



Standing Committee on Agriculture

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**STANDING COMMITTEE ON AGRICULTURE
1999**

Hon. Dwain Lingenfelter, Chair
Regina Elphinstone

Bill Boyd, Vice-Chair
Kindersley

Bob Bjornerud
Saltcoats

Donna Harpauer
Watrous

Ron Harper
Regina Northeast

Hon. Jim Melenchuk
Saskatoon Northwest

Hon. Clay Serby
Yorkton

Mark Wartman
Regina Qu'Appelle Valley

Randy Weekes
Redberry Lake

Mr. Putz: — If I could bring the meeting to order, please. This being the first meeting of the Standing Committee on Agriculture, it's my duty as committee Clerk to preside over the election of a Chair. And with that I'd call now for nominations for that position.

Mr. Boyd: — Mr. Clerk, I move:

That Dwain Lingenfelter, the Hon. Minister of Agriculture, be elected to preside as Chair of the Standing Committee on Agriculture.

Mr. Putz: — Mr. Boyd has nominated Dwain Lingenfelter, Minister of Agriculture, to preside as Chair of the Standing Committee on Agriculture. Any further nominations?

Mr. Wartman: — I move that nominations for the position of Chair cease.

Mr. Putz: — Mr. Wartman has moved that nominations cease. All those in favour of the motion, please signify. All those opposed.

Members: — Agreed.

Mr. Putz: — I declare the motion carried. And with that I would invite a motion that Mr. Lingenfelter be elected to preside as Chair.

Mr. Boyd: — I move:

That Dwain Lingenfelter, the Hon. Minister of Agriculture, preside as Chair of the Standing Committee on Agriculture.

Mr. Putz: — Mr. Boyd has moved that Dwain Lingenfelter, Minister of Agriculture, be elected to preside as Chair of the Standing Committee on Agriculture.

All those in favour of the motion, please signify. All those opposed?

I declare the motion carried, and invite Mr. Lingenfelter to take the Chair.

Some Hon. Members: Hear, hear!

The Chair: — The next item on the agenda, as I understand, is the election of a Vice-Chair. But before I call on the nominations, just let me say a thank you to all members of the legislature who have been so flexible in allowing this process to take place.

Not only is this the first time since 1953 that the Agriculture Committee has met, but it is for sure the first time it has met in this forum. And I think that highlights the importance of the issue that we're going to be dealing with today.

Having said that, the most important people here obviously are the farm organizations, and not even as they represent the organizations, but the men and women, the thousands of men and women that they represent from across the province.

I'm not going to mention them now. But I just want to say to each of you individually, thank you very much for the work that you have done up to this point, the work you will do today, and importantly, the work that we will do tomorrow and weeks and months into the future to make sure that the needs of farm families are met.

So with that, Mr. Clerk, I would like to say that we would now accept a motion to nominate a Vice-Chair for the committee.

Mr. Harper: — Mr. Chair, I nominate Bill Boyd.

The Chair: — Bill Boyd's name has been placed in nomination. Any other nominations?

A Member: — I move nominations cease.

The Chair: — It's been moved nominations cease. Is that carried by the committee members?

Members: — Agreed.

(1615)

The Chair: — Agreed.

Mr. Harper: — I'd like to move:

That Bill Boyd be elected to preside as Vice-Chair of the Standing Committee on Agriculture.

The Chair: — The question has been put that Mr. Bill Boyd be the Vice-Chair of the Committee on Agriculture. All those in favour. Anyone opposed? That's carried.

Mr. Boyd, you are the Vice-Chair of the Committee on Agriculture.

Some Hon. Members: Hear, hear!

The Chair: — If I could, I would like to remind the committee members of the committee's order of reference. We mentioned it in the motion this morning, but just for the sake of the committee and for others observing, if I could read the order of reference. And I quote:

And further that at this present time, the said committee do specifically receive and report on representations from interested parties and individuals with respect to the farm crisis income now facing western Canadian farmers; and to this purpose the said committee be authorized to conduct its proceedings in the Legislative Chamber except when the Assembly is sitting, and that the committee proceedings be televised by the Legislative Assembly on the Saskatchewan Legislative Network.

And further that the Legislative Assembly do also broadcast the audio of the proceedings on the Internet via the Legislative Assembly Saskatchewan web site.

I want to say as well that at this time I would like to introduce the committee members if I could. And starting with my friend,

Mark Wartman — Mark if you just indicate; Ron Harper; the Hon. Jim Melenchuk; and the Hon. Clay Serby; Randy Weekes; Bob Bjornerud; Donna Harpauer; and, of course, Bill Boyd. That's your committee members who will be taking part in the committee workings today.

I also need to establish the list of witnesses and order of appearance, and I think it's been distributed. And if somebody would care to move a motion that this be the order of presentations, I would accept such a motion.

