

EVENING SITTING

4,000.

COMMITTEE OF FINANCE

General Revenue Fund
Agriculture and Food
Vote 1

The Chair: — I will ask the Minister of Agriculture and Food to introduce his officials to the committee.

Hon. Mr. Cunningham: — With me this evening I have Mr. Hartley Furtan who is the deputy minister, beside me; Mr. Terry Scott, right directly behind me; Mr. Harvey Murchison who is behind me and to my right; Ross Johnson who is a department budget officer; and Denis Cote who is executive director of lending for ACS (Agricultural Credit Corporation of Saskatchewan).

Item 1

Mr. Martens: — Thank you, Mr. Chairman. Mr. Minister, we have asked questions of the department on a broad-base scale for all the ministers and we were wondering whether we'd be able to have that?

I guess one of the things that I want to ask questions about — and I'd like to know if they're in there — is in lands branch and in brand inspection and all of these various areas where you apply fees to, are they in this group of items that you have here or should I ask for them and then get them later on?

Hon. Mr. Cunningham: — No, the information is not in that package on the fees. We have a list of them which we can probably send over to you.

Mr. Martens: — When you send them over, would you be able to give me a rough estimate at the volume of dollars you anticipate coming in from those various areas that you have increased the fees for?

Hon. Mr. Cunningham: — Mr. Chairman, perhaps I could just go down . . . our list of revenues is fairly short; maybe I could just read it into the record for the member opposite.

Miscellaneous compensation, \$264,000; livestock dealer licence, \$52,000; pesticide applicator's licence, 24,000; gain on sale of land bank, \$880,000; principal Crown land sale, \$3,160,000; rent and penalty revenue, 16,394,000; miscellaneous land bank, \$25,800; interest on sales of non-land-bank Land, 1.2 million; interest on land bank sales, 440,000; property sales, a thousand; furniture and equipment, 2,000; sale of books and pamphlets, 2,300.

Sale of livestock, 600,000; laboratory fees, 391,000; incineration charges, 41,000; meat and inspection, 41,000; livestock inspection fees, 1.8 million; community pasture fees, 4,240,000; brand allocation, 150,000; other services fees, 10; pasture manager's house rent, 60,000; personal mileage,

Indian and agriculture program, 189,000; proceeds from other funds, 30,000; casual, 11,730; and refund from prior years, \$3,667,460. That's a list of revenues anticipated this year.

Mr. Martens: — Would you be able to send that over for me? I'll deal basically with the pastures and things like that to start with. How many pastures are there in the province and how many patrons in the province?

Hon. Mr. Cunningham: — Mr. Chair, we have an official just on his way in with that information.

Mr. Martens: — Would you also provide for me how many bulls you have on hand for those pastures and how many you purchased this year.

Hon. Mr. Cunningham: — That information is also coming with the official. I don't have that . . . It's in here somewhere, but I can't lay my finger on it. We'll have that in a second when he comes in.

Mr. Chairman, we have the answer to the first question. There's 56 pastures. There are about 2,500 patrons. Right now we have 600 bulls and we haven't purchased any this year.

Mr. Martens: — How many are required to run livestock in those pastures — of bulls that is?

Hon. Mr. Cunningham: — Approximately 1,600 bulls.

Mr. Martens: — What's been the response of moving away from purchasing breeding stock? What's been the response in the different pastures in the province?

Hon. Mr. Cunningham: — Well, we have had varied response. Some pastures prefer to own their own bulls. Many pastures have purchased our government stock for their pastures and others are still largely running with government bulls.

Mr. Martens: — Do you receive revenue for those . . . as you've sold off, have you received revenue for any sale of breeding stock?

Hon. Mr. Cunningham: — On the bulls that we sold, the patrons were selling them on . . . two instalments will be paid; one instalment this fall and one in the fall of '94. The bulls that we call, of course, we receive the revenue for them.

Mr. Martens: — How many of the breeding stock did you sell to patrons?

Hon. Mr. Cunningham: — Approximately 250. That process is ongoing right now, but it would be approximately 250 bulls.

Mr. Martens: — And did the money go to the Department of Agriculture or did it go to the Consolidated Fund?

Hon. Mr. Cunningham: — The revenue goes to the Consolidated Fund.

Mr. Martens: — The estimate here on rent and penalty revenue, is that for lands branch, all of lands branch land, or what is that for? It's \$16 million.

Hon. Mr. Cunningham: — That's for all lands, grazing leases plus the cultivated ones.

Mr. Martens: — Does that include land bank land?

Hon. Mr. Cunningham: — Yes, it does.

Mr. Martens: — Then you've got interest on sales on non-land-bank land. Is that the interest on the principal of the \$3 million of sale of Crown land?

Hon. Mr. Cunningham: — That would be interest that we would receive on time sales of land. It's not land bank land but other Crown land.

Mr. Martens: — Have you still got the land bank land separate from all the other Crown land that you had?

Hon. Mr. Cunningham: — Yes, we do.

Mr. Martens: — And how much of it is left?

Hon. Mr. Cunningham: — We don't have those numbers with us. I think . . . the officials tell me it's around 900,000 acres. We can get the exact number for you.

The Chair: — Why is the member on her feet?

Ms. Hamilton: — With leave, to introduce guests, Mr. Chair.

Leave granted.

INTRODUCTION OF GUESTS

Ms. Hamilton: — I'd like to introduce to you and through you to the members of the Assembly, Mr. Clint White, who was a member of the Legislative Assembly from 1978 to 1982 in the constituency of Regina Wascana, and also a professor of history of mine a few years ago.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

General Revenue Fund Agriculture and Food Vote 1

Item 1

Mr. Martens: — Mr. Chairman, Mr. Minister, on livestock inspection, those fees have gone up some with . . . Does that include . . . or just tell me what that all includes.

Hon. Mr. Cunningham: — That, Mr. Chairman, represents an increase in the inspection fee going up from \$1 to \$2. It will come into effect sometime this summer so that's why it's not 100 per cent increase in the numbers.

Mr. Martens: — Do you charge rent for all of the pasture managers and the homes that they have, to these pasture managers? And how many are there that pay rent, and in how many homes are they?

Hon. Mr. Cunningham: — There are approximately 35 to 40 homes for pasture managers and riders, and yes, we charge rent on all of them.

Mr. Martens: — You've got Indian agricultural land. Would you tell me what's happening with the northern farms as it relates to the natives and the various farms that are up there. Could you give me a run-down of each of them, and if they've all reached a conclusion in sale, or what's going on with each of them.

Hon. Mr. Cunningham: — Mr. Chairman, there are several farms. The Silver Lake Farm by Green Lake is still the subject of a lawsuit that is in litigation. The Central Farm in the same area has been transferred to the northern village of Green Lake. There's a farm at Cumberland House. The Cumberland House Development Corporation has taken over that farm on December 1, 1989. The Ile-a-la-Crosse Farm was transferred to the community. I'm not sure what date that was, but it has been transferred to the community of Cumberland House.

(1915)

Mr. Martens: — Are you still receiving any revenue from the sale of those Crown lands in any way? Does that appear on this sheet that you gave me?

Hon. Mr. Cunningham: — No, there's no revenue that shows up on that sheet.

Mr. Martens: — The percentage increase on fees . . . and I noticed on your paper that you've got here there's a substantial volume of dollars that the fees have gone up. Can you give me . . . you have probably not collected the fees in prior years. You go from \$9 million to \$33 million in revenue. Could you give me a breakdown? Are those in fact . . . no commodities moved in '92-93 in each of those places where you have zero, or is it just money that has gone to the Consolidated Fund rather than to the Department of Agriculture?

Hon. Mr. Cunningham: — Most of those increases where they have gone from zero is a result of reorganization. For instance, 16.394 million rent and penalty revenue last year was in the budget for Rural Development and is now in the Agriculture project — Crown land sales and so on.

So some of them may be increases of fees. For example, livestock inspection fees, the increase is because of an increase in fees. But where it goes from

zero to substantial sums, that's mostly the result of reorganization and transferring over from the Department of Rural Development.

Mr. Martens: — Well in order to do some comparative numbers, could I have those numbers for all of those where zero isn't actually the number, and could you provide them for me?

Hon. Mr. Cunningham: — We do not have those with us but we certainly can get those for you.

Mr. Martens: — Well this sheet of paper doesn't really help me much unless I know the difference. And if it's 5 per cent or 10 per cent or 20 per cent increase in the volume, I really think that what you should have had here is actual numbers compared to numbers. Because if you did that in your budget book, you should have had to have it here and provide that to me.

And I don't know why you wouldn't have done it, but it's in my view a serious error, because I need to have those numbers to compare the various numbers that were there last year in order to get an equivalent breakdown of what you did increase it at, because this is a 300 per cent increase. And I don't think that that's really what it is, but it was substantial. But I don't think it was that much.

Hon. Mr. Cunningham: — If you look at the *Estimates* book of '93-94 on page 18, you will see the revenues there in lump sum. Estimated for '92-93 was 32.675 million. Actual or updated forecast is 35.083 million. And our estimate for 1993-94 is 33.690 million. So we're actually predicting revenues to be down slightly from last year when you take into account the Rural Development votes that were transferred over.

Mr. Martens: — What are you anticipating the total volume going down as? What's the reason for that? Because most of them . . . I was just checking it off here — livestock dealer licence went up from 50 to \$200, I think. Your pesticide applicator's licence is reasonably new. Then you go down on your meat inspection, livestock inspection, brand allocation fees — most of them are up in revenue. And there's more livestock around, so why wouldn't they be higher?

Hon. Mr. Cunningham: — I think what you will notice if you look at the page that we handed out, one significant decrease is a refund from prior years. It's \$7,261,890 down to \$3,676,460. That's the refund that is refunded from ACS at the end of each July.

Mr. Martens: — Refund for what?

Hon. Mr. Cunningham: — This is the surplus operating funds from ACS. I think I misquoted the number there. I think the budget that I quoted . . . I quoted 7 million as the budget. That's that actual for . . . that's the actual for '92-93, not the budget which was 3 million. So you see, there was an actual increase in the budget. So that does not explain the increase. The increases that come about — as the member opposite has pointed out — some increase in fees. The

decreases come about, I think, mostly because of decrease in revenues from rent and penalties on land — will be the significant decrease, which will mean an overall less budget for '93-94 revenue than for '92-93.

Mr. Martens: — Well it's difficult to compare. First of all, your estimate for income and revenue in Agriculture and Food is 32 million, and it was forecast for 35. How close to 35 were you? Was that 28 or 29 or was it 35 or what was it?

Hon. Mr. Cunningham: — The 35 million would be the estimate as of at the end of March and would be probably extremely close although we do not have the numbers from Rural Development. Again we can get those to tell you whether we're dead on that target or not.

