

The Assembly met at 10 a.m.

Prayers

STATEMENT BY THE SPEAKER

Ruling on Privilege

The Speaker: — Before proceeding to government orders, the Speaker would like to make a statement.

Yesterday morning after having provided notice under rule 6, the member for Thunder Creek raised a question of privilege in which he claimed the Conflict of Interest Commissioner's position on the board of directors of a corporation which had criticized him served to impair the performance of his parliamentary duties. I have had a chance to consider the member's case as well as the comments of the Government House Leader and the House Leader of the official opposition.

The crux of this case is the member's confidence in the commissioner's ability to remain impartial. The member for Thunder Creek stated the following to the Assembly, and I quote:

I must be assured beyond all doubt that the commissioner will treat any matter relating to myself with complete impartiality. The commissioner's duties beyond this House leave this in doubt.

From this statement it is apparent that the member for Thunder Creek has a concern or doubt about the commissioner's ability to perform his duties impartially. However he has not identified or demonstrated any present or past improper conduct of the Conflict of Interest Commissioner. In order for a breach of privilege to be found, the actions complained of must constitute interference with the member's ability to carry on his functions as a member. It must be demonstrated that the member has been obstructed or interfered with in his parliamentary work.

The member for Thunder Creek has not produced any evidence to suggest the commissioner has acted improperly. What the member for Thunder Creek has demonstrated is that he has a doubt given the circumstances.

The Speaker can only decide on matters when they arise and not in anticipation. For this reason, the Speaker has no grounds on which to deal with the matter as a question of privilege. I therefore rule that the member for Thunder Creek has not established a prima facie question of privilege.

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

General Revenue Fund Agriculture and Food Vote 1

The Chair: — I would ask the minister to introduce his

officials, please.

Hon. Mr. Upshall: — Thank you, Mr. Chair. With me today, as before, is Terry Scott, the assistant deputy minister; Jack Zepp, director of admin services; and Ross Johnson, the budget officer in admin services.

Item 1

Mr. D'Autremont: — Thank you, Mr. Chairman. Mr. Minister, I'd like to welcome you here, and your officials, this morning. I look forward to a long and fruitful discussion on the items in Agriculture for today and tomorrow so that we have an opportunity to fully review the agriculture in this province.

We got off to a reasonable start this year. Crops seem to be progressing fairly well, although seeding was somewhat late this spring and I know that a number of the Liberal members have been out doing their seeding so they should be . . . doing their spraying, so they should be able to give us a report on whether or not . . . what the weeds are like and what the bugs are like out there.

I hear that flea beetles are becoming a problem in some of the areas and some disease is becoming a problem, so perhaps the members of the official opposition would like to give us a crop report at some time today on what they've found in their field work.

I'd like to bring forward though at the present time, before we get into the current circumstances in agriculture around the province, an issue that was important last fall and throughout the winter. Mr. Minister, there was a number of crops that were left out because of the late harvest last year. That may be a problem again this coming year because of the late seeding. It all depends on how the summer goes and the fall.

But deer were a major problem. There was quite a number of crops that were destroyed by deer over the winter because they had to lay out, particularly crops such as lentils and peas, but there was also a number of flax crops that suffered severe depredation, along with a number of cereal crops.

What provisions has your department made to compensate those farmers that had crop insurance that had their crops eaten, destroyed by wildlife, particularly by deer? And can you give us some indications as to where that . . . those damages were occurring, what localized areas were particularly affected?

Hon. Mr. Upshall: — Thank you for that question. The last year . . . When I heard the number, I was quite surprised. There was 198,000 acres unharvested, that laid out over winter. Which is very significant, specially if you're the one that has some of those acres out in your field.

And because of the cold winter and the abundance of snow the deer did pile up. As far as locale, it varies. There was no . . . like the east side of the province had a number of deer piling up, bunching up, and eating, you know, crops. And then there was spotty areas right across the province, depending on where

you were, I guess.

But the wildlife people tell us that there are actually fewer deer now, which is a bit of a surprise to me because it seems as though there are more, but I guess the problem is that they're bunching up and they were doing significant damage.

What coverage there is, of course as you know, there's crop insurance. Now the problem is crop insurance doesn't . . . If you have a decent crop but you didn't get all of it harvested and you've got 80 acres out, or 160 acres or whatever, and the deer move in, because of your other production, crop insurance doesn't kick in.

There is no compensation this year, as there was no compensation last year. I don't think that's right, and between the Minister of Environment and myself we've been working to try to figure out what we could put in place.

What we're working on, and hopefully can succeed in doing, is incorporating spot-loss big game damage in crop insurance so that those people who had . . . of those 196,000 acres of unharvested crop in the province, if a deer herd move into a flax crop — and deer like flax in the winter time — and, you know, destroyed 40 acres of the 80, then they could apply. They would have a claim for spot-loss big game damage.

So despite the fact that there is no compensation this year, I understand there's a problem and I think, I'm almost positive, we can get a spot-loss wildlife or a big game damage in crop insurance that will help these folks.

Mr. D'Autremont: — Thank you. Mr. Minister, that's an interesting concept. When you use the term spot loss, it reminds me of spot-loss hail coverage. Under these circumstances, if you were to work something out with the Minister for the Environment, who would be paying for this, I guess would be a major question on this.

Would farmers be able to buy insurance and therefore have to pay extra as they would for spot-loss hail? Would it be covered under their spot-loss hail claim, under their fees, their premiums that they pay for spot-loss hail? Or would it be monies coming out of the Department of the Environment that would pay for this compensation?

I know that the Minister for the Environment has talked of providing compensation for agriculture for big game damage, and that compensation being paid for by a fee tacked on, added to the hunting licences in this province.

Mr. Minister, already the hunting licences in this province are too high, and that's part of the reason why we have a large deer population. Because of the cost of the hunting licences, hunters are less willing to pay those fees and therefore spend less time out in the field and less deer are harvested.

(1015)

If that simply is what is going to happen here, I think you're causing more harm to the problem than you are providing a

solution to the problem. What has to happen is, because the wildlife of this province, because in particular the deer of this province, are owned by the Queen, they're owned by the Crown, that the Crown has to bear some of the responsibility for the damage caused by that wildlife, not simply the hunters of this province.

We all have the opportunity to enjoy that wildlife, whether you're a hunter, whether you're a bird-watcher, whether you're someone who goes out and simply takes pictures on Sunday afternoon of Bambi running across the field. We all share in that resource, we all share in the enjoyment of that resource, therefore we should all be sharing in the cost of that resource.

And when that cost includes compensation for agriculture producers who have suffered a loss because of incidents like last year where we had a long, cold, hard winter with a more abundance of snow than we have had for the last 10 years . . . the deer have congregated into larger herds — herds of up to 150, 200 animals. They make very short work of a farmer's field under those circumstances.

A friend over at Moose Jaw was saying on the section next to him which had been unharvested, there was over 500 deer and antelope out on that field with coyotes circling around the edge looking for the weak ones. And certainly there are less deer than there were last year because of predation by the coyotes, also because a large number of them starved over the winter because they couldn't get access to food. So we do have less deer, but if we have a good year this year and we have a high survival rate in the fawn population, we'll be back to the same problem we were before, Mr. Minister.

I think when it comes time to paying compensation to the agriculture producers for their losses, it has to be a system by which the entire society pays. Hunters can pay a share, agriculture producers can pay a share, but society also has to pay a share. So when you envision some sort of a compensation form, a spot-loss big game damage form, I think you also have to throw into that, spot-loss damage caused by migrating waterfowl.

Most prairie chickens or pheasants or Hungarian partridges cause very, very little damage to any crop. I have not heard of a single complaint of large flocks of prairie chickens moving in and destroying some farmer's field, but you certainly hear that about geese, and you certainly hear that about ducks. So, Mr. Minister, when you talk of a spot-loss situation for big game, I think you need to also consider spot-loss for waterfowl as they migrate through our province to go south, or in the spring when they come back again, because our crops that are left out in the fields will be just as vulnerable at that time.

So, Mr. Minister, when you talk of a spot-loss compensation for big game, hopefully you'll throw in the migratory birds, but who do you envision paying for this process? How do you envision it working?

Hon. Mr. Upshall: — Well I think you made some good points. As far as the . . . I think your main point was, who pays for the spot loss. Well you're making an argument that the

Crowns pay for the spot loss. I don't totally disagree with that, except that I've heard the argument that the Crown should pay for all the highways to get fixed, all the schools to be open, and there isn't enough money.

We have some options, and that's what we're exploring. The options are to have the farmer pay for it by working the value of the anticipated loss into the premium for crop insurance; we can have the Crown pay for it; or you can have the hunters pay for it. And I understand your point about the hunting licences being quite high. But those are the options that we're looking at, or a combination of the three.

The point remains that we have to have spot-loss damage, I believe. And that's why we're working hard to try to implement it. Because without spot loss — let's forget about who pays for it — the farmer loses if you don't have it. Now you might worry about the hunters paying more on their licences, and I'm concerned about that somewhat myself, but I'd sooner have the hunter pay a little bit more for his licence to ensure the farmer got his compensation for his wild big game damage.

So we're looking at a number of options. And you're right, that's one of the options, to have the licence increased a little bit across the board to help pay for this. And despite the fact that the licences are high, I think it's more important to have the compensation in place in order that farmers might get the money they deserve, rather than not having it because we don't want to increase licence fees.

At the end of the day, I think what we're trying to do is sit down with the wildlife federation and the Department of Environment and the Department of Agriculture to try to work this out.

Now as far as the deer dying, that's also correct. However, what I wanted to say was that I would like to see — and we've talked about this somewhat — all wildlife involved, ducks, geese, big game. And I think that might come at some point in time, but right now we still have the waterfowl compensation package in place, and we're putting in the . . . we're trying to incorporate the big game. And at some point in the future, hopefully we can push them all together so that farmers are covered for any natural loss by animals or birds.

Mr. D'Autremont: — Well thank you, Mr. Minister. The farmer who suffers a loss from big game suffers a loss equal to that of waterfowl damage and vice versa. So I think they both need to be compensated in the appropriate manner.

When you're looking at that compensation though, Mr. Minister, coming from the fees paid by hunters, I think you're looking at an area of diminishing return, because as the price of licences increases, fewer hunters buy; therefore there will be less overall money going into a compensation package. When you look at the circumstances in hunting today, particularly dealing with Bill C-68, that's already an incentive to remove yourself from the hunting scene. That means in that area there's going to be less compensation.

Who is going to pay the compensation, Mr. Minister, if at some

point in time, there is not enough money being provided into the fund by the sale of licences? Who is going to pay that compensation? If there is a loss in that position, surely the Crown is going to have to then provide some assistance to that. Well why not provide the assistance up front initially, and that encourages more hunters to remain in the field to decrease the number of game animals that will be causing the problems.

What's happening in a large number of the areas where those problems developed is that there has been discouragements put in place that reduce the number of hunters rather than increasing the number of hunters to control and to harvest the game that is available. That reduction in the harvesting has caused the problems, has caused the large numbers of animals which have preyed upon the crops of farmers across this province.

I've had many, many complaints over the winter in my area. I know that the member from Moosomin has had similar complaints because of the large number of white-tailed deer along the valleys there. The member from Arm River says that he's had a large number of complaints.

I'm sure that everyone other than the urban MLAs (Member of the Legislative Assembly) in this province have received a large number of complaints. And I am suspicious perhaps even that some of them will have received complaints, because I got complaints from people living in some of my larger communities; said that the deer were coming into town eating their trees, and they were quite upset about that.

While I'm not quite sure that we can provide compensation for every rosebush that may have been nibbled on, I think when you suffer a significant loss, Mr. Minister, somebody has to pay the compensation, somebody has to provide the assistance for that loss of income.

Because obviously, Mr. Minister, the farmers have no means by which to gain any income or any compensation from wildlife itself. If the wildlife department was to issue every farmer 10 licences that he turn around and sell and generate some income off of it, then perhaps they would be less upset and more in tune to allowing wildlife to continue.

What happens, Mr. Minister, if no compensation is to be paid, farmers will take matters into their own hands and will simply eliminate any bush on their lands in which wildlife can survive. That not only has a very, very severe impact on white-tailed deer but on every other living creature that would normally inhabit those potholes and that brush, Mr. Minister. And I don't think any of us want to see that kind of incident happening across this province.

There's been too much bush pushed already for anyone's good. The fact is we see a large number of people out there pushing their bush and then turning around planting trees in long, skinny rows which do not encourage much wildlife.

So, Mr. Minister, I think what has to be done in this particular case is the Crown has to provide at least some of the compensation if not all of the compensation to support the

agriculture in this province. Because when hunting stops — as is Allan Rock's full intention in his Bill C-68, the intention of a large number of urban groups in the major metropolitan centres of this country: Toronto, Montreal, Vancouver — when that happens, Mr. Minister, who will provide the compensation to agriculture for the ever-growing depredations by wildlife on the crops of farmers?

Hon. Mr. Upshall: — Well first of all I want to say that any increase to a licence fee for a hunter would be very, very small compared to the cost of hunting. And I understand what you're saying. I mean I hear others complain as well. But the fact of the matter remains that the few dollars it would cost to increase a licence fee for a hunter would be of tremendous benefit to the farmer who suffered a loss because of wildlife or big game damage.

Now as to who pays the compensation? If your theory is right, that any increase in the cost of licence is going to diminish the participation to such a level that you won't raise enough money to compensate farmers, well then we'll have to look at some other method of payment.

Now as I said before, the Crown can pay — the taxpayers can pay; farmers can pay in the premium; or hunters can pay with their licence fees, or a combination of that. But the underlying fact here is that we, I believe, that we have to compensate farmers for loss due to wild game, due to big game.

And on that premiss, I don't know where the money is going to come from if your theory is right, but I know the money will be there because it has to be there, it has to be there. And it will be there — whether it's through taxpayers' dollars, through big game licence fees, or through the farmer themselves paying a little bit higher premium.

Because spot loss also could be optional. If you want to have premium for the farmer then you'd have to say, well do you want to pay, you know, 2 or 3 per cent more for your premium in order to be covered for spot-loss wildlife and big game, or don't you? And then the farmer can make his decision.

Like all these things are wide open. Right now we're looking at those three areas, and we believe though that farmers have to be compensated because in the last few years there's just too much damage being caused. So we have to make sure that there's compensation.

Mr. D'Autremont: — Well thank you, Mr. Minister. When you look at the cost of hunting licences today, you're looking at a fee of \$11 for a wildlife habitat. In all likelihood that is the area in which you would tack on a big-game compensation fee. Deer licences are \$33. Draw licences for elk and moose are either 38 or 55.

And then you have bear that are also a problem. Bear really do love oats and they go into your oat field, gather the oats up into a bundle and eat the heads off of them. And it's not like they're munching up all the leaves; they simply eat the productive part of the oat that the farmer needs to sell.

So I think you're going to see, if you raise those fees very much, you're not going to affect the urban hunter who wants to go out to my area 160 miles out of Regina and go hunting for a week. You're not going to affect the American hunter coming up to hunt in the forest areas or the forest fringe areas of this province who is already spending a couple of thousand dollars to come and visit.

But the person that you're going to affect, Mr. Minister, by raising these fees, is the guy who goes out and stands on his back porch and shoots a deer, who does not spend a large amount of money but is simply providing meat for his table. That's the person who will no longer buy that licence when those fees go up. They're already in the position where a number of them have stopped buying licences because the fees have gone from \$20 to 33. Or when I was younger and hunting, the fees were \$5.

(1030)

Those fees have increased very dramatically. And I'm not that old, Mr. Minister, so it wasn't that many years ago . . . (inaudible interjection) . . . I know that the minister for Gaming there disputes that fact, but I won't make too many comments on that area other than to put her on notice that my comments do go out over the air, and she will have to stand up and answer questions in agriculture if she wants to be able to rebut.

So, Mr. Minister, I believe that there is . . . that you should be concerned and the minister for the Environment should be concerned, that if you raised the fees too dramatically that hunting numbers will decline. I'm not going to say that all of those hunters will no longer be taking deer because I suspect that some of them will continue to do so, but they will do so without providing the Crown with the proper compensation for enjoying that resource.

So, Mr. Minister, I think you have to have a plan in place, and you might as well have that in place up front rather than having it be after the fact that the Crown will have to share in the compensation.

Farmers can buy insurance today for hail because no one has control of that. Nobody can say, well you're going to have hail this year or you're not going to have hail this year, but the government has some ability — limited perhaps — but some ability to regulate the numbers of wildlife. You have that ability by the number of licences you issue for sale for the management of that resource. So the government does have some control of it. When a hail cloud develops, when hail is present, nobody benefits. Nobody is receiving any compensation in any way shape or form for that hail. But with wildlife the government is receiving compensation. The government is receiving an income from that wildlife, from that resource. So the government has to be prepared to share some of that income with the producers who are being harmed by this.

If my neighbour's cattle, Mr. Minister, get into my crop and eat it, I have some recourses. I have some avenues to get compensation. I can go to court because my neighbour's cows

are in my crop and destroy it.

But when the Queen's cows are in my crop, I have no recourse. I can't turn around and sue the government to say, your cows are eating my crop and therefore you have to pay me compensation. So the government has to be prepared to provide that compensation up front, Mr. Minister.

I believe at one point there was compensation for big game damage in this province under The Crop Insurance Act. That compensation was eliminated by your government a couple or three years ago, perhaps about 1992, I believe. And that needs to be reconsidered, that needs to be put back in place, and that needs to be funded in whole, or at least a significant portion, by the Minister of Finance from the Crown.

Hon. Mr. Upshall: — Well I don't disagree that it has to be funded. I'm telling you it will be funded. We've had talks with the wildlife federation, who are very helpful in understanding the problem and helpful to us to find a solution. The wildlife federation has . . . we've talked about the option of increasing fees to cover some loss — with some trade-offs. I mean there's some other things that the wildlife federation want the government to do and maybe we can work some deals out.

The fact of the matter remains, and I won't make a long speech here, but the fact of the matter remains that we are going to compensate somehow farmers for wildlife, for big game damage. I think spot-loss big game is the only way to go, because we can't, with the number of acres that are left out every year . . . this year was fairly high, but there's crop left out every year. And the farmer has to be able to receive compensation for loss from elk or deer damage.

So all I can say is that I hope to be in the position, with the Minister of Environment . . . in fact, the Department of Environment has taken the lead on this. They work very closely with the wildlife federation, done good work, I think. And I hope to be able to make an announcement in the next little while on this program.

And where the funding comes from is important, but the only thing I disagree with you in that, is you say, as the Liberals say time and time and time again, well just put more money into it, just take more taxpayers' money and do this. Well we can do that. I'm not going to rerun the '80s here, but we took taxpayers' money in the '80s, and then some, to do a lot of things. At the end of the day we ended up with \$860 million of debt.

So what we're trying to do now is provide compensation for farmers without increasing the tax burden for the general public and without increasing the debt. That's why we sit down with the Department of Environment and sat down with the wildlife federation and said, okay folks, we've got a problem here, how are we going to fix it. I think we've had great negotiations and I think that everybody understands and believes and is contributing to a solution of having spot loss.

Now I say I agree with everything you say except the fact that you just can't keep saying, let the taxpayers pay for it. I mean

taxpayers are taxed up to here; they're taxed to the max. And we're not going to increase taxes to pay for spot-loss wildlife, to pay for, you know, name your area.

So I think at the end of the day we agree, but we just sort of disagree a bit on whether or not we should be increasing taxes to provide compensation.

Mr. D'Autremont: — Well, Mr. Minister, when it comes to paying the compensation, I think those who benefit from it should be paying. And those that benefit directly from wildlife is the government. They are the ones who receive the financial remunerations from the sale of licences. They are the ones who get the tax money from the tourists coming into this province to look at our wildlife. They are the ones who collect the fuel taxes and the alcohol taxes and the hotel taxes and the food taxes and whatever, Mr. Minister, from the tourists from outside of this province, outside of this country, that come in to enjoy the bounty of our resource.

It's the government, and only the government, who receives the compensation, Mr. Minister, and therefore it should be the government and society that helps to pay for the compensation and the maintenance of that resource.

You say that because of some of the things that happened during the '80s we don't have the money today to provide that compensation. Well, Mr. Minister, a large number of the programs that were put in place under your previous administration in the 1970s were very expensive programs that were carried on in the 1980s at a time when world prices were declining in most of the production of Saskatchewan.

As a farmer you well know what happened to the prices of grain in the 1970s and what happened to the price of grain in the 1980s. We went from 5, \$6 dollar wheat down to \$2 wheat. You take a reduction of that kind of scenario and you create a great deal of hardship across this province.

And the government of the 1980s tried to assist farmers to remain in place on their land, as some of your past colleagues in the House were certainly encouraging them to do so, such as rural farm coalitions, Mr. Minister, that were demanding that the government support small farmers to remain on the land. And that government responded to those demands and assisted.

When you look at other prices throughout the 1970s — oil prices increased up to \$40 a barrel, Mr. Minister, in the 1970s and dropped back down to \$15 in the 1980s. Nothing to do with the Government of Saskatchewan, but certainly the Government of Saskatchewan suffered the economic income and the impact of that reduction. Same with potash prices, Mr. Minister — high prices in the '70s, low prices in the '80s, and a return to higher prices today.

So, Mr. Minister, the governments of the 1980s did what they had to do to preserve the rural Saskatchewan way of life and indeed the economy of Saskatchewan to the best of their abilities.

But that doesn't address the issue of wildlife compensation

today. It may address your desire not to provide compensation from the coffers of Saskatchewan but it certainly doesn't help to address the issue. The Government of Saskatchewan, as I said earlier, is the only ones who is benefiting economically from wildlife in this province.

Certainly outfitters do gain some economic benefit; certainly hotels and gas stations gain some economic benefit. But that benefit is in turn passed on to the Government of Saskatchewan through taxes, either direct taxation such as fuel taxes, or indirect taxes such as property taxes and income taxes, Mr. Minister.

So since only one party — only one party — is benefiting financially, and that being the government, that is the only party, Mr. Minister, that has the financial wherewithal to pay the compensation that is needed for farmers.

So, Mr. Minister, it's up to you to convince both the minister for the Environment and the Finance minister to provide some of that compensation, because we're not, and I admit, we're not talking small dollars here, Mr. Minister. There is a significant amount of dollars that is going to be needed.

And I would like to read to you from a letter that says:

Ladies and gentlemen, my name is Bruce Dunsmore. I farm along with my son and son-in-law, approximately 9,000 acres in the Rocanville area.

Which is in my colleague for Moosomin's constituency. And perhaps the minister for the Environment is also aware of these circumstances because he doesn't live that far away, and may indeed even know some of these people.

Over the past five years I estimate I have lost \$5 per acre on 8,000 acres of crop for a total of \$40,000 a year, which we feel is a very conservative figure. For example, this past year we had 1,000 acres of peas, 800 of which was hailed 100 per cent.

Well hopefully this gentlemen had crop insurance and hail insurance on that crop.

Of the remaining 200 acres at least 40 per cent were taken by white-tailed deer, for a loss of 8,000 bushels times 40 per cent, or 3,200 bushels at \$6 a bushel, or \$19,200.

That's \$19,000 on only 200 acres. Mr. Dunsmore goes on to say that:

I realize deer love peas; however, do we have to jeopardize our cropping program just because we're overrun with deer?

So I think here is an example, Mr. Minister, of a very significant amount of money that is being lost by a farmer because of wildlife predation upon their crops.

The gentleman in question here suffered a major loss because of hail. That was an act of God. The deer though, Mr. Minister,

are the responsibility of your government, of the Minister of the Environment, and it's his responsibility and your responsibility to ensure that those who suffer losses when you're making economic gains on this resource, receive some of the compensation that is needed.

Mr. Dunsmore goes on to say:

There were at least 50 to 60 deer shot on that 100 acres by black powder, season hunters, and other means. When this was brought up to the local wardens their answer was: you know deer like peas, you should have sown something different.

Well I think the farmers of this province, Mr. Minister, should be allowed, should have the option, and the right indeed, to grow whatever crops they feel are most appropriate for their land, for their rotation and for their own economic benefit. After all, if farmers of this province don't make a profit, we certainly won't have farmers for very long.

And our grocery stores, while most people in the cities may believe that all food, milk, chickens, beef, whatever, comes from grocery stores and not think any more of it than that, certainly those of us from rural Saskatchewan understand very clearly that if you're going to have food in the grocery store, a farmer some place has to produce it.

And unless we're prepared to pay compensation to these farmers, unless we're prepared to allow these farmers to make a profit on their lands, to make their own management decisions, they're not going to be there and we're not going to have the food in our grocery stores.

Mr. Dunsmore goes on to say:

This \$40,000 per year we are losing is bottom-line money. Our costs to grow these crops will remain the same, deer or no deer. I say if you don't want to accept responsibility for the province's deer and pay farmers a reasonable sum for our losses, then we will have no choice but to look after the problem ourselves.

I feel we are totally in the right to demand damage payments for our losses.

That's one letter, Mr. Minister, from one farmer who is very upset about these circumstances, who believes that he has suffered a loss of approximately \$40,000 a year of deer damage over the past five years, for a total of \$200,000. And, Mr. Minister, farmers can't remain on the land and continue to suffer those kinds of losses, particularly when your government is benefiting financially from these deer.

When you look at 100 animals taken on that one 200-acre piece alone, Mr. Minister, you're looking at the Minister of Environment getting a significant amount of income off of that — 100 times \$44 is . . . you're looking at \$4,400, Mr. Minister. Not enough to pay the compensation in this particular case . . .

The Chair: — Order, order. Order. To bring the members of

the Chamber's attention to Beauchesne's, paragraph 336, to attempt to discourage loud conversations in the Chamber and have those wishing to carry on such exchanges to do so outside.

There's a real roar in here that we're having a great deal of difficulty hearing what's going on. So I would ask the members to, no better way to put it than, to quieten down, please.

Mr. D'Autremont: — Thank you, Mr. Minister. I can speak fairly loudly but even I was getting drowned out by the noise.

So, Mr. Minister, I think that it's important that you and your government seriously reconsider your proposals on the spot-loss big game damage and that the society, therefore the government, needs to pay a significant portion of that compensation, Mr. Minister.

Hon. Mr. Upshall: — I don't want to go into a lecture about this whole thing, but I want the member to understand . . . (inaudible interjection) . . . He wants me to lecture him; well I could do that.

Who is the government? You keep saying, the government, the government should pay. Who is the government? Who is the government? The government is the taxpayers.

So I think you have to just take that little next step and don't just say the government like it's the government in power's problem. It's the taxpayers, it's the taxpayers who have to foot the bill at the end of the day — for roads or schools or hospitals or whatever. Same thing for compensation. So I don't think you can just say, well the government should pay, because what you're saying then is the taxpayer should pay. I think, I happen to think, the taxpayers have paid enough. They're taxed to the maximum.

(1045)

And I won't say anything else except to say that just for your information — maybe you know this — the wildlife federation has passed a resolution indicating that they think that increasing the fees to hunters marginally in order to pay for compensation is a good thing. I mean all I'm doing is repeating to you what their decision was, and I think that they understand the taxpayer is taxed to the max right now. So when the wildlife federation say it's okay, I think it's okay.

Will there be some unhappy hunters if the fees go up? Absolutely. But when you're hunting, what's the licence in relationship to the cost of hunting? I don't know if you're a hunter, but you know the dollar per pound of the meat of that antelope in your freezer or that white tail in your deep-freeze can be probably more expensive than your best cuts on the shelf of any other meat product.

And the licence fee proportion is very small. By the time you travel to wherever you're going to go hunting, pay for your gas, your lodging, and entertainment, whatever you do, the licence fee is very small in relationship to the total cost of the package.