Mr. Boyd: — I would move the following motion, Mr. Chair:

That the special presenters as listed and have opportunity to present when their name comes forward.

Hon. Mr. Serby: — Second.

The Chair: — Seconded. All those in favour? That's carried. And I just want to make sure that the presenters have that list in front of them and you can adjust yourselves accordingly to that.

One adjustment to that list, number 17, the Wynyard & District Chamber of Commerce, will not be appearing today so if we would adjust the schedule to that. That means that we will have 18 presenters as the day goes on.

Now we also need to establish the length of time that each presenter will have and it's my understanding that when we were going through the discussions with the organizations, a suggestion was made of 20 minutes for presentation and questions by members of the committee to the witnesses and I need some guidance from the committee as to what kind of length of time we are going to establish as a rule of the committee.

Mr. Boyd: — Mr. Chair, I would move:

That the committee ask presenters to limit their time to a presentation, including questions from committee members, of 20 minutes.

The Chair: — It's been moved that the presentation and questions be limited to 20 minutes. Is there a seconder for that motion? Seconded.

Any discussion on that? All those in favour? Twenty minutes then will be the limit of time, not necessarily needing to use the time, but that will be the limit for both the presentation and the questions of committee members to witnesses.

We now need to decide on the . . . Well I just want to say that the Saskatchewan legislative network is covering the proceeding so I just wanted to alert members who are presenting and individuals who will be asking questions from the committee that this is a live broadcast and we just want to know that.

I'm being advised that we have to establish broadcasting rules, which would mean here again we would adopt the broadcasting rules of the Saskatchewan Legislative Assembly with the addition of an addendum that presenters coming before the committee will also be included in part of the broadcasting rule,

and I would need a motion to establish that.

Mr. Harper: — . . . establish the appropriate broadcasting rules.

The Chair: — And I will just see what we have here, but it will be the broadcasting rules of the Legislative Assembly of Saskatchewan with the addition of the presenters who will be included in the broadcast.

Secunder for that? Seconded. Any discussion? All those in favour? That's carried.

There's the issue of committee member status. At the present time it is the accepted rules that committee members have voice in the committee, although it's obvious that we want everyone to stay and witness the hearings and also to make notes, listen. And the suggestion is if you have any questions that you would like to present, rather than ask them from your seat, that you bring them to one of the committee members who will ask the question on your behalf.

And there again, I would like if we could have a motion to that effect, to include that in the rules of the committee.

Motion agreed to.

The Chair: — We are about to call our first witness. Before I do that, I just want to make comment that when the work of the committee is concluded, we will quickly — or slowly — draft a committee report that will then be presented immediately, on conclusion and acceptance of that report, back to the Assembly. So members of the Assembly, this is the process that we will follow.

I just might make the note to presenters that the mikes that we use in the Assembly, you don't to feel that you have to come very close to them. They're very sensitive mikes. Don't adjust; they very ably pick up your voice from a considerable distance. So just assume that everything is being recorded unless you hear from us.

And with that, our first presenter is the Saskatchewan Wheat Pool and the name I have here is Mr. Leroy Larsen.

Mr. Larsen: — Thank you very much, Mr. Chairman, members of the Assembly, ladies and gentlemen. Thank you very much for the opportunity to participate in this emergency debate. I intend to keep my remarks short and to the point as I want a chance to provide opportunity for questions and follow-up discussion.

Although I am pleased to be here today, I believe I have a duty to challenge all of you. There is a definite lack of optimism in the agricultural industry today. I feel we owe it to the Saskatchewan farm families to come away from this session with some positive workable solutions.

An immediate cash injection is required to sustain the operation of many Saskatchewan farms. To that end, the Pool supports the efforts by the Farm Income Coalition.

The \$1 billion in a trade equalization payment for Saskatchewan farmers will not put us on a level playing field

with our American or European counterparts but it will provide much needed support to prairie producers. I can pledge Saskatchewan Wheat Pool's support for the motion being debated today.

As president of the Pool, representing more than 50,000 active members, I would be doing a disservice to farmers if I only focus my comments on the nature and extent of the farm financial crisis today.

Everyone in this room should be well acquainted with the complexity of the problem. We also know about the many factors contributing to the depressed rural economy — from subsidies to increased transportation and production costs.

Given the time you have spent looking at the issues, you should also by now realize there is no single or easy solution.

Over the next few months, many farm families will be assessing the future of their operations. The decisions they make this winter may be influenced by what is discussed here today. The urgency of the problem cannot be ignored but we must also use this forum to explore opportunities for the future. If we do not hold out signs of hope now, how will we attract young producers who are vital to the future growth of our industry?