Mr. Martens: — Well, Mr. Minister, I think it's really disturbing that you would come, first of all with a fact sheet that says zero, zero. If I was to take that at face value, which is really what you're telling me, I would say that you had a 300 per cent increase in your revenue and I could go around talking about it because that's what you really supplied us. Because you had a zero for '92-93, is that the truth? No it isn't.

And I think you should have had it here for us because you were the Minister of Rural Development; you took over and did some rejigging and now you should have that there. What this represents is not fact. I think . . . It's disturbing to me at least that you would do this realignment without understanding and present a budget based on those numbers, and then not have the numbers for us here to take a good, serious look at what you're doing. Before I asked you a question too, where is this ACS \$3 million rebate? What's that a rebate of?

Hon. Mr. Cunningham: — That's a rebate of ACS to the Consolidated Fund. If there's an operating surplus in ACS, the legislation requires that it be paid to the Consolidated Fund at the end of the year.

Mr. Martens: — How much is anticipated the cost of the ACS livestock cash advance for the coming year? How much is that anticipated reduction in cost this year over last year to the corporation? And how much will this actually be if you take those numbers . . . and it should be close to \$12 million that you get out of there; that shouldn't be 3 million, that should be 15 million.

Hon. Mr. Cunningham: — The member is right. The annualized saving from the livestock cash advance change was about \$12 million annually, but the budget has been adjusted for this. The budget for ACS has been reduced so it will not create surplus.

Mr. Martens: — So the budget has been reduced by how much? (1930)

Hon. Mr. Cunningham: — The overall budget on ACS

has dropped from an actual last year of 33 million down to 24.7 this year, so approximately \$10 million budget overall. Some of that is the interest subsidy which dropped from 6.641 million to 2.461 million. And part of that again is the savings from the livestock cash advance program changes.

Mr. Martens: — So ACS is going to save roughly \$6 million, you said, in the change of the way the bookkeeping is going to be done and as it relates to the payment by producers of the interest on the livestock cash advance.

Hon. Mr. Cunningham: — The savings on the interest subsidy is about 6 million from the budget from last year and about 4 million from the actual from last year.

Mr. Martens: — What's that mean? That \$10 million is a saving? Or is it \$6 million is the saving? Or is it 4 million?

Hon. Mr. Cunningham: — Well the total savings is 10 million. About 4 million of that will be made up of interest subsidy which includes the livestock cash advance changes. Some of it will be made up in loan guarantee defaults, which is mostly the CAFF (counselling and assistance for farmers program) program; a little over a million dollars in administration, and actual increase in the loan losses of \$1 million.

Mr. Martens: — Okay. So that's going to give you a net this year of 3.6. Or is that the 4 million you were talking about on the livestock cash advance? Is that the 4 million on this paper that you gave me?

Hon. Mr. Cunningham: — No, the surplus will come from a combination of all . . . of the whole program. That will be the estimated surplus, will be in ACS after the interest subsidies and so on are paid.

Mr. Martens: — When could I expect these budget numbers for '92-93 that were in Rural Development that . . . they aren't on this paper here. When could I expect them?

Hon. Mr. Cunningham: — We can have those for you tomorrow.

Mr. Martens: — I noticed in your budget book that on various things you had an increase in your administration costs. Administration went up \$35,000; accommodation and central services went up \$300,000; the big jump comes in program delivery of \$4 million — a little over 4 million; land and regulatory management, a million and a quarter; ag policy and planning at \$60,000 increase there, \$40,000 increase. And the first to go down is where the customer gets some service.

Now can you tell me where the increased dollars in administration go?

Hon. Mr. Cunningham: — For instance, the expenditure increase of 34,000 in the administration;

80,000 is for two additional ministerial staff which are required because there is no longer two departments to share staff; the Department of Highways and Transport last year, 30,000 for increased staff and human resources staff to accommodate the expanded portfolio resulting from acquiring programs from Rural Development and Crop Insurance and Ag Credit; 90,000 for contractual services in support of agriculture strategy development and future restructuring; 60,000 transferred from the Ag Development Fund for accounting services. And there were decreases of 500,000 — savings due to elimination of duplication and overlap when the department assumed responsibility for portions of the previous Department of Rural Development.

Mr. Martens: — You mean to tell me that you didn't . . . did you or didn't you take into account the change from the administration in relation to what we have for '93-94 versus '92-93? You did or did not take into consideration the move from a combination of the two departments?

Hon. Mr. Cunningham: — Yes, we did take into account the pieces of the Department of Rural Development that were coming. It's a question of sorting those numbers out of Rural Development. As you know, that department went in several directions. So as best as we could, we have comparable numbers between what would have been those pieces in Rural Development plus what we had in Agriculture.

Mr. Martens: — Well what cost \$4 million more in program delivery?

Hon. Mr. Cunningham: — That 4 million is the compensation fund or the six-year leaseback program.

Mr. Martens: — And that was not included in last year's? Or did it go up?

Hon. Mr. Cunningham: — That's an increase of \$4 million. There was no money spent for leaseback compensation in '92-93.

Mr. Martens: — What do you mean? The leaseback compensation in your leaseback program as it relates not to lands branch, but to the land policy that you established last year?

Hon. Mr. Cunningham: — That is correct.

Mr. Martens: — So \$4 million went into that program, or is anticipated for this year to go into that program?

Hon. Mr. Cunningham: — Is anticipated for this year.

Mr. Martens: — So in land and regulatory management, you're up a million-two, about. How come that's there?

Hon. Mr. Cunningham: — That comes from a 2.4 increase in land costs; from having to make provisions for losses on land sales and bad debts due to changes in the accrual accounting. Previously these items

were not budgeted.

And then we had decreases of 700,000 in savings from reduced land branch administration costs and position reductions; and 500,000 transferred to technical transfer — nine positions worth of transfer.

Mr. Martens: — Would you be able to send a copy of that over, because you've got a whole lot of stuff in that that I don't know whether it's . . . one is related to the other, even. Would you be able to send that over to provide us with that volume dollars difference? The increase in administration was due only to ministerial staff?

Hon. Mr. Cunningham: — No, there were . . . 80,000 was due to ministerial staff; 300,000 from increased senior staff and human resources staff to accommodate the expanded portfolio programs resulting from Rural Development, Crop Insurance, and Ag Credit reporting to the deputy minister. So it was a large increase in the human resources staff; 90,000 funding for contractual services in support of the strategy development; and 60,000 transferred from Ag Development Fund for accounting services.

Mr. Martens: — Under program delivery, the grants for general agriculture interests, what's the format — that's item no. 3 — what's the overview of where that money is going to be spent?

Hon. Mr. Cunningham: — Yes, the list of those grants includes 4-H, field worker program, grants to ADD (agriculture development and diversification district) board, Horse Racing Commission, dairy herd improvement, swine ROP (record of performance), Saskatchewan Livestock Association ROP, miscellaneous grants, Vet College, Sheep Development Board, and SSPCA (Saskatchewan Society for the Prevention of Cruelty to Animals).

Mr. Martens: — Would you be able to provide us with a list of those?

Your feed grain adjustment program of \$68,000 under . . . Your feed grain assistance, isn't that the same as the interim red meat production equalization program?

Hon. Mr. Cunningham: — That is the wind-up of the FeedGAP (feed grain adjustment) program.

Mr. Martens: — Well last year you said you were going to take that money out of the Ag Development Fund. Is that where it came from or is this what's left over from payment out of the Ag Development Fund, or where did you get that from?

(1945)

Hon. Mr. Cunningham: — That money was just voted separately this year to clean up that balance of that program, just some miscellaneous claims coming in.

Mr. Martens: — So was the two and a half million dollars paid out under the Ag Development Fund?

Hon. Mr. Cunningham: — Yes, that was rolled in last year into the budget.

Mr. Martens: — Am I to assume that the two and a half million dollars that you paid out in payments from Ag Development Fund, that this 68,000 would be over and above that?

Hon. Mr. Cunningham: — Yes, that's correct.

Mr. Martens: — I remember that very clearly and I was under the impression that two and a half million dollars would take you to the full year on that payment. However, what it looks like is it's going to be six and a half million dollars that's going to be paid out over the one year. Is that correct?

Hon. Mr. Cunningham: — The total paid out under FeedGAP for '92-93 was \$6.8 million.

Mr. Martens: — The total paid out was \$6.8 million in 1992-93?

Hon. Mr. Cunningham: — That's correct.

Mr. Martens: — Well then, Mr. Minister, where would . . . the estimate is all what that is, eh? That's all that the estimate in the budget last year, that's all that those other numbers are on that other line?

Hon. Mr. Cunningham: — Yes, that's correct.

Mr. Martens: — How many producers were paid out with that \$6.8 million, and what . . . could you tell me the hogs and the beef cattle?

Hon. Mr. Cunningham: — We have the total number of producers for 3,429. The officials are looking for a breakdown. We apparently don't have a breakdown here with us. We'd have to get that for you.

Mr. Martens: — The 3,429 is hogs and cattle?

Hon. Mr. Cunningham: — That's correct, total number of producers.

Mr. Martens: — It's interesting to notice that salaries are up; grants to local authorities, that grant is up; payments to or on behalf of individuals is up over last year. Which ones of those in expense type have you reassessed to include some of those that you've already got in the programs that you've got there or are none of those numbers in there? Would you be able to identify those for me?

Hon. Mr. Cunningham: — These numbers should be consistent with the reorganization. The salaries are three persons in the leaseback which creates that increase. Payments to and on behalf of individuals is made up of the leaseback compensation and interim red meats. And the grants to third party would be basically the rest of the numbers above there, I believe, including about a million, close to \$2 million grants for general agricultural interests.

Mr. Martens: — Thank you, Mr. Minister. I just noticed, Mr. Minister, that you read through a number of items here that led me to believe that you had made a payment to ADD boards — you said that — it's at zero. You said you had made a contribution to SPCA (Society for the Prevention of Cruelty to Animals), and that's at zero. There's also the Sheep Development Board is also at zero. Actually you cut out two of the functions that were there before and included them in the list.

And it's that kind of information, I think, Mr. Minister, that you should be aware of. At least you should be able to tell us the truth here about what's going on. When I ask you a question, I expect a reasonable kind of an answer, and I guess that I'll just leave it go at that, sir.

And I don't think that that's fair to this committee, nor is it fair to the Assembly and nor is it fair to you as a minister to do that sort of thing. And I think that that hinges on being disgusting.

I guess I'd move on to another area that is in the book here and deals with item no. 4 and land and pasture management. You've given me some overview of that. These payments are made to how many employees, and is that taxes . . . is that grants in lieu of taxes as well as the payment to employ staff?

Hon. Mr. Cunningham: — That does not include the taxes which we collect and pay to RMs (rural municipality), but it includes all the . . . I think it's 97 PYs (person-years). It's the community pastures and the management of the Crown land.

Mr. Martens: — So that the management on your PYs went down last year over this year?

Hon. Mr. Cunningham: — Yes, we have a reduction in the number of PYs this year.

Mr. Martens: — By how many?

