farmers will have had some cash on which to pay their bills. Have you considered that, Mr. Minister?

Hon. Mr. Martens: — Yes, we have considered it. We

have not completed the decision making on the basis of some of the information that you provided.

We know that the cash flow is going to be limited. A cash advance is one of the things that are going to be there to assist that problem. However, if we pay out 40 per cent of the guarantee, that would probably in rough estimation, would probably be just about the majority of the payment. If that was the case then you should perhaps take more than just 50 per cent of the payment because you'd have to have premium paid back to the crop insurance corporation afterwards.

So these things are going to have to be decided as we go along. And one of the things that my committee is going to have to do is they're going to have to sit down with me and work together to formalize that decision and set a formula up for us to do that.

I also want to point out that all of the reasons that you have stated are the reasons why producers, when I mentioned this, has said to me, why don't you deduct the premium when you sell your grain? And the process that we have set up at this point in time, we cannot accommodate that. But we are going to set up a process where we can deduct it as we market the grain, and that will then provide us an opportunity to do it as the cash flows in, the cash for payments can be made.

And that, Mr. Chairman, is what we hope to get to but we could not do that this year because of the restraint that we had in a lot of different areas. So the accommodation on how that premium is to be paid over the period of the next eight to ten months is what we're going to have to work out, and we're prepared to make some adjustments to the kinds of factors that are in place at that point in time.

Mr. Upshall: — Well, Mr. Minister, you haven't done it to now because you got no foresight. I mean let's face it. You had ample opportunity. These suggestions have been around for . . . This is nothing new. You have either no foresight or no will to provide farmers with some cash flow this fall. And you basically admit it — that there will be very little cash flow this fall because the premium is all going to come off of the first payment.

Had you had the will or the foresight you could have taken the premium off at the elevator; western grain stabilization has done it for years. Had you had a little foresight you could have made sure that farmers had some cash flow this fall. But you don't have the will and you don't have the foresight to do it. And that's why farmers don't trust you and don't believe you when you say you're designing a program for them.

I'll tell you, Mr. Minister, if they were happy — they being the farmers of this province — if they were happy with this program as you say they are happy with this program, or should be happy with it, then you would have called the election by now and swept this province rurally. But you know exactly what farmers are saying. You know exactly why they're not happy with this program. And they're not happy with this program for all of the reasons that I have mentioned this evening. And you stand in your place trying to rationalize, saying there was problems that came up and we couldn't do this because of that or because of

the other thing. Well, Mr. Minister, they don't believe that.

You've had years and years and years. You've had advice from farm groups; you've had advice from the opposition; you've had advice from farmers. You've had past programs to help design it. You don't have the will to do it. You don't have the will to do it because your ambition in life, in this life, is to make sure that you get re-elected, to try to get yourself re-elected rather than try to have stability in rural Saskatchewan. And, Mr. Minister, you haven't created stability in rural Saskatchewan in the long run, and you haven't created a situation where you're going to get re-elected because they don't trust a thing you say because of what they've seen you do in the past.

Mr. Minister, I want to switch now for a minute to the NISA program. Mr. Minister, have you signed . . . I know you've signed the agreement in principle on NISA. Have you signed the actual NISA agreement with the federal government?

(2145)

Hon. Mr. Martens: — I want to point out a number of things about farmers' cash flow for this year, and why we could not take and make the deductions at the elevator at this point in time. And I'll tell you what the problems are and then you'll hopefully understand. And I'm not only doing this for you, but the rest of the members of the Assembly.

There is a significant volume of grain that is moved farm to farm, that is covered under GRIP. There is considerable more grain that is fed on farms, and that is covered by GRIP. And therefore to have . . . how that shall work so that you get the payments made by the producer on an equitable basis when he feeds 50 per cent of his crop to his livestock, that, Mr. Chairman, will create the difficulty. Now we have to work a process out that is going to accommodate that.

Another thing I want to point out on cash is that farmers will be able to receive a cash advance again this year as they have in the past. And that, Mr. Chairman, is up to 50,000 per producer. Now that is a positive thing. Farm organizations all over Saskatchewan and Alberta and Manitoba asked for that last year.

Twenty-five per cent of the revenue insurance on the GRIP portion is going to be paid for by the federal government. So you're going to have that portion reduced by 25 per cent. And under durum, for example, that could be 4 per cent of your premium, if all you seed is durum. So that's a significant amount.

Under NISA, it's anticipated that through the summer at some point in time about \$170 million will be made available to producers in the province. That's another payment of cash.