I want to issue a challenge to each of you today. Begin developing a long-term vision for agriculture and rural economic development. Provide Saskatchewan farm families with some indication of what you think the industry will look like — the direction you plan to take. Give our farm families an assurance that you will address the many factors responsible for the current crisis. Provide them with a reason to be optimistic.

I also want from you today a firm commitment that producers will have access to tools necessary to manage risk. Agricultural safety nets cannot prevent a crisis from occurring. We do not want to isolate producers from the marketplace. We cannot insulate them from signals necessary to build an efficient operation. Instead, design a safety net to ensure that when a crisis does arise, farmers will survive with their operations intact.

As seen today, the existing safety nets are proving totally inadequate. They are simply unable to deal with the length and the depth of the downturn being experienced by prairie producers.

Our industry will always be plagued by uncertainty due to drought, heavy rains, frost, or price fluctuations. Remember that fact as you contemplate your decisions. Reforms need to be made. But don't opt for the politically easy solution without fully considering or understanding the long-term implications. Don't act in haste without having adequate alternatives in place.

It is bad enough that Saskatchewan producers are disadvantaged relative to farmers in North Dakota. Do not place them at a disadvantage relative to their counterparts in the other Prairie provinces as well.

Let producers know they will have access to export markets for their products and be competing on a level playing field, both domestically and globally.

I urge you to do everything in your power to expand export markets, and to eliminate export subsidies and trade-distorting domestic support.

I realize those goals will take time. But there are issues you can tackle today that will increase the competitiveness of Saskatchewan farmers immediately.

(1630)

Transportation today is the biggest single cost for grain and oilseed producers. The Kroeger report currently provides a tremendous opportunity to provide a more reasonable approach to freight costs.

Producers must have redress from excessive freight rates being charged by the railways. The CTA (Canada Transportation Act) review demonstrated railways are putting too much in efficiency gains back into their own pockets. These gains belong to producers.

I ask you to support adoption of option C of the Kroeger report and return about \$5.71 per tonne or some \$170 million to producers immediately at no cost to taxpayers.

As we have seen changes to the regulatory environment mean more grain is being trucked greater distances to country elevators, to end-use processors, or direct to value-added operations like hog barns and feedlots. Current and future activities for the province's economic development rely upon an adequate road system.

The Pool supports this government in its efforts to establish a national highways program. However, it is clear that our provincial road system requires additional infrastructure if farmers are to effectively market their production. I therefore encourage the government to make highway spending a provincial priority as well, and I'm encouraged by the brief mention in yesterday's Throne Speech to improve infrastructure as part of a strategy for rural economic renewal.

I also urge you to reduce the costs that producers shoulder and affect our ability to compete. Over the last decade cost-recovery fees and taxes have steadily eroded producers' returns. One of the most onerous and inequitable taxes for farmers is education tax on property. Land ownership is not an effective measure of income, nor is there a direct link between land ownership and use of the educational system. You must address this issue and pledge to ease the financial burden it imposes on Saskatchewan farmers.

I was encouraged by the promise in yesterday's Throne Speech for the government to assume more responsibility for funding the cost of education. Over the last few years a significant degree of deregulation within agriculture has occurred. Producers have attempted to respond to these changes, but they have done so with inadequate and steadily declining assistance from all levels of government. The strain is showing in the current income numbers in our rural infrastructure and in the farm families of Saskatchewan.

While pressure must remain focused on making up for current shortfall, you must not lose sight of the longer term. I believe

today's emergency debate is evidence that the Saskatchewan government is seeking solutions. Our farmers need those solutions now so we can return hope to next year country.

Thank you again for the opportunity to speak with you today, and I look forward to any questions and discussion that might ensue in the remaining time that I have. Thank you very much.

Some Hon. Members: Hear, hear!

The Chair: — Thank you, Leroy. And I will just invite members of the committee to ask any questions of our witness. He's indicated he is ready to answer questions.

Mr. Boyd: — Thank you, Mr. Chairman. Mr. Larsen, I'm interested in the Wheat Pool's thoughts with respect to the \$1 billion trade equalization payment. Do you still support the concept of the acreage payment should the farmers of Saskatchewan receive a \$1 billion payment from the federal government?

Mr. Larsen: — The Wheat Pool believes that we should look at some options and there might have to be some options that farmer-members might select from in receiving that payment. And I'm thinking here of the livestock sector, and particularly the pork industry, because an acreage payment might not address the problems that they would have.

In the distribution of the funds, I want this Assembly to be cognizant of the implications should we contravene any trade agreements, because we certainly don't want to trigger a countervail in the marketing of our agricultural production. We would support a number of options be looked at for the distribution of the \$1 billion, which I think we are going to receive — we deserve it.