The wildlife federation said, you know, yes, we can bump up

the licence a bit, that's okay, because it is a small ratio or proportion. And they understand the taxpayer doesn't want to be taxed any more. They understand the farmers have to be compensated — and let's not forget that — that's the bottom line here; the farmers have to be compensated. So we may differ on how to do it, but I think we agree that it has to done.

Mr. D'Autremont: — Thank you, Mr. Minister. We certainly do agree that it has to be done, but when you're talking about those large dollars, you're talking in the main about urban hunters.

For me to put venison in my deep-freeze cost me some wear and tear on my shoes and about 20 cents for a bullet because the deer are eating on my lawn virtually every day. So it's a matter of stepping out of my door at the right time and dispatching one and putting my tag on it. For that I pay 20 cents for the mechanics to do the job and \$44 to the government for the licence.

So the government is the only one who gained financially from it. The salesman who sold me the bullet made a very, very, very limited profit, and paid you some taxes on that besides. So, Mr. Minister, indeed if I go antelope hunting, the cost of my antelope meat is very expensive. And when it comes to paying an extra couple of dollars on my antelope licence, I would be prepared to do that. But when it comes to paying an extra couple of dollars on top of my white-tailed tag, which is already very expensive, I would be more reluctant to do that, Mr. Minister.

Because, Mr. Minister, the tax . . . you talk about the taxpayer. Well indeed the taxpayer, if it's paid for by the government, is the person who is going to be supplying the funds. But the government is the representative of that taxpayer, and the government is the one that is benefiting from the sale of those hunting licences, from the taxes that are collected on this, Mr. Minister.

If you don't want to compensate farmers in the manner of other than simply putting it on the back of hunters, what about allowing farmers to benefit directly from the wildlife on their land, allowing them to gain some direct compensation for the use of that resource.

If that was to happen, farmers would feel more akin to the problem, more akin to a relationship to that resource and could start then to manage that resource in a manner that would benefit them directly, rather than simply trying to convince the government that they have had a wildlife problem, that they have a big game loss, and therefore should be compensated in some manner.

So, Mr. Minister, perhaps that's an area in which you could converse at cabinet table with your colleague beside you, the minister for the Environment.

Under this big game spot-loss procedure, Mr. Minister, what do you see being paid out as compensation? What kind of percentages of loss — 100 per cent, 80 per cent, 50 per cent? And what kind of determinations on the values of the crops?

Obviously a wheat crop is going to have a different value than a pea crop is. What kind of dollars do you envision, what kind of mechanism is in place for the determination of that loss?

Hon. Mr. Upshall: — Well the member knows that in your case you might have some shoe leather to . . . your only expense. Now I want to differ, though, with you in one respect, that I've talked to some of your neighbours and 20 cents for a bullet, 20 cents for a bullet is a bit of an exaggeration.

In fact the rumour in the deer population is, go to Dan's place because he can't shoot that very good, and you're pretty safe there. That's why the . . . you know, if you find a lot of deer on your property, I think that's probably why. You know, it's a well-known fact that your accuracy with a gun is limited.

So anyway I don't know what else I can say on this. We've got a process in place, it's ongoing and I hope to have some resolve in the near future.

We're not going to increase taxes to pay for it. The farmers need the compensation. They may have to pay some premium. We don't know that for sure. The wildlife federation has agreed that the fees could be increased to cover the compensation. So at the end of the day, I think we're doing the right thing. And if you will continue to argue that taxpayers should pay more taxes to cover this, I will continue to disagree with you.

But when we make the announcement, I'm sure that there will be some people who don't like the fact that licences are going up. But I believe it's more important for a small increase in licence fee to the hunter who is . . . there are a lot of urban hunters who don't farm. I think that's fair. I just think it's fair. We have to have some responsibility.

Like I said before, the proportion of the licence fee compared to the cost of . . . If you get drawn in an area that's away from your home, it's fairly expensive. Anybody that hunts knows that it's fairly expensive. But it's entertainment, it's holiday, it's something that people like to do. And you know, for a few dollars more on the licence, I don't think that we're going to see any drop in the number of people hunting.

Mr. D'Autremont: — Thank you, Mr. Minister. Well I don't think any of those who know me very well question my abilities with a firearm, Mr. Minister, and I have a number of trophies to prove that point. I also have perhaps a more limited ability with a barb, but nevertheless, Mr. Minister, you're simply ducking the issue.

Farmers will pay the cost; they're paying the cost already through their crop losses. You're going to ask them now to pay the cost through their insurance costs, so the farmer pays either way. Yes, maybe it's spread over a larger base, but the farmer pays. You're asking fewer hunters to pay up some compensation, Mr. Minister, which I disagree with because that simply means the problem is compounded.

And what about the rest of society? What about those who drive out of Regina or out of Saskatoon or out of Alida simply to see the wildlife in the field? Do they not bear some

responsibility for supporting that wildlife? It shouldn't simply be the hunters and the farmers of this province that are paying for the cost of supporting all of the wildlife in this province. And that's what you're asking them to do.

You're asking the farmers and the hunters of this province to pay the entire support for wildlife compensation in this province. And I believe that's wrong, Mr. Minister. The rest of society benefits equally with the hunters in this particular case, Mr. Minister, and they bear some of the responsibility to pay for those costs; they should be paying some of those costs.

So how are you proposing to bring the rest of society in to pay their share, their responsibility, in those costs?

Hon. Mr. Upshall: — Well I think you're oversimplifying this thing a little bit. The Department of Environment right now — in fact you could probably ask these questions more validly on the part of Environment, but I'm here as long as you want me to be — Department of Environment right now uses taxpayers' dollars, money they get from licence fees. And in their general budget, no matter where they get their money from, whether it's taxpayers or licences, they spent many, many dollars on fencing to stop elk, especially elk but some deer, from getting into haystacks, blood meal, intercept feeding programs, and the list goes on.

I mean they spent a tremendous amount of dollars on wildlife. And the taxpayer is paying for that. There is some that comes from the hunters and some of it comes from the taxpayer.

But I just simply disagree with you that we should increase taxation in order to pay compensation. It's not a large dollar. And I think in this case the user has agreed through . . . the wildlife federation have agreed, through policy, through resolution, that increasing the fee would be acceptable.

So I don't know what you're . . . I guess I'm just going to have to disagree with you that we should increase taxes in order to pay for the damage. I think that the key here is we're addressing the problem — we're addressing the problem to the . . . for a resolve that will be beneficial to the farmers of this province.

And as I said before, if we didn't have \$860 million of debt to pay . . . or interest to pay on the debt, we could do a lot of these things, but we don't.

It's the same with all the members on your side of the House. You want the government to do everything for everybody. Those days are over . . . (inaudible interjection) . . . Well the Liberals are especially bad at that. I think maybe you've learned your lesson in the Tory Party from your previous leader. At least I hope you have.

But you can't do that. I mean time and time again I see people, I hear people, stand up and say, well Highway 15 is bad, you got to fix it. You got to twin No. 1. You got to twin No. 11 . . . or the Yellowhead between Battleford and Saskatoon. We're doing some of that. But name it. Say the government should, and then fill in the blank — keep my school open, keep my hospital open, build my road, you know, the list goes on and on.

You can't do that, I'm sorry.

And the fact of the matter is that people in Saskatchewan understand you can't do that. I'm not quite sure why the Liberal Party is so bent on trying to fashion themselves after the Tory Party of the 1980s, but it seems to be that they haven't learned the lessons of history, and I think maybe that you have the new, improved Tory Party here.

So I don't know what else to say except that we're providing a service to the farmers that they desperately need. There's nothing worse than seeing a field that hasn't been harvested, through no fault of your own, you know, whether it was too wet or didn't mature, wasn't maturing on time whatever. A field of flax . . . I think many of us have had flax that because of the weather conditions didn't mature and laid over winter. But there's nothing worse than seeing that field out there with 25, 30 bushels to the acre of flax at 7 or \$8 a bushel now being trampled down by deer.

So we're addressing that problem. I think we agree on everything except where the money should come from. And I just think that the taxpayers are taxed high enough. The wildlife federation has agreed that licence fees could be increased without . . . Let me ask you this question. Would the wildlife federation agree through resolution to increasing fees if they thought it would reduce the number of hunters? I don't think so. Maybe you can tell me what you think.

(1100)

Mr. D'Autremont: — Well thank you, Mr. Minister. The idea that the government should pay for . . . blank, I think was a song sheet you yourself were singing from in the 1980s. If you go back and look over the *Hansards* of you and your colleagues who were in opposition at that time, that was indeed the song that you sang — always more, always better, always higher dollar costs from the government to support whatever program.

And I certainly agree with you, Mr. Minister, that our colleagues in the official opposition have now picked up your songbook and are indeed singing from it. And I think perhaps that's because there are a couple of rejects from your party over there leading the group and that they have . . . in their mindset, they're still back in the 1970s. So I can certainly understand why that is happening, Mr. Minister.

But I'm glad to see in some cases that you have dropped that songbook. But in some areas, Mr. Minister, you're the only person benefiting from this. You say that the Minister of the Environment is putting a large amount of money — all of the funds that he collects from hunting fees and fishing fees — back into the support of wildlife. Well I look at the *Estimates* book and I don't know, I can't tell from the *Estimates* book on the revenue side how much money the Minister for the Environment collects for hunting and fishing fees. But he puts about . . . he's estimating about \$4.7 million back into wildlife, and wildlife and fish development in this coming fiscal year.

And I suspect that the hunting licences generate more money than that. If there are, I think somewhere in the neighbourhood

of 40,000 deer licences sold every year at a cost of, let's say just for easy numbers we make that \$50, you're looking there at over \$2 million right there, Mr. Minister. And that's just on white-tailed deer, and there may very well be more than 40,000 licences sold. I don't know. The minister could perhaps . . .

An Hon. Member: — 10 million

Mr. D'Autremont: — How many?

An Hon. Member: — 10 million.

Mr. D'Autremont: — Ten million dollars generated. Thank you very much. So half of the money being generated is actually going back into those programs. It sounds like the Department of Highways that collects \$400 million, \$450 million in gasoline taxes every year and puts 150 back into road construction. You know I really have to wonder about that, particularly in the shape that our roads are in, Mr. Minister. And we will be discussing roads here after a little bit, so perhaps you can call the Minister of Highways to come and consult with you as we're going through this.

But, Mr. Minister, we have spent a great of time on this particular issue. I believe that the government has to participate in the compensation. Compensation is certainly needed. I'm glad to hear that you're prepared to bring something forward. But society as a whole has to bear some of that cost and some of that responsibility.

I'm going to table for you these letters, because what they are is a large number of petitions, but they're not filled out in the official area, so I can't turn them in in the normal manner that we would deal with petitions in this House.

These come from . . . there must have been a meeting some place or they had them out on the table for awhile, because these petitions come from over a significant portion of the province, in the east, in the area of the Minister of the Environment's home area or neighbouring constituencies — Wapella.

And these people are listing what their problems were, the crop damages they suffered. And there are pages of them, Mr. Minister. Some of this was done by Harvey and Dawn Holloway in preparing these things, from down in the Arcola area where there was quite a bit of damage from wildlife also, Mr. Minister. I see Stoughton as one of the names here, Lampman areas, Arcola, Kisbey — pages of names here. Most of them didn't put their addresses down so it's hard to tell just where they're all from — especially when I'm not wearing my glasses.

So, Mr. Minister, I'd like to table these so that you can have a copy of them and hopefully you can deal with these problems. You consult with the minister for the Environment to find a solution before next year's harvest comes off. Hopefully it comes off successfully; we won't have this problem again. But if it doesn't, that you will have something in place to deal with it.

You didn't indicate though, Mr. Minister, as to what levels of compensation you were thinking about in this. Was this going to be comparable to spot-loss hail where you could get up to, I believe 80 per cent coverage for your losses? Is it going to be dealt with in the same manner as crop insurance deals with spot-loss hail, that you would buy a particular dollar value? Or how do you envision this working, Mr. Minister?

Hon. Mr. Upshall: — We don't know exactly, you know, because we just haven't finalized it. But it's going to be run similar to the waterfowl compensation program. And there will be a maximum. Like right now with crop insurance you can get 70 per cent coverage in spot-loss hail or 80 per cent without spot-loss hail. But it won't be a hundred per cent compensation because it'll run similar to the insurance system that we have right now.

Thank you for tabling those letters. I just want to say one thing for the record. When I was kibitzing with you earlier about your accuracy with your shooting, one of my colleagues came up and said that, I understand, that you're a champion target shooter. So just for the record so that people don't really think . . .

An Hon. Member: — Oops.

Hon. Mr. Upshall: — Yes, oops. Just for the record, I want people to know that the hon. member is very accurate.

An Hon. Member: — He's good at something.

Hon. Mr. Upshall: — He's good at something. That's right.

So anyway, the program will be run in similar fashion. There won't be 100 per cent compensation of course, because the expense after 70, 80 per cent just goes through the roof. But that will be decided and announced at the appropriate time.

Mr. D'Autremont: — Well thank you, Mr. Minister. I wonder if you could describe for us then how that migratory game compensation works.

I could be wrong on this but I believe that some of the compensations have a dollar cap on them of the total pool that is available, and then that pool is distributed amongst the claimants. And if that is the case, in a year like this past year with big game problems, that pool could be very small to the individual farmer. So could you describe how that claim factor works?

Hon. Mr. Upshall: — No, as with waterfowl, it provides compensation up to 70 per cent of your average yield. I don't believe there's a cap on it. And with this too, the damage will be paid for. There will be no pooling . . . (inaudible) . . . a certain amount of money to be divided amongst the farmers. It's just that if you have a claim you'll be paid on the basis of that claim and if there's . . . well everybody will be paid equally.

Mr. D'Autremont: — Well thank you, Mr. Minister. We look forward to seeing what kind of a program you bring forward

when you get all your ducks in a row and when you have the bucks to finance it.

Mr. Minister, I wonder if you could perhaps answer a few questions dealing with the GRIP (gross revenue insurance program) pay-outs and the controversy that was surrounding that. I think we have already gone over our opposition to the moves that were made first in cancelling the GRIP contracts, and second, in demanding repayment of any overpayments that were in place.

I'd like to bring to your attention an ad that was placed in newspapers across this province. This one was in *The Heartland Newspaper*, which I believe is published out of Rosetown or over in that corner of the province but goes across the province, Mr. Minister, and this advertisement says: "Attention farmers. Don't pay your GRIP bills."

Well, Mr. Minister, I have a great deal of concern about that. I believe that farmers have a duty to pay the bills that they owe, be that to the government, be that to their fertilizer supplier, be that to their local grocery store, whomever it might be. If you enter into a contract to accept something for which you provide remuneration, while you may not have signed on any dotted lines, you have entered into a common-law contract, a verbal contract, to meet your obligations if the other party meets theirs.

So, Mr. Minister, this bill is paid for, it says here:

Advertisement paid for by the official opposition. Send your bills to the Liberal opposition in the legislature of Saskatchewan and we'll return them to the NDP government where they belong.

Well, Mr. Minister, what are the legal ramifications of counselling farmers not to meet their obligations, to not pay their bills?

Hon. Mr. Upshall: — Well I too am concerned about that piece of advertising. It's too bad that there are no Liberal members in the House. Seeing that there's no Liberal members in the House, it seems as though they think the session's over.

The Chair: — Order. I would warn the member that he knows the rules of whether he can refer to whether members are in the House or out of the House. And I would bring his attention to that.

Hon. Mr. Upshall: — After 10 years in the House, Mr. Chair, I don't know how I could have forgotten that. But I'm sorry for saying that.

Anyway, the ethics that are involved here are very questionable. In Canada, it's my understanding that it is not illegal to counsel somebody to not pay their bills. I believe in Britain it is. That's what I've been told; I'm not a lawyer but I've been told that. Maybe something the Government of Canada should be looking at.

But the fact of the matter here is that there is a number of things

that are going on. The Liberal Party, the Liberal members, by counselling someone to not pay their GRIP bill, are really saying that well, it's okay to be irresponsible.

The fact of the matter is that I think the majority of the farmers out there are responsible — overwhelming majority. And they believe that they have to pay a bill to the best of their ability as soon as they can. And I think that's witnessed by the fact that we've got what, 70 per cent of the GRIP bills, over 70 per cent back in now. And even though the prices are up for products, which is great to see, input costs have risen dramatically and you know, there's still a limited margin.

But I know that most farmers were going to be paying their bills. If they haven't already, they're going to make arrangements to pay them or they're going to be doing it when they can.

But for the Liberal Party to publicize, to pay for, an ad in the paper encouraging farmers to disrespect the law, that really brings the attention to . . . really raises the question of what does this party stand for? A party who would be government, a party who would want to run this land, this province, to govern this province, counselling people to break the law.

I don't know exactly what you think of that, but I think it's disgusting, I think it's irresponsible, and I think it's deceptive. Because the people who . . . and I've received, I've received a number of bills that have been sent to the Agriculture critic, and he has forwarded them on to me. I've received a number of GRIP bills.

And they say . . . Well we flushed somebody out of the woods here.

Well the member . . . the Liberal Agriculture critic says we stole the money. That's about as responsible as saying to people you should break the law and not pay your bills.

For a party who would be government, I think you should sit back, you should sit back and assess who your new leader might be. Because I think you want a new leader of the Liberal Party who may want to change, who may want to change some of the ethics of this Liberal Party. Because if you don't change the ethics, if you keep counselling people to break the law, I think that maybe you will be in trouble coming the next election.

(1115)

Counselling people to break the law is probably one of the . . . Well I'm not sure exactly how to put this. Immoral is a good word for it. But it's just totally irresponsible, totally irresponsible.

But the worst part of it all is this: if I'm a farmer and I have trouble paying my GRIP bill legitimately, I've got . . . Yes, prices are up, but I've got input costs dramatically rising, I've got bills to pay, I've got loans to pay, and then I get the GRIP bill. Am I happy? No, I'm not happy. So then you have to ask yourself, if you're a farmer in that position, well what do I do?

What we're counselling people to do is phone Crop Insurance and make arrangements to pay if you can't pay now. But what the Liberal Party is doing is saying, don't pay. Break the law. You don't have to pay. Be irresponsible.

But you know what the worst part of that is? If I'm a farmer in a financially strapped position, the Liberal Party is supposedly giving me a little bit of light that I can reach out to. It's false. It's deceptive. It's immoral and irresponsible to put people who are in a tough financial position, to put them in a position where you put out some false hope.

An Hon. Member: — And to use them for political . . .

Hon. Mr. Upshall: — To use them for — exactly as my colleague says, precisely; to use them, to use people who are financially strapped — for cheap political gain.

I could go on on this. But I'll just end by saying this: it is not illegal for the Liberal Party to put an ad in the paper telling farmers to break the law. It's not illegal. It's illegal in Britain, I understand, but not here. But it's irresponsible and it's immoral and it's usury.

So all I can say is that I am as concerned as you are about that ad.

Mr. D'Autremont: — Well thank you, Mr. Minister. They had some interesting numbers there that you were expounding on, Mr. Minister.

Mr. Minister, 70 per cent of the bills have been paid, you said. How much of that 70 per cent . . . how many dollars did that represent and what percentages of the dollars that were left outstanding — I believe it was approximately \$12 million of overpayments that were in place — how many of those dollars have been returned and what percentage of the dollars have been returned?

Hon. Mr. Upshall: — There has been 8,227 customers paid, or 71 per cent. And the amount paid is \$5,922,600, or 51 per cent.

Mr. D'Autremont: — Thank you, Mr. Minister. What avenues are you then taking, since you're bound and determined to collect this money, what avenues are you taking to recover the other 49 per cent that you have not yet collected? Are you putting some impositions on their crop insurance options this year? Are you foreclosing on them? What avenues are you taking to recover the monies that you seem to be determined to collect — monies which in actual fact, Mr. Minister, should have belonged to the farmers initially.

When we look at the circumstances in Alberta, when we look at the circumstances in Manitoba, those monies that were in the GRIP program were paid out to the farmers in those provinces.

And it's interesting to note, Mr. Minister, that last year at the auction sales along the border, farmers would go to the auction sales in an attempt to buy used equipment at a reasonable price. The Saskatchewan farmers could not compete for the used equipment being sold in Saskatchewan. They couldn't compete

because Manitoba farmers were coming in with their GRIP cheques in hand to pay for Saskatchewan equipment. Saskatchewan farmers were disadvantaged because Saskatchewan had not paid out the GRIP funds whereas Manitoba had.

I'm sure that the same thing was occurring on the Alberta side — that along the border, Alberta farmers who had extra money in their pockets because they had received their GRIP payments, were able to come into Saskatchewan and buy Saskatchewan farmers' equipment at auction sales at a little bigger price than what the Saskatchewan farmer could afford to pay because the Saskatchewan farmer didn't have access to those GRIP payments, because your government had changed the contracts and then cancelled GRIP, which in turn removed approximately \$800-plus million from the pockets of Saskatchewan farmers.

A significant portion of that — I believe it's \$256 million — was sent back to the federal government. Monies that was never returned to Saskatchewan. Monies that should have been returned but were not. Monies that you then in turn took your share out, \$188 million; a very limited portion of that was put back into agriculture. But unfortunately, Mr. Minister, it wasn't new money.

You simply removed, I believe it was \$78 million, from the agriculture budget and then back-filled it with \$78 million from the GRIP monies, and put \$110 million into the Minister of Finance's Consolidated Fund and which farmers have never seen it again.

Those monies should have been in the hands of Saskatchewan farmers. It certainly would have benefited them last year and they would have been in a better position last fall when a number of those crops didn't come off, Mr. Minister.

So what methods, what means, are you using to recover those dollars that you believe that you are demanding that the farmers repay?

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

Mr. McPherson: — Thank you, Mr. Chair. To introduce guests.

Leave granted.

INTRODUCTION OF GUESTS

Mr. McPherson: — Thank you, Mr. Deputy Chair. I'd like to introduce to you and through you to members of the Legislative Assembly here today, some 29 grade 4 students from the Assiniboia School, with their teacher, Mrs. McCrank, and some chaperons, Glenda Mayell, Sharon Juell, Kathy Santo, and Debbie Solberg.

And I know that we'll be meeting soon to have a discussion about how the legislature works and some of the happenings here today. And I would ask all members to give them a warm welcome here today.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

General Revenue Fund Agriculture and Food Vote 1

Item 1

Hon. Mr. Upshall: — Just a couple of comments. As far as Alberta versus Saskatchewan goes, the formula was the same for the producers getting their share back in Saskatchewan as Alberta. They got thirty-three and a third per cent back to producers, their contribution, just like our producers got their thirty-three and a third per cent.

As far as putting the provincial share, you said nominal or minimal, well that's not true. We put nearly 70 per cent of the money, of our provincial treasury share, into agriculture programs. Yes, 30 per cent went into general revenue. That's part of the help-clean-up-the-Tory-mess-from-the-1980s routine that we're going through, without raising taxes.

But I want, just for the record, to tell you, and I know you complain — and I don't believe in governing by comparison, but sometimes you have to draw out of the arsenal some comparative notes — and I want to just draw this to your attention.

In 1995-96, provincial government expenditures in support of the agri-food sector on a per capita basis, okay, guess who's at the top of the list? Saskatchewan. Provincial government expenditures in support of the agri-food sector on a per capita basis: \$412.11 per capita.

Guess who's second? Alberta. But Alberta is significantly a distant second at \$181.13 per capita compared to \$412 in Saskatchewan, compared to \$170 in Prince Edward Island, and \$151 in Manitoba. Or compared to the federal Liberal government of a whopping \$89.

So I think that despite the fact that you might have some complaints, and I know nothing's perfect and we don't do everything right, but we are putting a significant number of dollars into agriculture on a per capita basis in this province compared to other provinces.

Can we do better? I don't know. I don't know if people want us to put . . . I know they don't want us to put more subsidy dollars in. I've talked to the industries over the last number of months and nobody says we should continue to subsidize or start subsidizing, as the Americans are doing. But provincially, I think we do very well, thank you very much, of putting taxpayers' dollars into the agri-food sector.

I think that the days of GRIP . . . (inaudible interjection) . . . Well now the member from Arm River, the Liberal member from Arm River, says I'm patting myself on the back.

As I started to say, I don't believe in governing by comparison. But if I'm criticized for not doing good in the agriculture sector,

I want to bring out some statistics, some statistics . . . (inaudible interjection) . . . Well one thing I won't have to do is pat the federal government on the back, the federal Liberal government, for \$89 per capita compared to 412 in Saskatchewan.

I mean there was times past when the federal government paid their share, paid their share — in fact paid 100 per cent of compensation. Then it went down and down and down, and now that the Liberal government is in there, it's \$89 per capita.

So pat myself on the back? Well not me. It's the department, the people who work with this government's decisions of Executive Council, that do this. I happen to be in this chair at this time.

But I'll tell you: we do it because we know the importance of the agri-food sector.

Mr. D'Autremont: — Well thank you, Mr. Minister. I see we're back onto our wildlife theme again. I'm not sure if your comments were a red herring or a smelly mackerel but you certainly seem to be passing the buck while you try to keep the doe.

Some Hon. Members: Hear, hear!

Mr. D'Autremont: — Well, Mr. Minister, what your figures are, Mr. Minister, don't add up. Because after all, when you look at Alberta and start comparing agriculture numbers with Saskatchewan, you have to keep in mind that there are more people living in Calgary and Edmonton than there is in the entire population of Saskatchewan.

So when you start talking about per capita expenditures on agriculture and comparing us between Alberta and Saskatchewan, I think you are indeed throwing out a smelly mackerel.

Mr. Minister, Saskatchewan agriculture is the number one industry — number one industry — and deserves to be recognized as such and compensated as such. While Alberta agriculture is very important to them, it is by no means the number one industry. We have many, many more farmers, more ranchers, than Alberta has.

And the fact is I believe that we have just about as many cows as Alberta has, even though Alberta hates to admit that, because it takes less acres to raise a cow in Saskatchewan than it does in Alberta. It's comparable in the south-west of Saskatchewan to Alberta, but when you get into the rest of Saskatchewan, while we may not have as many acres dedicated to the production of cattle, it takes fewer acres to produce that cow.

So, Mr. Minister, you can't simply compare the dollars per capita being spent in Saskatchewan on agriculture to the dollars per capita in Alberta.

Now if you were to make a comparison as to the dollars generated in Saskatchewan to the dollars you put in, to the dollars generated in Alberta and the number of people and the

percentage that is of Saskatchewan's GDP (gross domestic product), you may very well have some numbers there that would have some meaning.

So perhaps we could get those numbers from you. Production of agricultural products in Saskatchewan, Mr. Minister, represents what percentage of the GDP of Saskatchewan's economy?

Hon. Mr. Upshall: — Directly, about 10 per cent. Indirectly, with all the other spin-offs from ag activity, it's about 40 per cent. So it's a fairly significant number. Alberta is somewhat less than that, that's right. Like, I think about directly 6 or 7 per cent. That's not for sure but I think that's about what it is, I think fairly close.

But when you're talking about per capita, there are a number of people living in Calgary and Edmonton; a number of people living in Regina and Saskatoon as well. But it doesn't matter. It doesn't matter because what you're doing is you're putting dollars into agriculture to support those cities indirectly and sometimes directly. So it doesn't matter what your population is.

The fact of the matter is that there's a commitment whether your population's urban or rural. There's a commitment from this province to put more dollars into agri-food sector than Alberta has.

(1130)

An Hon. Member: — Per capita.