Hon. Mr. Cunningham: — The decrease is 22.6.

Mr. Martens: — Veterinary services, is that constant? And have there been increases in the fees in relation to veterinary services as it relates to the pastures?

Hon. Mr. Cunningham: — This is the vote for the vet lab; there was no increases in fees.

Mr. Martens: — The dairy lab went down a little bit. Was there a decrease in the PYs in that one too?

Hon. Mr. Cunningham: — There was no decrease in the PYs in the dairy lab.

Mr. Martens: — Well I noticed that you had a 32.9 reduction in . . . I believe it's 32.9 reduction in people employed in the staff in the department — I think that's the number — and you had 22 in land. You had an increase in administration, in PYs? Is that correct? I want to see where we had the decrease.

(2000)

Hon. Mr. Cunningham: — The staff reduction says, as we pointed out earlier, were in lands branch, in ADF (Agriculture Development Fund) and in extension.

Mr. Martens: — How many increase in administration and in your first vote?

Hon. Mr. Cunningham: — The total increase in personnel in administration is 17.6, largely due to . . . or almost totally due to the reorganization; more of the personnel department and so on being done from the department.

Mr. Martens: — Can you give me exact numbers of an increase in PYs in administration, not including your transfer and amalgamation and all of that?

Hon. Mr. Cunningham: — Overall we have a decrease in the whole department of 60 PYs in administration. Because of the reorganization we have an increase of 19.5. So it's people pulled from lands branch collection into administration and those sorts of things. So overall we have a loss, a reduction of 60 PYs in the department. Fairly significant reorganization so it's hard to tell which bodies came from where, but the overall effect of the reorganization was a decrease of 60 positions.

Mr. Martens: — Well that includes grant funded entities. Is that correct?

Hon. Mr. Cunningham: — No, that doesn't include grant funded equities.

Mr. Martens: — Well if you had a reduction of 60 PYs, your department . . . It says the difference in last year to this year is 531 to 498, and you just told me it was 60. Where's the difference?

Hon. Mr. Cunningham: — If you look at page 21 of the *Estimates*, you'll see that the total PYs, '92-93 is 797.1 and in '93-94, 737.1.

Mr. Martens: — Then the difference is the 797 . . . 737 minus the 797. Then what are the numbers below for? What do they indicate? Is that something else besides what you were talking about?

Hon. Mr. Cunningham: — The grant funded entity that's counted there is ACS numbers, so that's the difference. It's the 531 to 498 which is 33 or so in the department and then the balance in ACS.

Mr. Martens: — Okay, so that the amount of money that was . . . no, amount of PYs in ACS was 26.9. Your reduction in ACS was 26.9?

Hon. Mr. Cunningham: — That's correct.

Mr. Martens: — Okay, I'd like to have all of — and I don't know whether you have that information in the material supplied — all of the individuals' names and the location where they were working and the area of responsibility that they had in all of the PYs that were

moved out and those that you moved out and then replaced with someone else. I'd like to have all of those individuals' names and where they worked, if you could do that for us. And I don't know whether you provided that in the material you gave us already.

Hon. Mr. Cunningham: — I'm told by my officials that all that information is in the list. All the terminations and conversions and so on should be listed in the material that you have.

Mr. Martens: — Does the list also include all of the severance that was required to be paid in lieu of those reductions?

Hon. Mr. Cunningham: — Mr. Chair, that information was not requested. We will not have . . . many of the severances are still under negotiation. We would not have a complete list at this time.

Mr. Martens: — Would you provide for me the list of those that you already have?

Hon. Mr. Cunningham: — Yes we can provide that list. We'll have to check with Justice to see if that's information that's personal and releasable or not. But certainly if there's no problem, we can release the list of those that we have.

Mr. Martens: — Well, Mr. Minister, I recall clearly in Crown Corporations Committee, that the Crown Corporations passed a resolution when one individual from SaskTel had on his contract that he would not . . . an agreement was made with SaskTel and the individual who was contracted, that he would not have his severance disclosed. And the committee passed a resolution. Because they have the majority they said, okay, it doesn't matter; the rules on the contract are of no significance, just like you did last year with all the farmers in the province. And they provided that. It was Mr. Coombs from SaskTel. And they provided that. So what would be the difference between doing that with something that you made as a contract versus what somebody else made as a contract?

Hon. Mr. Cunningham: — Mr. Chair, I've no knowledge of the legal obligations to employees as to releasing information of that nature. As I say, if there are no problems with Justice, certainly the Department of Agriculture has no problem with releasing those lists.

Mr. Martens: — Well I'd say that you should be able to provide us with a total volume of dollars on this severance package of the individuals that are there. When it was in your best interests, you and your colleagues, you decided that you thought that that was in your best interests politically to reveal that number. And yet you determined in one place that it's good enough for everybody to know, even though it was a binding contract, and another case you say it's not good enough to know. Which is it?

Hon. Mr. Cunningham: — Mr. Chair, again I'm not saying which it is. I'm saying that I just want to be sure

that it is legal to release that and that that is . . . then we will certainly release it. If the Department of Justice sees no problem with their breach in confidentiality, then the Department of Agriculture has no problem with releasing those. All I'm saying is that we want to check with the Minister of Justice before so doing.

Mr. Martens: — Well, Mr. Minister, apparently Mr. Laidlaw had his information released. And it was made available to the public. And it seems to me it was \$124,000 for 15 months when he wasn't employed. And I would say that somewhere in this budget, you need to identify where that money's going to come from. And where in this budget is that money identified? So that we can see how much it's really going to cost Agriculture to downsize.

Hon. Mr. Cunningham: — The money for severance will be absorbed within our budget. It will probably come from vacant positions and that sort of thing in order to cover the severance. It's impossible to know what those severances will be, with negotiations. Many employees have bumping rights. That takes a fair bit of time for that to work itself through the system and then severances are negotiated after that.

Mr. Martens: — Well if there were 60 people who had severance requirements and if the average salary is 50,000, that's \$3 million. Which department is going to get the cost implication of that severance?

(2015)

Hon. Mr. Cunningham: — Again, Mr. Chairman, most of the employees will bump into other jobs. The severance will not and may not be settled for some time. So the department will absorb them probably through vacancies and that sort of thing.

Mr. Martens: — Well, Mr. Minister, that isn't good enough because I know in ACS that you moved out a considerable amount of people out of head office, and those head office employees are going to cost you significantly more money than 50,000, one annual salary. I know that. You need to have a significant amount of money put aside in order to have that, what I calculate it at, \$3 million, and that isn't even . . . that's a conservative estimate of the volume of dollars of severance.

One of those individuals had been there for 22 years, and you're going to have a good deal of severance to pay for that individual. I think that you need to have a serious look at where you're going to get this money from because one of these areas is going to have a serious cut-back in the volume of dollars that it's going to have for its various functions. So what we have here is not a real number. And that's what I'm concerned about. Which one of these are going to get hit when it comes to paying the severance out?

Hon. Mr. Cunningham: — The severance for out-of-scope employees is not budgeted in ACS. That would be budgeted . . . picked up by the Department of Finance and the government as a whole.

Mr. Martens: — Okay, so out of scope . . . how many out-of-scope employees were there and how many in-scope employees were relieved of their responsibilities?

Hon. Mr. Cunningham: — There were 19 out-of-scope employees in the ACS and the department.

Mr. Martens: — So there were 40 in-scope people, is that correct?

Hon. Mr. Cunningham: — There were 41 in scope and 19 out of scope from the department and ACS.

Mr. Martens: — Well I just calculated the increase in the estimates from last year to the estimates this year on all of those areas that deal with administration — on administration, accommodation and central services, program delivery, land and regulatory management, policy and planning — and that's 5.461 million more this year than last year. And is that where you're going to get the in-scope money from? Or is it going to be out of the Ag Development Fund like you did last year with the red meat plan that you had? Or where is it going to come from?

Hon. Mr. Cunningham: — The increase in administration again is due to reorganization or picking up pieces of administration in different departments and putting them into one. Again the in-scope employees all have bumping rights and severance will be very limited for those employees.

Mr. Martens: — Why will it be limited?

Hon. Mr. Cunningham: — Because if they bump into positions with very junior people in them, then severance is very small; if they bump into positions that were vacant or open, then there's no severance.

Mr. Martens: — Okay. How many of these 41 were real people, then?

Hon. Mr. Cunningham: — We don't know until the bumping process is complete, but very, very few of the in-scope people will actually be out of a job. Some of them bumped into other departments into vacant positions and . . . So there will be very few of the in-scope people who are actually eligible for severance packages.

Mr. Martens: — You didn't answer my question. How many real people lost their jobs? How many were there that don't . . . I don't want to have those where you moved them into a position where there was no one there, but I want to know how many people you really moved out? Is it 41? Or is it 5? Or is it 10?

Hon. Mr. Cunningham: — Of the in-scope people in the ACS, there were vacancies in ACS, so they didn't lose any bodies out of ACS. There are only — they tell me — two or three who are still . . . have not yet bumped back into the service somewhere that were in-scope employees that were let go from the department.

Mr. Martens: — So that if I was to interpret all of that, I would say that less than five people have actually lost their job when you're talking 41 in the book here. Is that right?

Hon. Mr. Cunningham: — That is correct. Because over the last year as we looked forward to reorganization, we did not fill vacancies and we tried to protect the people in scope who had . . . not put them out of a job completely, so that's correct. Almost all of them have or will be bumped back into service somewhere in government.

Mr. Martens: — What about the 19 individuals who were out of scope?

Hon. Mr. Cunningham: — Of the 19 out of scope, 10 were vacant, 9 people actually lost their job from that.

Mr. Martens: — So when you're talking about 60 people losing their job in this budget, you really only have less than . . . well about 12 or 13 altogether, is that correct?

Hon. Mr. Cunningham: — Yes, that is correct. I think that's because the vacancies were not filled and people took early retirement and so on. We did not fill vacancies as we attempted to cushion the blow of the downsizing that we did.

Mr. Martens: — Did you take in any other employees from any other department as a part of this transfer of people moving back and forth? Have you taken any in from any other department that would have been, as you suggested . . . for example, you had people moving around in the department. Did they move to another department of government from the Department of Agriculture or ACS or Crop Insurance? Did they move to another area of government? Is that what they did for bumping?

Hon. Mr. Cunningham: — There were four people from our department who bumped into other departments. We did not get any other people other than the Rural Development people coming in which were calculated into the numbers.

Mr. Neudorf: — Thank you very much, Mr. Chairman. Mr. Minister, I want to get into a few different topics. A couple of topics that I want to pursue a little bit, and one of the objectives that I will have in mind while I'm doing this is not just the pertinent information as such but rather hopefully be able to explore some of the philosophy that you may have as Minister of Agriculture of the province of Saskatchewan that holds half the productive farm land in Canada, and perhaps therein be able to determine some rationale in the direction that your government has been moving over the last while in so far as its impact on the agricultural scene is concerned.