Mr. Boyd: — Thank you, Mr. Larsen. And that is something that, as you know, the committee members, the farm coalition, has discussed at some length. And I think it was in general agreement, at least the view of the committee, that there be an acreage payment in conjunction with some income-based type program for the livestock sector, keeping in mind that the pork industry was represented and that the livestock sector was not, frankly, interested in any type of an approach, feeling that any support from government may indeed cause trade actions against them.

So I think that the recommendations that came forward from the committee . . . the coalition, I'm hopeful that the Wheat Pool is still supportive of that position.

Mr. Larsen: — Yes, we will support the decisions of the coalition with regard to distribution of any funds that are received.

Mr. Boyd: — Do you further feel that in addition to . . . And I look back at your comments that there's been declining assistance from all levels of government and the concern that arises in terms of input costs, in terms of property taxes, in terms of transportation costs, all of those things are a part of the problems that farmers are faced with today, and that there is a need both federally and provincially to work towards solutions in those, in those areas. Am I . . . I'm hopeful that the Wheat

Pool supports that as well.

Mr. Larsen: — They do, and that's why I included them in my remarks. I encourage the Minister of Agriculture as he goes to the meetings — I think they're starting tomorrow — and we need a safety net that . . . that gives us adequate protection. We need, I think in the programs that are currently in place, a strong look at additional funding in those programs to lower the cost to the individual producers. And we also need in that package something that is . . . is a disaster assistance program so that we can stay away from the ad hoc type of programs such as was put together this year in the form of AIDA.

But in saying that, I also want to . . . to encourage you to remember some of the principles in AIDA that might be applied in a future program that . . . that can be developed in this process.

Hon. Mr. Serby: — Thank you, Mr. Larsen, for your presentation. I'm interested in your comment as it relates to the existing safety nets that are provided today in this province, which you note are inadequate. I'm wondering whether or not the current ones you're speaking about are the NISA and the crop insurance, and whether or not you see these programs as being such that they can be supportive to farmers in a different way or an expanded way in the future.

Mr. Larsen: — I support them in an expanded way. Crop insurance and NISA are excellent programs in their own right. If they can be improved, if the cost to the farmer can be reduced, that would be very beneficial. But I think there is another component that has to be there. And by my words of using totally inadequate, I was referring basically to the AIDA package that was . . . has proven to be totally inadequate, first of all because of the limited number of dollars that are in the program and the limited number of people that have had access to the revenues in that program.

Hon. Mr. Serby: — I want to also ask you as the president of one of the largest grain companies and corporations in this province. As a producer today, I note that . . . and a farmer, I note that you make reference to the importance of various levels of government working together, of which I certainly advocate with you. But I too worry about how we might involve or see the inclusion of large operations like yours in this piece. And I couldn't agree more that we need to find solutions.

So I'd be interested in learning what the Saskatchewan Wheat Pool might be doing here as it relates to things like storage costs of my grain as a producer and farmers across Saskatchewan, elevation costs, input costs, transportation from farm gate to port. How might your organization be involved in some of those pieces?

Mr. Larsen: — As you probably realized, the grain gathering network in Saskatchewan and indeed western Canada is going through fairly dramatic change and the competition at this time is extremely, extremely, high. Saskatchewan Wheat Pool is going to be a leader and a very strong competitor in this arena.

We have a number of programs that we offer to our farmer members and to producers in Saskatchewan. Condominium storage options, those kind of things. We have been a leader in

the elevation costs and the tariffs that Saskatchewan Wheat Pool charges. I think if you check the history of that, Saskatchewan has had a lower tariff than grain companies have in other provinces in the past.

We certainly offer trucking incentive programs for farmers that have to haul their grain and production further distances. We have an agreement with your Department of Highways and Transportation in looking at central tire inflation and those kind of opportunities. We're working with you on testing some of those and seeing what the efficiencies are.

We will be working with all of the players in the industry and with government to make sure that we have as efficient a system in place as possible for all producers.

Mr. Bjornerud: — Thank you also, Mr. Larsen, for your presentation today. And you talked and I agree with you about the optimism that's not out there today on the family farm. I think pessimism is at an all-time high. You just have to go to every coffee row out there and you hear it every day.

The farmers that were there before, there was always the few that would say, well this is next year country; it will be better next year. You aren't hearing much of that out there. And I think that's one of the most negative parts of what's happening to the farm community right now.

You also had said that we need more young producers, and I agree with you a hundred per cent. I think in fact within the next few years that's going to be one of our biggest problems in agriculture is that we have no young farmers left. Many of us are getting to the age of retirement and there's very few to replace us.

The government has talked about taking the '99 AIDA (Agricultural Income Disaster Assistance) money, the provincial share, and putting it into the NISA (Net Income Stabilization Account) program. Do you have any thoughts on that or does the Pool have thoughts on that and how that might be delivered quicker than the normal procedure, I guess. Have you given that much thought?