Hon. Mr. Upshall: — Per capita, exactly, per capita. But the fact of the matter is it doesn't matter what your population is. It's on an individual basis and it doesn't matter where your population lives. The money that you put into agriculture supports you whether you're rural or urban. And if you're a doctor in downtown Calgary, you have some degree of connection with agriculture because of the rural base of that province. And you wouldn't have your job. If you're a teacher in downtown Calgary, how many students would be in the schools if you took the agriculture sector out?

Don't try to say that we're not doing our share compared to Alberta, talking about per capita, because we are. And our GDP — and this is why we believe it's important — indirectly 40 per cent of our economy is ag related. When ag's down, as you know, the whole province goes down. That's why we believe that it's important; that's why we put \$412 per capita into the agri-food sector.

So you can talk about Alberta but I just want to tell you something about Alberta right now. We in Canada have been working on agriculture programs for a number of years where every province including Alberta agreed that we should be reducing subsidies. The subsidies should be lowered as per GATT (General Agreement on Tariffs and Trade), as per WTO (World Trade Organization) agreements, as per keeping our playing-field level in Canada. Everything was going along quite nicely. We decided we were going to have a crop insurance

program and we're trying to improve upon that now in the five-year review, and NISA (Net Income Stabilization Account), under the crop sector program.

Other provinces were doing similar things. But guess what good old Alberta did. Good old Alberta, good old Mr. Ag Minister, Mr. Paszkowski, against the wishes of the cattle sector, the cattle producers, the majority of people, cattle producers in his province, put in what's called the FISP program, farm income stabilization program, subsidizing the cattle industry.

I don't know what the dollars are this year but up to maybe \$80 million in the cattle industry, going against the trend of all the country when every other province said yes, we think we should keep the subsidies down because with the new international trade rules we have to live in a real market-place — a real market-place. That means no subsidies. Because if you're living in a subsidized market-place and the bottom drops out and all of a sudden the subsidies can't be increased, guess what? You're in big trouble. Bigger trouble than you would have been if you were in the real market-place.

So Mr. Paszkowski has gone against — I call Alberta now, the Europeans, and not my line but a good line, the Europeans of Canada — going against everybody else saying okay, we'll keep subsidizing you. And for Saskatchewan this is especially troublesome. B.C. (British Columbia) is upset as well; they live on the other side.

Especially troublesome for Saskatchewan because let's say that we said okay, we're going to match Alberta with a subsidy program to our cattle producers. Cattle are down. There's no doubt, I mean a lot of people . . . producers are having tough times. They will come back up.

But let's say we're going to match the Alberta program. What would B.C. do? They'd have to match it, and maybe they'd make it a little better. And maybe Alberta would say, well boy we've got to keep our cattle guys going stronger so we'll put more money in.

If you take the cattle producing provinces — Alberta, B.C., Saskatchewan. Ontario — guess who is the most disadvantaged? Saskatchewan is because we haven't got the financial base that B.C., Alberta, and Ontario do. So if we start anteing up the subsidy programs, as Alberta wants to do, we will lose. We can't match them. They get . . . if we had Alberta's oil revenue we wouldn't have to have a sales tax in place.

An Hon. Member: — That's why they don't have one.

Hon. Mr. Upshall: — That's why they don't have one, because they got oil revenue.

But I'll tell you, we can't in Saskatchewan . . . I mean I've had some producers say, well you know, you've got to match Alberta. You've got to put an ad hoc subsidy program in. I said no, I can't do it. Because at the end of the day what you would accomplish is an unreal market-place, more taxes for taxpayers

to pay. And when the price drops again, you're going to be in bigger trouble because you will have this unreal market-place where you have the government subsidy capitalized into your operation.

So I just want to ask you if you believe what Alberta is doing is right. Because I certainly don't believe it's right. Maybe you could comment on that.

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

Mr. Aldridge: — With leave, Mr. Deputy Chair, to introduce guests.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Aldridge: — Thank you, Mr. Deputy Chair. To you and through you to the rest of the members here this morning, it's with a good deal of pleasure that I can introduce to you a rather distinguished looking group of grade 3 students from the Herbert School in the town of Herbert in my constituency, with their chaperons and their teacher, Judy Voth.

And I do look forward to meeting with them a little bit later on and sharing some refreshments consisting only of drinks, for the benefit of the members opposite. And I would just ask you to join in welcoming them here this morning.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

General Revenue Fund Agriculture and Food Vote 1

Item 1

Mr. D'Autremont: — Well, Mr. Minister, I find myself in strange agreement with you. I don't believe that any government should be subsidizing. I believe that the market-place has built-in mechanisms that provide the returns or the disincentives, as the case may be, to the producers of any commodity, including cattle.

I believe it does distort the market when one jurisdiction provides subsidies which other jurisdictions then have to try and match or simply lose. It's like stealing jobs because you offer incentives such as we were discussing the other day with the Minister of Economic Development. I believe that's wrong, Mr. Minister.

But in light of your new free market spirit, which I commend you for, in believing that the market-place is the correct avenue to deal with these circumstances that the producers have the right and should be allowed to market without government interference, without the government providing, in this case, subsidies which some of the producers may not wish to have, so, Mr. Minister, in light of this new free market spirit that you have been exemplifying today and that you have been

vigorously defending, how do you square that new free market spirit with your undying and unswerving loyalty to the Canadian Wheat Board, which sets market prices, which denies farmers the opportunity to exempt themselves from government interference, and supposedly, according to the supporters of the Canadian Wheat Board, protects them from the vagaries of the market?

How does your new free market spirit in cattle square with your protectionist government interventionist monopoly stand on the Canadian Wheat Board?

Hon. Mr. Upshall: — Well that's a pretty easy question to answer and I thank you for asking it.

I think it squares very well. Two points. The Wheat Board subsidizes farmers, if I can put it that way, to the tune of 500-million-dollars-plus a year as documented by Mr. Tyrchniewicz out of Edmonton, Mr. Kraft out of Manitoba, and Mr. Furtan out of Saskatchewan, in a study where they looked at every sale of the Canadian Wheat Board for the last 14 years. Then they decided on the information, which is very clear, that the Wheat Board got a premium, got more money for the grain they sold than what the street price was during that sale. The difference is over \$500 million a year to farmers.

We talk about cattle. I'm talking about government subsidizing the cattle industry. The government doesn't subsidize the Wheat Board. Because the Wheat Board structure . . . that institution, if you wanted to say, subsidizes, but gets a premium price for the farmers' grain.

Now let's take it one step further. What if we had a national cattle marketing board? Would that give farmers an advantage or a disadvantage, like the Wheat Board gives them an advantage? I don't know.

An Hon. Member: — What is this, the Gettysburg Address?

Hon. Mr. Upshall: — No, it's not the Gettysburg Address.

But I'll tell you, there's a significant difference between taxpayers subsidizing an industry, or the federal government, supported by farmers in this province and western Canada for the most part, wanting to maintain the Wheat Board that gives them an advantage of over \$500 million a year. So I think that squares very well.

Mr. D'Autremont: — Well, Mr. Minister, what you're defending is a government body that is subsidizing not all farmers, but a limited sector of farmers — those in Manitoba, Saskatchewan, Alberta, and the Peace River country of British Columbia. Not all farmers are receiving these subsidies.

Alberta, in subsidizing its cattle industry, is subsidizing its farmers in its jurisdiction. The Canadian Wheat Board is subsidizing the farmers in the jurisdiction it has been assigned. Two government bodies subsidizing their producers. You're opposed to one; in favour of the other.

Mr. Minister, to me that doesn't square. If you say in your new

free market spirit, that it's absolutely wrong for Alberta — and I'll agree, they shouldn't be doing it — to subsidize their cattle producers, then how can it be right for the Canadian Wheat Board, in their jurisdiction, to be subsidizing the farmers that they are representing?

Hon. Mr. Upshall: — Well now it's getting interesting and a little convoluted. When you talk about subsidies . . . it's apples and oranges.

I'm talking about, and as you know, taxpayer dollars going into the industry. I don't think that should be true in the cattle industry or any other industry. In times of crisis, yes, absolutely. I think we'll all agree, if there's a disaster, then you have to use tax dollars to support the industries.

What we're doing in this province is putting in place a good crop insurance program. There's a NISA program. And that's about it. But if you have those two programs, especially crop insurance, if you have a program that's effective and affordable, you don't need anything else.

And then you talk about the Wheat Board subsidizing. Well this is the same thing. It's the real market-place. And here's what's happening. The Wheat Board is subsidizing farmers. I mean I use that term lightly . . .

An Hon. Member: — But you shouldn't.

Hon. Mr. Upshall: — Yes, maybe I started something I shouldn't have started.

But it's a benefit gained. A subsidy . . . but do you know where they're getting the subsidy from? The purchasers. They're getting their money, not from the taxpayer as Alberta's doing to subsidize their cattle program, the Wheat Board gets premium pricing. Why in the world would anyone want to do away with an institution that provides a premium of \$500 million a year to those people who are using that institution? Why would you want to throw it away?

This is superior marketing talent. When the street price, the open market that you advocate, is lower by \$500 million on a yearly average than what the Wheat Board gets for the grain that they sell, where is the logic in trying to destroy that institution?

In fact why wouldn't we want to put every commodity in a position like that? Why wouldn't every farmer want to take advantage . . . get the advantage of that? I don't know, but maybe you can explain to me why you want to take away this advantage that we have.

Mr. D'Autremont: — Well, Mr. Minister, this is one of the areas where we don't agree. And while we do agree that Alberta should not be subsidizing the marketing, should not be subsidizing the producing of livestock and cattle in their jurisdiction because it distorts the market and creates a great deal of hardship for their neighbours. We agree on that point.

But we disagree on the Canadian Wheat Board. And I find it

somewhat amazing that you would disagree with Alberta's subsidies while supporting subsidies in another area. And you say these subsidies come from outside sources that the . . . well the minister used the word subsidy. I didn't use the word subsidy initially; the minister did.

He's saying that these \$500 million worth of subsidies comes from outside sources; that this is benefits generated by superior marketing techniques of the Canadian Wheat Board. Well, Mr. Minister, I know of a large number of farmers who believe that they could generate those additional subsidies benefits themselves without having to go through the Canadian Wheat Board. But unfortunately, they are not being allowed that opportunity.

You comment that the government, that the Canadian Wheat Board has a significant amount of ability to generate these additional funds. If that's the case, why are not all wheat and barley producers therefore being given the opportunity to avail themselves of this superior marketing ability that the Canadian Wheat Board has?

(1145)

Why do the producers of wheat and barley in southern British Columbia not have the opportunity to avail themselves of those opportunities? Why do the wheat and barley producers of Ontario not have an opportunity to avail themselves of the superior marketing abilities of the Canadian Wheat Board to create some additional revenues for themselves?

After all, Ontario, I believe, is the second largest wheat producer in Canada, behind Saskatchewan, but ahead of Manitoba and Alberta and British Columbia. And yet they don't have the opportunity to avail themselves of the Canadian Wheat Board's expertise. Neither do the people of Quebec or the Maritimes, where they do grow wheat and barley, Mr. Minister.

If the Canadian Wheat Board does such an excellent job, is of such an advantage to farmers that farmers welcome it so open-handedly, why are not all the farmers of Canada being given that opportunity to avail themselves of that chance?

Hon. Mr. Upshall: — Maybe they're not as smart as we are, I don't know; I can't answer for them. I don't know why they wouldn't. I don't know why they wouldn't be banging at the door, because we've got the proof here.

I just want to say one thing. When you talk about the open market system, let's talk about the basis points that are involved in getting the grain from your farm to export position. If you compare canola, if it were under the board's jurisdiction or under the current system it's under right now, the basis points are the same basically — transportation, handling, and whatever else is involved in all the basis points. But one of the things that's different, one area is different, significantly different, and that is profit.

In this current system, when your canola moves to port, the basis points from Saskatoon or Regina to Vancouver are almost identical except for profit of the company who handles that . . .

who markets that grain. Under the Wheat Board there is no basis for profit — no basis points for profit — because all the profit goes back to the producers.

If you got rid of the board as you advocate, why? If you got rid of the board, who would market your grain? Would you do it yourself? I don't think so. You might ship the odd semi-load to a feedlot or to wherever you might find a little market. But I'll tell you, and you know this, there would be somebody marketing your grain for you. And would they take a profit? Would they ask a price for marketing your grain? Yes, they would. You'll agree with that.

Under the Canadian Wheat Board system, there is no need, because it's an agency of government, there is no need for profit. They don't take . . . all the money they get goes back into the pooling system and goes back to the farmers' pockets.

For the life of me, I don't understand why you would advocate reducing the income of western Canada. Like this is some bizarre ideology. Why would you advocate reducing income in western Canada by \$500 million a year? Why would you advocate farmers receiving less money because they had to pay somebody a profit margin to market their grain when the Canadian Wheat Board does it, and if there's any profit it goes back into the farmers' pocket through the pooling system. It behoves me to understand this.

One more point about the Canadian Wheat Board. Administration costs — about 5 cents a bushel right now. And if you're marketing it through an open market system, through a private trader, you're going to pay the administration costs. Besides their profit margin, you're going to pay some administration costs.

Because the Canadian government guarantees the dollars of the Canadian Wheat Board. There's about \$6 billion that the board plays with on a daily basis, 5 to \$6 billion. The way it works is this. The Canadian Wheat Board used to have to go to the banks to borrow their money. A few years ago they were allowed to go to the paper market to buy paper. They buy paper much, much more reasonably than they do loans from the bank.

And whenever, on the other side of the sheet, whenever a country can't make its payments to the board, they come to the board and they say, okay, we haven't got enough money right now but we're going to sit down and work out a repayment plan. The board says, okay, we'll do that. But they charge them an interest rate. They charge them an interest rate when they reschedule their debt.

Do you know that last year there was about \$50 million made because the board bought their paper cheaper than what they were getting on their interest from the countries who default on their loans?

Do you know what the administration costs for the Canadian Wheat Board was last year? — \$43 million. So because the board is set up the way it is set up, because the institution is set up as an arm of government guaranteed by government, they made almost \$10 million, and we got administration for

nothing. Do you think that the private grain trade would get that for you? I don't think so.

Mr. D'Autremont: — Well, Mr. Minister, you covered a number of areas there that interest me. One of the issues I think though that we need to take a look at is the measuring point. You're measuring point on your \$500 million figure, and I'm not exactly sure your \$500 figure is correct, but for argument's sake at the present time, we'll use your \$500 million.

Unfortunately the measuring point where you start to measure whether or not the farmer has gained a benefit, is at the point of export — sitting in port ready for the ship. Unfortunately that's not the entire cost to the farmer in this country. His costs start at his farm gate when he decides to load the grain onto the truck, and what happens to it after that point, and all of the costs associated with that have to be included in the farmer's return.

And the study that you are quoting, the Kraft study, takes that measuring point at export, not at the farm gate. And you have to measure that at the farm gate. When you talk about the government providing credit, that the Canadian Wheat Board benefited by that credit, I think you have to take a look at some of the other industries in Canada and how federal government credit aids those industries and whether or not the same thing could not be done outside of the Canadian Wheat Board rather than the Canadian Wheat Board being the sole avenue for that type of credit.

I think of Bombardier selling locomotives and cars to Indonesia. The federal government provided credit to Indonesia to purchase those locomotives and those cars from Bombardier in Quebec. The same as the federal government provides credit to the Canadian Wheat Board to sell grain to Poland, or Russia, or wherever it might be, Mr. Minister. That credit availability is there for the government, the federal government, to exercise if they wish. In the case of Bombardier, they felt that there was an economic advantage to Canada to utilize . . . an economic benefit for Canada to sell those locomotives, therefore they provided the credit.

The federal government believes that it is to the economic advantage of Canada to sell wheat and barley through the Canadian Wheat Board, so they allow credit through the Canadian Wheat Board to their purchasers. You don't just have to be under the Canadian Wheat Board to get that economic benefit from the federal government, Mr. Minister.

And that's the part that most Canadian Wheat Board supporters refuse to recognize, that the Canadian Wheat Board is not the sole agency to provide credit to purchasers offshore, Mr. Minister. I'm glad to note though that in your commentaries though, you did point out some of the areas where the federal government is providing subsidies to farmers. And again I would have to ask under those circumstances then, why some of the other farmers in Canada who also sell and produce wheat and barley are not entitled to those same subsidies.

So, Mr. Minister, when you're looking at those areas, there is benefits available outside of the Canadian Wheat Board. You quoted that there was an advantage to the Canadian Wheat

Board of some approximately 5 cents a bushel of benefit. Well, Mr. Minister, the study done by Colin A. Carter and R.M.A. Loyns, *The Economics of Single Desk Selling of Western Canadian Grain*, and I'd like to quote one sentence from it:

The Canadian Wheat Board claims the cost to farmers to run the CWB is less than 5 cents per bushel. We find it to be much higher than that, perhaps 10 times higher.

One of the things, Mr. Minister, that this study is pointing out, and that most farmers believe, is that the Canadian Wheat Board, because as you argued, does not have to generate a profit, also doesn't have to run efficiently. Because farmers themselves, to date, have never been able to see the internal administrative costs of the Canadian Wheat Board.

You threw out a figure of \$43 million for the administration end of it. I think that's the first time I've heard that number passed around. Because farmers, up until this point, have never had the opportunity to have a look at the books of the Canadian Wheat Board to determine whether or not they're handling the farmers' money — because after all, the cost to administer the Canadian Wheat Board are paid for by the farmers — whether or not those monies were being dealt with properly. Whether the administration was efficient, inefficient, nobody knew because they've never had an opportunity to have a look at them.

And certainly our entire economy, Mr. Minister, is driven by the economics of profit. We only do things because we believe that we can get a return for ourselves, a return with which, if we so desire, we can support someone else. We can provide for someone else as well as ourselves.

But without profit nobody stays in business. That is nobody, under your terms, except the Canadian Wheat Board. The Canadian Wheat Board can stay in business because they don't have to generate a profit. And because they don't have to generate a profit, they don't have to be efficient. They can spend as they see fit without the scrutiny of farmers who pay the bills.

We look at the Wheat Board Advisory Committee. Now a number of supporters of the Canadian Wheat Board believe that the Canadian Wheat Board Advisory Committee is the watchdog for the farmers. But unfortunately, Mr. Minister, the Canadian Wheat Board Advisory Committee has no authority, it has no power, it's simply a means of advising the Wheat Board as to what they think farmers believe.

Well I think farmers expressed that . . . their intentions towards the Wheat Board Advisory Committee by only 20 per cent of them voting. Obviously the belief was that they had no impact on the Canadian Wheat Board; that their advice was simply ignored or irrelevant. The commissioners did as they chose. The federal government, if anything, was able to direct those commissioners, and that the farmers had no input whatsoever, Mr. Minister.

So when you say 5 cents a bushel, this study says it can be as much as 10 times that. And I believe that farmers are paying

perhaps more than they should because they haven't had the opportunity to look at the books to make the determinations as to whether their best interests are being served by the Canadian Wheat Board. And until those books are opened up, farmers will never have the opportunity to make that determination.

But the studies that have been done, the Canadian Wheat Board financed the Kraft study. And we all know, Mr. Minister, that if you hire somebody to write a report for you, they can write the report to bring forward the recommendations you wish to find.

This report was done by a third party not directly involved in the Canadian Wheat Board; not directly involved in the production of grain. I suspect, Mr. Minister, that this report is more unbiased — I'm not going to say it's totally unbiased because I don't know — but more unbiased than the Kraft report would be when it is paid for by the Canadian Wheat Board.

Hon. Mr. Upshall: — Well first of all I want to straighten you out on the subsidy, just for the record. Taxpayers don't subsidize farmers. The advantage of farmers come from the market-place. Your theory, your theory would make the market-place work; the wheat board is making it work.

I want to make a comment on the administration. If you just were to zip out to the library and get the annual report for the Wheat Board for the last number of years — they file an annual report — and it breaks out the administration costs. It's right there. And you can just determine in your own mind whether you think that's too much or too little.

Now you say you make this argument because you say that the books of the board should be open. Well I'll tell you, as soon as you go to Continental, Bunge, or Cargill or any of the major traders and walk in and they open their book up for you, that will be the day that I start advertising that the Wheat Board should open up their books totally to the public, so that their competitors, the private trades of the world, know what their books are saying. It doesn't make any sense.

(1200)

I know the argument is a philosophical argument that you're making, because you don't believe that farmers should . . . or I guess you believe that farmers should get \$500 million a year less. That's fine, if that's what your party's position is. I can live with that quite happily, thank you very much.

Just want to talk about the Carter-Loyns study as opposed Kraft-Tyrchniewicz-Furtan study. Yes, the Wheat Board paid for the three very well-respected agriculture economists — one from Alberta, one from Saskatchewan, and one from Manitoba. Highly respected and highly known throughout Canada and North America.

Mr. Carter, University of California — Berkeley? No it's not Berkeley but it's University of California — who a couple of years ago came out with a glowing report on the Canadian Wheat Board, a glowing report. All of a sudden now turns around and says, paid for, if you want to use your logic, by the

Alberta government. Independent third party, right?

Now my question to you is this. Why would you sooner believe somebody from the University of California in the United States, with all due respect to the person, but why would you sooner take their word for what's happening with the Canadian Wheat Board when, by the way, they didn't see the sales for the last 14 years like the people in Canada did? Why would you want to believe them instead of our highly respected economists? Or is it simply the fact that your logic says that the board has no place in western Canada, because I'm a free enterpriser and I can sell my grain even if I lose money.

An Hon. Member: — That's my right.

Hon. Mr. Upshall: — That's your right, exactly. But don't inflict your narrow logic on the producers of this province. That's why you've got five members over there. If you want to expand and compete with the stumbling Liberal Party, then you should have changed that logic.

But don't inflict your narrow logic onto the people of this province just because you have the right to sell your grain at a loss, or less, of what the Wheat Board can get. It's not right. As an elected person you know that's not right. And your responsibility is opposite of what you're preaching.

Mr. Goohsen: — Thank you, Mr. Chairman. Well, Mr. Minister, I'm very interested in this debate this morning, and I think it's a worthwhile debate. But as I listen to your comments here, you suggest that my colleague's ideals are narrow and that, because his logic is narrow, then it should be overruled and not used in the equation.

Okay, on the other side of the analysis, what if there are a lot of people that think that your approach is narrow. Then shouldn't you also change your position? If your logic is considered to be narrow by a majority of people, wouldn't you think then it's time for you to change some of your logic if you would expect those in our caucus to change theirs. So I throw it back to you.

Hon. Mr. Upshall: — Absolutely. If I thought my logic was the minority, I would review that logic. Your colleague just complimented us for what he perceived as a changed opinion as far as subsidy to the cattle industry goes. At one time I believe that there should have been subsidies, but now I don't. I think my belief was in the minority.

And the logic that was put forward to me was that if you subsidize the industry, it's capitalized into that operation, and when the bottom falls out and all of a sudden the government's run out of money, that industry crashes 10 times harder than it would if it wasn't subsidized. If there is a particular case, a year, for an extended period of time where the prices are devastating and you're going to lose the industry, then you have to look at not just the provincial, but federal-provincial support for that industry whether it's livestock, grain, or whatever.

So I have changed. I admit that. If I thought that my position was in the minority of the Wheat Board, I'd reassess it. But

there's every indication to support — there were many meetings around this province by the western grain marketing panel who are going to report in a couple of weeks — overwhelming support for the Canadian Wheat Board.

And everybody talks about the polls and the studies and they say, your numbers say this. And I say no, no, my numbers don't say that; my numbers say something else about supporting the board. But there was a test, I want to remind you, there was a test of support for the board.

The election of the Canadian Wheat Board advisory became the focal point for whether people supported the board or whether they didn't support the board. Ten members were elected. Nine out of ten were ran on a support the Canadian Wheat Board ticket — nine out of ten. That's all you have to tell. You don't talk about . . . I don't care about our polls or your studies or whatever. That's the test — because people voted.

And then somebody will come back and say, well only certain . . . 20, 25 per cent of the people voted. Don't use that argument on me. Don't use that argument on me. Because they had the right. Okay. They had the right. But the majority of the people . . .

An Hon. Member: — It accomplished nothing; they're changing their minds.

Hon. Mr. Upshall: — Majority of the people . . . And you say, they're changing their minds. Well I don't think so.

So anyway, I think that there is growing support. I think I'm in the majority in my logic and I think you're in a very small minority with yours.

Mr. Goohsen: — Thank you, Mr. Chairman. Well, Minister, it is significant that only 20 per cent of the people voted in that vote. And while it equips you with good debating material to use these numbers and these analogies, the reality of life here is that only 20 per cent of the people voted because they did not consider that an advisory board had any real powers to do anything in the real world. And therefore they considered it insignificant and unimportant to bother to quit their farming operations to bother to sign up with a ballot and send it in. And as simple as that.

People have come into a transitionary period where they no longer really seriously know for sure how they want to vote. And so because they are now starting to become confused about what they really want, because they are starting to challenge the concepts of the old ideas, they therefore didn't bother to vote. And that you will always see happening in the democratic process just before people come over to another opinion, another side, which is vastly different than the one that they took in history, in the past. So we're saying to you, Minister, that you're misreading the results of what those votes really meant.

And I want to take up the argument with you just a little bit further about what you say about the Canadian Wheat Board. And I do believe that most farmers do support the Canadian

Wheat Board. No question in my mind about that. I personally support the Canadian Wheat Board. No doubt about that either. It does a lot of good work and has done a lot of good work.

At the same time though, the dual-marketing concept does not mean the elimination of the Canadian Wheat Board. It only means that we allow individual producers the opportunity to make some of the deals for themselves.

Now you can use the argument of course of eastern Canada where they've had what is effectively a dual-marketing system for all time. They have a wheat board, I understand, there but they're also allowed to sell to local millers, and they can do as they please. Makes imminent sense to me that you can do that.

Let's talk about malting barley just for a minute. If I want to sell malting barley, I have to go and take a sample out of my granary. I have to submit it to a grain company who submits it to the maltster. If the maltster accepts it, he tells the grain company it's accepted, and the grain company tells me it's accepted and I can bring it when the maltster calls for it.

The grain company hasn't any say in this matter. They have to wait until the maltster calls for it. If my grain is called for, I deliver it to the grain elevator. The grain elevator in turn loads it back up onto another truck and takes it to the maltster. The maltster has the option still to refuse that grain. He can turn it back and say, it's no good, I don't want it.

So why did we need the grain company in the middle of all this at all? Why did we need to have the Canadian Wheat Board involved at all? Because, quite frankly, the maltster decides who the customer is he's going to buy from right from the start. He has discriminatory power. He does not . . . it has nothing to do with equality, nothing to do with fair play, nothing to do with giving everybody equal opportunity to that market. The maltster picks the producer he wants to buy from and he buys from him because every sample is identified.

And if they don't want it, they don't have to take it. If they don't like the colour of my eyes when I walk in there with that load of grain at the end, they don't have to buy it. And they don't have to explain that. They don't have to tell anybody why they rejected that grain. They simply can pick out any number of things that they choose on a big long list and they can say, this is not good enough quality this year; we don't want that.

So why are we paying \$800 a carload then to run this through the Canadian Wheat Board grain elevator system? That's what producers are asking because they know very well that they could go directly to that maltster with their sample and either have it accepted or rejected, and then deliver it when it's called with their own truck right to Biggar, Saskatchewan where most of our malt barley is going today.

And all we are doing is subsidizing the Wheat Board, and in many cases, the grain elevator companies with handlings that they really don't deserve to have and shouldn't have with . . . the exception of course is the barley that goes overseas.

Now that is where your dual-marketing system comes. Those

that can't deliver to the local market now have to depend on the Wheat Board to ship that grain overseas if it's acceptable. And usually the standards are lower in the overseas market. That's the way it plays out.