My first topic that I want to pursue a little bit is that of the rural service centres. The rural service centres have been dramatically reduced, Mr. Minister, and when you get up, I'd like you to tell how many there

were originally; how many there are now, which means of course, how many were closed. And what I would like you to do, Mr. Minister, is indicate to me why these rural service centres that were closed in fact were closed. If you could just give me your idea and your thoughts on that.

(2030)

Hon. Mr. Cunningham: — Mr. Chairman, there were, I think, originally designed to be 52. I don't have the number here. I think it was around 50 that were opened. There were 52 opened; 9 were closed. This was again part of budget restraint. We reduced the number of service centres. A couple of principles that we tried to bear in mind when we were doing this was accessibility and service from other areas, looking at a map.

We were also trying to bring as many as possible services under one roof. I think that was the original intent, and the member opposite will know when the rural service centres were begun was to bring sort of a single window in rural Saskatchewan to government. And we are attempting to do that, and so where we had rural service centres with, for example, only ACS or only Crop Insurance, we attempted to move more of the services under one roof because, for one thing, that saves us money as a government. It's administratively cheaper to function with three or four functions in one office, and we feel it's a better service to rural customers to have more services under one roof.

Mr. Neudorf: — Mr. Minister, there was \$5.461 million more in administration. You're talking about reducing the amount of administrative expenditures.

You also talk about you wanted to bring as much of them as possible under one roof. Well the whole concept of a rural service centre was one-stop shopping for farmers. Now I suppose if you want to conclude or bring your rationale to a logical conclusion, why don't you bring everything into the Scott Building here in Regina and have it under one roof? You talk about accessibility and that is precisely what farmers need in these days.

Now specifically what I want to do is turn the attention to the rural service centre that was closed in Rosthern. And your official was very quick with his paper there, anticipating my direction. Could you indicate to me, Mr. Minister, the utilization rate of the rural service centre in Rosthern. Surely you have a criteria upon which you based the closure of these nine in terms of their impact, their need as such. So I'd be interested in knowing the utilization rate within the Rosthern centre.

Hon. Mr. Cunningham: — As the member opposite said, the original thrust of the rural service centre was to provide a one-stop service for farmers. The one at Rosthern, the rural service centre there had only an extension agrologist. It was geographically located on a map in such a way that we felt it could be serviced reasonably well from other areas. And that was the

basis for the decision to close that particular rural service centre.

We do not have . . . we do not keep records of utilization at rural service centres. Possibly we should, but we don't have a record of client utilization. With an extension agrologist, a lot of the work, at least we hope, will be out from the rural service centre contacting farmers on their farms and at field days and so on. So it's very difficult to get a picture of utilization of a service. We just don't have any accurate count of that.

Mr. Neudorf: — I'm kind of surprised at that, Mr. Minister, that you would choose to close down a centre like Rosthern. I will come back a little bit to that particular one.

But you mention the extension agrologist, who happened to be Leroy Bader. Could you indicate to me his status with the department right now, whether he's still working for the department, whether it's going to be long term or just short term. Answer that first and we'll go on from there.

Hon. Mr. Cunningham: — Mr. Chairman, that individual has exercised his bumping rights and has a permanent position in Regina at this time.

Mr. Neudorf: — Mr. Minister, we have the Rosthern area which is the valley, so-called valley area of Saskatchewan. It's got one of the most intensive livestock, agriculturally speaking, areas of Saskatchewan. As a matter of fact, my constituency has almost a third of all of the dairy farms in Saskatchewan within it.

We have a large, large number of hog farmers, lots of livestock, grain of all types. And if there is an area in Saskatchewan that has the need of an agrologist, even if it's an extension agrologist as you call him, surely it's got to be Rosthern.

Now you claim that it can easily be accessed . . . or those services can easily be accessed. But, Mr. Minister, you surely can appreciate what a position like this means for, not just the farmers of Rosthern but the community of Rosthern itself. Because we're not talking only about the salaries given to the secretary — or secretaries — and to Leroy himself, but we're talking about the impact of causing and forcing farmers to leave Rosthern, to leave Hague, to leave Waldheim, not come into that valley area to do their business. But you're suggesting now that they go to Prince Albert or to Saskatoon to see that extension agrologist. Can you see the impact that that is going to have on a community like that? Was that taken into consideration?

Hon. Mr. Cunningham: — Well certainly it's taken into consideration. And it's a concern of ours. It's the argument, I guess, you could have for opening service centres in every community because it would help with the economic development of the community.

We were faced with a very tight budget and changing

technology and ability to service wider areas, and faced with some tough choices. And we just feel that we can reasonably provide service to the Rosthern area from our revamped organization. It certainly wasn't a choice that we would have made had we not had some budgetary pressures. But certainly there are arguments to be made for all the rural service centres and in fact arguments for many communities who would like new rural service centres built. But it's a decision that you make on the basis resources you have available to you and the practicality of delivering service the best way you can with the dollars you have to deliver it with.

Mr. Neudorf: — Well let me assure you, Mr. Minister, the people of Rosthern and surrounding communities agree with you, but they do not agree with that decision. They do not.

Now you mentioned before that there were nine of these centres that have closed. How many of those agrologists — or whoever was in charge, along with secretarial help — how many jobs were lost with the closing of those nine centres?

Hon. Mr. Cunningham: — In regards to the agrologists in those centres, all the agrologists have bumped in elsewhere and have maintained employment.

Mr. Neudorf: — Well by bumping somebody's at the lowest end of the rung. How many jobs were lost as a result of the bumping process?

Hon. Mr. Cunningham: — In those nine centres there were five agrologists. None of the agrologists have lost jobs. They've all bumped into vacant positions and therefore are still all employed.

Mr. Neudorf: — I guess we're back where we were before I asked that last question. You didn't answer my question, Mr. Minister, and I think I can understand why. What were the savings to your department with the closure of these nine centres?

Hon. Mr. Cunningham: — \$1.1 million was the savings from the closure.

Mr. Neudorf: — Now if it saves \$1.1 million, is that just to your department or does that take into effect that those folks are still employed? You just told me that nobody lost their job. So where do these savings come from? Could you explain that?

Hon. Mr. Cunningham: — Well the savings come by not filling vacancies elsewhere. So if they're . . . There are several ways to approach downsizing. We could just leave vacant the positions that come open because of attrition, or we can reorganize and pick the centres where we feel best need to be serviced, and service it in a rational manner. And that's the choice we picked.

Mr. Neudorf: — Could you indicate to me what the terms of lease in the Rosthern Rural Service Centre was. Surely you must have leased that building for a

certain length of time. And I doubt if it would be coincidental that that lease would be up at the same time that your department closed that centre. What are the terms?

Hon. Mr. Cunningham: — The lease terms is . . . lease cost was \$21,540 per year, and it expires on October 31, 1995.

Mr. Neudorf: — So, Mr. Minister, what are you going to be doing with that \$21,000 till '95? Is that going to be paid out? Was this calculated into your so-called savings?

Hon. Mr. Cunningham: — As the member opposite probably knows, SPMC (Saskatchewan Property Management Corporation) is in charge of service centres. We no longer pay the rent. They will hopefully find a new client for the building and recoup the rent in that manner.

Mr. Neudorf: — In other words what you're telling me is you're operating on a wing and a prayer. Hopefully somebody will come in and pick it up. And you're washing your hands as far as the Department of Agriculture is concerned in saying whoop-de-do, we're saving a lot of money here. But you've just confessed here that the lease payments are going to have to be made until October 1995, and that's dead money, Mr. Minister. Now maybe not coming out of your department directly, and some of those agrologists may not be being funded out of your department directly now. You have not committed to that so I don't know where they are.

So all of these things, when you tell me that you're saving \$1.1 million, but you're telling me now is that that is already deducting those extraneous costs that I've just mentioned as a couple of examples. Those have already been deducted from 1.6, or whatever it may have been, and you're saying when you deduct those, you're left with 1.1, or do we still have to deduct those from 1.1? Even if not from your department, but certainly from the government and the Saskatchewan taxpayer.

Hon. Mr. Cunningham: — That may be true if SPMC is not able to release or renegotiate some of these leases. Rosthern, just as an example, we saved \$75,641 on salaries, 16,000 on other expenses, and \$21,540 on the lease fee which as the member opposite . . . is savings from us that would be going to SPMC and may have to be picked up elsewhere in government if they do not find a lease. So certainly they would, at some rate, should find a tenant, so certainly one would not expect that the whole \$21,000 would become an expense of government.

Mr. Neudorf: — Well, Mr. Minister, all I can say is this, like so many of the other things that you are doing, is counter-productive as a government. And that 1.1, I would suggest to you, is a very, very forgiving, gracious number. And I think if the bottom line was really known, it would be substantially less than that because a lot of this transfer no doubt is part of that \$5.461 million that we identified as an increase

in administration within the Department of Agriculture.

I want to go on to another topic now, Mr. Minister, and that is on page 22 of Agriculture and Food, vote 1: the feed grain adjustment program and the interim red meat production equalization program. Now the way the book indicates is that \$68,000 was all that was spent or is anticipated to be spent in '93-94 under the feed grain adjustment program, down from \$5.7 million, and I can see why that would be, simply because the program came at an end. Were there some payments still made under the feed grain adjustment program in 1993, or is that what that 68 stands for?

(2045)

Hon. Mr. Cunningham: — The 68 will be in '93-94 year. That would be clean-up payments for the old program, and \$4 million under the IRMPEP (interim red meat production equalization program) program.

Mr. Martens: — But that 68 would still refer back then to the '92 year as such, and your payments are being made in '93 to accommodate that? Is that correct?

Hon. Mr. Cunningham: — That's correct, on the '93-94 fiscal year. This is just payments made that are clean-up payments that weren't applied for or whatever hold-up there was.

Mr. Martens: — Okay, thank you, Mr. Minister. Under the present system of the interim red meat production equalization program, in that '93-94, the estimate is going to be \$4 million. Now that's substantially less than the previous program. I wonder if you could break down for me which category, whether it be in the sheep and lamb industry, in the hog industry, or in the beef industry, what the proportion is that each of those is now going to be receiving less than under the FeedGAP adjustment program itself?

Hon. Mr. Cunningham: — The reason for that number being less is that this program, as you know, was brought in as an interim payment, ends on September 30. So it's not the rates that create less, it's the fact that it's only for part of a year that's budgeted and therefore the lower number.

Mr. Martens: — Good, I appreciate that, Mr. Minister. But at the same time I want to get back to the premise that I was trying to establish, and that is what is the proportion given to each of the livestock industry? And I want to see what percentage decrease each of them had.

Hon. Mr. Cunningham: — We don't have the breakdown here for the difference. We have the rates for each, you know, so much per pound or whatever, but we do not have the breakdown here. We can get those for the member as soon as possible.