Mr. Larsen: — Yes. Our delegates just completed a meeting a couple of weeks ago and there was extensive debate on the level of support for AIDA and continuing on with that program.

The decision, the majority decision by the delegates was that as we were nearing the end of 1999, the last year of the program, they supported leaving the program run its course. And in discussions at the group meeting, I indicated that to the group. But we are a part of that body; the decision was made to implore the provincial government to withdraw the '99 funding or negotiate withdrawal of the '99 fund from the '99 program, the provincial share.

And we . . . I've been getting an awful lot of calls in recent days about that decision, and particularly from the Southeast part of the province. They are not happy with that decision and the distribution of those funds, they are saying, as they were anticipating the '99 AIDA package, they will be cut short on their funding.

So it's a difficult decision that has to be made in the distribution of those funds. There are some people, and I've got those calls as well, that they are pleased with the decision of the provincial government in this area. The distribution of funds in an ad hoc program like this are always difficult and you are not going to satisfy everyone.

Hon. Mr. Lingenfelter: — We have about one minute left, and so committee member Harpauer, if you would just keep that in mind.

Ms. Harpauer: — Thank you, Mr. Larsen, for your presentation. On page 2 you said, we do not want to isolate producers from the market place. Could you just explain this a little bit better because . . . are you implying that the Pool would support farmers having more of a choice on how and where they market?

Mr. Larsen: — I was referring to basically to the fact that in the United States and the European Union, their subsidy programs have isolated their producers from the marketplace and they have increased their production of wheat, for example, whereas you look at Canada, we have reduced the wheat production and the oversupply of that product at this time, because we have seen the marketplace.

The marketing options are ones that the producers should decide for themselves. But we are exposed to the global marketplace and our producers have to know what . . . and make the decisions on their own, the kind of . . . planting intentions they have from the markets in that global marketplace.

(1645)

The Chair: — Thank you very much, Mr. Larsen.

Our next presenter, our next witness, is the Saskatchewan Association of Rural Municipalities. Mr. Sinclair Harrison.

Some Hon. Members: Hear, hear!

The Chair: — Sinclair Harrison is the president of SARM and Arita Paul is the manager of agricultural services. Welcome.

Mr. Harrison: — Members of the legislature, thank you very much for inviting SARM here today and being chosen number two.

This is a very serious issue. It's one that I know each and every one of you has spent a lot of time in your constituency and we welcome the opportunity to discuss it with you today. I know you have had a resolution brought forward in the House and we will direct our remarks to that resolution.

It is very similar in nature to the one we took to Ottawa about five weeks ago, and many within this hall travelled to Ottawa with the two Premiers of Manitoba and Saskatchewan.

I guess we were somewhat taken back when we travelled down there — the reception we got; the response we got. But I guess it set a base level of where we're going to start from.

And I think there's been some encouraging things happen over the last five weeks. Optimism in agriculture was mentioned. I think we need some optimism, and I think there's been some fairly optimistic things happen since we went to Ottawa. I think that's credit to those who went to Ottawa. We chose not to burn any bridges when we were down there, and I just would like to cite some of the things that have happened in the last five weeks.

Those that joined together in the coalition, all political parties from the two provinces, farm groups. In order to come up with one position, there had to be compromises made. And those of us that are responsible to boards of directors . . . SARM (Saskatchewan Association of Rural Municipalities) is responsible to 297 municipalities representing about 250 thousand people, and when you go into a compromise position you're never quite sure if you have the backing of all your constituents. And I know you've all been through that.

We went into a convention on the 8th and 9th of November — the biggest convention, mid-term convention, that SARM has ever had. When you're facing some 940 people the first morning of the convention, you wonder why they all showed up. You wonder if you've made the right decision. But we did. They stood behind us on the decision that SARM made and the coalition made. So I think that was very encouraging to know that we were on the right track.

I think it was very encouraging that Minister Vanclief chose to come to the Saskatchewan Wheat Pool convention, to come to Saskatchewan, and to meet with the coalition. Those of us that visited the question period in Ottawa saw a minister that had only one answer to the question of farm support, and that was AIDA; there's \$900 million on the table, take it or leave it.

When the minister choose to come West, he was a very different individual. He was one that we felt was very sincere — those of us that saw him at the Sask. Wheat Pool convention. And when we met with him, he went so far as to call AIDA an administrative nightmare, said it had to be repaired, said he was going to do everything that he possibly could to get money out quickly. I think that was a very encouraging sign for all of us.

A week later, around the 25th of November, Keystone Agricultural Producers, Wild Rose out of Alberta, and SARM were called to go before the Standing Committee on Agriculture in Ottawa. We spent two and a half hours discussing this issue with the standing committee and felt we had a very good hearing.

While we were down there, we met with 10 different departments talking about the farm crisis, talking about grain transportation and we found a sympathetic ear in every department. That was encouraging to us.