It wouldn't be any different if you had a dual-marketing system. The local producers would fill up the local market, and everybody else that has barley left over would take theirs to the Wheat Board and have a sample accepted or rejected by the international market.

What would be so much different about that and how could that be unfair to anybody? In fact how could it be anything but a positive thing for everyone who is in the barley business, when those who ship into the domestic market, everyone of them, have \$800 more in their pocket for every car lot that is sold? It's a profit-profit-profit situation for producers, and it changes nothing in terms of fairness, equality, and it does not affect the price whatsoever.

So, Mr. Minister, I challenge you to show us how the Canadian Wheat Board is benefiting us by taking 800 bucks for every car lot off of us simply to do a little bit of paperwork and to double handle the grain, which, you know very well as a barley producer, oftentimes the extra handling causes that barley to deteriorate in quality because of the cracking and the splitting and all of the things that go on when you elevate it in and out and back and forth.

Not only that. Of course there's always the chance of contamination every time you run grain through another person's system. And when that contamination occurs, lots of times that's why that barley is rejected.

Now, Mr. Minister, you also defend the Canadian Wheat Board's ability to handle all of our grains internationally. And you say that they do a good job of that, and you're right in most cases but there are always exceptions. And we have to deal with some of these exceptions too.

The reality of life is that the Canadian Wheat Board often creates a situation where there is grain being sold in Canada at lower prices than we could be receiving in the export market. And they do that deliberately in order to shore up other parts of the industry according to the politics of a cheap food policy in Ottawa.

And I'll give you an example right here, and I'll quote from a newsletter. And I'm not going to identify it because we're not supposed to. But I'll quote you what they say because it tells exactly what's going on:

U.S. National Cattlemen's Association wants Canadian Wheat Board restrictions on barley sales into the U.S. ended . . . wants U.S. users to be able to buy direct from Canadian producers and has requested assistance from the Canadian Cattlemen's Association.

The USNCA says lower Canadian domestic barley prices give cattle feeders here a \$60-a-head cost advantage. Board selling prices to the U.S. feeders are higher than

producer prices to Canadian feeders.

Relative feed costs could become a cattle trade issue. U.S. cattle groups are already eyeing Canadian cattle exports as possible source of downward price pressure.

And you know why that is. Because the Canadian Wheat Board has deliberately turned down sales of barley into the international market which would have triggered an increase in price because the supply and demand factor in Canada would then have seen that there was a shortage of barley coming here and the prices would have gone up.

That's what happened when the Canadian Wheat Board turned down sales early in the last crop year to Japan at prices of four bucks a bushel when we were only getting \$3 here. That type of a comparison. Those are not exact figures.

(1215)

But that is exactly what happened. The Wheat Board turned down those contracts because they did not want to short the system here. And they knew very well that if they kept the system full here that the supply and demand factors would work. The supply and demand system does work if you let it alone.

You can manipulate it — and the Canadian Wheat Board has been doing exactly that. That's why all of Alberta is on the fight to get rid of the Canadian Wheat Board all together. Because now they see directly why there are things that are affecting them in terms of prices as grain producers, and they want to dump the whole thing.

You, as the Minister of Agriculture, can help to stop that because we don't want to lose the Canadian Wheat Board. We don't want to throw the baby out with the bath water. We want to save some of it, but you've got to let go on those things that you have said that you are willing to listen to and understand.

You just conceded that on subsidies you understood things differently now that you're the minister and you see the light. Well the truth of the matter is that the barley producers have seen the light as well. And they now want you to be challenged to see their point of view. So I'll wait for your opinions on this matter.

Hon. Mr. Upshall: — Well I enjoy this debate too much. And I could go on for . . . make a great long speech on this. But it boils down to one thing — philosophy, philosophy.

And what you do . . . what you folks do is confuse, confuse logic because you say, okay . . . you assume that the price you're getting through the board now is the price you're going to get if the board is gone. Give your head a shake. In the open-market system there is one price. In the open-market system there is one price. That's the daily street price — one price.

Under the Canadian Wheat Board system there are premium prices above the street to the tune of a half a billion dollars a

year for western Canada. We know that because we had three agriculture economic professors study the sales for the last 14 years. You can call them liars if you want. I don't. I believe them.

But do you wonder why the Americans want to get rid of the board? They want to get rid of the board because then they can up and dicker and bid us down to the lowest common denominator, the lowest price possible. That's why.

What you should do is go back and talk to somebody that's lived through it. Go back and talk to somebody who's lived through before the board and ask them why the board was created and if the board made a difference. Go and talk to somebody who was shipping grain and not making the freight on it because the elevator companies weren't paying, and the price the elevator company was really selling for was 10 times.

Canola right now is traded, on an average, 10 times from your farm to the consumer. Why do you want to advocate somebody being able to make money off of your product possibly 10 times? Some will lose — it won't be 10 times, but half a dozen times. Why would you advocate that system, ideology?

And I go back to the point that yes, your ideology is you have the right to your ideology. But the question is, is the right of the individual more important than the right of the collective?

In this case, it is not. Because in this case the dollars are proven. In this case, we've proven through serious study . . . (inaudible interjection) . . . Yes, somebody's getting hungry. I think, through serious study, that the right of the masses, of the farmers to collectively get more money is more important than what you think that the individual right is — that he can sell his grain wherever he wants to, whenever he wants to, and he'll get just as much money. That isn't true.

Go back and talk to some of your old neighbours who've lived through this. The person who could wait until the middle of winter to haul their grain when the prices were up.

Go look at the price charts before the board. In harvest time the prices were rock bottom, and those people who had to put bread on the table were taking their wagon loads of grain to town for nothing, for basically nothing. But if you had a few bucks in your pocket and you could wait until winter, until February, the prices always maxed out in the second or third week in February, always maxed out. Then they'd start going down for the spring.

In this case, the individual right is not more important than the collective right.

Mr. Goohsen: — But you see, Minister, you miss the whole point. You get caught up in your philosophical debate, thinking that that's what it is, when in fact it's not a philosophical debate.

I'm a farmer. You see, here's my pocket. There's nothing in there. I've got no money left to dicker with in the market. That's why we have taken up this debate. Because the truth of

the matter is, Minister, that the very umpteen dozen people that you talk about being in the system taking a profit out of it, other than farmers and users, are some of the ones that we can eliminate with a dual-marketing system.

You see it just proved to me, this debate, in the last five minutes you've proven to me that you absolutely have no concept of how a dual-marketing system could and would work. Because you tie it to philosophy and all these other rhetoric things. The truth of the matter is that the more people that you have in the market-place buying your product, the higher the price will go.

The other proof of the fact that you don't understand what's going on is the reality that the Americans want to buy barley and the Canadian Wheat Board has put restrictions on selling it to them. That's got nothing to do with philosophy. It's got nothing to do with fair play for the producers here.

If the producers were going to get fair play, the Canadian Wheat Board would have sold the barley to Japan last winter and last fall. They would have sold it to the Americans now instead of putting restrictions on it. They'd sell that barley, clean the system out, cause that shortage that would drive the price up. Instead of that, we're sitting on a surplus going into next fall's crop and it's going to be at dirt cheap prices.

And it is all motivated by an Ottawa government that you should be recognizing as the fall guys here with a cheap food policy. And they're using the Canadian Wheat Board to manipulate the prices of grain down in Canada and we only benefit by the Canadian Wheat Board when it sells internationally. All of Canadian grains are being sold dirt cheap, cheaper than they should be, because we've got a cheap food policy in Ottawa, and you can't even understand that.

It's no wonder people at the Palliser wheat growers wonder how you ever got to be the Minister of Agriculture. I mean they are absolutely amazed. And, my friend, as much as I like you, there are some days I wonder too.

So let's think about this. I believe you're a smart man, and I think the fact that it took you . . . How many years have you been in politics, 10 or 15?

An Hon. Member: — Ten years.

Mr. Goohsen: — Ten years. It took you 10 years to figure out that subsidies to the cattle industry were really bad. It took you 10 years to figure that out. Lord help us, I hope it doesn't take 10 years for you to figure out that the Canadian Wheat Board has been manipulating the barley markets and that that's bad.

But we've got to try because we haven't got 10 years to wait. We've got farmers who are preparing all the time in this province to challenge the law. You know about those things as well as I do. We do not advocate civil disobedience but we understand why it happens.

What causes people to become civilly disobedient? It is because they are so absolutely convinced that the price they will pay for

breaking the law is worth paying in order to achieve the goal of changing that law.

Those people must have a conviction. How many people do you know that really want to go before the courts to defend themselves, want to risk going to jail for breaking the law? How many people do you know that consciously would go out and do that, that are of the kind of people who have families, have businesses, have financial investments at stake? How many people do you know that would seriously want to jeopardize all of that for a principle that wasn't important?

It just does not make sense, Mr. Minister. It only makes sense that these people believe so strongly in what they are doing that they are willing to pay the price to get a change.

I believe that there is going to be more of that. I think that the Minister of Agriculture, federally, is going to be challenged very seriously in the near future by many, many farmers to change these rules. If we don't change a little bit, then we will see a reaction throughout the country that will cause a massive change and we could in fact lose the Canadian Wheat Board.

And we don't want to lose it. There are many people that do need the Wheat Board. They use it, it is good for them, and they benefit by it. Because there are, quite frankly, still some producers that would never understand the open market well enough to be able to survive. I am challenged by it myself. I think most farmers are. But some do very well with it.

But for those that don't know it or don't understand it, it is a reality that they would want the Canadian Wheat Board to still be there. That option must be preserved for them. But it also must be preserved in such a way that it is open, accountable, and honest. And right now the farmers of this country, rightly or wrongly, believe that the system is corrupt and that it is working against their best interests. We don't know exactly why but we do understand that that is the feeling.

And I guess we can speculate as to why they think that way. And the speculation would have to come in this term: that those things that are happening to the farmers as a result of the actions of a Wheat Board that is not open and accountable, does not open its books, then confuses the people into thinking that it must be corrupt. On the other hand, maybe it is — how do we know?

So, Mr. Minister, think seriously about this. The barley trade is going to be challenged seriously. The wheat trade is not so significant in this debate right now because we do sell most of our wheat internationally at pretty good prices. But it will be next because certainly . . . as certainly as people can recognize in Alberta that barley is a problem, they will soon recognize that our Canadian millers are buying cheap wheat with which to make bread for Canadians at a cheaper price than they would be paying if the prices were not manipulated by the Canadian Wheat Board.

So, Mr. Minister, I think I should give you a minute to respond because I know you have got some things on your mind and it's getting close to the dinner hour probably.

Hon. Mr. Upshall: — Well yes, thank you . . .

An Hon. Member: — Long question, short answer.

Hon. Mr. Upshall: — Short answer, yes, short answer.

The members opposite will continue this debate, and I just want to say one thing: try to catch up to me, okay? You just said that I changed my mind about subsidies. I have restructured my thoughts, let's put it that way.

It's time that you made one move now: admit that you're wrong when you say . . . admit that you're wrong when you say that you want farmers to have \$500 million less a year. It wouldn't hurt that much.

But I've made one change. And if you think I'm going to change my mind on the Canadian Wheat Board, then you might be fairly long in the tooth before that happens, unless it totally goes to pot.

But just join with me. Be a little more flexible. Tell those farmers you really do want them to have that half a billion dollars a year that the Wheat Board gets them, and that you don't want to take it away from them.

The committee reported progress.

The Assembly recessed until 1:30 p.m.

The Assembly met at 1:30 p.m.

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Mr. Osika: — Thank you, Mr. Speaker. I have a petition on behalf of citizens of Saskatchewan with respect to the closure of the Plains Health Centre. The prayer reads:

Wherefore your petitioner humbly prays that your Hon. Assembly may be pleased to reconsider closure of the Plains Health Centre.

The signatures on the petition, Mr. Speaker, are from Melville, Neudorf, Regina Beach, and Regina.

Mr. Bjornerud: — Thank you, Mr. Speaker. I also rise to present petitions of names from throughout southern Saskatchewan regarding closure of the Plains Health Centre. The prayer reads:

Wherefore your petitioner humbly prays that your Hon. Assembly may be pleased to reconsider closure of the Plains Health Centre.

The communities involved are Weyburn, Ormiston, Tugaske, Central Butte, Moose Jaw, Rockglen Fife Lake, Caronport, Mr. Speaker.

Ms. Julé: — Thank you, Mr. Speaker. Mr. Speaker, I too rise today to present petitions of names from throughout Saskatchewan regarding the Plains Health Centre closure. The prayer reads as follows, Mr. Speaker:

Wherefore your petitioner humbly prays that your Hon. Assembly may be pleased to reconsider closure of the Plains Health Centre.

The people that have signed this petition, Mr. Speaker, are from Kronau, Sedley, Regina, White City, and other points throughout the province. I so present.

Mr. Krawetz: — Thank you, Mr. Speaker. Mr. Speaker, I also rise to present petitions of names from people in Saskatchewan regarding the Plains Health Centre. The prayer reads as follows:

Wherefore your petitioner humbly prays that your Hon. Assembly may be pleased to reconsider closure of the Plains Health Centre.

People that have signed this petition, Mr. Speaker, are from Big Beaver, Coronach, Yorkton, Ogema, and Assiniboia, but the majority are from Bengough.

Mr. Gantfoer: — Thank you, Mr. Speaker. I rise as well on behalf of citizens concerned about the impending closure of the Plains Health Centre. The prayer reads as follows:

Wherefore your petitioner humbly prays that your Hon.

Assembly may be pleased to reconsider closure of the Plains Health Centre.

Signatures on this petition, Mr. Speaker, are from Carievale and Carnduff primarily, Mr. Speaker.

Ms. Draude: — Thank you, Mr. Speaker. I also rise again today to present petitions of names from people throughout Saskatchewan regarding the Plains Health Centre. The prayer reads as follows, Mr. Speaker:

Wherefore your petitioner humbly prays that your Hon. Assembly may be pleased to reconsider closure of the Plains Health Centre.

The people that signed these petitions are from Moose Jaw, Regina, and Wadena.

Mr. McLane: — Thank you, Mr. Speaker. I rise again today to present a petition on behalf of concerned citizens throughout southern Saskatchewan regarding the Plains Health Centre. The prayer reads as follows:

Wherefore your petitioner humbly prays that your Hon. Assembly may be pleased to reconsider closure of the Plains Health Centre.

Mr. Speaker, this particular petition has been signed by many concerned citizens from a wonderful little community on the north end of Last Mountain Lake by the name of Imperial.

Mr. Aldridge: — Thank you, Mr. Speaker. I too rise to present petitions of names of Saskatchewan people with respect to the Plains Health Centre. And the prayer reads as follows, Mr. Speaker:

Wherefore your petitioner humbly prays that your Hon. Assembly may be pleased to reconsider closure of the Plains Health Centre.

And those who have signed this petition, Mr. Speaker, are from communities such as Pense, Coderre, Caronport, Moose Jaw, as well as some from Saskatoon and Regina. I so present.

Mr. McPherson: — Thank you, Mr. Speaker. I rise with my colleagues today and people of Saskatchewan in their efforts to save the Plains Health Centre by bringing forward petitions. The prayer reads as follows:

Wherefore your petitioner humbly prays that your Hon. Assembly may be pleased to reconsider closure of the Plains Health Centre.

Mr. Speaker, I have pages and pages of these today, and it looks like the most of them are from Regina, but in fact there are many from my own area in Frontier, Bracken, Climax. I so present.

Ms. Haverstock: — Thank you very much, Mr. Speaker. I am pleased today to present a petition regarding the Family

Support Centre. And I'll read the prayer:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to urge the Department of Social Services of the province of Saskatchewan to reconsider the decision to reduce programs and to return the programs of the Saskatoon Family Support Centre to their previous level of delivery of service.

As in duty bound, your petitioners will ever pray.

Mr. Heppner: — Thank you, Mr. Speaker. I rise to present a petition. And I'll read the prayer:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to allocate adequate funding dedicated toward double-laning of Highway No. 1; and further, that the Government of Saskatchewan direct any monies available from the federal infrastructure program toward double-laning Highway No. 1 rather than allocating these funds toward capital construction projects in the province.

And as in duty bound, your petitioner will ever pray.

And this comes from the people in Shaunavon, Simmie, Frontier, and a lot of other people who risk their lives on that particular stretch of highway daily. Thank you.

Mr. Goohsen: — Thank you, Mr. Speaker. I'm happy today, Mr. Speaker, to present petitions on behalf of the people from the Dollard, Moose Jaw, and Shaunavon communities. I'll read the prayer:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to allocate adequate funding dedicated towards the double-laning of Highway No. 1; and further, that the Government of Saskatchewan direct any monies available from the federal infrastructure program toward double-laning Highway No. 1 rather than allocating these funds towards capital construction projects in the province.

And as in duty bound, your petitioners will ever pray.

I am happy to present these, Mr. Speaker.

READING AND RECEIVING PETITIONS

Clerk: — According to order, petitions respecting the double-laning of Highway No. 1, and the closure of the Plains Health Centre, have been reviewed, and pursuant to rule 12(7) they are hereby read and received.

INTRODUCTION OF GUESTS

Mr. Osika: — Thank you, Mr. Speaker. Mr. Speaker, this afternoon I'd like to introduce to you and to the rest of my colleagues, a fine group of students from the fine city of Neudorf, Saskatchewan who are in your gallery, Mr. Speaker. And they've come here to see this great building and facility,

meet the wonderful people that are here. And I look forward to meeting them later on after awhile here in the session.

They are accompanied by their teacher Mrs. Gwen Lang, and chaperons Mrs. Hoehn and Mrs. Scheirer.

Please help me welcome these fine people to the Assembly this afternoon.

Hon. Members: Hear, hear!

Mr. Jess: — Mr. Speaker, I would like to introduce in the west gallery to you and to the other members of the Assembly, two very hard-working, dedicated staff that belong to me in Redberry Lake, Irene Attrux and Doreen Wintonyk. They are in town for the working session this morning and are going to watch the session for awhile and then return back to Hafford to represent me at a public meeting tonight. And I ask you all to welcome them here.

Hon. Members: Hear, hear!

Mr. Bjornerud: — Mr. Speaker, I'd like to introduce to you and through you a group from Kamsack. And I would just like to reiterate what I have said in the past on the floor of the legislature about the sun coming up on the east side of the province and that we have a head start. Well if you look at the students and the teachers up there it just shows you how bright we are. We have that extra hour a day.

And the group I'd like to introduce are 43 grade 4 students from Victoria School in Kamsack. Bringing them in today is Gwen Reilkoff, teachers Lorrie Neher and Don Brock, and I'd like you all to join with me and welcome them to the legislature today. I'll be meeting with them in a about half an hour.

Hon. Members: Hear, hear!

Hon. Mr. Upshall: — Thank you, Mr. Speaker. Mr. Speaker, I would like to introduce to you and through you to members of the Assembly, a person sitting in your gallery who is visiting us today for the second time in this building. The first time I believe was in 1934.

Mrs. Arelisle Lloyd, at 81 years of age, from Watrous, spent most of her life in Imperial, drove down today to visit with us in the Assembly. And her special purpose here is to keep a close eye on her grandson, Mark Lloyd, one of our pages. So I would . . . I think she's got a tough job ahead of her. I think that I would like all members to help me welcome Mrs. Arelisle Lloyd.

Hon. Members: Hear, hear!

Mr. McLane: — Thank you, Mr. Speaker. To you and to the rest of the Assembly, I would too like to welcome Mrs. Lloyd to the Assembly, a former resident of Imperial and a wonderful supporter of mine through our health discussion in the community and in my new adventures. And I'd just like to welcome her here today as well.

Hon. Members: Hear, hear!

STATEMENTS BY MEMBERS

Good Student Summer Employment Prospects

Mr. Thomson: — Thank you, Mr. Speaker. As today marks the first day of summer, it seems like an appropriate time to relay some good news concerning summer employment prospects for students.

As I was thinking about the issue today, I was reminded of a conversation I had with the former Tory minister of Human Resources, Grant Schmidt, back when I was a student leader in the late '80s.

I'd met with Mr. Schmidt to impress upon him the need for government help in creating student employment. He responded that he thought students should stop complaining about being unemployed and should stop looking to the government for help. Instead he said that they should turn to the Bible for help. Specifically he told me students should heed the Bible's wisdom by following the passage that says, "Seek and ye shall find".

Well, Mr. Speaker, we did just that. We sought a change in government, tossed out the Tories, and do you know what? We did find that things got an awful lot better. In fact, Mr. Speaker, I am pleased to advise you that this year alone the Regina student employment centre notes that they are placing more students and that placements could rise by as much as 15 per cent.

And I am pleased that, unlike the previous Tory administration, this government has helped students find work. Through both the JobStart-Future Skills program and the Partnerships '96 program that will create 2,200 new jobs for students, we are helping students find employment.

Mr. Speaker, the statistics are very encouraging and I'd like to offer my best wishes to all Saskatchewan students and Saskatchewan employers who will be working together this summer.

Some Hon. Members: Hear, hear!

Duke of Edinburgh Award

Ms. Julé: — Thank you, Mr. Speaker. Mr. Speaker, I am pleased to give recognition to a constituent of mine, David Yeager. David has completed the requirements of the Duke of Edinburgh's Award, Young Canadians Challenge — the silver level. This award is the most prestigious achievement award for young Canadians.

David is in grade 11, a student at the Humboldt Collegiate. He is a member of the Saskatoon youth retreat team and president of St. Augustine's senior youth group. He is also actively involved in 4-H and cadets. For the expedition requirement of the program, David planned and completed a bicycle trip to Melfort, a 250 kilometre round trip that included two nights of

camping.

At the award presentation in Humboldt tomorrow afternoon, His Honour the Lieutenant Governor of Saskatchewan will present David with a lapel pin. In addition, I will have the pleasure of presenting David with the second part of the Duke of Edinburgh Award — a certificate of achievement. Congratulations David Yeager; we are all very proud of you.

Some Hon. Members: Hear, hear!

School Awards From Seeds Canada Foundation

Mr. Ward: — Thank you, Mr. Speaker. Today I'd like to congratulate Hillside School and Pleasantdale School, both in Estevan, for receiving environmental awards from the Seeds Canada Foundation. The Seeds Canada Foundation encourages schools and teachers to become involved in environmental education projects. Schools that complete 100 projects get a Green Award; for 250 projects, they get a Jade Award; for 500 projects, they get an Emerald Award; and after completing 1,000 projects, they are named an Earth School.

Hillside School has received a Jade Award for two years of recycling, cleaning up the environment, planting trees, and other projects. Pleasantdale School has just become an Emerald Award winner for over 500 projects. They have been working on different community and environmental projects for five years now and have conducted many clean-up and environmental campaigns around Estevan.

Both schools are on their way to becoming Earth Schools, Mr. Speaker, which is the highest award from the Seeds Canada Foundation. I'd like to point out that Saskatchewan has six Earth Schools out of seventeen across Canada — that's 35 per cent for a province with less than 4 per cent of the population.

I think it's a wonderful success story and I'd like to thank all Earth Schools in the province and other schools that are running environmental programs for doing their part to promote awareness and encourage the three R's of reduce, reuse, and recycle.

Some Hon. Members: Hear, hear!

Volunteer Awards

Ms. Draude: — Thank you, Mr. Speaker. I would like to congratulate some outstanding young people in my constituency who were recently honoured for their volunteer efforts. This month the Porcupine Plain health care auxiliary held an appreciation supper for volunteers from grade 8 to 12.

Tim Buchanan was presented with the volunteer of the year award for working over 163 hours in the Red Deer Nursing Home.

Tammy Fetis, Alicia Armitage, Karla Bender, Melissa Rodgers, Janelle Kowalyk, and Kyla Sabean, and Jeannie Haight will also receive volunteer certificates. I think the amount of time and effort spent by these young people to make their

community of Porcupine Plain better is simply outstanding.

In total the junior volunteers put in over 2,000 hours of service last year. It is the type of community effort that keeps this community alive.

I would like to thank them, and the members of the Assembly to join with me in congratulating them on their volunteer service.

Some Hon. Members: Hear, hear!

Minds Eye Pictures Film Deal

Hon. Ms. Crofford: — Thank you, Mr. Speaker. Today we heard some encouraging employment news for students from the member for Regina South, and I too have some good news concerning jobs, that deals with Saskatchewan's film industry.

The city of Regina is becoming somewhat of a Hollywood North. Minds Eye Pictures, represented by Kevin Dewalt, has just negotiated a \$7.2 million deal with Condor, a Swiss film company.

The deal involves production of a film based on the Solar Temple tragedy in the form of a four-hour television miniseries called *The Lost Daughter*. It's a story about an oil man from Saskatchewan who is looking for his daughter who has been lost to a cult.

Post-production will be done in Saskatchewan and a crew of performers from the province will travel to Switzerland for shooting of the film. The Saskatchewan shoot will begin in Regina. This project, which is 65 per cent Canadian owned with assistance from SaskFILM and SOCO (Saskatchewan Opportunities Corporation), will locate 250 jobs locally.

So I'd like to congratulate Minds Eye Pictures, all the local cast and crew who will be taking part. It's excellent news for the provincial economy and this growing Saskatchewan film industry. Thank you.

Some Hon. Members: Hear, hear!

Heritage Award for Waskesiu Golf Clubhouse

Mr. Langford: — Thank you, Mr. Speaker. The Waskesiu golf course clubhouse and Edwards & Edwards Architects limited have received a prestigious building award. The golf clubhouse was recognized as a heritage building in 1986. Anyone who has been to the Prince Albert National Park golf course will appreciate the charm of this fine old building.

Built in 1935, its design is well suited to the beautiful park situation. The clubhouse has not changed much since it was built, but recently it has needed repairs and additions was put on.

Edwards & Edwards Architects of Saskatoon was contracted to do the work. They did such a fantastic job that the Waskesiu clubhouse has won an award. Edwards & Edwards won the

1996 Vintage Building Award in the category of exterior renovations.

I invite anyone travelling into my constituency this summer to be sure and stop at Waskesiu to see this historic and beautiful golf club. Please join me in congratulating Edwards & Edwards for their fine work in preserving our heritage.

Some Hon. Members: Hear, hear!

Saskatchewan Jazz Festival

Mr. Whitmore: — Mr. Speaker, beginning tomorrow the city of Saskatoon will become a jazz lovers' paradise. That's when the 11-day Saskatchewan Jazz Festival begins. People will be able to hear 134 musical groups at 100 different events. About half of these events are free to the public.

The 1996 Jazz Festival, which is marking its 10 anniversary, features talent from across Canada as well as Australia, Italy, Britain, and the United States. Whether it's blues, Dixieland, contemporary jazz, or gospel, the Saskatchewan Jazz Festival has it all.

With 48,000 people expected to attend the festival, the impact to the provincial economy is about \$4.5 million.

Besides offering excellent music, the Jazz Festival also includes seminars and workshops. The seminars provide an opportunity to learn more about the music from knowledgeable people in an informal setting.

I would like to congratulate the 350 volunteers who help run this event, along with the festival manager, Sonia Morgan; president of the board, Mona Chappell; and the chairman of the festival committee, Bob Eaton.

Mr. Speaker, I would also like to congratulate SaskTel which is sponsoring the Jazz Festival for the second year in a row.

Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

Village of Debden to Host La Fete Fransaskoise

Mr. Johnson: — Thank you, Mr. Speaker. Mr. Speaker, I want to take this opportunity to invite you and other members of this Assembly later this summer to Debden for a major event of the Saskatchewan French community, La Fete Fransaskoise.

This year La Fete is being hosted by the village of Debden. The village is celebrating the 75th anniversary of the founding of its Catholic parish in 1921.