Mr. Martens: — But if you have, Mr. Minister, the rates per pound for each, then you have the

difference, because you know what it was under the old FeedGAP program. And all I'm asking now is . . . I'll give you an example. Are the sheep getting still the same per pound as they were under the old program? Is the cattle industry still getting the same per pound? And the hog industry — we know they're not getting the same amount per pound — how much less? That's what I'm getting at.

Hon. Mr. Cunningham: — I have the numbers for the present program; the only thing I'm missing is the comparison for the FeedGAP program. It's three and a half cents per pound again for heifers, steers; 1.6 cents for hogs; and 1.8 cents for sheep. But I don't have . . . unless the member opposite has the . . . remembers the numbers from the previous program, I don't have those here either.

Mr. Neudorf: — Mr. Minister, in round figures . . . and I don't have them either, that's why I was trying to get . . . but I'll take your commitment that you will supply them for me. I know it's a policy that's well known, I just don't have them with me. But for tomorrow I may pursue this further.

I'm going to make this statement, and you can correct me if I'm wrong. Cattle substantially had no change, sheep also. Hogs have a 30 per cent reduction in the amount paid out to them. Would you indicate to me whether I'm right or wrong or within the ballpark.

Hon. Mr. Cunningham: — We believe you're in the ballpark, but none of the officials here have those numbers at their fingertips.

Mr. Neudorf: — All right, thank you, Mr. Minister. We'll leave that for now. What I'm getting at is this: my initial statement was that I wanted you to be able to express some of your philosophy to me, and this will supply me and indicate . . . perhaps alleviate some of the concern that I have as far as the red meat industry is concerned.

If the cattle were essentially the same, why and what rationale was followed, to reduce proportionately that that was available to the hog industry? Why was the hog industry penalized as opposed to the cattle industry, moving from the FeedGAP program into the interim red meat stabilization equalization program?

Hon. Mr. Cunningham: — As I've indicated, we don't have those exact numbers. I take the member's word that the proportionate decrease was greater with hogs; I believe the member's right on that.

I guess part of the philosophy for this program has been to maintain the industry in Saskatchewan and the jobs and the spin-off that goes with it and that — although I wasn't minister at the time that program was implemented — may have had something to do with the economics of the industry at the time, or up to present time.

We don't believe that this is the . . . probably the correct method to stimulate the industry. We are largely competing with Alberta attempting to buy our

industry and so that may have had some influence, the economics of hog production versus beef production, and the effect of lower rates on maintaining the industry within the province.

Mr. Neudorf: — Wow, talk about going around in full circle. I couldn't follow the machinations that you were treading and the circuitous route that you took to get to what conclusion I don't know.

You were saying: I guess, this may . . . Mr. Minister, you have basically devastated a good chunk of the hog industry. And you're saying that you did that — and I wrote the word down — to "maintain" and enhance the hog industry. That's what you just said.

And I'm asking you, Mr. Minister, how do you even remotely suggest that you're doing something to help maintain the hog industry by removing 25 to 30 per cent of what they were getting before you tampered with the FeedGAP program? I don't understand your rationale there, Mr. Minister.

You talk about competing with Alberta and the Crow offset that they've got. It used to be \$21 a ton. What is it now? It's been reduced substantially; but essentially in Saskatchewan it's been taken away completely. Well if you're talking about us having to compete with Alberta, and I know your famous line is that we can't afford to compete with them . . . And that effect is being felt in our cattle and feeding industry as well, there's no doubt about that.

But my concern is again the reduction that has occurred in the hog industry. And as a matter of fact, unsolicited over the supper hour, a hog producer called me up and said, what's going on in the hog industry? Well I said, the prices aren't too bad, they're around 65, give or take, right now. That's low, because the industry's had up to \$1.06 at its highest, but most of them are still making a little bit of money. But that's not because of the price of the product, that's because of one farmer's gain is another one's pain. And while the barley producer has been experiencing and is experiencing pain, the hog producer and the feeding industry of course is reaping the benefit for it. So even if they can make a little bit of money at 65 cents a pound, that's only because of the input costs being lower. And there's a very, very thin, thin line that is being experienced by many producers out there.

And you say one of your objectives is to maintain and enhance the feeding industry. Well, Mr. Minister, what this fellow told me over the phone is that right now we're going to be getting 17 to \$19 less — these are his calculations and we can argue about the details — he's going to be getting 17 to \$19 less per animal than he did in '92, thanks to your programs, thanks to your concern about maintaining the feeding industry. His calculations are that because the hog industry has been hardest hit in deleting the FeedGAP program, that's \$4 per hog per quarter; two and a half dollars per hog on the cash advance. And we'll come to that in a little bit. Ninety cents to a dollar per pig, per hog, simply because your increases in power, your

increases in utility rates, are a large, large component of any intensive livestock industry. Now these are all of the negatives that you've thrown at the farmers all in one shot, and you say you are concerned about maintaining and enhancing the industry. And I along with many other producers in the province are failing to see how you are even attempting to support the industry at all.

My question to you, Mr. Minister, is on the cash advance. Now the cash advance in all of the industries, I think, were \$25 per beef animal and \$3 per hog. And I think it was the same for lambs, although it may have been 2 — I'm not quite sure — but essentially that was the cash advance with a small deductible.

Now a lot of the farmers who accessed that program took that money, not just to support debts accrued already, but rather to make expansions on the hope that they would be able to expand and become a more viable part of the industry. Now what you are doing is saying that cash advance is no longer going to be available to you; you have to pay it back.

And what amazes me to no end, Mr. Minister, is while you are trying to maintain this industry, which has got . . . particularly the hog industry which has got — and I watch what I say because a lot of my colleagues are in the beef industry . . . but one poor, lonely sow that costs you about 3, \$400 to produce, will in an average year produce 20 piglets. Now if those 20 piglets are each worth \$125, you can see that we get very, very close to 21, \$2,400 produced by that one animal.

And when you take . . . not a steer, but I guess when you take a cow, a beef cow, she's going to have one offspring that at the end of the year is going to be worth \$700. So you can see when you start taking a look at the capitalization needed in the hog industry and the returns and the multiplier effect, it's just particularly phenomenal — it is phenomenal.

Now when every time you put another handicap in the way of these producers it just short-circuits the entire system and people at Intercon and so on, all through the system, are in jeopardy of losing their jobs. So if you're going to tell me now that the cash advance has to be repaid . . . and I understand that that has to be repaid in five years, it's got to be repaid by that time. Am I correct on that? Yes, he nods in agreement to that, that the five-year . . . it's a five-year term, you have to repay it. But at the same time you are charging them, the producer who cannot repay that, prime plus 2 per cent — prime plus two.

What do you get your money for, Mr. Minister? Why would you charge prime plus two and make money on the backs of the farmers who are trying to survive and trying to increase the viability of their operation? Could you answer that?

Hon. Mr. Cunningham: — Mr. Chairman, the member opposite asked a lot of questions and made a lot of statements. I guess in respect to the hog industry, we certainly believe that it is a viable industry and that

it is one of the great industries of the future for this province. The hog numbers are estimated to be up again this year substantially. They've been increasing for a couple of years rather substantially.

(2100)

We have in Saskatchewan, we have the lowest cost of production of anybody in Canada for hog production. We've got low cost, as the member pointed out, at the expense of grain producers perhaps, but we have low cost, high quality, and good quantity of feed grains. We've got the capacity here that markets apparently are available. SPI (Saskatchewan Pork Industry) is telling us that they can market more hogs than we're now producing. So I think the outlook for the industry certainly looks bright. I think, as their cousins in Alberta have done, is attempt to buy industry and to build industry on subsidies, I think that would do our producers a disservice if we attempt to subsidize industry and build up industries based on subsidies that we can't afford to sustain when at some point in the future we have to withdraw those subsidies because we can no longer afford them.

We will, as I'm sure Alberta will soon find — they are known at the Ag ministers meetings as the EC (European Community) of North America — I think they will soon hit the same wall that we have in terms of ability to borrow money.

As for the livestock advances, yes we're asking them to be repaid. Those advances were let out at times when they were very tough for the livestock industry. And now, as the member points out, certainly not rolling in gravy, but the livestock prices are somewhat reasonable and I think the \$100 million of taxpayers' money that's out there, we're asking to be repaid.

Prime plus two is a commercial lending rate. I don't know what we borrow our money at these days as the province of Saskatchewan. As you probably know our credit rating is not all that great, so I think it's certainly not at a great profit that we are lending money at prime plus two.

Mr. Neudorf: — You see, Mr. Minister, there you go again. I think, I don't know — those were your concluding comments. You're going by a wing and a prayer here again — I don't think it's high, I think it's low, I'm not quite sure.

Prime plus two is a high rate to pay. I don't pay that much. So why are you asking the farmers that are in dire straits already, even if you're going to be asking them to repay it over a five-year period of time? I think the interest rate should be more reasonable than the prime plus two. You're making money on it. I'm sure you are. You're making your money on the backs of the farmers.

We could get into a discussion, I suppose, on subsidies and so on, but there's not much point in doing that because essentially and fundamentally I probably agree with you, that the worst thing that has hit the farming industry throughout the world has

been this gigantic monstrosity of the subsidy wars. And we all know where that has led, and that's not the direction to go.

And while it may be fair for us to be without sin by having no subsidies whatever, we still have to be realistic, Mr. Minister. If the others are going to be playing a subsidy game, you cannot just stand in an ivory tower and say our hands are clean, we have no sin along that line, because there still has to be the semblance of a level playing-field.

That's all we're asking, otherwise we're going to have the cattle, the feeding industry, going down South or going into Alberta. And the only reason the hog industry isn't following suit, quite frankly, Mr. Minister, is because it's extremely difficult to dig up the pits and move them into Alberta. So I mean that's a handicap that those kinds of producers are experiencing.

One further area that I want to cover, Mr. Minister, and that is on page 25, under vote 1, part 8, and there's a sub-program there, tripartite stabilization. Now some of my colleagues may want to get into that a little bit as well, but here I want you to expound your philosophy, your outlook, your vision as Minister of Agriculture in Saskatchewan of what you see in store in so far as tripartite is concerned.

Now I know at the annual meeting, for example, of SPI, the indication was made there that maybe it's time to pull out completely. You could pull out completely, and I think you would have some support for that.

But what do you see then — let's assume now that you're going to get up and agree with me, that you're looking at it, that in a year's time or so on, we're going to be out of tripartite — what do you see as an alternative? What do you see as an alternative for that approach? Is NISA (net income stabilization account) a route, for example, that you would be looking at, and if so, what have you got in mind along that line? Just show me some of the vision that you have in the long term.

Hon. Mr. Cunningham: — The member makes a good point. I think the member knows that tripartite for both beef and hogs is up for renegotiation at the end of 1995. Some of the livestock groups are showing some concern about possible trade embargoes. The federal government and others are suggesting that NISA or some enhanced NISA should be the replacement for tripartite.