Now the standing committee is out West — they announced that when we were down there. They're meeting in Estevan this afternoon, Regina tomorrow morning, and Prince Albert tomorrow afternoon. It begs the question: why would they come west if there's no money? So we see this as a very encouraging sign and I know there will be many representatives in Estevan this afternoon putting our case forward.

SARM and SUMA (Saskatchewan Urban Municipalities Association) — Mike Badham will be here later on this evening to make a presentation on behalf of SUMA — we represent the local governments of Saskatchewan.

There is a national organization known as the Federation of Canadian Municipalities. It's been around longer than this province. It's well respected across Canada.

There was a board of director's meeting Thursday, Friday, and Saturday of last week and we were very encouraged by a resolution that was passed and you'll find it in your package. Find it very interesting that this resolution or the start of the resolution — and it was amended — this resolution was put forward by the county of Grande Prairie, Alberta.

When we went to Ottawa five weeks ago, Alberta did not join in because there was no problem supposedly in Alberta. When you get a resolution like this coming out of Alberta, that we could support, I think it says there's a problem right across the prairies.

The resolution speaks to acknowledging:

. . . the crisis facing agriculture in the rural communities throughout Canada;

. . . provide immediate short term financial assistance which realistically reflects the cost of transportation, fertilizer, pesticides, equipment, employee wages, land taxes and debt servicing;

. . . (and) in conjunction with all players, design a long term policy for a sustainable agriculture environment which increases market access for value-added products.

This resolution goes on and it was amended by the Chair of the western caucus, who is Mike Badham, and it reads:

BE IT FURTHER RESOLVED that FCM urge the federal government to take immediate action to resolve the farm crisis so as to encourage a level international playing field by . . . (implementing) a trade equalization payment and, in the long term, negotiate the elimination of foreign agricultural subsidies.

That amendment, and the second "therefore be it resolved" was put forward by the prairie caucus and you can notice the words: "trade equalization payment" which naturally comes out of our delegation to Ottawa.

FCM (Federation of Canadian Municipalities) is made up by associations like ours but more importantly it's made up by representatives of the largest cities in this country — Vancouver, Edmonton, Calgary, Winnipeg, Toronto, London, right across the piece. This resolution was passed unanimously. Those people are onside and that's excellent.

If we're going to conquer this problem we need urban people and we need rural people from right across this country; and it disturbs me sometimes when we hear murmurs that maybe we should be retaliating between rural and urban, and I would suggest we have to get rid of that phraseology. When you have

resolutions like this passed unanimously in this country, certainly it means that there's concern from all corners of this great country.

Further to this resolution, the president of FCM, who comes from Marystown, Newfoundland, a fisher coming from a fishing community has some sympathy for agriculture. He picked up his pen as soon as the meeting was over and drafted a letter to the Minister of Agriculture federally. That letter went out on Monday.

Just before we left the office to come down here to this session, we received a draft news release which will be going out later this week from FCM. The point I'm trying to make is that we have kept this in front of the national media, and it's great that this is being televised.

The people in the larger centres I don't think can understand the details of agriculture, the details of the hurt. They know there is something wrong out here, and they want to help us. And I think the next letter that I refer to demonstrates that in spades. And it comes from Bryan Wilfert, who is the Chair of the Greater Toronto Liberal Area Caucus.

The city of Toronto, the city councillors there in Toronto, the MPs from the Toronto area, are attempting to put together a tribute to the family farm in the Toronto Air Canada Centre — that's the largest building they have in Toronto. I don't know who's brought this about, where the idea came from, but just the fact that they're attempting to do something to bring this to a national focus I think should give us a good feeling down deep about what other parts of Canada think about us in western Canada.

So we are very encouraged by those documents.

I now turn to some background material. And I think sometimes we spend too much time talking to ourselves about the problem and maybe not enough to our colleagues in other provinces and especially eastern Canada.

As far as SARM is concerned, we do support a land-based payment. That is what the coalition, the position that the coalition put forward. We feel it is a quick way to get money into farmers' hands. It's uncomplicated administration. We feel it is not trade distorting. Before we went down to meet with the Standing Committee on Agriculture, we met with officials from Saskatchewan Ag and Food, Saskatchewan Justice. They provided us with background material that to us leads us to believe that a land-based program is a green program.

The income tax system will claw back money from those who may be in an income position. If administration is a problem for a land-based payment, the rural municipal offices, the 297 municipalities will make sure that that money goes out as quickly as possible.

The payment should be directed to the person who farms and incurs the cost, not the landowner.

Certainly we support a long-term safety net and long-term solutions. SARM was not present in Seattle last week, but the reports we get back, that perhaps a solution out of that table is a

long ways off. And we have to call on Ottawa to come to our support in the meantime.