La Fete is a cultural, leisure, and sports activity for all ages, so bring the entire family. Every year it provides a unique showcase for talent of many Saskatchewan artists.

A minimum of 3,000 volunteer hours will be needed over the few days of the festival. So I take this opportunity, Mr. Speaker,

to congratulate the volunteers in Debden for the important contribution they will be making to the success of this event.

And I look forward to attending this event on August 2nd through the 5th. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

ORAL QUESTIONS

Business Bankruptcies

Ms. Draude: — Thank you, Mr. Speaker. Mr. Speaker, in spite of this NDP government's rhetoric, members' statements, and glossy brochures aimed at convincing Saskatchewan people that it is doing a great job on the economic front, the facts speak otherwise.

Some Hon. Members: Hear, hear!

Ms. Draude: — New figures show that business bankruptcies increased at the second fastest rate in Canada during the month of April. And you can take applause for that. This also represents a 60 per cent increase since last year.

Will the minister explain how he can continue to boast about his attempts at economic development when businesses are closing down in this province?

Some Hon. Members: Hear, hear!

Hon. Mr. Lingenfelter: — Mr. Speaker, I want to tell the member opposite that if she understood the statistics on bankruptcy she would know that during the last three years — and we've released this information, the press has it — she would know that for the past three years our numbers on bankruptcies have gone down, down, down. She knows that. And if she would admit that, stand in the House and say that Saskatchewan has one of the lowest bankruptcy rates in Canada, you might have some credibility.

Now it's true that after three years of getting to the lowest level in Canada on bankruptcies, they're up a little bit in the first quarter of this year. Which you might understand if you knew what the Saskatchewan winter was like in 1996.

But if anyone who's following this will know and watch, as we move through this year, that we have the highest number of incorporations in history in 1995 and one of the lowest levels of bankruptcies. If that isn't good enough for you, then I just don't understand what it is that would make that individual optimistic about the economy of Saskatchewan.

All you have to do is look at Saskatoon, look at Regina, look at the new companies starting up, and you would know that Saskatchewan is a good . . .

The Speaker: — Order. Next question.

Ms. Draude: — Thank you, Mr. Speaker. It really isn't me needs a reality check. I do know what's going on out in the

business world. And if the minister and his government were moving in the economy . . . or moving the economy in the proper direction, we would not be talking about the high number of business bankruptcies. We'd be talking about the fact that the economy is moving forward and that businesses are thriving.

Will the Minister of Economic Development admit that his government's taxation, over-regulation, and labour policies are driving Saskatchewan businesses out of business?

Some Hon. Members: Hear, hear!

Hon. Mr. Lingenfelter: — Mr. Speaker, I certainly wouldn't because the chart that I'm going to send across to the member opposite would clearly indicate that when it comes to her comments about bankruptcies, she is absolutely out to lunch.

The fact of the matter is in 1991 there were 583 bankruptcies; in 1992 there were 527; in '93, 400; 1994, 411; in 1995 it dropped to its lowest level in 5 years at 366. During that same period, incorporations — that is new companies, new, setting up — went from 2,100 in '91 to 3,100 in 1995, an increase of 1,000.

I'm going to table this, and maybe if the member could read this she would look at it and understand that companies are doing very well in the province of Saskatchewan.

Some Hon. Members: Hear, hear!

Liquor Off-Sale Permits

Mr. Krawetz: — Thank you, Mr. Speaker. Mr. Speaker, my questions are for the minister responsible for the Liquor and Gaming Authority or his designate.

Mr. Minister, a few weeks ago the Leader of the Official Opposition wrote a letter to you outlining a problem one of my constituents is having with a liquor off-sale permit. This man has taken over the Canora Hotel which has sold off-sale products for 14 years. But despite that, the new owner was told that he would not be getting a permit.

After we checked into it, we found out that the government limits off-sale licences based on population. Canora's population is now 2,381, just 119 less residents than the limit set by this government's regulations. But, Mr. Minister, this limit does not take into account the farmers surrounding Canora, visitors to the area, or the people in small towns nearby that don't have this type of establishment.

Mr. Minister, you are severely harming this man's chances to operate a viable business in rural Saskatchewan. Given the statistics we have just heard on bankruptcy, this is not surprising. Will you intervene on his behalf and make sure that he gets an off-sale permit like the previous owner had?

Some Hon. Members: Hear, hear!

Hon. Ms. Crofford: — Thank you, Mr. Speaker. As you would

all know, the regulation of liquor sales in the province and licensing is a practice that has been developed and built up over a long time, and whenever there's changes to those policies, a lengthy period of consideration goes into all the effects, because of course, if a person is going to be 119 short, then what about somebody who's 200 short or 300 short.

So when you're going to change those things, you have to look at the whole picture. I will make a commitment to pass on to the minister responsible for Liquor and Gaming your enquiry and I'm sure that they will get back to you with a response.

Some Hon. Members: Hear, hear!

Mr. Krawetz: — Thank you, Mr. Speaker. I would like to point out to Madam Minister, that indeed a permit existed before. The policy was there before. There were two permits that were granted to the community before and they have been there for many years.

There has now been a change of ownership. What we need to look at, Madam Minister, is when we determine off-sale licences, wouldn't it be more fair to rural Saskatchewan residents if you took into account a greater economic radius. This should include farms and villages and hamlets.

Madam Minister, will you look at changing this policy to encompass an entire economic area and help provide greater business opportunities for rural people and maybe, just maybe, set the bankruptcy numbers to go down.

Some Hon. Members: Hear, hear!

Hon. Ms. Crofford: — Mr. Speaker, one of the things I'd like to explain to the member is the principle behind liquor regulation is to control, limit, and regulate. And some of the people who are most in support of limits in the liquor industry is the liquor industry itself, because if there's too many players in the industry, nobody can make a living either. And they are some of the strongest advocates.

So I suggest that you keep tuned. I understand that the matter is being discussed, and perhaps as future regulations come forward we may be able to deal with this issue that you raise. But I just want you to understand that any change you make ripples through the whole industry, so you can't make it without due consideration.

Condie to Queen Elizabeth Power Line

Mr. McLane: — Thank you, Mr. Speaker. The minister in charge of SaskPower was questioned in this House last Friday about the status of the Condie-Queen Elizabeth transmission line. I pointed out at that time to him and to the House that the overwhelming majority of landowners along the proposed corridor are opposed to this project, and that 228 landowners are refusing to sign construction easements which would allow the work to begin.

The minister indicated to us in this House, and I quote:

I would want to say to the member that many of those people who have signed these letters have now signed their releases.

Question to the minister is, Mr. Speaker, will he tell this House how many people have in fact signed these construction easements, and will he table that list today in the House?

Some Hon. Members: Hear, hear!

Hon. Mr. Lautermilch: — Mr. Speaker, through you to the member, let me say that this process is an ongoing process that will take some time to complete.

There are a number of people who will be affected with the construction of this line that will provide a secure supply of electricity for the north-west corner of the province, and I think have indicated, through the due diligence process that has taken place, that it will make not only environmental sense but economic sense. And I guess this process will be ongoing as we get approval for this line through the Condie-QE II (Queen Elizabeth) area.

Some Hon. Members: Hear, hear!

Mr. McLane: — Thank you, Mr. Speaker. To the minister: I guess those are wonderful arguments and he should make those to those people that are affected by this and in particular the landowners.

I'll repeat the question once again: that he indicated in the House that a great number of those people that have signed the petition have already signed construction easements. I'll ask him once more if he'll tell us how many have actually signed that and to table the list today.

Some Hon. Members: Hear, hear!

Hon. Mr. Lautermilch: — Mr. Speaker, I'm going to answer that by asking the member if he supports it or if he doesn't support the proposal. That's what I'm going to ask that member. And I'm going to ask that member if his colleague, the member from Athabasca, supports a secure supply of electricity for the Meadow Lake area and the area that he represents. Those are some questions that has to be asked.

I want to say, Mr. Speaker, to that member, that we will follow the proper procedures in consulting with the people whose land is in that corridor. And if the member isn't happy with the proposal as it's been put forth, where would he suggest these lines be put? Where would he suggest that those lines be put?

I'm saying to the member opposite, we have a responsibility to supply a secure supply of electricity to all residents of this province. That means that some decisions have to be made with respect to transmission and distribution lines.

We have made what I believe to be an appropriate decision and we will take the appropriate action to ensure that we supply electricity for the residents of the constituency of his colleague from Athabasca.

Some Hon. Members: Hear, hear!

Casino Tours

Mr. Heppner: — Thank you, Mr. Speaker. My question is for the Minister responsible for Gaming. Madam Minister, more details of your secret contract with Mr. Canada's Touring Network have now been uncovered. As part of the untendered and secret contact, you are paying a Winnipeg company \$40 a head for every person they bring to the casino. That's well above the industry standard. It amounts to about \$4 million a year.

As one Regina tour operator put it, it's a pretty sweet deal if you can get it. Madam Minister, why is such a sweet deal given to a Winnipeg company without even allowing Saskatchewan tour operators to bid? Will you release the secret contract today?

Hon. Ms. Crofford: — Thank you, Mr. Speaker. I'll just start out by reminding you, as your representative would know on the Crown Corporations Review Committee, that the Freedom of Information Commissioner has ruled on the request to release this information, and I will quote him:

The agreement in question is undoubtedly a commercial agreement, defines the rights and obligations of the parties, and it's precisely the sort of document that prudent businessmen would be expected to keep confidential.

Now within the context of that I will give you an answer to your other question. But let's discuss the facts of this. With out first casino we were entering into a new market that we had never participated in before. It was very important to get someone with a proven track record, and in fact a business consultant reviewed the potential of the various tour companies to provide this kind of service.

But if you want to know about the economic benefits, I suggest that you ask Gord Staseson, the chair of the board of SGC (Saskatchewan Gaming Corporation); Joe Laxdal, the president of Tourism Regina; Lowell Monkhouse, the executive director of Regina Market Square; Jane Dorsett, centre manager at Cornwall Centre; Jim Moats, general manager, Howard Johnson Hotels; Brendan O'Bryan, general manager . . .

The Speaker: — Order, order. Next question.

Mr. Heppner: — Thank you, Mr. Speaker. We had a long and impressive list but none of those happened to be operators talking about the money that was going to Manitoba because of this, and that's what the question was, and you seemed to miss that.

Madam Minister, I understand the Gaming Corporation is now considering a proposal from Mr. Canada to provide air charters from Alberta and B.C. (British Columbia). Do you plan on paying a similar head fee for these air charters? Will other companies be given a chance to bid on the contract? Will we get the terms of the contract? Why are you dealing only with Mr. Canada? And most importantly, Madam Minister, why

aren't other companies, particularly Saskatchewan companies, given the opportunity to compete for these contracts?

Hon. Ms. Crofford: — Actually if you read the newspaper every day, Mr. Speaker, there are many opportunities now for companies to come forward in an open arrangement that's been made available to all operators to participate in a package to bring customers to the casino.

Mr. Canada has delivered on his contract. He has met the terms and conditions of bringing business from out of province into the province. It's been good for the casino, good for the city, and good for the province.

The business people I cited freely gave their names in support of the activities that have been taking place.

I will mention that all of our contracts have the opportunity to renegotiate over time. And certainly as the market shifts and as people gain more experience, there will be opportunities for adjustments to contracts and to allow new people in in the future.

Some Hon. Members: Hear, hear!

Potential Closure of Pioneers Haven

Mr. Boyd: — Thank you, Mr. Speaker. Mr. Speaker, my first question this afternoon is for the Minister of Health. Mr. Minister, last night I attended a public meeting in Kerrobert where about 500 residents who are concerned about the possible closure of the Pioneers Haven nursing home in that community, which is currently home to about 30 elderly people . . .

Mr. Minister, over the past few weeks the health board has been holding invitational-only stakeholder meetings which involve some sort of a health consultant from Edmonton. People who attended those meetings tell us that they were given six options for closing various facilities within the district. Then they are given exactly three minutes to decide on which facility they think should close — three minutes, Mr. Minister. In the time it takes to boil an egg, these people were asked to decide the future of any closures . . . future of any health care facilities in their communities and which seniors should be thrown out on the street.

Mr. Minister, the people at the meeting last night passed a resolution — they passed a resolution calling on you to step in and ensure . . .

The Speaker: — Order, order. Order. The hon. member has been lengthy in his preamble, and I'll ask him to go directly to his question. Order.

Mr. Boyd: — Thank you, Mr. Speaker. Mr. Minister, will you do what the people of Kerrobert have been asking and will you intervene and ensure that the Pioneers Haven in Kerrobert remains open?

Hon. Mr. Cline: — Well, Mr. Speaker, I will assure the

member and the House of one thing, and that is that not one senior in the province of Saskatchewan is going to be thrown out onto the street as that member says.

And if the only argument that the member and the Liberal Party have is that seniors are going to be thrown on the street, then I have to say, Mr. Speaker, they have no argument. But I want to say to the member that I'd like to — unlike that member who criticizes the health board in Prairie West for consulting with the residents — I want to commend the Prairie West District Health Board because it's considering a number of options. It's consulting extensively with staff, with residents, and with people in the various communities in that health district.

Now that member thinks that he should get up in this House and favour one institution over others, and I don't think that that member should be doing that, Mr. Speaker. I think the decisions should be made at the local level and by the district health board.

Some Hon. Members: Hear, hear!

Crown Construction Tendering Agreement

Mr. Boyd: — Thank you, Mr. Speaker. My remaining two questions are for the minister . . . the Deputy Premier, pardon me. Mr. Minister, yesterday in question period you admitted that there are problems with your union-preference tendering policy. I think you're the first minister to have the courage to admit that so I give you some credit for taking at least a small step in the right direction.

My question today is, what is the next step, Mr. Minister. Yesterday you said you're going to try and get the stakeholders back to the table, and if that doesn't work you're going to come up with some sort of a process of review and come to some sort of conclusion.

Mr. Minister, the Saskatchewan Construction Association has written to the Minister of Labour and made it very clear that they are not coming back to the table, so the ball is in your court, Mr. Minister. What is the next step? What do you intend to do to conclude this process that has started now?

Some Hon. Members: Hear, hear!

Hon. Mr. Lingenfelter: — Mr. Speaker, the member opposite will know that it is our intent, has been our intent, to try to resolve this issue through a conciliatory process, one whereby stakeholders sit down and work out the issue. And to that end . . . and the Premier alluded to it in his comments of two days ago when he said clearly that he was calling on the stakeholders to come forward and resume discussions. And we still hope that that will be the case.

To that end, staff from my office and other offices of government have been talking to Manley McLachlan. I know that there are no official discussions going on, but you should know that we are doing everything we can to try to bring a resolve to this issue.

As I said yesterday, some people have taken issue with the policy. No one has ever denied that. Obviously if no one had a problem with it we wouldn't be here discussing it, so that's not a great revelation to anyone. But obviously we would much rather have this resolved through conciliation, through discussion, rather than something that you would impose or I would impose to resolve the situation.

Some Hon. Members: Hear, hear!

Mr. Boyd: — Thank you. Mr. Minister, the construction association has advised you that further meetings would be pointless unless the CCTA (Crown Construction Tendering Agreement) is set aside and all parties at the table can be involved as full participants.

Will you do at least that, Mr. Minister, on a temporary basis? Will you show that you are willing to deal with this problem in good faith by suspending the CCTA, for the time being at least, while you conduct a thorough review that involves all sides in this dispute?

Hon. Mr. Lingenfelter: — No, I think that that would not be productive. It may be productive for one stakeholder or another to take that kind of a position.

But what we do want is that member's support, at least at this sensitive time in the next few days, that you would be cooperating in trying to bring a resolve by consultation, by getting people back to the table. The idea of holding up the session, as you're doing, trying to put influence on one side of the debate or the other, is not terribly productive.

And I would say, Mr. Speaker, not that it's a huge amount of money, but the fact is, is that you're playing politics with this issue. It's costing the taxpayers about \$35,000 a day, and we would urge you to cease this political filibuster that you're doing and try to come onsite and get a resolve to this through conciliation and consultation.

Some Hon. Members: Hear, hear!

Ms. Haverstock: — Thank you very much, Mr. Speaker. My questions are for the minister responsible for CIC (Crown Investments Corporation of Saskatchewan) or the Minister of Labour or their designate. Mr. Minister, the Saskatchewan Construction Association opposes your government's union preference tendering. The Regina Chamber of Commerce opposes this policy. Hundreds of small-business owners who have employed the same workers for years oppose this policy, which has forced them to hire people directly from the union halls in Regina and Saskatoon, while blatantly punishing their non-unionized, local workers.

Mr. Minister, if you had a policy that discriminated against workers based on race or gender or religion, it would be illegal. But you have a policy that discriminates against workers based on their choice not to belong to a union, and you argue that this is fair. It is not fair and you know it. And it would most definitely say so in any objective review . . .

The Speaker: — Order, order, order. The hon. member has been lengthy in her preamble, and I'll ask her to go directly to her question.

Ms. Haverstock: — Thank you, Mr. Speaker. Mr. Minister, if you have not evaluated the impact of this policy, why not?

Hon. Mr. Lingenfelter: — Mr. Speaker, one thing I do appreciate from the former leader of the Liberal Party is her consistency in being absolutely opposed to labour legislation that might be helpful to working people. She took that position loudly and clearly as leader of the Liberal Party, voting against every progressive piece of legislation for working men and women that came forward in this House. And I'm pleased at least to see that she is consistent in that view of being opposed to labour legislation and being opposed to the working people of this province.

But let me say to you, Madam Member, that last year in 1995 under this policy, 25 per cent of the tendered projects went to union contractors — 25 per cent; 75 per cent went to non-union. And I would ask you what is wrong and what is unfair with the policy that would see union people in this province, on the tendered projects, getting 25 per cent of the work?

Some Hon. Members: Hear, hear!

Ms. Haverstock: — Mr. Speaker, Mr. Minister, it is absolutely astonishing that the Minister of Economic Development supports direct interference in how business owners choose to run their own businesses and sees this issue as so unimportant that you're simply flippant about it.

Mr. Minister, I have a letter from the Regina Chamber of Commerce and it states the following, and I quote:

A Crown tendering policy which requires contractors to hire 75 per cent of its employees from a union hall not only discriminates against non-union contractors, it also discriminates against non-union trades people, who as taxpayers should have the right to benefit equally from employment opportunities.

Mr. Minister, it's not simply me saying that this legislation is discriminatory. It's people like the Regina Chamber of Commerce who represent hundreds in the business community in this city. If there is a review of this policy, why won't you release it? And if there isn't one, why hasn't one been done?

Some Hon. Members: Hear, hear!

Hon. Mr. Lingenfelter: — As I explained to the member yesterday and to other members of the opposition who are very much opposed to working people in this province — and it surprises me that they would take that position — is that we are approaching this in a manner where we're trying to bring the stakeholders to the table to debate, discuss, and bring about a resolve in that manner.

The member says that she is surprised that the Minister of

Economic Development would support policy that would influence business in a negative way. And I don't quite understand where she's coming from because obviously we have environmental policy, we have labour law, we have minimum wage, all of which in a very complicated way affect business.

And in many ways the member shows her naïvety about the whole issue of how an economy works by talking about having a process in this day and age that's wide open for business or wide open for labour. Obviously this is a complicated situation that has to be worked out. And I tell you, if people would allow the process to take place, this matter will be resolved without legislation and without the heavy hand of government.

Some Hon. Members: Hear, hear!

INTRODUCTION OF BILLS

Bill No. 121 — An Act respecting the Accountability of The Workers' Compensation Board

Mr. Boyd: — Thank you, Mr. Speaker. I would like to move first reading of this Bill. Mr. Speaker, the name on the printed Bill is actually slightly different than the way it appears on the order paper; therefore I would ask leave to move first reading of a Bill under the proper name.

Leave granted.

Bill No. 121 — An Act to amend The Workers' Compensation Act, 1979 to provide for a broader managing Board of Directors for the Workers' Compensation Board for the accountability of the Board

Mr. Boyd: — Thank you, Mr. Speaker. I would like to move first reading of a Bill, An Act to amend The Workers' Compensation Act, 1979 to provide for a broader managing Board of Directors for the Workers' Compensation Board for the accountability of the Board.

Motion agreed to, the Bill read a first time and ordered to be read a second time at the next sitting.

The Speaker: — Why is the member on his . . . order. Order! Why is the member on his feet?

Mr. Van Mulligen: — Mr. Speaker, I wonder if the members might give me leave to introduce some visitors?

Leave granted.

INTRODUCTION OF GUESTS

Mr. Van Mulligen: — Thank you, Mr. Speaker, and thank you to the members. Mr. Speaker, it's my pleasure to introduce to you and through you to the members, a group of students who are seated in the west gallery. Now these students are in grades 2 and 3 at Arcola School. They're accompanied here today by their teachers, Cindy Desjardins, K. Nicholls; and by their chaperons, G. Colter and J. Hysuik.

They're here for a visit this afternoon. I'm pleased that they could make it today. I look forward to meeting with them shortly after 2:30, and I hope they enjoy their stay here. I would ask the members to make them feel very welcome here today. Thank you.

Hon. Members: Hear, hear!

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

General Revenue Fund

Agriculture and Food

Vote 1

Item 1

Mr. Goohsen: — Thank you, Mr. Chairman. Well, Mr. Minister, it's good to have another opportunity to discuss the very important issues that confront our province in the field of agriculture. Especially today, I guess, with the Farm Progress Show going on, and many of the farmers of the province taking time out from their very hectic and busy schedules to come on into Regina to see what is new in the innovations of agriculture in terms of equipment and everything that has to do with farming — almost, I guess you might say in one of the older terms, from soup to nuts.

And it's fantastic how things are progressing in the agricultural industry, despite one of the worst recessions in the history of our industry which we just managed to start to come out of in the last year.

Mr. Minister, I want to get back to the Canadian Wheat Board, of course, and some more discussion about that issue. And I want to talk about things that are involved with agriculture and how they relate to what is going on at the Farm Progress Show. And there's just a lot of things that we need to talk about. But, Mr. Minister, there are a few local issues that have been brought to my attention that I think, if we deal with it, we'll blanket, in some respect, the concerns of people throughout the entire province.

But by zeroing in on a rather personal sort of an issue that we can talk about, you will know exactly where we're coming from and the people, of course, who have similar circumstances then can apply your answers to that.

Now we have situations where you and your department have been closing the farm service centres, and announcing that, and we have a situation at home that I specifically can talk about so as to know where we're coming from on this issue.

The first concern we had of course was with Leader, Saskatchewan, and I think I mentioned this to you at one other point. But I want to refresh you on it because we're going to lead down to Frontier where we have another type of situation that is somewhat similar but somewhat different.

In Leader of course, the circumstance is such that the people there are very isolated from all other service centres. They are geographically cut off in terms of getting to the other centres. They're close to the border, which means that it's hard for them to deal with internal structure within Saskatchewan to begin with. And then with their geographical circumstances there, they are off sort of by themselves, and now without a service centre.

Now we asked you earlier for the numbers of case-loads for the service centres, and the reality is that we discovered that Leader is not a high user of services but not nearly the lowest either. But because it is a sparsely populated area, it is natural that with less farmers you would have less people able to be able to use the services.

Also there's the reality that these are very conscientious people who don't by nature waste people's time. And so they don't go in there for frivolous things. When they have a call into the office, it's a genuine concern of a genuine need. You can find I think, circumstances in some of the bigger centres where folks maybe just sort of drop in to have a kind of a visit, and they all get counted. Well I think it's a little unfair then to stick strictly to those figures when making an analysis of who should be there or who shouldn't.

The reality being though that in this circumstance at Leader we've had a different twist put to it and that is that the people there have been so inclined to want to keep their service that they're willing to talk to you about just about any other kind of compromise that might come along. They would even go along with helping to pay for some of the costs of keeping that individual there.

The people in the community have said that this individual has been such a good community member that they would like to keep that person, not only just because the job is an economic generator for the community, but this individual is such a bright and good person that the services of public involvement are worthwhile in terms of volunteer work that is done by this individual and participation in the community.

And so with all of those things weighed into the factor, they believe that it is more than worthwhile to spend some money to keep that service in the community.

Now that was one example we used of why that service should be kept. And we wonder if there's any consideration for your department to rethink the closure of some of these offices, where the communities can genuinely sit down with you and prove their case that you may have erred when you assessed the criteria that you used when determining which offices should close.

Now I want to lead you down to Frontier, Saskatchewan, because there is a different circumstance and here we have an awful lot of similarity but some differences, but it may apply in general I think, to a lot of other communities. Again, the similarity to Leader is that Frontier is a rather isolated community from the rest of the world geographically, in terms of Saskatchewan contact. Being on the U.S. (United States)

border of course, there would be easy contact with Havre or Chinook or those communities to the south.

But unfortunately contact with those communities has no reality to the ability to get services from our provincial government to which these people pay their taxes. And there is no agricultural service there in the States that they can access realistically that would help them.

So in that community we have the crop insurance people being taken out of the community and now we find that these folks have to travel north to Shaunavon which means crossing the Whitemud river. It geographically cuts off the community. It's a long ways to go and those people feel that it is just simply a lot cheaper, to have one person paid to be in the community rather than to have the whole community travelling individually three or four or five times all the way up to Shaunavon or some . . . perhaps to Swift Current or somewhere else.

And it makes eminent sense. I mean when you think about it, what did we do in the old days when people wanted to get their communities established, Mr. Minister? They built a little schoolhouse because they had children in the families around. And they didn't take all the children and put them on the ox cart and take them down the road for 10 miles to the next school. They hired a teacher and brought them into the community because it was easier to bring one people to the community than it was to drag the whole community off to some individual.

(1430)

Same thing happened with our churches. Communities built a little church in their community and they hired a pastor or a priest, depending on what the religious involvement would have been in that community. And it was cheaper and it was easier to bring one individual in. And oftentimes that individual in those rural communities would just be brought in on Sunday. They would live in another community and serve three or four parishes. And it worked out quite nicely and that person would come in and because it was a lot easier and a lot cheaper for one person to come to the group than it was to take the whole group over to wherever the services were available.

Well the same thing holds true of crop insurance today, Mr. Minister. It's a lot cheaper and a lot easier for that community to have some of their tax money paid to have an individual come into their community and give them the services that they need rather than to have the whole community trucking off down the highways, under threat of being killed or maimed or injured in the condition our roads are in, not to mention a lot of other factors. But the simple fact that you've got tons of people out on the road travelling, it's a lot more costly than bringing one person to the community.

Mr. Minister, I want to take the liberty, and I'm holding here hands full of letters and I'm going to be presenting to you, and I want to quote one of them though for the record for you, to just give you an idea of the kind of support that is out there in this community for the things that they want.

And they address this letter as a letter to the editor because they were going to make it just a very public letter so that everybody could know about it. And I'm sure that you may have gotten copies, but I'm not, you know . . . I haven't asked you about this, but I'm sure you probably have. If not, you're going to get all of these. As soon as we get the names off of them, I'm going to have them sent over to your office, so you'll be able to answer each of these individuals independently, as I plan to do. And I plan to do that, of course, with some basis with regards to the answers we get, obviously.

And it goes like this:

As a producer, I was very upset to hear the announcement on Monday, February 19, 1996, that the marketing agent office will be closed as of August 1, 1996. I conversed with my marketing agent to keep me up to date and informed on program changes and activities that happen throughout the year. I do not have the time or understand the paperwork I receive from the SCIC (that's the Saskatchewan Crop Insurance Corporation).