Now you mentioned something about the agreement. The agreement for GRIP and for NISA cannot be done until we get this approved in this legislature. And when that happens, then we will be able to make the agreement

... sign the agreement with the federal government. And that's what we've been waiting for for a considerable period of time.

Mr. Upshall: — Well, Mr. Minister, we have written letters and given you ample opportunity. Don't give me this garbage about not being able to sign the agreement.

You were so intent in ramming your tax Bill down the province's throat that you didn't ... weren't concerned about the farmers of this province. If you had really been concerned about the farmers of this province, Mr. Minister, you would have taken us up on our offer to pass the NISA and GRIP Bill at any time previous to this, any time. You were on the agenda of this House. But you chose to ram the provincial GST down the province's throat, the taxpayers of this province, rather than have farmers have cash in their pockets.

And so what you're saying is that you haven't signed the agreement. You haven't signed the agreement means there's no forms ready. No forms ready means four to six weeks to get the forms out.

Mr. Minister, you promised the farmers of this province cash. You had press releases saying that there was going to be third line defence paid through NISA. Again you sweetened the pot. You said you didn't have to contribute this year — and that's a whole other story — you didn't have to contribute but you're going to have cash in hand for spring seeding. Well I'll tell you, Mr. Minister, spring seeding is over. Now the bills have to be paid.

Mr. Minister, can you tell me when farmers can expect a pay out? And I want you to be specific. When can farmers expect a pay out, through NISA, to offset some of their cash costs for this year? Is it going to be a month? Is it going to be six weeks? Is it going to be two months? Can you answer that, Mr. Minister?

Hon. Mr. Martens: — Mr. Chairman, it's anticipated by the end of June that the forms will be out. They're probably going to be going to the printers in a few days. That's what we're told.

The agreements, as we conclude this, will have to be ratified by other provinces as well, and that caused a considerable amount of concern, because as we got involved with it to begin with, and we said we were going to be involved with it right from the start, other provinces have come alongside and agreed with it too, therefore making the whole system on requirement for forms for NISA a little bit more complex and a little tougher to deal with.

Now it's anticipated that after the forms are returned to the government, it's anticipated that process could take six weeks for processing the cheque and moving it back into the system. So from the time the individuals mail in the form till the time it's back in their hands in a cheque, we're anticipating something like six weeks beyond that.

Mr. Upshall: — Well, Mr. Minister, you can give all the excuses you want. You promised the farmers of this province cash for spring seeding. You haven't even got the forms printed. You had an opportunity to bring this

Bill forward weeks ago in this House. We gave you the opportunity to do it daily and you chose not to. You chose to put your political tax-grab before the interests of Saskatchewan farmers. And now you're telling me ... This is reminiscent, by the way, Mr. Minister, of years gone by. In 1988 it took nine months to get a payment out. You're telling me that it's going to be the middle of August at the earliest — at the earliest — before farmers are going to get their spring seeding money. Well it sounds more like fall seeding money to me.

Mr. Minister, this is why farmers in this province don't trust you. I mean you can't run around saying, oh yes we've got this great program GRIP and NISA, and we're going to put it through, and we're going to have money for spring seeding, and everything's going to be wonderful because of this program. And it's June, and it's August, before you're going to have a hope of seeing any money.

Mr. Minister, I know, and the farmers of this province know, where your interests lie. If you had the will to accomplish this, you could have accomplished it. You built it around your political agenda. You don't mind having this payment put off because the longer it's put off the closer it comes to your election period. And you've had a history of trying to put cash in farmers' pockets previous to elections. And that's your motive. That's your only motive, not to try to help farmers but to try to help yourself get re-elected.

And, Mr. Minister, that is another reason why the farmers of this province are going to deny you and your colleagues over there any hope of even trying to reform this program, because you have had your chance. You have had your run. You've blown your integrity. And farmers in this province are saying that you are finished.

Mr. Minister, I ask you this: why have you chosen to put your political agenda ahead of the interest of Saskatchewan farmers?

Hon. Mr. Martens: — Mr. Chairman, I just want to point out to members of the Assembly that we have had this Bill on the order paper ... as a matter of fact we gave a draft copy of the Bill to the opposition prior to the House coming into session, and it was a part of what we thought was a way to accommodate quick passage of this Bill, among others.

There are two things that have to be considered and one of those things is who's going to pay for this? And if we ask the taxpayers of the province of Saskatchewan to pay for the part of the premium of GRIP and NISA, I know for a fact that people would expect us to raise the revenue to do that.