Grain transportation is something that has to be addressed immediately. We are calling on the federal government to take action. Now perhaps if the airlines are not first and foremost on the Transport minister's mind, he will deal with this issue. There is considerable savings in this package. SARM, Keystone Agricultural Producers, Wildrose out of Alberta, put together a package before the Kroeger report came out. We felt that that was the blueprint that farmers could support.

Since that time, a letter has come forward from the western and northern Liberal caucus, and that is the letter that we are putting our support behind. We feel that it supports a lot of the things that we said. And hopefully the federal government will move forward on that report and get some of the grain transportation savings back to producers.

So in summary, the farm crisis is real. The situation does not appear to be improving in the near future. The crisis will spread from family farms to rural and urban communities and to the province in general, and we will all be negatively impacted. The federal government has respectfully asked to address the billion dollar income shortfall through a land-based trade equalization payment.

Ladies and gentleman, I thank you for your attention and Arita and I will attempt to answer your questions. Thank you.

The Chair: — Thank you very much, Mr. Harrison. Just before I recognize Mr. Serby, I just identified two clocks in the corners that sort of give the remaining time. It just gives us an idea of how much time is left, and so Mr. Serby.

Hon. Mr. Serby: — Thank you very much. First I want to take this occasion to commend you and your organization for the work that you've been doing to promote the plight of what's happening in rural Saskatchewan today.

I want to ask a couple of questions. One is that you've been around the agricultural community for a long time and have obviously been a leader in many aspects, particularly with your organization.

Today we're asking for a billion dollars for our Saskatchewan grain farmers, producers. Do you see this as a one-time request, or do you see this as an issue that is going to require attention over a longer period of time?

(1700)

Mr. Harrison: — I guess that's the billion dollar question. But looking at what happened in Seattle and looking at the way Europeans and the US (United States) are treating their agriculture industry, our analysis at SARM that this isn't a \$1 billion, once-in-a-lifetime solution.

And I know we all hope it goes away, but we need some light at the end of the tunnel. We need to attract some young farmers back into the industry, and it's going to take considerable effort by all of Canada to do that.

And it's not only the Prairies that are from time to time experiencing these difficulties; I think we must recognize agricultural difficulties in other parts of the country. And if we're going to pull together and resolve this, my answer to your question would be no, I don't think \$1 billion is going to address this problem.

Hon. Mr. Serby: — Thank you very much. I also want to pick up on your other comment which I think is an extremely important one, where you make the note that it's important that we develop policy that helps our urban friends understand the kinds of issues today that we're facing in rural Saskatchewan. And as we develop that kind of policy, that we do it in such a fashion that doesn't alienate people but really fosters stronger relationships. And I really do endorse that. I think that's an important concept that you put forward.

I'm interested in your comment as it relates to the payment . . . of the land-based payment. Today we have a number of farmers who are renting; they're rental people. I remember the payout just recently that we had on the Crow where much of the . . . well the payment was made as I understand, or if memory serves me correctly, went to the landowner. And the renter of course had a difficult time in many cases trying to get some of what he believed or she believed was in fact money that was really owed to them. And how do you . . . how would you suggest we could get around that? I know that we've talked about you administrating but how can we get around that piece?

Mr. Harrison: — It's been our position right from day one, on a land-based payment, that it goes to the individual that farms the land that has the actual farming expenses, which in some cases the landowner and the farmer is the same person. But we don't see the banks that own land hurting too much, with all due respect to them and Farm Credit. And if a lot of the money that goes out falls into the hands of non-farmers, we will have missed the mark.

The critical issue is that farm . . . the farm family, the people that have the actual farming expenses. And we will stand fast on that position. Thank you.

The Chair: — That's it, Mr. Serby. Mr. Weekes.

Mr. Weekes: — Thank you, Mr. Chairman. Thank you, Mr. Harrison, for appearing today. My question speaks to the seriousness of the agriculture crisis even though Mr. Vanciel seems to have had a change of heart somewhat, and some Liberal MPs (Member of Parliament), but I don't think that change or understanding of the seriousness of the agricultural crisis is with the Prime Minister or the Cabinet yet.

I was just wondering, does your organization have an estimate of how many family farms would be forced off the farm in the next year or two if there isn't a trade equalization payment on the prairies?

Mr. Harrison: — We haven't done any surveying to . . . certainly if nothing is done, if there's no money comes from Ottawa, it's going to be thousands. I didn't mention that we did have a short meeting with the Prime Minister when . . . on last Thursday when he came out of question period. It wasn't long but we did get a few minutes with him.

And we did raise the issue we're discussing here today. He didn't say there's new numbers out this time. He did say we realize there's a problem in western Canada and it must be addressed. So even he is changing his tune somewhat.