I think as the province of Saskatchewan, we agree that we need some farm programs that are less distorting of production, that are more whole farm. I think we can agree with most of the provinces and the federal government on that issue. I think we tend to be concerned that there are still some safety nets in place that will, although maybe not be an income support, would act as safety nets for tough times.

I think if you fill a feed lot or a hog barn full of feeder

pigs or feeder cattle and the price drops 20 cents a pound, that a NISA account is not going to be adequate. It certainly is not . . . You know, if you have a whole-farm NISA it takes away the distortion and it's whole farm. It may be less of a problem in the area of trade, but certainly Saskatchewan is not in a position to abandon our farmers. There are safety nets that we feel that we need.

As you know, we have been talking to farmers about that this winter. We have a Farm Support Review Committee who is wrestling with these very problems and have just very recently given me an interim report which I think says that, that they are concerned and that they are in agreement that we need to move to more whole farms so that we don't have programs such as GRIP that distort production on the farm, but that we do need some safety nets in place, also that we need national programs which means it's a matter of negotiations between ourselves and the federal government. And I think we will be moving very quickly on those negotiations — Ag ministers meeting in July — so certainly we're talking to other provinces and the federal government as to just what would replace tripartite if indeed producers would want to get out of it.

Mr. Muirhead: — Thank you, Mr. Chairman. Mr. Minister, I have a few questions I want to ask you — kind of put a scattering of questions through of Agriculture, ACS, and Crop Insurance. I just want to make a couple of remarks first, Mr. Minister.

I think we've only asked you questions about two or three different times in question period this year and you seem to be quite disturbed, that we should have been asking you more questions. So now we're here and we may be here for a good long time because we have lots of questions to ask you. But I guess the reason agriculture wasn't of the importance, there was something far more important happened to rural Saskatchewan, and naturally our question periods were . . .

And as you know, I was away a lot with my health, but I could see and watched almost every question period. Closing of rural hospitals — I didn't see you as Minister of Agriculture standing up trying to protect rural Saskatchewan. Now they're going to close three schools in my riding this year, and they're going to maybe change the boundary lines. All these things affect agriculture. So naturally we had to go on questions in that manner, Mr. Minister.

But I have a series of questions that I want to ask you here. First, something I heard on the news tonight. They've increased the freight rates and it's going to be a heavy cost on farmers. I'm wondering what your Department of Agriculture is doing about it or what requests are you . . . what are you doing about it, or have you done anything?

Hon. Mr. Cunningham: — To start with, Mr. Chairman, I was feeling a bit neglected with the lack of questions but I assure the member opposite that I no longer feel that way and if he were to quit early tonight

I would not be greatly insulted.

The increase in the freight rate, as the member opposite knows, is a result of a 10 per cent cut to the Crow benefit that was announced in December by the federal Finance minister. We certainly have expressed our concern at that. We have talked to and tried to join with farm organizations in getting the federal government to change their mind about that cut.

We felt it's some \$40 million to Saskatchewan which is certainly not acceptable to our grains and oil-seed producers at this time. But it is federal jurisdiction and in the final analysis, barring persuasion of the federal government to change their mind, we have little, little that we can do to protect our farmers.

Mr. Muirhead: — Mr. Chairman, thank you. Mr. Minister, that's exactly what I knew you'd come back to say: it's entirely federal, which you're right. But when we were over there and you were over here, every time anything happened, you were always saying, why aren't you down to Ottawa fighting for farmers? Now I don't see you . . . just because you haven't been successful for a year and a half, there's no reason why you can't keep on trying.

At least you could let the farmers in Saskatchewan know. I'd like to see a headline in the paper where you've been saying what you're telling me publicly. Have you got some information that you could give the opposition so we can get it out to Saskatchewan farmers, where you have made requests about this situation? Have you got anything you could show us?

Hon. Mr. Cunningham: — We certainly can produce some press releases and letters that I have written to the federal minister. In fact we've had a good deal of discussion with the minister, particularly Mr. Mayer, the newest minister. In fact last time I talked to Mr. Mayer, he said he recognized my voice as soon as I said hello. I'm getting to be his worst nightmare, I think.

Talking on issues, we have made some headway, in all fairness. We have made headway in some areas, quality factor adjustment and so on, and crop insurance. And I'm going to be meeting with Mr. Mayer this Friday in Winnipeg again and I'll bring the subject up again. We just have not been able to come to any agreement with the federal government on this particular issue.

Mr. Muirhead: — Thank you, Mr. Minister. I understand. I understand what caused the increase. So would you commit to have any letters or . . . I know you can't give us a conversation on a telephone, but maybe just a memo of days you did call them, and any letters that you wrote or any answers you got back. Would you commit that, Mr. Minister, then we'll get off this subject?

Hon. Mr. Cunningham: — Certainly will. We'll give all the correspondence we have with regard to Crow.

Mr. Muirhead: — Thank you very much, Mr. Minister.

I'd just like to ask a few quick questions here. How many total farmers are there in Saskatchewan now?

Hon. Mr. Cunningham: — Approximately 60,000.

Mr. Muirhead: — You're saying 60,000 farmers. How many with quota books? Because I'm saying total farmers. I'm talking about total farmers. There should be statistics that you should know at all times, or your officials should know how many farmers. Because a lot of them are cattlemen and small farmers who don't have any quota books. How many total farmers? And then how many farmers with quota books?

Hon. Mr. Cunningham: — Sixty thousand is the census farms, includes all farmers, livestock, with and without quota books. We don't have a number for farmers with quota books. It's very difficult. I suppose we could get the number of quota books. But many farms have three and four quota books, and so it's very difficult to get an exact number of farmers with quota books.

Mr. Muirhead: — So you're saying that total of 60,000 included all farmers whether they're a 10-acre farmer or 50 acres or with or without a quota book. And I understand the difficulty in coming down to how many farmers are grain farmers with quota books because there can be two or more on one farm and what not. But is there any way of getting hold of those statistics? Somebody must be doing statistics on such a matter as that.

I know they were available before, but I don't know whether somebody still can come up with those statistics or not. Is there any way you can do it? Give us a breakdown of exactly . . . this is what I'd like to know, I'd like to have it on the record. And if they can't do it now tonight, that's not a problem. Some of these questions I'd just like you to take . . . if it's just for time's sake, if it's possible to maybe get us the answers. I think it's important to know these things.

How many farmers actually have quota books? And also farm families — how many farm families have quota books? Because that's the biggest part of our farm debt is farmers with quota books.

Hon. Mr. Cunningham: — Certainly we can try to get those numbers. I think we can pull them out reasonably close. We have breakdowns as to, you know, the number with 25,000 crossing over, and I think we can get a pretty good handle on the number of grain farmers or mixed farmers with quota books. We'll get that number for you. It may be a little difficult to get it dead accurate. We can get, like, the number of census farms, 60,840 — we know exactly that number — but when you break it down from there, there's some guessing involved. But we can get you an approximate number.

(2115)

Mr. Muirhead: — Okay, what I would like to have . . . Thank you, Mr. Minister. What I'd like to have is, of those questions that I asked you . . . (inaudible)

interjection) . . . you'll be able to read in *Hansard*, you'll be able to read that in *Hansard*, the exact questions that I asked.

So what I'd like to know is, of those, of each number that there were in December 31, 1991, and then . . . I know you can only do an average on it because I know it would be pretty near impossible to come down to the number. That's all I'm asking for is what your department's coming up.

Because these are the kinds of questions used to be asked our minister of Agriculture, and I know they had to go back and do quite a bit of work to get it. And I'd like to have what it was five years ago and ten years ago. There must be statistics to show all that. Can you do that, Mr. Minister?

Hon. Mr. Cunningham: — Yes, we certainly will. And we have statistics and graphs on the number of census farms certainly, and we can attempt to break those numbers down into grain farms or farms with quota books if that's how you desire to see it. And I think we certainly will do our very best to get those numbers for you.

Mr. Muirhead: — Mr. Minister, just so we can move along here quickly, I would say that the most farm . . . I know I was involved with constituents back as far as '82-83 on farm debt, but there wasn't many actually being moved off the farms. But I think the most has happened in the five years. So I wonder if your officials have a figure of how many farmers have completely lost their farms and have moved off.

Hon. Mr. Cunningham: — What again I can give you is the . . . We have from the '86 census to the '91 census, 2,591 less farms. And again, those are census farms, and some bankruptcies, some lost their land, many we don't really know the reason. Certainly they came upon hard financial times and just quit, or whether they quit because they retired. Very difficult to get . . . we can get the number of bankruptcies for you but that's really not . . . I don't think you would agree that doesn't really give you the number of farmers who left because of financial difficulties.

Mr. Muirhead: — Thank you, Mr. Minister. Maybe we could break it down this way. If we could get the information on . . . there should be information breaking it down, normal retirement and bankruptcies. You should be able to get the figure on bankruptcy and farmers that just lost their land. There must be some kind of statistics on this. If you could perhaps come up with those figures, or try?

Hon. Mr. Cunningham: — We can attempt to get those numbers. We can give you the number of farmers who received a foreclosure notice, which is a fairly good indicator, and we can give you the number of bankruptcies. I don't know if we can break down the numbers between normal retirements and people who left because of better opportunities over some financial pressure, whatever, but we'll do our best to break those down for you.

Mr. Muirhead: — Mr. Chairman, thanks, Mr. Minister. I understand difficulty in the questions I'm asking. I'm just asking a few highlights of these questions and it may affect the questions that I'll want to ask when we come back onto estimates again, when I get your answers.

I know that the big . . . we haven't touched the big farm problem here, by saying how many people lost their farm and bankruptcies, how many retired, and how many farmers maybe just quit and went away, you don't know. The big one is, that shouldn't be hard for you to answer, your officials should know this one, is how many farmers lost their land and leased that land back? That should be a figure you should know. That's a very important figure, because that's the big number. We can say we have 2,000 less farmers, or 3,000, but the big figure is, how many people lost their land and are leasing it back for a short term?

Hon. Mr. Cunningham: — We have approximately 3,000 farmers who are on leaseback now from lenders — some or all of their land is being leased back which is held by lending institutions.

Mr. Muirhead: — Would you have a breakdown on how many maybe lost . . . Does that include farmers that lost some land and leased it back, or does that give you the figure they lost it all and leased it back? Because we have lots of farmers that have still, maybe lost half their land and leased it back. Do you have that breakdown?

Hon. Mr. Cunningham: — We don't have the breakdown on that and I don't believe we can get that. Private lenders will probably not give us that. We can attempt to get it, but that 3,000 includes the people who are renting some of it and all of it, and we don't really know the breakdown. We may attempt to get that number for you, but we don't know that we have it anywhere.

Mr. Muirhead: — Mr. Minister, you should be able to get those figures from the boards. Farm Debt Review Board, Farm Land Security Board, mediation services, some or other should be able to come up with all those figures. They should know right to the farm. There's no such a thing as just guessing at a round figure when it comes to . . . Every one of these people would have a foreclosure notice and there's a history on every one. And I know you can get that.