And I think that it's important for people to understand that for at least 10 days in this House the opposition did not allow any business to transpire beyond petitions, and did not allow any one Bill or any form of a Bill to come forward for us to present to this House. And that, Mr. Chairman, is exactly the point.

And I want to tell the producers in this province that it took those extra 10 days. It had nothing to do with how we processed ... or went through the process of this

House, it had to do with how the NDP (New Democratic Party) handled themselves in this House, by only going to part of the agenda each of those 10-plus days, and that delayed it those 10-plus days. And, Mr. Chairman, I am sorry that it had to happen that way, but the opposition will be held responsible for that delay.

Mr. Upshall: — Mr. Chairman, the Minister is misleading the House. You can talk to your House Leader. He can produce for you the letters where we had offered to go to this Bill in days gone by. You and your House Leader and your caucus control the agenda of what comes forward.

There is another reason why people don't believe you because you're not telling the truth on the issue. You could have brought this Bill forward immediately on the days shortly after it was presented in this House and we could have gone through this same process, the same process. The farmers would have been in a much better position right now, but you chose not to. You chose to put your political agenda in front of the livelihoods of the Saskatchewan farmers. They don't like that, Mr. Minister. They're not going to accept that.

And you can't mislead them any more because you've totally destroyed your integrity with the farmers of this province. And as I said earlier, Mr. Minister, if this Bill was as good as you say it is, farmers would like it. If the farmers would like it, you would have had support in rural areas. If you would have had support in rural areas, you would have called the election. But you know you can't do that. You're trying to slither and slide along the path that you've laid out for yourselves, trying to salvage a government.

Well I'd say, Mr. Minister, it is because of incompetence of Bills like this, it is because of your lack of integrity in misleading the farmers of this province that they don't trust you any more. And because they don't trust you any more, I believe that they will give you a one-way ticket back to your constituency and you won't be back here.

Some Hon. Members: Hear, hear!

Hon. Mr. Martens: — Mr. Chairman, I just want to respond in a couple of ways. One of the ways that I want to respond is that the way we've been able to insure our production in the province of Saskatchewan against loss and yield loss is by crop insurance.

And, Mr. Chairman, this program provides not for an 80 per cent coverage on your loss, it covers 100 per cent. And not only does it do that, it covers 100 per cent on your capacity to provide yield off of your farm. If your yield goes down, your coverage will go down. If you push your yield up, you will be able to get increased coverage.

And not only that, Mr. Chairman, you have a cost-of-production index that is related to the variability and the variance in the cost and that will be reflected in the price each year that is reflective of the commodity that you grow.

And that, Mr. Chairman, is the reason why I think that the producers in this province are going to realize, when it comes to the first payment, they're going to realize how

much value this really is to their cash flow in their farm. And I think, Mr. Chairman, when they realize that, they're going to say, yes, it was a good thing.

And, Mr. Chairman, I want to say that the province is supportive of those farmers doing it. However they have the decision to make on their own and they made it on their own. And they made it on the basis of whether it was good for their farm or whether it was not good for their farm.

And that, Mr. Chairman, is the way they assess crop insurance; that's the way they're going to assess GRIP, and that, Mr. Chairman, is what this program was supposed to do. It was supposed to provide a window of opportunity with enough flexibility for the farmer to provide the kind of coverage that he wanted to on his farm and based on his own production.

(2200)

Clause 1 agreed to.

Clauses 2 to 15 inclusive agreed to.

Hon. Mr. Martens: — Yes, Mr. Chairman, I move we report the Bill. And I'd like at the same time to thank the officials for their time in the House and thank them for their work in preparing the program for the farmers of Saskatchewan.

Some Hon. Members: Hear, hear!

The committee agreed to report the Bill.

Mr. Upshall: — Yes, Mr. Chairman, I too would like to thank the minister and his officials for their co-operation in the passage of this Bill.

THIRD READINGS

Bill No. 56 — An Act to amend The Farm Financial Stability Act

Hon. Mr. Hodgins: — Mr. Speaker, I move that this Bill be now read a third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

Bill No. 55 — An Act respecting Programs to Stabilize the Income of Agricultural Producers

Hon. Mr. Hodgins: — Mr. Speaker, I move that this Bill be now read a third time and passed under its title.

Motion agreed to, the Bill read a third time and passed under its title.

The Assembly adjourned at 10:05 p.m.