The 1-800 number might be fine for some things if one can get through and doesn't get transferred to a number of personnel for an answer to my questions. It was never a problem to visit or phone my marketing agent at his or her office or home. I knew the doors were open for me to set up an appointment at a time that was more convenient for me, whether it be an evening or weekend. I cannot imagine the customer service offices remaining open extended hours. I like the fact that I can sit down with my agent to have the different price options, guarantees, spot-loss hail, and total cost explained to me before leaving the office.

Your decision to give marketing agents the axe has left me with a loss of services and an increase in costs. I now have much further to travel to my customer service office than I had to visit my marketing agent. My marketing agent is a management tool that is as important to me as my accountant, my fertilizer and chemical agent, or my banker. I am asking that you not remove the marketing agent system from the SCIC.

If you are agreeable with this letter, please clip it out, sign it, and send a copy to your MLA.

Now I've got, like I say, tons of these letters signed by individuals who agree with the statement and want us to take action. People like Lawrence Larson, from Box 388 at Shaunavon, Saskatchewan. He also is in support of Bruce Lewis, of the Saskatchewan Crop Insurance at Eastend. So this doesn't just stay with Frontier. Now it has overlapped also to Eastend and we are running into some of the same problems.

We also have Peter Larson, probably of the same family, from Shaunavon, but an independent farmer, wanting also your attention. We've got John Gilbert. He's wanting you to take a look at this letter and to consider his needs as a crop insurance agent. We've got Donald Briggs and we've got Ronald Selvig, I believe it is, and David McLeod from Frontier.

Well, Mr. Minister, these are real people. These are people with homes and families. There's Dave Durrant from Eastend . . . Well, Mr. Minister, I could read them all to you. As you can see, there's an awful pile of them here.

The thing is that these folks want you to reconsider the decision that you've made. They have expressed their wish to have you reconsider this, through phone calls and through this massive letter campaign. And I would ask you on their behalf, is there any way that you will reconsider the actions that you've taken and give them an opportunity to keep their marketing agents in some communities and their rural service offices in other areas.

Hon. Mr. Upshall: — Well I think we've gone through the process over a period of time. And I know it's not easy for people to lose the agrologist in their area. But the reality is that we had to do some restructuring. We had to make some decisions.

But what I want to tell you about, is that we are encouraging people to stop thinking about having to drive to a place, whether it be the Crop Insurance office, the ACS (Agricultural Credit Corporation of Saskatchewan) office, or the agrologist's office, because you don't have to drive. There may be occasions when you want to physically go and see the agrologist. But with the information processing systems that we have today, whether it be through computers — I know everybody doesn't have a computer, but many do and they can work with the office that way — or the telephone.

Crop Insurance is a perfect example. When we reduced the number of Crop Insurance offices a number of people were upset that the office was closed. But the reality is we're trying to get to a program where you don't need as many offices. We want to keep it simple for farmers.

The old system . . . And I repeat this, when I started into farming in 1974, I never darkened the door of a Crop Insurance office. And it didn't matter if that office was right next door to me or if it was in Timbuctoo, because everything was done through the mail. They mailed me the forms, I filled them out, mailed them back in — a cheap way to operate.

Then came along the political decision to put the agents in. A duplication of service. Many, many good agents out there — I mean don't get me wrong. But you don't need them. Because we want to get back to a system where you use the mail, the cheapest form, not having to drive to see your agent or to the office.

So this is the direction that government is going. We've got an InfoNet service now through the department on the world wide web. That's the way the information technology is moving. There will come a time when most farmers, I would predict, will have access through a computer — maybe not their own, but maybe in a machinery dealership or city, town hall or wherever. They will have access through the computer to all the information they need.

So while it's difficult to make the decisions to close an office down, those decisions have to be made. They have to be made

for one reason. Because we have within the Department of Agriculture a budget that we have to meet, and we're going to meet that budget one way or the other.

So then you start making decisions on what you do to meet your budgetary requirements. And I ask you this question. Here's some of the things that we've kept money for: \$261,000 for the 4-H grants — that would have kept a couple of offices open every year, two or three maybe; \$330,000 for the rat program. I mean these are all things that could have been cut. The rat program would have kept another three offices open, but you have to make these decisions.

And we felt because the technology . . . and we wanted to get people back from thinking they have to drive to see their agent or to drive to their office. And as I said, sometimes you have to go, but there's lots that can be done by the mail. We want to move in that direction because that's the direction . . . we're following the direction, we're not leading it. But that's the way the information services are going.

And as far as your specific question about Leader is concerned, if they want to hire an agrologist, the residents of that area in the town or whoever, they certainly will be supplied with all the information that our agrologists get — all the literature and that stuff. But the problem is, if you start making deals with one group, saying okay, first of all we made the decision to close it based on a number of factors, if you do one, every place is going to come back and say, well you made some changes for them; you got to make them for us.

So we've made the decision based on what we think are sound management reasons, but we are willing to work with those folks if they, you know, supply information, even put them on-line with the computer if they wish to hire an agrologist. So that way we can work with them, but as far as government involvement, I think the decision's been made.

Mr. Goohsen: — Well, Mr. Minister, we'll pass that information on to the people from Leader and Frontier and Eastend. There are . . . I think I counted up 87 letters here. It's not a whole bunch in terms of a million people in a province, but when you consider communities where populations are very sparse, that's a whole lot of support. And I think it can't go without some recognition and some notice.

Now it's easy for you to stand in your place and make the argument, would you cut the 4-H program. Obviously nobody wants to see the 4-H program cut, but the point being that there are a whole lot of other millions of dollars that you are spending in your department, and no one area may be more important than the others but it is a question of balancing things.

In this case the savings that you are going to make are lost in other areas. And so I think you can fairly make the argument that if you are spending more money to truck all of these people back and forth to a central office . . . now you say they're not going to have to go. I beg to differ with you, from the arguments made by the very letter that these people have signed. And the very argument that they make is, they say here,

and I'll quote again for you:

It was never a problem to visit or phone a marketing agent at his home office. I knew the doors were open for me to set up an appointment at any time that was more convenient for me, whether it be in the evening or on the weekends. I cannot imagine the customer service office remaining open extended hours.

Now I note that my colleague has some people that he would like to introduce, and so I can get into this later, Mr. Chairman, if you'd care to recognize my colleague.

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

Mr. D'Autremont: — Thank you, Mr. Chairman. With leave, to introduce guests.

Leave granted.

INTRODUCTION OF GUESTS

Mr. D'Autremont: — Thank you, Mr. Chairman. On behalf of my colleague, the member from Moosomin, I would like to introduce to you in the Speaker's gallery, 41 grades 1 to 4 students from the Glenavon School. Along with the students we have their teachers, Beverly Dammann, Donna Stajniak, Jim Grela, and Shelly McCall. And I assume somebody up there must have driven the bus for all these children but I don't see any names down here for bus drivers.

So I would like to ask the members of the Assembly to welcome them all here today. I hope you enjoy the proceedings, and I gather from the introduction that the member from Moosomin will not be meeting with you because of your time constraints. But I hope you enjoy the proceedings here today, and I would ask members to welcome them.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

General Revenue Fund Agriculture and Food Vote 1

Item 1

Mr. Goohsen: — Thank you, Mr. Chairman. Mr. Minister, I want to go back quickly and refresh your mind here by quoting from this letter — the letter that these people have signed in sincerity and have sent to you. And it goes like this, and I quote:

I converse with my marketing agent to keep me up to date and informed on program changes and activities that happen throughout the year. I do not have the time or understand the paperwork I received from the Saskatchewan Crop Insurance Corporation.

Very clearly these individuals have humbly put their hat in hand and come to you and said what most people wouldn't

have the courage to admit in our society these days, that they don't understand everything, that they don't know what's going on with all of these programs. But they're willing to say to you that I do not have the time or understand the paperwork that I received from the Saskatchewan Crop Insurance Corporation.

Now you stand in your place and say that these people who have admitted that they already can't understand the paperwork should all of a sudden become computer experts and understand the program when you send it out on a computer network.

Well I'm sorry but, Mr. Minister, not everybody has a computer, and even a lot of the people that do, don't work with them. There's just a whole lot of people in our society that do excellent work at providing a useful service to society without ever learning how to run a computer and who will never learn to run a computer. That doesn't mean that they're any less capable of running their farms. They know what chemicals to use on their crops, they know what insects to spray and when, they know when to harvest, they know when to wait, they know when to seed, and they know how to pray. Because certainly in farming you need to do a lot of that.

(1445)

These are good, honest, hard-working people that do a very necessary service in our society. But they've come to you and they've said, we don't understand the system. And we've been provided with a person in our community that not only understood the system, but was capable of understanding us so that he could in turn know how to communicate to us.

And you will know, Mr. Minister, that in the school system we often talk about teachers who are very, very brilliant, but never, ever have the knack of being able to teach what they know to children because they haven't bridged the gap of knowing how to put the intelligence from their minds into the language that children would understand so that they could gain that knowledge little by little and grow to that level of the teacher.

The same thing is true of crop insurance because of the changes that have come rapidly and, in many cases, many different kinds of programs over the years. If it were a program that had steadily stayed the same, most folks probably, as you started out with it in its simplicity, would have known how to handle it. I want to tell you that when it first came out I did my own paperwork too. Very simple program. Do you want it or not, yes or no? Check it off. The rate is set, so many dollars per bushel, this is what the premium is going to be, so many acres times the rate, that's the price. Not too hard to figure out.

Well now I want to tell you, Mr. Minister, the last time I went into my crop insurance agent, and I don't think I'm any different than any other farmer in this way, I expect we had probably seven or eight pages of potential things that could happen if we took different options and different variations of the program, including hail or not hail, including prices or not prices, high prices, low prices, different classes of land, different variations, different crops, umpteen crops — I think in that section alone there was probably 15 or 20 crop options we could consider. The systems have changed.

Then we threw in GRIP (gross revenue insurance program), the almighty GRIP program that went into the middle of the mix and complicated it even some more. And we've got all kinds of things like that.

Well, Mr. Minister, what I'm saying very simply, is that by taking away this agent, you've taken away a tool for farmers to use to know and understand the programs. So what is going to happen is that they're probably going to say, to heck with it. They're going to opt out of the program.

You said yourself you don't like subsidy programs and you don't like having to step in and help people except in extreme disasters. Well we know there will be a disaster in farming. It's just a matter of time, because it has happened in history and it will happen again.

And you know very well that if these people all decide, because they can't figure out what's going on, to heck with it, we're just not going to go in the program any more, and they all opt out, then you as the Minister of Agriculture are going to find every one of those farmers on your doorstep the very first year that we have a major drought, a major flock of grasshoppers that fly in, a major hailstorm with a bunch of wind that wipes out a community — anything that you could imagine that is a disaster. An August 2nd frost, 5 degrees of frost on August 2, you know very well everyone of them farmers will be on your doorstep. It's going to happen.

So if you drive them out of the program by not providing them with the tool that they need to be able to understand it so they can stay in it, then you're going to have a bigger problem down the road. So considering those factors, is there any way that you would reconsider your position?

Hon. Mr. Upshall: — I assume you mean my position on crop insurance agents . . . (inaudible interjection) . . . Yes. Okay.

No. We have considered the position. You know what you're talking about, first of all, I understand that all farmers aren't going to have computers. But what I said, if you listened carefully, is that you won't . . . I believe, and this is my opinion, in the days ahead you won't have to have your own. There will be places in your service district, whether it be in a store or in a machinery dealer — that's something that I perceive — where there, as a service, somebody will provide you with a computer that you can go and get any information you want. And all you have to do is ask in the course of doing your normal business. Maybe that won't happen, but I believe that's coming down the road.

With regard to the crop insurance agents, the logic of your argument defies me a little bit . . . or evades me a little bit because you're saying that we should have the agents because the farmers can't figure out the programs, so we need to keep the agents around. Well by eliminating the agents, we save \$5 million. And there's one factor, there's only one factor that I believe determines the number of farmers, the number of acres that are in Crop Insurance — that's the price.

And that's what we're trying to do. You didn't need that

duplication. Now we can hold the line on price. If we can get rid of the Crop Insurance debt, we can hold the line on price even more. That's why this five-year review is so important. Instead of keeping all the bells and whistles that were on the old program — and there were many bells and whistles that were useless for the most part — we're trying to streamline the package so we can get back to that simple application form.

This doesn't have to be complicated, and so we're trying to streamline it. You don't need that extra service. We're saving money to keep the premium down in order to make it affordable for farmers.

I want to see a program some day where all farmers are in Crop Insurance. Because you and I know, it's the only game in town. Like I say, unless there was a major, major disaster across the Saskatchewan province, or Saskatchewan and western Canada where the federal government and the provincial governments would have to kick in, Crop Insurance is going to be the program.

Mr. Goohsen: — Well I guess there's no use belabouring that part of it any longer, Minister. You've made your position fairly clear.

But you do allude to the fact that Crop Insurance will be the only game in town as far as protection for producers. Then as you spoke though, I sense that you . . . well first you said you're going to simplify the program and you want to get premiums down, and that's good stuff. How about the other programs that work in the world around us?

Now I understand that the Americans have a program that is sort of in place that every farmer automatically is given by the government. Have you looked at that program and are you looking at any possibilities of going into that type of a program?

Hon. Mr. Upshall: — Yes. If you're talking about the same program that I'm thinking about, we sent . . . what was it, two years ago, the Farm Safety Net Review Committee, a subcommittee of the Farm Safety Net Review Committee, I think it was two years ago, went down to the U.S. to study their crop insurance program. They came back and thought it was a pretty good idea.

While Manitoba will take credit for the two-tier system that they have there now, where 50 per cent coverage is for administration fee and then the farmer buys up from there, the idea really did originate from the U.S. through our Farm Safety Net Review Committee subcommittee and of course through the federal government levels.

Now that is the type of program. That was one of the options, when we had our review. The farm, the rural meetings, one of the options was a two-tier system, where 50 per cent coverage would be the very low cost, then you would buy up from there.

I like that program and I think my . . . the indication I get from the people who did an analysis of all the meetings say that for the most part farmers think that's the right direction to go.

Mr. Goohsen: — I sense there, Minister, that you're saying yes, we're looking at this program and that we're going to head that way. How fast are we heading that way, and how would it be implemented, and what kind of costs would be involved then for the farmers? And can you keep these forms simple enough under that kind of a program so farmers will be able to fill them out themselves?

Hon. Mr. Upshall: — That's what our ambition is, and I think that it's quite achievable.

There are a number of things that are in Crop Insurance right now that we don't need because nobody's using them. The options are there, which just complicates the program. So we're going to probably remove some of those.

The time lines, this is for 1997 crop year, so we want the program in place . . . Let me back up. We had the farm meetings. We've had the review of those meetings. We've got the basic outline, you know, put down. Now we're meeting with farm organizations — Sask Pool, then a few wheat growers and others — to have them have some input in it. And we're going to also meet with some of the adjusters, the people who work on the fields. They have good ideas that sometimes don't get through the corporation to the policy making. So we want to make sure they get some input into it.

Have it all done by the end of this year. I would like to see it done by December. I'd like to see it done sooner, but I'm hedging a bit. But anyway by the end of the year so the farmers have . . . because you start making your seeding plans, as you know — you farm — you start making your seeding plans or thinking about them through the winter. So we want to make sure that January and February are available for everyone to get to understand the program.

I can remember many — not many times, but at times when I was sitting on the tractor in the spring and not knowing what the program exactly was going to be, in years gone by. And I don't like that. That's why I'm pushing to make sure we get the program in place by the end of the year so people can understand it.

Mr. Goohsen: — Well certainly that timing is an appropriate way of approaching it, Minister. And the thought comes to mind then, is this program going to be actuarially correct, as the terms goes? How much government money will be put into it? Or, you know, where's the funding going to come from? Are they totally going to be from the farmers' involvement? Does it become strictly an insurance program?

Hon. Mr. Upshall: — There will still be three-party funding — federal government, provincial government, and producer. That won't change. It will be actuarially sound over a period of time, as the old program was.

The basis of the . . . this is just, what we've done is taken the opportunity every five years, under the agreement, to review the corporation. We take this opportunity to make some major changes. And I think, for the most part, they'll be quite successful. We're trying to do the process right, trying to keep

the cost of the premium down.

Now I don't want you to misunderstand me. I don't know if we can actually reduce the premium, but at least we can hold the line. If we can reduce it, I'll be very, very happy. And that's a possibility, depending exactly what the cost of the program is. But one of the keys is to get the debt, the re-insurance debt down.

And if you wanted to help out in that manner, I would suggest that you talk to the federal government and say hey, guys, let's get this debt down somehow. Because if you get the debt down, you're starting with a new program, with new people in it, and this is going to be one of the arguments. Does the debt that was being built there by three-quarters of the land being in the program, transfer it to somebody else now if they want in the new program, should they carry that debt.

Those are all things you have to talk about, but I think so far it's looking pretty good.

Mr. Goohsen: — Well, Mr. Minister, I'd be happy to talk to the federal government about these things any time, any place, and say exactly those kind of things, because obviously we do need the federal government to cooperate with agriculture. It is a national industry of national importance, and no question in my mind that the taxpayers of the entire country owe their existence to the people that grow their food. And so that's not a problem for us at all.

But of course you know as well as I do that they probably aren't going to listen all that much to me if they don't listen to you. But we'll try collectively to help out and work that way. So any time you want to go to Ottawa, I'll go along with you.

I want to go into the hail part just a little bit, because that's of concern to a lot of people this time of year. The rates for the hail seemed to be driving people away from insuring with the hail portion of the crop insurance. What is your analysis of that? Is my observation there concurrent with what has actually happened in the corporation over the past year and into this year, or is it just something that I saw in my local area that is not universal throughout the province? And what are you doing to correct that problem, if there is a problem developing in that area?

(1500)

Hon. Mr. Upshall: — I don't know that it's a problem. There's a concern because the rates rose quite dramatically simply because we had two bad years of hail. It's like any other insurance company. When you get hail, you're in a hail area, you understand that your rates will continually rise. When I started farming I think my rate was 2 per cent, two and a half per cent, and I think last year some of them was as high as 7. And then you start chopping off crops — you've got double barley and canola. I mean it's getting expensive because there's been more hail.

But the fact of the matter remains, and this is what boggles my mind a little bit when somebody says, well I don't like that

spot-loss hail crop insurance because the premium's going up. The fact of the matter is if you're in a private company you pay 100 per cent of the premium. In Crop Insurance you're paying 50 per cent of the premium. So while it has increased because of the conditions, I think it's still a pretty fair deal. And if somebody pays half of your premium I don't know why you'd want to complain — and get the same coverage basically as a private — I don't know why you'd want to change that.

Mr. Goohsen: — Well there are a couple of problems, Minister, in the area of course and that is, to start with, you can't get the same coverage. The coverage is very limited, very small, in terms of replacement costs and that sort of thing. I know in my own operation the amount of coverage I could get with Crop Insurance would not cover my investment. And so we found that we had to go to line companies on top of the Crop Insurance in order to protect ourselves if we wanted that full coverage, enough to make sure that we could carry on for the next year if we were hailed out.

And I think that's the aim of most people with insurances of this kind is to probably cover yourself enough so that you can get enough inputs back so you can carry on for another year. In light of that, then most people when they find themselves with a program that is not giving them enough, they simply opt out of that program and go 100 per cent into some other line company program.

So is there any consideration to overhauling the hail insurance part of the program to first of all allow higher coverages for those people that are more intensive farming — people who are using more fertilizer and chemicals in chem-fallow programs, in heavier stubble cropping programs, continuous cropping where more fertilizers are used and that sort of thing. They need to have the ability to recover more for their inputs. So have you overhauled the program or will you be overhauling the program in order to address those problems?

Hon. Mr. Upshall: — We won't be . . . I don't think be adjusting. We haven't talked about adjusting it for high or low use input costs to producers. That in itself works out in your individual yield. So whether, you know . . . I don't think we want to start designing a program. If you start designing a program to fit the costs that people put into their operation, you're going to start really complicating it. And as I say, that works over your individual yield. That's reflected there.

But no, I don't know what your area is. I'm just going from recollection. I think my coverage is about \$67 an acre through Crop Insurance, if I recall right. And while you may be right, that doesn't cover all your input costs. It's certainly for the price you pay for that premium you pay for that insurance, it's very, very reasonable. If we wanted, as you say, to start pumping up the coverage, that's when it gets really expensive. That's why we picked 70 per cent — 70 per cent with spot loss or 80 per cent without spot loss.

Once you go, like if you wanted to go to 80 per cent with spot loss, the premiums rise dramatically. And as I said before, farmers buy crop insurance based on the cost of the premium. I'm not 100 per cent but I believe that. I mean I farmed many

years and my neighbours and I talk to people; that's what it is. If the premiums go up, the participation goes down.

So we can't have it all, and that's why the rates are set where they are. That's why you're 70 with spot loss and 80 without, simply because once you start moving it up higher, that last 20 per cent of coverage is deadly expensive. So we're at the middle of the road I think right now.

Mr. Goohsen: — Another area of concern, Mr. Minister, of course is always the adjustment area. And we find a lot of people complain about Crop Insurance adjustments and the fact that they feel that one of the reasons that Crop Insurance was able to keep their premiums low last year for example, was because the adjusters were trained to adjust far lower than line company adjusters did.

And so I wonder if you could tell me how the appeal process works, and whether or not people have the option to appeal to someone else. And in the final analysis, if you don't agree with the way people are adjusting your crop, how do you then continue to sell them that product after they've had a bad experience?

Hon. Mr. Upshall: — Well the appeal process has a number of hoops it goes through. First of all, if there's a dispute, it'll go to the regional director. And if it can't be settled there — there's four of those people in the province — if it can't be settled there, then it goes to the Crop Insurance Appeal Board, which is a board of farmers that hear the case.

They don't make an adjustment . . . or they don't alter the adjustment so to speak, because the crop . . . by the time it hits appeal, the ground's been worked, the crop is off, whatever it was, and it's, you know . . . So the board can't say, okay, yes there was 10 bushels there or there was 11 bushels there. What they do is they go through the process of determining whether or not the circumstances within which the farmer made his appeal is such that sometimes they can't alter payments, and that's what they're for. Any number of things can happen.

As far as the adjusters in Crop Insurance, I think it was your accusation that they adjusted less, at a lesser rate than the line companies. That is not my experience. I don't know what it's like in your area but whenever I do have hail and whenever the adjusters come along it's usually the first guy there . . . if you can talk the first guy up, then you're okay for the most part. Because the other companies, through competition, and Crop Insurance is no different, my experience is they will adjust the same basically as the line adjusters.

So I don't . . . If you have specific cases that you're concerned about, I'd certainly be willing to talk it over with you because I think it's not real hard to do these adjustments. Sometimes on some of the new crops it's difficult. And sometimes when you get an early hailstorm and there's a delayed settlement and, you know, there's some disputes there. That might be the area that you're talking about.

I know with the delayed settlement, if you get early hail, and they say, well we got to leave it, let it go because if you don't

get a frost till the end of October you might have 50 bushels of wheat here. But if you happen to get a frost at the end of August, you would have a lot less, a lot fewer bushels.

So maybe you can tell me if that's what you're talking about, but I'm not aware of any lesser adjusting as opposed to line companies.

The Chair: — Order, order. The Chair, with the indulgence of the committee, would like to have leave to introduce guests if that is the committee's wish.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Flavel: — I take this opportunity to thank the committee for allowing me this opportunity to introduce to the Legislative Assembly this afternoon, 36 grade 4, 5, 6 students from the Wishart School. Their teachers, Virginia Latoski and Cindy Ramler, are with them. The chaperons, Connie Bashutski, Paula Stefankiw — I hope I got that right — Mr. and Mrs. Kitzul, and Carol Kluz is also with them, I see, back behind the clock.

I look forward to meeting with them later on and enjoying some refreshments and answering any questions that I can answer and just having a good visit with them. So I would ask the members to join with the Chair in welcoming the Wishart grade 4, 5, and 6 here this afternoon.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

General Revenue Fund Agriculture and Food Vote 1

Item 1

Mr. Goohsen: — Thank you, Mr. Chairman. Well, Mr. Minister, to get back to our debate about the agricultural problems of our province, and specifically at the moment, crop insurance and how it works.

I won't obviously mention names of individuals in the Assembly with regards to their personal crop insurance problems. But I will tell you about an instance that we did run into, and I think you've hit on part of the problem, and it is the new crops type of area, the diversified, new crops. And the fact that when you start a new crop in an area where the adjusters of the area have never seen those crops very much before, they can find themselves in some difficulty knowing and understanding.

And of course canola is a very good example of that. And I can give you a case in point of how that has happened. There was a situation that I'm aware of where a canola crop was hailed, two different policyholders on land very close together. One was assessed 17 per cent damage and the other was assessed at 65 per cent damage. In the end, the argument took place of course — by the owners, who were good friends — the discussion

took place that they thought their crops looked equally damaged. And when all was said and done, the proof had to be in the harvest.

And of course the harvest was done. Both crops had come in at about 15 bushels to the acre gross. They had high dockage because when you get hail in canola, as you know, lots of the kernels then become small ones and become dockage, and lots of weeds grow in the interim, and that sort of thing happens. So, about 11 bushels net.

(1515)

Now one farmer got in the end about 60 or 65 per cent return from the hail claims — two of them in fact. The other farmer, disgusted with the process, didn't bother making a claim at all after that, not even for the loss of yield, and simply opted out of the program because he'd only gotten paid for 17 per cent loss and had exactly the same yield as the farmer that had gotten the 65.

Now you tell me how you're going to win that farmer back and get that farmer back into the program after that type of an experience. How can that possibly happen? It just won't. And I don't think I even need to bother letting you answer that, unless you want to, and I'll go on into another question. Because it can't be answered. I mean the people just didn't know what they were doing. And pride gets in the way, egos get in the way. But anyway, so much for that.

I wanted to ask you, Minister, many years ago we had a program called land bank. Is the land bank land still under your jurisdiction? I have constituents who farm land bank land and they still pay rent to the government. They complain about the share of money that they got for the Crow payment and those kind of things.

But I do wonder, is this still under your jurisdiction in the Department of Agriculture? Where would we find that located in the Department of Agriculture? Could you briefly tell us about how much land is still involved in that program; whether or not you have sold it or if you are selling it? What's happening with those properties?

Hon. Mr. Upshall: — Yes, it's still under my jurisdiction, under the administration of Agriculture and Food. We're just getting the acres, the number of acres. It's under lands branch, it's all called lands branch now. They rolled all the land bank land and Crown land into lands branch. Lands branch administers the leases and the like.

There was . . . I can ballpark the numbers. There would be about a million acres of . . . I think there's about a million acres of land bank land that went in originally a few years back, if I recall that right. Today about 900,000 acres right now of . . . that's just the cultivated land — 900,000 acres.

Mr. Goohsen: — Well, Minister, is that land for sale, or has any of it been sold? Or can those people expect ever to be able to buy that land if they want to?

Hon. Mr. Upshall: — Yes, there's land sales that go on regularly. If somebody wants to buy Crown land, all they have to do is come and ask the Crown, you know, put a bid in on it when it comes up. Or if they're renting it now and they want to buy it, they can . . . you know, we have to go through the process of posting it.

But the only time that you wouldn't be able to buy it is if it was designated as critical wildlife habitat. That's about the only . . . There is one other category too to do with environment, and I just forget it now. But basically, critical wildlife habitat would be the only reason you couldn't buy it.

Mr. Goohsen: — Minister, I'll roll two questions into one here. How would you establish the value of that land if you were going to sell it, or if a person approached you and wanted to buy it? I guess I'd better let you deal with that first because the other question is on another subject.

Hon. Mr. Upshall: — It's sold on the basis of appraised value.