So would you undertake to go to the boards and . . . You should have had that here tonight. When we were on the government side . . . and that was after our minister of Agriculture and your officials had all those questions right ready. And we found this out last year. We could ask the minister of Agriculture . . . He didn't have a clue what we were talking about when we asked the numbers of farmers in trouble. It looks like you're exactly the same. You don't know.

And the most serious thing we've ever had happen in this province is the farm debt situations. It's the worst since 1939, and here we have a minister that don't these answers. How are you going to solve the

problem or know how bad it is if you don't know these things?

The first questions was just statistics. But here we're getting on to something that you could get right from the boards. Go over to the Farm Land Security Board. It's under your Minister of Justice, and you should be able to get it. He should be able to know it by memory. Ask him if you don't know or your officials don't know.

Hon. Mr. Cunningham: — Well again, negotiations between private lenders and farmers may not be available to us. We know the number, that there are 3,000 farmers who are leasing land from lending institutions. Whether or not that is all their land or whether they are leasing land from their neighbours or still own some land is a pretty difficult figure to obtain. We can certainly attempt to do that for you.

Mr. Muirhead: — Mr. Minister, we understand the member from Saskatoon Greystone wants to ask a few questions. So I'm going to accommodate her, and I just want to ask a few questions pertaining to ACS. How many total farmers took out the cash advance?

Hon. Mr. Cunningham: — Mr. Chairman, as of March 31, there were 11,351 farmers with the livestock cash advance.

Mr. Muirhead: — Mr. Minister, I didn't ask that. I said the cash advance and . . . I'm sorry, I meant the \$25 an acre cash advance. But I was going to ask both anyway. So you're saying 11,000 took the . . . I didn't ask what has them out now. Who the total farmers that took out the livestock cash advance loan and the total farmers that took out the \$25 an acre cash advance, the total that took them out in the first place.

Hon. Mr. Cunningham: — The total number who took out the \$25 an acre production loan was 57,614.

Mr. Muirhead: — Thank you, Mr. Minister. Now do your officials know the total . . . this is kind of a difficult one because capital loans went back a long time. So maybe we should ask how many capital loans does ACS have on the books today? How many farmers with capital loans?

Hon. Mr. Cunningham: — 6,109 who presently have capital loans.

Mr. Muirhead: — Mr. Minister, could you give us the status of the above? Now first, how many have paid off their loans entirely? I'll ask several questions together here for the sake of time here. On the cash advance, \$25 an acre, how many of that 50-some-thousand have paid it off entirely and how many are still in reasonable standing and trying, and how many are in very much difficulty out there? And the same thing with the livestock loans.

Hon. Mr. Cunningham: — For the production loans, there are 11,506 clients who still owe money but are current in their payments. There are 7,716 who are delinquent in their payments, who still owe us money.

And there are 2,755 who are in claims for recovery so they are in the process of attempting to . . . we're attempting to collect those loans. They are the ones that are seriously in arrears.

With the livestock cash advance, there are currently 8,530 which are current and paid up. There are 1,744 who are delinquent and 1,077 who are in recovery, or in other words are in some difficulty.

Mr. Muirhead: — Thank you, Mr. Minister. Could you tell me on the livestock cash advance loans, what your opinion is when they . . . how many of them went into difficulty when you quit the program or are calling those loans in over a period of time. What kind of a problem is that causing? I mean maybe somebody was keeping their interest payments up or whatever they had to do and put them into arrears; maybe by calling these loans in put them into arrears automatically.

Hon. Mr. Cunningham: — The first principal payment isn't due until August 1 of '93 so there is no payment due yet. I think the ones that are delinquent are basically ones who haven't come in and renewed their loans. So they're probably not a problem with them. There's no interest on it. They just haven't done the paperwork to renew their loans.

The 1,077 that are in recovery are loans that are outstanding that the livestock is no longer there to cover or that sort of thing, so those are really the only people who are in difficulty at this time. And really the effect of asking for a principal payment will not be felt until at least August when the first payment's due.

Mr. Muirhead: — Yes, Mr. Minister, I think you're probably right there. But I would expect maybe you might have a problem there. If an individual is a complete cattleman, cattle operation, they'll probably be able to financially handle it because the cattle business has been pretty good, especially in the cow-calf. The feedlot has not been good and they may be in trouble and we can see why the cash advance on the \$25 an acre's got the problem because there's been the price of grain.

Now I just want to make a statement more or less in closing, and then we'll let the member from Saskatoon Greystone go ahead.

(2130)

I see a lot of problems in collecting past . . . a lot of inconsistency in collecting past-due accounts. Maybe you can't do anything about it but . . . and rather than you answer now unless you want to is maybe you can discuss it when we're back on again and give me an answer to this question. Because I can understand a lot of people in the community get upset when somebody gets a complete write-off. And somebody . . . and then the next person who's in, they can't get any.

But we understand there was some individuals, they quit farming, they got nothing left or they go bankrupt, or whatever. And if there was no money there to get,

there's no money there to get. And that causes a real problem with the neighbour down the road that doesn't know the circumstances. Hey, why can't I get something off?

But I see little inconsistencies. I'd like you to think about this because I had a senior member almost come to me . . . came to me the other day and he's nearly 80 years old. And he's being hassled by ACS, and he's taken part of his pension; that's all he's got, he's got no money left. The land is . . . he doesn't farm it any more of course, and he's poor health, and he's being hassled. And he's giving them, to keep from this hassling, he's giving part of his — I'm just giving you one example — part of his pension.

And we found out about it and they've given . . . actually he's turned over a letter to me to go and deal on his behalf of him and his son. But we're going to try to help this person. But I hear lots of this out there, where the accounts are just sitting like this. And one person, he can speak up for himself, maybe he's 50, 70, or 60 years old or whatever, and he's still in good health, and he can get up there and fight for himself and take care of what his finances in the best manner they can.

But I see an inconsistency with people that don't talk up or don't know. And I would like you to either answer now or at a later date, what is your real policy in past-due accounts if you got a . . . Like a government isn't like a bank, they can pretty well do what they want. Have you got a consistent policy to handle past-due accounts?

I know it's very difficult. And we had that difficulty too. But I'm just wondering what you're doing because it's getting a much worse situation now. Now you don't have to answer that now, Mr. Minister, maybe a comment. And then think about that till we come back on again.

Hon. Mr. Cunningham: — Yes, that's a very good question. I think what we can do is put together in writing what our policy is and forward it to you, and then we can discuss it the next time we come back.

Now as to the individual, you know if there's an individual case, feel free to forward it to my office and we'll have the officials check into the individual case.

Mr. Muirhead: — Thank you, Mr. Minister. That's fine. And I'm going to . . . the member from Greystone will ask you some questions. I'm going to turn it over to her.

Ms. Haverstock: — Thank you, Mr. Chairman. Mr. Minister, I'm pleased to have the opportunity to ask some questions to which people in agriculture in our province are looking forward to and, I'm sure, are most interested in your responses.

After reviewing the estimates provided, I noted that the Department of Agriculture experienced a cut of some 20 per cent. In addition to this, the budget cut for Sask Water was proportionately larger. In fact I think

this cut equates 34.6 per cent.

While the overall government expenditures were reduced by 0.6 per cent, the cuts to Sask Water and the Department of Agriculture and Food are 34.6 and 20 per cent respectively. And it leads one to ask where the priorities are of government, and particularly when we're looking at water and food.

Mr. Minister, I would like you to explain the priorities and how these cuts fit within the overall context of where the government is taking the province, since the cuts obviously affect your department substantially.

Hon. Mr. Cunningham: — Mr. Chairman, I certainly agree with the member that I think if she was hinting or implying that agriculture should be a priority, and certainly it is, it has been in Saskatchewan and always will be, I suspect.

I guess what you have to look at is where the cuts came from. The cuts in, as we said, some 60 positions in administration and trying to deliver the same services that we deliver in a cheaper manner.

Some of the major cuts that have a big impact on our budget, I think, \$33 million in GRIP (gross revenue insurance program) premiums which is half our cuts right there, simply because the formula in the program gives us a lower premium this year; 16.4 million in Agricultural Credit Corporation, and that's largely due to winding down of the CAFF program, the losses there and interest rates and so on. So it's not a major change in program that causes that to decrease.

There's 1.2 million in the farm purchase program which is a program that we repealed, although it was winding down in any case because of the low interest rates. So although the cuts . . . I think there's another 14 or \$15 million that comes from an accounting change. We are paying back a loan to the federal government for the drought assistance that we got in 1988, paying our share back.

Because of accrual accounting that was all accounted for and put into last year's budget or the deficit, or wherever it went, but it no longer shows up in our budget. So that's another substantial cut. So although the overall percentage is great, it's I think quite explainable as to where it came from.

Ms. Haverstock: — Thank you, Mr. Minister. Do I understand then that what you're saying with overall expenditure reductions of the government being 0.6 per cent, and that with Agriculture this year plus coupled with what was cut last year, plus what has been cut from Sask Water, that somehow you're supporting that this was all justifiable and that the reason why your department got cut more than others is something that you can support relative to what happened in government overall?

Hon. Mr. Cunningham: — I can support what happened in our department and to government overall. As I pointed out, certainly we don't want to

make cuts to Agriculture. We made cuts across the piece; the choices were not easy. I guess I've heard in this House that we shouldn't have cut health care as much as we cut health care; and I've heard in this House that we shouldn't have cut Education as much as we cut Education; and I've certainly heard that we shouldn't have cut Economic Development because that's hurting our jobs.

And certainly I think with the basic agriculture we're delivering basically the same programs that we delivered last year. We're doing some cuts in the department itself, and you know, certainly we don't like closing nine rural service centres and those sorts of things, but I think overall the thrust, the importance of agriculture is still there.

If you look at it historically, you don't have to go back to . . . I think, very few years to the Ag budget was a hundred million dollars and we're now at three hundred-and-some million; so in historic terms, it's still a large amount of money spent on agriculture. And overall if you take into account the gas tax rebates and so on that go to farmers, agriculture spending is something like \$540 million that's from the provincial government.

And although we certainly would like to spend more, I think it's a justifiable budget considering the financial restraints that are on us.

Ms. Haverstock: — Thank you, Mr. Minister. It is interesting to look at the first page of the budget estimates. This first page, I think, actually speaks some volumes. It's interesting to note that the first five categories of expenses on that page increased while the latter five items did not. And it's interesting, Mr. Minister, because the first five items, the ones upon which more money is being spent, all involve bureaucracy. They involve such things as administration, accommodation, program delivery, policy and planning, and lastly, regulatory management.

But it appears as though the government and the department have chosen to spend more money on these particular items while spending less on things that help farmers directly. In other words, more is being spent on administration while cutting back on such things as research, extension assistance to farmers, income stability, lending programs and insurance programs.

And I would like you please, sir, to explain how spending more in administration for the Department of Agriculture is supposed to help farm families in the province of Saskatchewan.