Mr. Goohsen: — Okay. Of course appraising can mean an awful lot of things. I might appraise it a lot different than you. This would have to be some kind of professional appraiser, I presume. Could you elaborate a little bit on who would qualify to be those appraisers and tell me also, Minister, why you're doing that now.

The lease fee that you get for the land — what percentage of the value of the land would that come to? Or to get specific about what I'm getting at, does the lease fee amount to as much as the interest that you would have to pay to borrow the principal of value of that land?

Hon. Mr. Upshall: — While the staff are looking for the details on the percentages I'll just answer the first question. The way the system works is that we will have it appraised. The government will have it appraised, the quarter land appraised. Then if you as a farmer who want to purchase it disagree with that, you have every right to go out and hire your own appraiser to have it appraised. And the farmer has to bear that cost of the appraiser. And I believe the way it works is that if you plan to purchase it's taken off of the back end of the purchase price.

If there's . . . for the most part. I mean there may be incidences, I guess there always are, where appraisers don't agree, but for the most part if you got a few thousand dollars difference, they just take and split the difference. They're fairly flexible. Because we certainly don't want to stand in the way of people buying land. It's government land, it's for sale, and they're welcome to it if they can get the money.

I will just sit down for a second and get the answer to your second question about what percentage of the lease fee is of the . . . if it would be equal to the interest rate.

Just to keep things going here, we can get that answer. We actually . . . I think we have a per acre cost so we can figure it out. And if you're up \$40,000 a quarter, you know, simple math is, 10 per cent interest is \$4,000. We'll get the exact cost, but that would be depending, you know, that would be probably a

little bit more than what the lease fee would be . . . (inaudible interjection) . . . Well you know the answer, double. The leases are very reasonable.

Mr. Goohsen: — Okay, Minister, I guess you made my point, but I will want to see the figures when you get them and I'll appreciate having them. Because the point I am making is that the lease fees, for the farmers who have to pay them, always seem to be high because the costs of inputs and all that were high, you know, and the returns on grain have been low. But now that they have gone up somewhat maybe that's going to change.

The reality being that it was tough for a farmer to make a living off the land even paying a low rate. However on the other hand, on the other side of the equation, the lease fees being paid to government were not high enough to pay the interest that had to be paid on the principal value of the land. And the government, having bought that land, then had to get that money from some place to pay for it.

So they borrowed the money, probably, and are paying interest on it — interest that is higher than what the land is returning to the government from those leases. So then it would make eminent sense to sell it as fast as you could, wouldn't it? And you are doing that, you say.

So then tell me, if one farmer has some Crown land — and I will for the record say that I don't have any — but if one farmer happens to have it and the next farmer wants to buy it, can he bid on it? And would the farmer that is presently farming it have the first right of refusal, or how would that work?

Hon. Mr. Upshall: — Just on your first question, your earlier question, it's about \$10 an acre. So you're right. It's less than half of what the interest would be in the early stages of a loan, if you had a view as a person . . .

But in the lands branch program, we are a net generator of dollars, so we're not losing money. And you have to remember the role of the Crown — the reason the land bank was put in place was that we wanted to try to keep younger people out on the land and make it affordable for them to farm.

So that principle has not changed, and it's reflected even though we've rolled land bank into lands branch — or was rolled back a number of years ago — the principle of age, distance from the land, and the assessed value of your assets is the three things that count. That's trying to get smaller . . . basically the smaller or the younger farmers involved, so that while we make money on it, the rates are reasonable enough. In fact I've had some people complain that they're not high enough. But they're set on a formula with the price of grain, inputs, and it's working fairly well.

(1530)

Mr. Goohsen: — Well, Mr. Minister, the point I'm making though, I think you make as well. The reason that you have a net profit in Crown land is because you had a holding of a lot of Crown land that you never did buy because nobody ever has

owned it but the Crown. Those lands are being leased out and you're taking money back.

But the land that came in from the land bank program is losing you money. So the quicker you could sell it, the better off financially you would be because we do have a debt in this province. You keep reminding us of that. A large part of that debt could be eliminated if we sold all of this Crown land.

Now I would make another point to you. It might be of benefit to sell that land at a reduced price even, just to get rid of it, so that you don't have this debt, and get some cash and pay it off. So you might be able to give some people actually a bargain on this land, and benefit the government by getting out from under this debt load.

Now if the debt is as serious as you claim it is, then we obviously have to work at every area where we find debt. This is an area where we can identify that some of the debt has been caused. So simply put, let's sell it.

And then my other questions then would lead into, can one farmer put in a bid on land that another farmer holds and leases? And if they can or can't, that's what we would like to know because then you could facilitate getting some of this land sold and bought up.

The other argument that I'm going to put down on you is the one where you make that you were going to try to keep younger farmers on the land. That may have worked for a while in the 1970s initially, to some extent. Unfortunately though, the dirty eighties did happen. They were the worst, toughest years since the Dirty Thirties and my dad says the dirty eighties were a lot worse than the Dirty Thirties because people had expectations that were a lot higher in terms of the way they lived. And so it was tougher to live through the '80s, he said, for many farmers than it ever was in the '30s because they had so much more to lose.

That having been said, an awful lot of those young farmers that were dependent on land bank land were already the farmers who were finding themselves in some financial difficulty during the glorious '70s when the grain prices were relatively strong and farming was relatively good. They sold their land for the most part because those farmers wanted either to retire or were finding themselves in financial trouble. They were able to keep that land in the family but it was now leased land and it became a cost every year. And if you had debts that you paid off with the principal, you didn't have any buying power left; those were in fact for the most part farms that in fact folded during the late '80s and into the early '90s.

The candidate for the NDP (New Democratic Party) Party from the Maple Creek constituency in 1991 was one of those people who held some of those land bank lands and now lives in Alberta.

So you know, I just throw that at you as an example of how the principle upon which you started this program really has been lost, because an awful lot of that land now has transferred to other people who are still in the farming business. And lots of

them are by no means young, and lots of them are by no means small operators. Because they're the only ones around, they've naturally picked it up.

It had to be farmed by somebody and certainly the Crown people were not going to let that land lie idle and not get any lease money from it. So in some cases, they simply had to lease it to whoever was able. So the principles have been lost.

And yet we have the debt part of it, and we need, I think, to address that and take a serious look at how we can sell that land as quickly as possible to the people that want to buy it.

I know that there are also people who have Crown grazing land that they have never, ever owned — the Crown has always owned it. They would like to buy that land and they say that there are deliberate stumbling blocks put in their way of not being able to buy that land.

So there's seems to be a contradiction, and I'm glad to hear you say today that these people can buy this Crown land because we will be delivering to them your words in *Hansard* so that they can approach the department and try to buy this land now because they will know that it is available and that it is for sale.

But I want to let you comment on my thoughts with regards to the Crown lands and those things.

Hon. Mr. Upshall: — Well with regard to your specific question about leases and buying leases. You can't buy a lease . . . a chunk of property out from underneath the lessee. If you're leasing land and I want to buy it, I can't just go to lands bank and say okay, I want to buy that, and so we turf you off the lease and then sell it. Because it's not fair, for one thing. So that land could be sold if that person who's leasing ever gave that land up, as far as leasing is concerned.

But what concerns me a little bit is your argument, and where it's going. Because what I hear you saying is that . . . and we sell land . . . I mean there's . . . I, first of all, want to ask you when you stand up just to give me some idea what the stumbling blocks are because I'm not familiar with them. Because I mean there's no advantage . . . the critical wildlife habitat is one of the only reasons that they can't purchase.

But if there are stumbling blocks, I'd certainly like to know about them specifically so that I can take them to the department and say okay, I say that we can sell land. We sell land all the time and I think we should continue to do that. But if there's stumbling blocks, I'll have to know about it.

But your argument that . . . I think what I hear you're saying is that we should be increasing the lease rates because the reason people are farming . . . are not buying land is because . . . I don't know if you were . . . yes, you were probably in government in the '80s when you had that special program that lasted for a couple of years, an incentive to buy leased land, lands branch land . . . (inaudible interjection) . . . Yes. And it didn't work; very few people took it up because the lease is reasonable.

Now if you're arguing that we should increase the lease rates to give the farmer incentive to buy the land, I'm not sure that I would accept that argument. I mean things are working fairly well. The land was transferred to the lands branch at no cost. It's Crown land. We're making revenue off that land even at those reasonable lease rates, and so there's . . . I just want you to do those two things. Tell me if that's what you think we should do: increase the lease rates so that we give the farmer some incentive, more incentive, to buy it rather than leasing it at a cheap rate. And secondly, what the stumbling blocks are specifically that you've heard about.

Mr. Goohsen: — Well very directly, Minister, no, I'm not saying that you should increase the lease rates, because I think I made my argument at the start that farmers have to be able to make a living off this land. The lease rates do have to be tied to production or productivity and saleability of the products that they produce. And that is a given. Otherwise if the lease rates go up any more, a lot of these farmers simply wouldn't be able to make a living and they will lose their farms and their land and it will be sold to somebody else because then they'd be vacating.

So that part . . . and it is a bit of a catch-22 because on the other hand if you did sell it, it would bring in enough cash so that you could pay off the debt then, not owe the interest on that debt. And of course you would alleviate the government's problem of a debt problem. So getting the land back into the hands of the individuals is the goal.

Increasing the fees I don't think would be the way to provide that incentive because you would break the farmer and he wouldn't end up with it. And like you said, you want to try to protect the farmer that's got it. You don't want to provide an option for some neighbour to maybe get it.

But I see nothing wrong with this land periodically being put up for sale. And especially now that grain prices have gone up a little bit and Farm Credit Corporation has eased up on its lending criteria, I understand. I haven't gone there myself, but I've been told that they are getting easier to deal with because they can see the potential for farming to make some money to pay off land debt and that sort of thing. So they are in fact encouraging people to build land bases through the Farm Credit Corporation process again.

So you might be able to use that process then to encourage people to buy the land, owe the money to Farm Credit, put the debt into the private hands of the people that own and operate the land, which would give them then an incentive to know that they have long-term ownership again. And they would then try to make that land more productive and do those things that individuals with pride in ownership will do to enhance the properties and to make it produce even more.

So that's what I'm saying is I think the proper way that you could handle this to get both sides satisfied. You would be out of debt, and the individuals then would have some property, and everybody I think would be happy.

Now I've missed your other question somehow, but anyway I

guess I'm supposed to ask the questions. And so what we want you to do is to tell us if there is any plan in the future to put these properties up for sale. Just a sort of blanket day, July 15, everybody can bid on it or it will be up for sale.

Hon. Mr. Upshall: — Well I'm not sure where you're going with this, because . . . I'm not sure that you know where you're going with it either. Because if you're advocating that the government set a date, let's say February 1 that there's going to be a block of land put on the market for sale across the province, well that land is being leased by someone at the present time. It's always for sale.

If you had leased the land, you can come to the government any time you want to and say, I want to purchase this land and go through the process. It's really simple. So it's always for sale, except for the critical wildlife protected lands.

So it's not always for sale for everybody.

An Hon. Member: — That's the problem.

Hon. Mr. Upshall: — That's the problem. Well then you're advocating that we should cut off leases and sell the land. If you were leasing two quarters of lands branch land and you've got, you know, eight or ten quarters of farm, you're saying the government should say, okay, you've leased that for 25 years now but we're going to sell it. So you've got to make your decision, Mr. Farmer. You've got to buy that land or you're going to sell it. Either you're going to buy it or you're going to lose it.

I don't know that that's a very smart thing to do.

An Hon. Member: — Yes.

Hon. Mr. Upshall: — Well you say yes. Well maybe you can explain to me a little bit about how that would work. I mean . . . (inaudible interjection) . . . Okay, you can do that.

And secondly, I want to go back to the principles. Principles haven't changed. Age, distance from the land, and the assessed value of your existing property are still the three fundamental principles that lands branch start out with.

Now there's some problems and that's why we got to . . . we talked about this just the other day. We're going to be reviewing, because there's certain situations where, because of the larger farming operations where a father and two sons might have 50 quarters of land and the farmer . . . the son will apply for the lands branch now and get it, and somebody with . . . That's what you got there? Okay. Well I'll sit down then; you understand.

Mr. Goohsen: — Well, Minister, to begin with, when you sell a lease to an oil company, they are leasing the minerals under the ground. But you have a limit on that lease — so many years — three years or five years. When that lease expires, if that oil company hasn't done certain things, then that lease is for sale to somebody else. If they do produce oil and gas on it, they've got a 21-year lease. You know, it's different.

But everything has an end; it's so many years, much as Crown land was leased on 33-year leases. Those people that had those leases expired had to renew them and match the criteria. If they were in arrears and hadn't paid their fees, that land was taken away from them. Right now if a rancher hasn't got his lease fees paid and his long-term lease comes up, you throw that up for grabs to anybody. What's the difference if you do that with cultivated land or the other land?

And the real thing here is that if you don't provide some incentive for these people to buy the land, who are getting cheap lease fees, they will never buy it because they can use that, as you said in your own argument, as leverage to buy other property and be able to compete at higher prices with their neighbours for other property, thus making bigger and bigger farms on the strength of owning lease . . . or having leased land at cheap rates.

So that defeats your argument of trying to keep smaller family farms. Because it doesn't work. You're actually putting into their hands the powers and the leverage to become the bigger farms that you are obviously against.

Now I'm not against the bigger operations. So I say at certain times, yes, you should put all this land up for sale. Every five years that land should all be for sale. If it's not sold, it can be re-leased. But if nobody buys it, you lease it again if you want to. But if somebody buys it, it's theirs — just the same as you do with the royalties for the oil companies.

So, Mr. Minister, if you'd want to comment to that. And then I want to get into some other areas or let one of my comrades in on something else. But I'd like to talk to you about 4-H . . . colleagues, right word. They're comrades; we're colleagues, okay.

(1545)

Hon. Mr. Upshall: — Well I don't think you ever heard me say I was against large farms but I like your flexibility with interpretations . . . (inaudible interjection) . . . Well no, we won't be doing that. We won't be doing that so we can . . . I won't say much.

But just, I hope . . . you haven't considered the chaos it would create. Just think on grazing land if we said, okay, this block of grazing land goes up every five years or, I mean, is up on a certain date. Can you imagine what the ranchers would do? They'd be going crazy. What would they do with their cattle? They've got so many acres, you know, cow units figured out for their operation. It just doesn't make a whole lot of sense.

And besides, I don't see that your argument holds any water about the advantage you get from a low-lease rate on land bank puts you at a greater advantage to buy other land. Yes, there is a couple thousand dollars on a quarter. With today's inputs and costs and prices, that is a very, very small percentage. So if there is . . . I would agree with you that your argument is valid, but the gain is so minimal that your argument then becomes invalid.

Mr. Goohsen: — Well, Mr. Minister, let's get this straightened out a little bit here. When I rent property from another person, another individual, I get a one-year lease, a three-year lease, a five-year lease. When that lease is up that land is up for grabs for anybody again. They don't have to lease it back to me.

I can't see where the government is any different. After three years or five years, if you choose to put it for sale — you're the owner — that's the risk everybody takes, and on cultivated land you don't have any cattle that are depending on it for the most part anyway.

So that argument about the cattle thing though does change things because there you do, in very poor quality land, you do build an operation on the basis of large acres that you are dependent on for a livestock herd. That's why it was accepted in the past that longer term leases were the normal thing on Crown land that was grazing land. And that's why you had the 33-year leases because that gave a person the option to build an operation for basically one lifetime — 33 years, you should retire. Next 33 years will be the next generation.

So those things didn't happen by accident. Those kinds of numbers that were used in the past have been used for a reason. Those people back in those days weren't all stupid. They didn't just pick these numbers out of the air. They were figured out on the basis of how people could survive and exist the best possible way, and oftentimes it's better to go back to those old ideas to find out how to do things better even in today's society.

So what I'm saying to you though, on cultivated land, I've got no guarantee that when I lease property from my neighbour that I'll have it when the lease expires. The oil company has no guarantee that they're going to be the ones to be able to buy the royalty lease back if they don't live up to their obligations after the three-year period. Then it goes back on the auction block and they have to buy it back. They have to bid against everybody else. They may be successful, they may not.

The same thing in my case. If I'm renting land from my neighbour, I bid him so much for the land and if somebody else comes over and bids him more, he can rent it to that person. It's a free country.

So what's different about Crown land? Why should it be any different? Why not lease it to the people who would bid you the most after every five years? Why not put it up for tender or up for sale? What's the difference?

And don't tell me that this is a little bit of money because you're the one that keeps telling me that the debt is dragging this province down. Every little bit of debt we can pay off is important here because we are trying to challenge this system of getting rid of this huge debt. And here we can start with it.

Hon. Mr. Upshall: — I'll guarantee you that the havoc that you'd create out in the community would, at the end of the day, be a net loss rather than a net gain as far as the debt is concerned.

Mr. D'Autremont: — Thank you, Mr. Assistant Deputy

Chairman. Mr. Minister, you mentioned an item in your comments that directly relates to the letter I had in my hand of a circumstance where some leased land became available, a son tendered on it, placed a tender, a second son placed another tender, and the father owned a sizeable chunk of land that they were farming as a unit.

How does this qualify . . . how does this meet the qualifications that you have in place for leasing land? According to the letter I have here, the present policy states that only one application per farm unit will be considered. All land owned and operated by the farm unit must be included in the application, including the lands individually owned, owned as joint tenants, or owned as tenants in common.

The second paragraph says, a farm unit means any and all individuals who farm out of the same headquarters and have joint ownership or control of land.

When a father and two sons operating out of the same yard tender on land, obviously the father has too much land base to put in a tender on the lease. So number one son puts in a tender on the lease. If anybody complains about it, number one son will in all likelihood be rejected.

But you can only appeal the winner in the case of a lease; you can't appeal anyone else in the system. So number one son gets appealed, loses the lease, but number two son picks it up.

How is this fair, Mr. Minister, and how is this policy supposed to be working?

Hon. Mr. Upshall: — Well I don't think it is fair. I agree with you. And that's one of the things identified. We are continually reviewing the policy. And that is an area that keeps coming up to me; obviously coming up to you too.

An Hon. Member: — April 11, '96.

Hon. Mr. Upshall: — Yes. No, I've had a few of them, but it's very . . . That's why we have to review the policy to see if it's still working. Because it's very, very difficult to . . . If there's a yard and machinery on the half mile and one son's got his house across the . . . it could be the same yard, but the quarter is split, or the half is split, the yard is split by the quarter line.

Machinery. I mean everybody knows this is happening. I shouldn't say everybody, but more people know. They're using all the same machinery. They live in two or three houses around the yard. They can make an argument that they are independent farmers. I mean, they would say well look it, I buy my fuel, here's my fuel bill. You know, here's my crop insurance bill. If we were one unit, then we'd have all one fuel bill.

So this is why — and I agree with you 100 per cent — that's why that's one of the areas that we're looking at now, to figure out how we can make it more fair, or fairer. I don't know what the answer is.

If you have any suggestions, I'd certainly welcome them. Because we want to make sure the intent stays the same. And

the intent is to try to keep the mid- to small-sized younger operator on the land.

I think those are pretty noble objectives that we have. I don't think it's working 100 per cent right now and that's why we're looking at it. And welcome back.

Mr. D'Autremont: — Well, Mr. Minister, what happens in the case of a situation like this where you agree that there is a problem here, a concern that should be addressed. If this is a valid case of there being a problem here, are you prepared to go back and revisit the circumstances such as this to determine whether or not there's actually a problem there, whether or not an appeal should be launched, whether or not an appeal should be approved?

Mr. Minister, perhaps when you're reviewing these situations what you need to do is make some inquiries in the neighbourhood as to what is the actual fact, what is the actual circumstance under which people are operating. I think it should trigger flags within the department when people from the same neighbourhood with the same name come forward and make applications, to determine whether or not they are in this kind of a situation — brothers living in the same yard — or whether they happen to be 14th cousins who happen to live in the same community.

In one of the communities that . . . right next to where I live, half the people have the same name. But their great-great-grandfathers were related but that's as close as it gets. So sometimes they are not related and sometimes they are. But perhaps when the similar names come up in the applications forms, it should trigger a red flag that a little more investigation should be carried out in it.

So, Mr. Minister, in these particular kind of cases, what kind of appeal mechanisms are available to the farmer who is aggrieved by the situation; and what kind of appeal is in place if the land has been awarded after a certain period of time such as now, if you believe that this kind of a situation is wrong?

Hon. Mr. Upshall: — I don't know the details of your specific case that you have on hand over there, but certainly if . . .

An Hon. Member: — It's a compelling one.

Hon. Mr. Upshall: — I'm sure it will be compelling.

There's a process. I don't know if it's been to appeal or what the situation is, but certainly send it over and we'll have a look at it to see if there's anything that's been done wrong, see the process, make sure the process has been followed.

Now as far as retroactivity — very, very difficult. Very difficult. Difficult because if you change something retroactively, what you're saying is that the process that you went through and the appeals process that you had was no good, you know.

So I think that we are reviewing this aspect. I want to tighten it up because I think that this is happening too much. And where

it will actually land, I don't know. But if that specific case is sent over, we can certainly have a look at it.

An Hon. Member: — Retroactivity is no problem — you've done it lots of times.

Mr. D'Autremont: — That's right. As my colleague says, you've done it lots of times already. You could just simply deem it not to have happened, Mr. Minister, as one of your previous counterparts did when he was the . . . Rosetown-Elrose. The current Minister of CIC has some past experience with retroactivity, deeming things not to happen, and perhaps he would be willing to do the same thing with the CCTA that he's responsible for now because he certainly has experience at doing it to farmers.

Mr. Minister, the letter that I received here is concerned about the appeal process and how he can appeal the first person to have been awarded the tender but can't appeal the second-place person. Is there a process in place for someone to appeal more than one person in a tendering process?

Hon. Mr. Upshall: — Now I don't quite understand what you're getting at. Any unsuccessful applicant can appeal.

An Hon. Member: — He wants to appeal the second-place applicant though, not the . . . He wants to appeal both first and second place. They were the brothers.

Hon. Mr. Upshall: — I don't know. I'll consult with my experts. You don't appeal the person who got the land; you appeal the allocation. And what I don't quite understand is, why would you want to make an appeal to somebody else who didn't get the land? I understand that in this case there are two brothers. They both applied for the lease. One . . .

An Hon. Member: — According to the scoring system, one was first and one was second.

Hon. Mr. Upshall: — One was first and one was second. So why would you want to appeal the second place? If you wanted the land, why wouldn't you appeal the person who got it? I might be missing something here.

Mr. D'Autremont: — Mr. Minister, as I understand the system works, you put in a tender on a lease and you're scored on various items: how much your land base is; what your capital base is; what your age is; how far away you live; all of those things. And you end up with a total score.

In this particular case, brother number one ended up with the highest score. Brother number two ended up with the second highest score. So one of the other unsuccessful farmers could appeal brother number one, because you're allowed to appeal the winner. So if he appealed and won, then the next highest person would be awarded the tender, which would be brother number two.

And so that's what his concern is: he would like to appeal both of the brothers because they both have the same circumstances. Obviously one is younger or older than the other and perhaps

that influenced why brother one was higher in the scoring than brother two. So he would like to appeal both brothers, because they're in the same circumstances.

(1600)

Hon. Mr. Upshall: — It's my understanding that you would be able . . . let's say you appealed successfully and knocked number one off. Then it's a new allocation so then you could appeal again on the second allocation. We are of the belief that that's possible, so I think you can accomplish what your objective would be.

Mr. D'Autremont: — Do you know of any circumstances, Mr. Minister, where this has occurred, where there has been more than one appeal on an allocation?

Hon. Mr. Upshall: — I can't give you a definitive answer. We believe that yes it has happened, but I would have to go back into the case file to see if and when it exactly did happen. But my officials believe that it has happened.

Mr. D'Autremont: — Well thank you, Mr. Minister. I'm not particularly interested in the individual cases but rather that the fact that there is a track record there that it has happened. And perhaps you could indicate though, if your officials would know, whether anyone has appealed two successfully . . . two appeals successfully.

Hon. Mr. Upshall: — We're sending out for a specialist to answer your questions more specifically. Instead of supplying you with wrong answers, I'm going to get the person to come over from the department who deals with appeals, and that way we can do it now and you won't have to wait for the answer in the mail or . . .

Mr. D'Autremont: — Well, Mr. Minister, we could always keep you here until you supply us with the answer too. Mr. Minister, since your officials are looking for the answers on this particular issue and I realize . . . I didn't expect them to have the answers with them. I just thought perhaps one of them might happen to recall it.

I'd like to move on to another issue which I have talked to you about and which you are working on, but I'd just like some general information and that is again with lands branch land and oil leases. I wonder if you can give me some indication as to how many oil locations would be located on lands branch lands?

Hon. Mr. Upshall: — We're trying to get that answer. We don't know exactly what the . . . how many wells there are on Crown land.

But just reverting back to your other question about double appeal. It's at the discretion of the board and it has happened. In recent memory, from the department person that's talked to you, we don't know of anybody who's successfully done it twice. But the process has been . . . they've gone through the process.

Mr. D'Autremont: — Well thank you, Mr. Minister. I'm disappointed to hear that nobody in corporate memory of the people sitting here — and I would have to assume some of them have been there for a significant period of time — that no one has appealed it successfully.

I would think that if in a case like this where two brothers are involved, that the cases would be similar enough that in all likelihood, if appeal one was to be successful, appeal two in all likelihood would be. But again, I'm just going by the facts presented to me by the individual.

So, Mr. Minister, leaving that aside, perhaps you could give us some indication as to the amount of income that Ag and Food receives for its oil leases. Does that money pass through Ag and Food? Does it pass directly to the Minister of Finance with which Ag and Food has no connection to gain any knowledge? How does that work?

And what kind of average prices would you be receiving on an initial surface lease? Not the ongoing lease but the initial drilling lease. I wonder if you can give me that information, please.

Hon. Mr. Upshall: — The dollars come into our department and then we just transfer them over to Finance. And '96-97, petroleum and gas, \$4.7 million. And as far as the number of dollars for the initial lease, we haven't got that specifically, but I believe it's around \$5,000.

Mr. D'Autremont: — Thank you, Mr. Minister, for giving me back the numbers I gave you the other day.

Mr. Minister, I missed the first part of your response there, if you could give that to me again. I got the number for the '96-97 of 4.7 million, but you had a number in front of that. I wonder if you can give me that again, please.

Hon. Mr. Upshall: — No, that's the only number that I gave you. I said before that, what I said was that the money comes into our department, and then flows through . . . and we just send it over to Finance. We don't get to keep any of it, unfortunately.

Mr. D'Autremont: — Thank you, Mr. Minister. How is this 4.7 million compared with other years? Is this a growing revenue or a shrinking revenue or basically holding steady? I wonder if you can give some indication as to what's happening in that area.

Hon. Mr. Upshall: — We're just in process . . . but just to keep things going, we're looking for that number of whether that 4.7 is . . . We're trying to find the last few years to give you an indication of what's happening with it.

Mr. D'Autremont: — Thank you, Mr. Minister. While your officials are looking, perhaps they'll come across some other numbers that I'm interested in. How many new locations have been drilled on Ag and Food land in the past year? Perhaps you might find that number.

And perhaps you have a policy directive on what are the reasons that the oil companies pay Ag and Food these surface leases, particularly the drilling leases. I know that when they deal with a private individual they have it broke down — we give you so much for land damage, so much for inconvenience and nuisance factor, so much because we're utilizing 3.4 acres. I wonder if Ag and Food has some sort of directive, policy, that . . . for the reasons why you go after the oil companies for X number of dollars.

(1615)

Hon. Mr. Upshall: — Well the fee is basically for the oil company giving them the right to use Crown land, use the people's land. And that covers . . . that's what the fee is for.