Hon. Mr. Cunningham: — I think the budget numbers are somewhat skewed by the reorganization process. I think the administration can be explained by the fact that we pulled pieces that were in administration in other areas into one central administration to make it simpler. The program delivery, 19 million, includes things like a lot of direct payments to farmers, the 4 million for leaseback, interim red meat production

equalization program, and so on, so ethanol, I think, subsidies and so on. So it's grants . . . program delivery actually includes a lot of money that's paid directly to farmers, and that increase is really not in administration but in program.

Ms. Haverstock: — The statement's been made, Mr. Minister, that I should make my questions more easy.

Some Hon. Members: Hear, hear!

Ms. Haverstock: — Mr. Chairman, Mr. Minister, after reviewing the estimates of your department, I notice the overall expenditures then, on such things as administration and salaries and the administration of crop insurance, went up some \$1.095 million or 1.5 per cent from a year ago. As administrative costs went up by over a million dollars, grants to third parties which include payments to farmers were cut by some \$69.102 million.

Mr. Minister, for each and every single farmer in the province of Saskatchewan, you cut farm support, be it in income support or otherwise. And your cuts took more than a thousand dollars out of the pockets of each and every farmer in the province of Saskatchewan.

So when combined with your cuts to GRIP last year, the cut to FeedGAP last year, the cuts to rural health services, the cuts without any plan to create any other development opportunities, how does this, in your mind, represent a commitment to farm families and to rural Saskatchewan?

Hon. Mr. Cunningham: — I agree that there shouldn't be any hard questions after 9:30 and it's past that time. And that definitely was a hard question.

I think the explanation is, the savings in program money comes from savings in premiums. As I said, the 33 million that we saved from GRIP premiums just because of the way grain prices are, and the 14 million that we saved because of an accounting change — we no longer pay back to the federal government on an '88 program. Again, the administration is, I believe, a part of moving some of the administration from things like ADF and others that would have been in other votes into administration, as we tried to centralize the administration. As I pointed out earlier, we've downsized by some 60 positions. So certainly we took out one complete layer of management in the department.

And I think overall it's something like 76 or 78 cents out of every dollar in our budget goes directly into the hands of farmers or industry. So certainly we are not a department that spends a lot of money internally. Most of our money goes directly into the hands of producers.

Ms. Haverstock: — Thank you, Mr. Minister. Mr. Chairman, Mr. Minister, I do want you to tell me about these 60 positions to which you have been referring. Do we have a list of those 60 positions that have been cut?

Hon. Mr. Cunningham: — That list, I believe, is in the material that you got — at least, I hope you have.

(2145)

Ms. Haverstock: — Thank you. In this year's budget, Mr. Minister, before . . . in the *Estimates* books before the financial figures for each department are introduced, the mandate for the department is written in full. And before I ask my question, I just wish to commend you for making sure that that is there. I see that as an important step in the right direction as far as accountability is concerned. Despite that, the mandate of the department reads as follows, and I quote to you:

. . . foster a commercially viable, self sufficient, sustainable agriculture . . . industry.

And my question to you is: how does a thousand dollars-plus cuts for each farm family in this province, plus cuts to research of \$5.679 million or 32.2 per cent represent an attempt to fulfil that mandate? In other words, how do these cuts represent an attempt to maintain a viable and sustainable agriculture industry in our province?

Hon. Mr. Cunningham: — Well certainly the cuts, again, as I pointed out, being in premiums in GRIP and in an accounting change, the reason the premiums are lower is because grain prices have moved up a bit and certainly not anywhere near where we'd like to see them and certainly not where there is . . . farm families are out of the woods or out of a very stressful situation; however, they have moved up.

The research component, basically have been reviewing the mandate and looking at particularly the ADF, the Agriculture Development Fund, for the past two years determining what mandate it should have, what . . . As you know most of the funding that they get is over a long period of time, four or five years or longer.

What's happened is a lot of programs have wound down. So while we've got considerable less money in the budget, there is still \$2.1 million going into new research projects for this year. So certainly not as much as we would like to spend, but we feel that it's . . . we're back into research business. But hopefully we're doing it, as we're trying to do everything else, in a targeted and efficient manner that will be of valuable research for the province. So we certainly hope to continue with a strong research program that we believe will be the future of the agriculture in this province.

Ms. Haverstock: — Thank you, Mr. Minister. I think it's an appropriate time to bring a particular example to you this evening. Some of these cuts in research, let's talk about them in real terms because there were research dollars lost to a particular department in the College of Agriculture. And what it meant was the following: that the funding is now going to entirely to what would be called demonstration projects or what

we call short-term research. What was lost with cutting those research dollars were the only strategic, long-term research that was happening in that department, which its entire focus was on sustainable agriculture.

Now I know that it's not left up to you what a university department chooses to do in terms of its choices, where it places its research dollars. But I find it rather ironic when your department's mandate is to deal with sustaining the agriculture industry in Saskatchewan, that so many dollars are going into short-term research, rather than a focus on and support of long-term projects that deal with sustainability.

And I'm not going to be criticizing you, but if there's anyone from the university listening tonight, I'd like to say that the decision made in that department to keep everyone, who in fact worked in one area, rather than spreading this out and keeping someone who was a very fine researcher, plus all the technicians, plus the over million dollars that this gentleman brought in from other research monies from around the country, is just a shock to me that this kind of thing could be going on.

That was in a direct result of the cuts in dollars that came from this particular government to the University of Saskatchewan and they made those decisions. To them — and I don't hold you accountable for their decisions — but to them I say this: if this were a school and they had to make some choices whether to keep two stenographers and they had two people who did janitorial services and what they chose was to keep was two of one or two of the other instead of one of each, I mean it just leaves me kind of bewildered.

But these cuts in research are having very serious effects. And this is one kind of an effect that we're going to be feeling directly because the sustainable research in agriculture in that particular department is now gone, and I think it's actually gone from Saskatchewan and gone from Canada.

Not enclosed in your budget estimates, Mr. Minister, is a copy of your new organizational chart which you were kind enough to provide me with over a month ago. And in relation to that chart, I notice that there are now three deputy ministers — assistant deputy ministers, I stand corrected — in the Department of Agriculture, rather than two as in the past.

And this raises two questions: would you tell me, Mr. Minister, what sort of salaries each of these assistant deputy ministers receive so that the people of Saskatchewan can know how much more they're paying to have another one of them, and secondly, can you explain to the people why it is necessary now in your new organizational chart to have three assistant deputy ministers rather than two?

Hon. Mr. Cunningham: — Mr. Chairman, the assistant deputies make \$6,100 per month. We have only two of those positions filled and will not be filling

the third one for the foreseeable future.

I guess what the organization did was took out one total layer of management, so I think we had eight directors of branches who were removed and replaced with . . . We had, I think, eight directors and two assistant deputies; we now have, with the full complement, three assistant deputies. We are functioning right now with the two assistant deputies and so essentially we've lost eight very high-paid managers' positions, and it's taking one level out of the department is the net effect of what we did.

Ms. Haverstock: — Thank you, Mr. Minister. The organization chart for this department, while it might involve some improvements, doesn't really seem to represent anything new and I think the only thing I notice here is that planning will be placed in one central branch. How that will have any great impact on farms in the province I think is a question which most farmers would like to have answered.

And after some 19 months in power, I guess what we can do is look at this: you have removed the support program, however flawed, of the previous administration; you've removed some service centres; you've removed the Department of Rural Development; and soon FeedGAP's replacement is likely to be gone, I would suspect, similar to the livestock cash advance. So it appears that there's been a great deal of adeptness at removal. Furthermore you have a discussion paper that has been presented to people throughout the province that addresses what appears to be the same old problems and offers no real new alternatives.

Now given all of this, Mr. Minister, farm families in our province and I think people generally, would like to know if you have any further removal projects planned and what specifically your government does have planned for alternatives to create greater sustainability, and to in fact have some positive, direct results come out of this change in your organizational structure of your department.

Hon. Mr. Cunningham: — I believe the reorganization is going to give us a focus. It's going to let us concentrate on change. I think the Department of Agriculture has planned and come up with the same sorts of programs and the same sorts of delivery for a long period of time. We feel that agriculture is in for a significant change. I think some of the things we need to . . . the paper that we have I don't think is hassling out the same old problems in the same old ways. I think we are looking at some major changes in direction. I think we need to focus our attentions of the provincial government not on pouring money to solve the immediate problems. The \$1.1 billion in hassle-free cash across the piece which just added to the debt problem of the farmers and nearly bankrupt us as a province is not the solution. We don't feel, in particular in our economic situation, that we have the sorts of resources that can come up with income shortfalls that are caused by disasters or international price wars.

We think our role is much more focused on helping communities and producers to adapt and change to the conditions. We believe that the disaster relief is really essentially a federal responsibility that we just do not have the resources to provide, and putting what little resources we have into not-well-thought-out programs is not the answer. We think, as a member mentioned earlier, research and development, diversification, and all the things that I think we all know we have to do and have not been very successful in this province in the past hundred years, are things that we will try to be concentrating on.

The committee reported progress.

The Assembly adjourned at 10 p.m.

We're getting a lot of innovative ideas from rural Saskatchewan when we talk to people. I'm very excited. I think now we are on the verge of some change. I think producers are and communities are, looking at change and looking at ways to survive. They're not asking government for large hand-outs. All they're asking for is what can you do to help us a little bit. And that's hopefully what we concentrate on in very tough economic times. We certainly are striving to keep a priority in agriculture which is, we think, our future in this province.

Ms. Haverstock: — Thank you, Mr. Minister. I couldn't agree more that if the province is going to diversify, what we're going to have to do is to become more and more effective and of course focus on our attempts, as far as value added industries are concerned, industries like ethanol, like canola-based biodiesel, like game farming and horticulture and specialty crops, as well as seed and grain cleaning.

And, Mr. Minister, there is one significant barrier that continues to be in the way of those things, and that barrier happens to be tax policy. You're asking — and in fact you just told me — that you would like people . . . or people are telling you to step out of the way and to do some few things that might in fact be concessions that would help them out. And I couldn't agree with you more.

The greatest deficiency in our tax policy is that our government wants to tax inputs rather than profits. An example I think that I've probably raised on more than one occasion is regarding our fuel taxes. Fuel taxes on ethanol, fuel taxes on locomotive fuel add to the cost of doing business and they deter people from diversifying in our economy. The government recently extended the breaks offered to industry on E&H (education and health) for inputs.

And when will it start turning to taxing profits rather than inputs so as to encourage agricultural diversification in our province?

Hon. Mr. Cunningham: — Well certainly that's been a philosophy of our party for a long time. I guess we are hampered somewhat in the tax regime that we have. When we tax profits it's basically income tax, and we are stuck with the federal income tax system. We tax whatever the federal government taxes plus we take a percentage of that. Therefore it's difficult for us to raise those sorts of taxes as a province but we'll certainly keep on trying.