Now if the problem . . . the problem is if we were to transfer the fees, the initial fee, or especially the ongoing lease fees to the renter, we would be putting ourselves in a negative position, the taxpayer in a negative position. Because what he would pay, if we flow all those dollars through, it would be more than what he would be paying on his lease. So I mean the taxpayer, we wouldn't be getting any value for our money. So we have to . . . we keep that money and it goes into the formula for rent.

So I understand there is a factor involved for the people who live there, as a nuisance or whatever. But right now, like the way it was explained, is that that is a fee for using that land.

Mr. D'Autremont: — Now thank you, Mr. Minister. You're anticipating my questions, based on a conversation we had the other day about a particular case. But, Mr. Minister, I think when you look at particularly the drilling leases, not so much the long-term lease, but the drilling lease, the initial surface lease, that fee that you receive is for right of usage, right of access, for inconvenience, and for nuisance.

Now certainly the Crown is entitled to the right for usage and the right for access. I don't disagree at all. And I think most leaseholders who are being reasonable would not disagree that the land belongs to the Crown and therefore the Crown should receive any money for usage and for access.

But when it comes down to the inconvenience and the nuisance factor, I think there is some room there for some dispute. That area I believe the leaseholder should have some claim on.

Now obviously if the oil company comes in and drills, puts in a location where they're producing oil, or perhaps even water disposal, that is going to be a long-term impact on that land for the Crown. It's going to have either a negative or a positive impact; therefore some of that inconvenience should remain with the Crown.

But some of that inconvenience is also going to be suffered by the leaseholder as they have to work around that particular piece of property. They are going to lose access to that many acres, which was part of their agreement with the Crown at the time when they acquired that agreement.

So they are going to lose . . . It's like having an extra slough

stuck on your land that you have to dodge around. I have a lot of sloughs and unfortunately I haven't got any oil wells to dodge around, and sloughs don't pay near as good as oil wells do. But for a leaseholder who has to dodge around it, that is an inconvenience and a cost to them.

In light of the case that we were talking about — and this doesn't happen in all cases — but this particular case that we have already discussed, and you're looking into; I believe in that particular case — and it has come up before where the nuisance factor is very dramatic on the leaseholders — because in this particular case, and in one other case that was brought to my attention, the drilling was going to happen right next to the farmer's yard.

And this was going to create a great deal of nuisance for them. They were going to have to watch their animals a lot more closely, their dog would be endangered because of the heavier traffic on the road, their children would be endangered because of the additional traffic; and if you've ever spent any time around a drilling rig they make an awful lot of noise in the middle of the night. And that is a great inconvenience and a great nuisance factor.

So I believe that the leaseholders on a drilling site should receive some form of compensation from the department. Now it's my understanding that at the present time the department offers a very limited amount of compensation; \$100 I believe is the fees that is allowed for the leaseholder for their inconvenience.

It's not just the inconvenience though, Mr. Minister. The leaseholder acquires the land, acquires the lease with the understanding that at some point in time they may desire, may wish to purchase that land. And that land, let's say, has an average of 10 times the assessed value at the present time. That these numbers are increasing but let's say 10 times.

If you put an oil lease on there, you have dramatically changed the value of that property. Now they've been leasing the land and farming it for a considerable period of time. It may be 1 year, it may be 20 years. And they may be close to the time when they can now afford to buy that land. But an oil well is put on it. They've gained no value out of that, when the oil well went on there, because your department got the entire settlement for the drilling lease. The leaseholder got \$100.

But when they come to buy the land, you will now include the value of that service lease as part of the purchase price. And I don't know just how much additional you would add on, but obviously it has some value.

So you need to provide, Mr. Minister, at least at the drilling time, some compensation to the leaseholder for their inconvenience and their nuisance. So perhaps, Mr. Minister, you could comment on that. And could you also comment on the impact that having an oil lease on your leased property would have at the time when the leaseholder might wish to purchase the land.

Hon. Mr. Upshall: — First of all, I'll give you the numbers

from the oil and gas . . . we have approximately 3,000 wells, and first-year rent varies between 2 and \$3,000, and after that we get \$1,000 a year. So those numbers are there for you.

And in this particular case that you're talking about, it is . . . the department's been working with them and it's a unique case. And I think it has enough merit that we should be reviewing our policy on that because 100 bucks a well, if it's out in the middle of the north forty that's enough, who cares, you know, and the people won't. But in this particular case where the drilling rig is right at their house . . . that's why the department is looking into it, and we'll see if we can block that crack or putty that crack, not just for this case, but down the road, because there will be others. There probably will have been others.

But the fact of the matter is that we do have some insurances like their water supply, okay. We put the onus on the company, the drilling company. If they contaminate the water supply, they have to compensate for that. So there are some . . . you know, the nuisance is the issue here. We can take care of all the technical stuff, but it's what is the value . . . what is the cost of the nuisance of having that well clunking in your ear all night or bothering your cattle or, you know, driving through the yard. I know they have another approach, but if you got small children, it's a nuisance. And probably should be compensated for.

That's why the department is looking at it now. What that level will be, I don't know. But we'll continue to work on this to try to find the solution that's not only right for this case, but probably would be precedent setting for the future.

Mr. D'Autremont: — Thank you, Mr. Minister. This is the second such case that I have had come forward to me. And the other case, the farmers were able to negotiate a settlement for themselves with the oil company in particular.

I wonder, Mr. Minister, what rights does the leaseholder have in regards to an oil company coming forward and wanting to drill on their lease? Do they have the right to refuse to allow the drilling to proceed? What rights do the leaseholders have?

Hon. Mr. Upshall: — No, the leaseholder can't stop the drilling, but what we endeavour, is that we try to cover off all their concerns. Now you will never get it 100 per cent because you know, everybody's . . . your concern might be a little different level than my concern.

But we work with them to try to make sure, you know like I say, their water supply is not going to be contaminated; cleaning up the site; anything off site that is damaged should be compensated for. So while they can't stop it, it is of concern to the government enough that we have to . . . we want to work with them and try to make sure that all their concerns are alleviated.

Mr. D'Autremont: — Thank you, Mr. Minister. Okay, let's . . . you say they can't stop it. Can they hold it up for a considerable period of time?

Because the oil company wants the leaseholders to sign a

release for them. I'm not sure who this release applies to, whether it applies just to the oil company, whether it's a release from Ag and Food on a portion of their acreage that they're leasing. Somebody wants them to sign off for some purpose. Obviously if they have to . . . somebody needs a signature to sign off, signing that releases somebody from something. So what is the signature then for in the case of an oil drilling lease?

Hon. Mr. Upshall: — Well what he's signing off is simply saying that he's satisfied that all his concerns have been met. We don't require that it be signed off but we like to have it signed off all the time because that means that there's been cooperation and people are satisfied.

It's no advantage to the government to have somebody unsatisfied and knocking on your door, you know, every year for the next 10 years, saying, you know, you didn't do this right. So we try to get those concerns alleviated and that's why the signature is needed, just to say yes, we agree that things are okay here. We've met all requirements of water, traffic, and the like.

Mr. D'Autremont: — Well, Mr. Minister, it would seem to me that there must be something more to it than that. I recall another case where the leaseholders negotiated very strongly with the oil company and received more than the \$100. There was also a second lease that was inquired about on their leaseholdings. And in that particular case, a different oil company I believe it was, wouldn't offer anything more and they simply refused to sign off then. What happened in that particular case was the oil company moved across the road and drilled on somebody else's location.

Horizontal wells, you can do that. You don't have to be where you want to do the actual drilling, you can move off . . . actually you can probably move off a mile or more if you really wanted to. Costs are obviously going to be higher if you do that, but so the oil company moved off. The well was not drilled on the Ag and Food land. Actually in this particular case it turned out to the benefit of the leaseholder because they were able then, at a later date, a couple of years later, to turn around and buy that particular quarter of land where the well would have been but was not drilled, and they didn't have to pay anything extra. They paid the going rate at the time for the land and it was of advantage to them to have rejected the proposal to put the well on their land.

In some manner they had the ability to say no and the drilling lease was moved. Now you say that they can't refuse to allow that lease on the land. Perhaps the drilling company didn't want to wait to go through arbitration. I don't know if that would have been involved. So I have to inquire as to what, how, or then . . . that that particular leaseholder have that some other leaseholder may not have had then in refusing to allow the drilling to take place on their particular piece of land?

(1630)

Hon. Mr. Upshall: — Well I would have to know the details of the other case you talked about because, you know, I don't want to speculate on why.

But if the money, if there was extra money, are you saying the extra money they got came from . . . (inaudible interjection) . . . came from the oil company, yes. I was going to say, it didn't come from us. And if they . . . you know, oil companies will do that from time to time simply to keep the leaseholder happy. Happy leaseholders are no headache for the oil companies.

What I'm saying here is that we are looking at this. I know it's a problem and I think we have to look at some type of a solution if we can. I don't know what the solution is and I'm willing to work with you. And the department is working with the people out your way.

Mr. D'Autremont: — Well thank you, Mr. Minister. Well, Mr. Minister, I'd like to move on to another issue, and I would like to thank you for looking into the issue of the oil leases and hopefully finding some type of a solution so that in cases of real nuisance, that the landowners do receive more compensation than simply the \$100.

The issue I'd like to move on to now is the grain car situation. With the proposals that the grain car fleet of Canada's railroads be sold to someone, or rather the fleet owned by the government be sold to someone, the ownership transferred to someone, the proposal has been made by SARM (Saskatchewan Association of Rural Municipalities), along with a large number of the other stakeholders — the NFU (National Farmers Union), the barley growers, the canola growers, and other stakeholders — that these be sold to the producers. Now this proposal runs against the grain for the railroads, who obviously want to acquire these particular vehicles for themselves so that they can utilize them.

What position has Saskatchewan Department of Agriculture taken on this? If the producers gain access to them, then the costs to operate . . . the cost to purchase, to operate and to maintain will be on the producers. If the railroads get them, obviously the costs to purchase, to operate, and to maintain will be on the producers. No matter who owns them, the producer is going to pay for them. What position has Ag and Food taken on this particular issue?

Hon. Mr. Upshall: — We've taken the same position that the Department of Highways and Transportation has taken. We've worked with the Department of Highways and Transportation. I don't know if you asked these questions in Highways last night, and we won't have any detail on this because it is Highways section. If you ask detailed questions, I think we'd have to get them to you some time later.

But no, our position is the same as . . . we worked it out . . . the minister and I have been working together on this. He takes the lead because it's a Highways issue, Transportation issue, but it worked well.

An Hon. Member: — It's an Ag issue.

Hon. Mr. Upshall: — It's an Ag issue as well. That's why we worked together on it. Exactly. But the way the departments are set up, it has to . . . he takes the lead on it. And we are in support of the producers owning the cars.

Mr. D'Autremont: — Well, Mr. Minister, there seems to be some producers who don't agree with that any longer. At one point in time I believe that most of the producer organizations were supportive of the idea of producers owning the grain cars.

And I have a news release, as you say, from Highways and Transportation that the Saskatchewan government recommends the federal government sell the grain cars to the producers. Well that has changed in the last couple of days actually, the last week. Two outfits now have pulled out.

I have a news release here from the wheat growers. Wheat growers withdraw from the SARM rail car coalition, Mr. Minister, because they believe that the federal government was placing too many restrictions on how those cars could be used, how they were going to be operated.

And I'd like to read to you one paragraph, or a part of one paragraph. And I quote, "The federal government is forcing any potential car owner into a very narrow line of business, he said." And that would be Larry McQuire.

He pointed out that the government is restricting the purchaser of the cars to dealing with Canadian railroads and using the cars for western grain. The car owner will have a very limited bargaining power with the railroads over the use of these cars in this particular situation.

Do you see a problem, Mr. Minister, in the idea that these grain cars are strictly limited to usage by Canadian railroads, and strictly limited for usage in western Canada? Obviously at different times of the year, grain is not available in western Canada particularly when you look at the summer months. Most of the grain has been moved out on most years. Perhaps these cars are not needed because a number of the hopper cars at various times of the year are used to haul potash and fertilizer. If these cars are not available for such usage, that means that it's limiting the access to revenues to help pay for those cars, Mr. Minister.

Again, not all grain is hauled by Canadian railroads. I believe that Saskatchewan producers and Canadian producers are looking for other access points to the international system for the movement of grain.

I know that we talked in one evening here about the possibilities of shipping down the Mississippi on rail down to New Orleans to the Gulf coast, which is probably the cheapest route to export right now. Also there has been times when grain has been shipped south of the border on the BN line — Burlington Northern — out to Seattle, particularly at times when the Vancouver port has been on strike.

So under those kind of restrictions, a good chunk of the Canadian transportation system for grain would not be available to move the grain under a shipment south or at a point in time where a non-Canadian locomotive was connected to that train.

So, Mr. Minister, that would, I think, greatly restrict the movement of Canadian grain if those kind of restrictions were placed on the rail cars whether they were owned by the

producers or owned by the railroad.

Hon. Mr. Upshall: — Well I'm a little disappointed with the federal government. Needless to say it . . . (inaudible interjection) . . . Oh, have we said anything about it, the member from Kindersley asks. Absolutely. I don't know the detail because . . . before I answer unilaterally, or categorically, I want to tell you that I haven't seen the restrictions. But from what you describe to me — and that's why I say these are really Highways estimates because Andy . . . or I mean the minister takes the lead on highways. But no, I would be one to agree that there should not be restrictions to limit the usage. Because I know that the Saskatchewan Grain Car Corporation is used primarily for board grains and are used very successfully, and they move all the grain that we want to move.

But I also know that the Saskatchewan Grain Car Corporation made three quarters of a million dollars last year by leasing those thousand cars out in times when they weren't being used.

And so I think probably this is an attempt by the federal government to discourage people, the farmers, from owning this thing. Really it's pretty petty. I mean if they're being responsive, they know that the farmers of this province should have those. They can make a few bucks on leasing those cars. Why would any government want to restrict — and it would be their property if they buy them — why would any government want to restrict that ability to make money on those cars?

So I think the important part of this whole thing is the allocation though. It's the allocation of the cars that are going to be as important as the ownership.

Mr. D'Autremont: — Thank you, Mr. Minister. If we keep you here this evening we will have you agreeing to go to dual marketing, I know. We have got you agreeing on free trade. We've got you agreeing now on no restriction on grain cars. By this evening, by 10:30, we'll have you agreeing with dual marketing. So I'm looking forward to discussing the issue with you after 7 o'clock, Mr. Minister.

But I'm very glad to see that you're in favour of removing the restrictions on the sale of the grain cars, Mr. Minister, or the usage of the grain cars after they have been sold. And hopefully the producers will be able to purchase those. But I do have some concerns as to what process will take place for the purchase, what kind of avenues will be available to producers to buy those cars. Will it be a direct investment where producers will be asked to pony up X number of dollars to make the purchase? If that is the case, I really don't see producers being able to do that.

Hopefully some sort of a scenario can be developed with the federal government for purchases over time, for credit with the federal government to make the purchases. I believe that would be an appropriate means by which to do it. I think when you look though at the purchase of the grain cars by Saskatchewan producers, because obviously Manitoba and Alberta producers will be a part of this, anybody within the Wheat Board area hopefully would be a group of that.

My colleague here, the member from Kindersley, has pointed out to me which group it is. The other group that dropped out since the Western Wheat Growers have pulled out of the coalition, and I'll just read you this first sentence:

Another member of the Western Farmer Rail Car Coalition seeking to buy government hopper car fleet has dropped out. Western Producer Car Group which lobbies for unrestricted access to producer cars also advocates commercialized market-driven handling and transport system. Farmer ownership of cars has insufficient potential to enhance competition or increase efficiency.

So they have pulled out. And I gather this group is from Manitoba. I don't know actually who they represent at all, but they have pulled out of the agreement at least.

The Western Producer Car Group, WPCG, I haven't heard of them either, Mr. Minister, but they're out of Manitoba, I gather. So they have some concerns obviously with the restrictions that are being placed in that it won't make the purchase a viable option for western producers.

What kind of scenario do you envision coming forward from the federal government to purchase the cars, and what kind of formula will be in place to determine the price? Is it simply going to be an open tender where he with the most money has the right to purchase? Or is it going to be fixed in some other manner?

(1645)

An Hon. Member: — The person with the deepest pockets.

Hon. Mr. Upshall: — Well I would hope it's not the person with the deepest pockets, as the member from Kindersley said.

An Hon. Member: — That's what it is.

Hon. Mr. Upshall: — Well I think that's where the Liberals are heading, the federal Liberals are heading. And I don't agree with that at all.

An Hon. Member: — We paid for them already.

Hon. Mr. Upshall: — That's just what was on the tip of my tongue. The taxpayers, and producers being taxpayers, have paid for the cars once. The alarming part was that when the railroads were getting the cars, they were only about \$100 million. Well now it's up to \$400 million. As soon as we talk about producers owning them the federal government seems like they start to up the dollar amounts, which is really unfortunate because it does show a lack of priority for this area.

The one thing I would say about the two groups that . . . and I don't know the last group; I'm not familiar with them, but they pulled out. And I don't think you gain anything by pulling out. I'm disappointed that they did pull out. I don't think it will affect the coalition or the value of the coalition because I think there's still enough major groups in there that the federal government should listen.

As far as the formula and that's concerned, you will remember this is not Agriculture estimates . . . this is Agriculture estimates, not Transportation estimates. And as far as the formula goes, you would have to ask Transportation officials last night. In fact I wasn't here all night last night, but I don't recall you even asking any questions on grain cars till the minister . . . So I'm not sure what the logic is here because the Highways minister is the guy that's supposed to be asked these questions and not Agriculture.

An Hon. Member: — It's easier to get stuff out of you.

Hon. Mr. Upshall: — I'm much more cooperative, yes.

So anyway, as far as the regulations go, I don't know the detail; I'd have to see them. But I think that they should not be putting restrictions on. I think that the federal government is trying to find ways to chip away at this coalition because I think they want the cars to go to the railroad.

I disagree with that. We are going to be working with the coalition and contacting the federal government to try to encourage them not to, by use of the back door, force producers into a position where they figure the cars . . . if they get the cars, it won't be of any benefit to them.

Mr. D'Autremont: — Well thank you, Mr. Minister. I think perhaps the Saskatchewan government should pursue that on behalf of producers to ensure that if producers acquire the cars, that they have the maximum opportunity for a return on it, and that it not be restricted in any manner.

And I'm recalling an open-line show that I was on dealing with the Canadian Wheat Board and an individual phoned in and believed that the only cars in Canada were owned by the railroads. And I pointed out to him at the time that the Canadian Wheat Board owned grain cars.

I wonder if you could indicate whether or not the Canadian Wheat Board cars are part of this agreement. Because obviously farmers have already paid for those cars out of their pooled accounts with the Canadian Wheat Board. So we shouldn't have to pay again for those cars.

When it comes to the other cars owned by the Government of Canada, I believe a good place to start to look for the money for Saskatchewan producers in particular would be the monies that were returned out of the GRIP program. That's \$256 million that Saskatchewan farmers have already paid back to the federal government that should be used in this particular case to pay for those grain cars and we should not have to pony-up any additional monies, Mr. Minister.

Hon. Mr. Upshall: — I do not believe that the Canadian Wheat Board cars are included in this deal. That is not my belief. Now with the way things have been changing with the federal government — not to say that they couldn't be. But I agree with you; they should not be part of the deal. This deal is the 10,000 Government of Canada cars. We've got a thousand cars, Government of Saskatchewan; Alberta's got a thousand cars; the Wheat Board's got 2,000 cars. The Wheat Board's 2,000

cars, I believe, are not involved. That's my understanding. It was that way unless it's changed.

And as you say, since the farmers' coalition got together, a number of things are changing. So if you would've asked this question of the Minister of Transportation last night, he probably could've told you exactly . . . (inaudible interjection) . . . No, you voted him off, so you can't.

Mr. D'Autremont: — Thank you, Mr. Minister. Maybe we could ask leave of the government at some point in time to bring the estimates back for the Minister of Highways and we'll ask him those questions again.

I'm sure that the Minister of Agriculture would rather have the Minister of Highways answer these questions than himself. But perhaps over supper, if you and the Minister of Highways were to go out for supper, you could query him, and then when you come back after supper you could have the answers for us.

So, Mr. Minister, perhaps one of the problems with the federal government in dealing with the grain cars and how they're going to be disposed of deals with the fact that, I believe it was Pierre Trudeau or John Turner, while they were prime ministers, appointed the head of CP (Canadian Pacific) Rail to the Senate. And perhaps that gentleman is now having an influence as to how these particular railcars will be disposed of. I would certainly hope that is not the case, that the senator from the CPR, (Canadian Pacific Railway) and I can't remember what his name is right offhand — it may be Sinclair, but I'm not sure exactly — whether or not he may be having some influence on this particular area.

But I believe it's certainly wrong for the federal government to start out . . . put out the proposal to producers, to the railroads, that 100 million or \$130 million is the number which they were looking at to achieve on these particular sales. As soon as the . . . and I agree with you when you say that as soon as the producers expressed an interest, the price of these railcars started to accelerate at a fairly fast rate. The fact is, much faster than any locomotive could accelerate.

Mr. Minister, I believe that your government, that you personally, along with the Minister of Highways and your Premier, need to bring forward the concerns of the producers in this particular area — that they must have the opportunities to purchase these cars. Because it is, you might say, a golden opportunity for the grain producers of western Canada to have a major impact on the transportation of their own commodity.

Well perhaps I shouldn't say their own commodity. If they're hauling canola or flax or oats, it is their own commodity. For the rest, their cereals, the wheat and barley, for hauling the Canadian Wheat Board's grain that the farmers have grown for them.

So perhaps, Mr. Minister, you should be making strong representations along with your colleagues from Manitoba and Alberta to the federal government to ensure that producers have access to these cars at a reasonable price.

I'd like to ask you whether or not you've been in contact with the Ag ministers, or the Transport ministers in our two neighbouring provinces, and I'd also like a comment from you on the use of the GRIP monies that were returned to Ottawa to pay for this purchase.

Hon. Mr. Upshall: — Before I answer that question, you'd asked a question on the number of new drillings this year. The new drillings for 1995-96 was 344.

Well, I think that . . . And again not having transport officials here to give me detail, I think that we have to do one thing. We have to ask . . . and I would ask if one of the Liberal members — I know where I sit in this thing, supporting the farm coalition group. It sounds like you're in the same park as that, which is kind of scary when you start agreeing here too much. But I think what I might ask of one of the Liberal members if they want to get up and give us their position on this during these estimates.

Because we've seen the federal government back off or make it more difficult, it appears, for farmers to own these cars. I disagree with that. We have made representation — letters from our Minister of Highways and Transportation to the federal minister.

I will be talking in July, early July, first to the fourth of July, ag ministers conference in Victoria. I'll be talking to Mr. Goodale at that conference and I'm not sure that there isn't a little bit of a split in the federal ministers. Because the Minister of Transportation and the Minister of Agriculture there . . . in the past I've seen some little power struggles. And yes, somebody wants a few more bucks, but I'll be talking to other ministers, western ministers, about this and the federal minister about this.

So rest assured that we're on this and I'm a very strong believer in these things coming to the farmers, but only if — shouldn't say only if — come to the farmers, making sure that they have the advantage of the flexibility to lease them to whoever they want — you know, as we run our Grain Car Corporation here. Because if they own them and they're restricted so they can't make any money off them in down times, you know, that really does put into question whether it's worth your while.

Now it would be worth your while probably anyway because otherwise you'd be paying premiums on cars, like the U.S. do, in the bid system. I mean, the cars are there and they're up 3 or 4 or \$500 on top of the bid that you have to ante up the cash to get the car. So that's just . . . And it doesn't work. And that's what we would have had had they gone the railroads.

So just rest assure that I do agree with you in that farmers should own them and they shouldn't be restricted.

Mr. D'Autremont: — Well thank you, Mr. Minister, you even have one of your own colleagues getting a little nervous about those statements, but I certainly agree with you.

But I wonder if you could comment on the idea of the GRIP monies that were returned to the federal government being used or being allocated to the purchase price of those grain cars on

behalf of Saskatchewan producers.

Hon. Mr. Upshall: — Well if that's the route that could be used, I'd like to see that money come to Saskatchewan any way we can get it. Because I think, I mean, we are heavily reliant on agriculture in this province and if that money would be earmarked for part of that, that would be fine by me. I mean I certainly wouldn't be opposed to it.

Mr. D'Autremont: — Well thank you, Mr. Minister. Certainly those monies were originally allocated to agriculture in Saskatchewan. I'm sure that we will never see the light of day again as far as that \$256 million in actual cash coming from the Liberal government again. But perhaps with a strong negotiator such as yourself, Mr. Minister, and your colleague, the Minister of Highways, you could make an arrangement with them to credit us with that. That could be used to pay a portion of that grain car cost.

If the costs are going to be, let's say, \$130 million spread between the farmers of Manitoba, Saskatchewan, and Alberta, surely no more than half to 60 per cent of that would be allocated to Saskatchewan's share since we do indeed produce the majority of the grain. We should pay the portion related to the movement of grain that we produce.

But surely some of that money could be allocated to the use to pay for those grain cars, and I believe that would be a very worthwhile project. It would certainly make farmers a little more comfortable with some of the decisions made by your government in sending that money back. I know that you didn't voluntarily send it back; it was part of the agreement. But nevertheless the agreement when you made the changes forced that return back to the federal government.

And so, Mr. Minister, perhaps you and your colleague should sit down with Mr. Goodale the next time you catch up with him in town here and have a very close discussion with him on that particular avenue and persuade him in the manner that I know you are very persuasive, Mr. Minister, to get the federal government to credit Saskatchewan with those monies for the use to purchase those producer cars.

Hon. Mr. Upshall: — Well, as I say, I'd welcome the money in any form that we can get it in. That's the route.

Now when you talk about the changes to the program causing the surplus, we might have a little disagreement there. And if it was, if it did . . . I think what it did is tighten up the moral hazards enough that there could have been a surplus. And I think it depends where you go in the province whether you think the changes were good or bad anyway.

So no, in the whole transportation field, we have to ensure . . . And that's why I've asked the Liberal members to get up and join us, join with . . . Obviously you and I are agreeing on the ownership of the cars and how it should be regulated. But I've asked the Liberal members, anyone, to get up and say, do you agree with us. Can we go united to Ottawa?

I mean, we're working one on one with the federal government

now. You're throwing your support behind us now, that's great. And I just asked one of the Liberal members if they could just get up and indicate, do we got . . . Well it's near five now, but we've got lots of time.

But just, please, just give us an indication. Do you agree that the farmers should own the cars? Stand in your place and join with us and then we can write a letter — three parties agree — to Ottawa saying look, here's what should happen.

Mr. D'Autremont: — Well thank you, Mr. Minister. I gather our Liberal colleagues don't have an opinion yet on this. Not surprising.

Mr. Minister, I'd like to move on to another issue. I know that there was a court case that settled the issue of the farm fuel rebate program. And that deals with agricultural fuels, fuels that are . . . gasoline that is used for farm purposes on which the Saskatchewan road tax has been paid.

I wonder if you'd have any idea, Mr. Minister, just how many farmers apply for those rebates and what size those rebates are. And how many of those farmers . . . or how many farm wives, in particular, have expressed concern that they were not being allowed to apply for the rebates.

Hon. Mr. Upshall: — Well I feel like the Premier tonight. First we started with Agriculture, then we went over to . . .

The Chair: — Order. Order. It now being 5 o'clock, this committee stands recessed until 7 o'clock later this same day.

The Assembly recessed until 7 p.m.

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