It has to happen. When we went to Ottawa we were asking for money on a trade equalization payment before Christmas. We know that's not going to happen now. I think it's agreed probably that the next window of opportunity is the federal budget which will come, probably end of February. It has to happen then. And we have to keep it on the front burner, all of us, from now until then.

And I think the symposium that the Minister of Agriculture has called for next week is a way of doing that. Certainly if we have to go back to Ottawa . . . we've suggested we're prepared to go.

The president of FCM from Newfoundland said he will join us any time in a meeting anywhere to talk about this issue.

The Chair: — I see no other questions, Mr. Harrison. I want to thank . . . oh sorry, Mr. Harper.

Mr. Harper: — Thank you, Mr. Chair. Mr. Harrison, just a quick question. It goes without saying that there needs to be immediate cash injection in order to have our farmers survive through this critical period they are facing right now, but you also mentioned the need for — which I agree with — a need for a long-term safety net program.

Do you believe that the present programs of NISA and crop insurance are adequate to address this long-term need, or should those programs be expanded, or should there be a third new program developed?

Mr. Harrison: — Certainly those are two key programs but we have no price protection. Right now a lot of us grew a crop that was just over the limits of crop insurance, but the price guarantee was not there, so you fall into the black hole, and certainly we need a program. I don't think crop insurance or NISA were ever designed to meet that need. We have worked with provincial safety net committees, and I know we have members on from this province on the federal safety net, but there is a big gap there and it must be addressed.

The Chair: — Mr. Wartman, and then if we have time, Mr. Weekes.

Mr. Wartman: — Thank you, Mr. Harrison. I appreciate all the work you have done. I want to follow-up on Mr. Serby's question just briefly.

You had indicated earlier and indicated in the coalition that SARM would be interested and able to provide a mechanism for distribution of funds if we are successful in getting the billion dollars. I'm still wondering if you have a mechanism in mind so that the money does get to renters as well as landowners.

Has that been with the Rural Municipal Administrators' Association? I would suggest that the administrators in those offices know who's farming the land, and whether it is done by a sworn affidavit, whether a cheque goes to SARM and we

distribute it to the offices, whether it is distributed to the offices. I would suggest within the course of a week, that the money could go out. It is not difficult to do but you can make it difficult if you want.

The Chair: — That's the time, Mr. Harrison. Thank you to both of you for helping us through this today and best of luck.

Some Hon. Members: Hear, hear!

The Chair: — I just might make a comment before we move to the next presenter that if you would identify yourself for the broadcasting crew once you get to the table, even though I introduced you on the way down, it's helpful if you would do that.

The second thing is, I'm informed that the cafeteria will be open this evening from now till 7 for meals if anyone feels an urge to slip away, although the committee intends to keep meeting; and then it will stay open for light snacks from 7 to 9.

I think some are looking a little hungry but we'll continue to work here and we'll take turns slipping away. So the next presenter is SPI Marketing Group, and Bruce Owen and Richard Wright I understand are the presenters.

Mr. Owen: — Thank you, Mr. Chairman. Members of the committee, members of the legislature, ladies and gentlemen. My name is Bruce Owen, and together with Mr. Richard Wright, we would like to speak on behalf of SPI Marketing Group, an organization composed solely of Saskatchewan hog producers.

The crisis now being felt by the grain industry holds the potential for serious difficulties in the hog industry. A strong grain sector is essential for the continued growth of the hog industry. A weak hog industry would mean serious retrenchment for the feed, equipment manufacturing, and meat packing industries, and difficulties for related suppliers of services and for research. Therefore when one talks of a crisis in the grain sector, that crisis has serious potential to spread to all other agriculture-related industries.

With the problems at the World Trade Organization talks in Seattle, it's difficult to see any changes to subsidy payments by the United States and Europe for at least three years, and probably no substantive changes for between five and seven years. Frankly speaking, the grain industry cannot wait that long.

We strongly believe that the Government of Canada should offer the same levels of support to Canadian grain farmers as those realized by their US and European counterparts while working diligently to eliminate all subsidies over time.

We would respectfully suggest to the Government of Saskatchewan that this should be a cornerstone position when talking to the federal government. The grain sector is not alone in facing a crisis. The recent improvement in hog prices is most welcome but cannot hide the fact that the Saskatchewan hog industry is still experiencing a price disaster. Producers have seen many years of equity vanish with little prospect of being able to recover the loss. This is why it is so vital now to have a

long-term sustainable safety net.

Mr. Wright: — Good afternoon. Mr. Chairman, Mr. Premier, members of the legislature, it's an honour to have the opportunity to come and say a few words about the plight of the hog industry in Saskatchewan. But I don't want to just leave it there; I'd like to talk about the promise of the hog industry, too, but address some of the real concerns that we have about the situation that has evolved in the last couple of years.

There's a vision that's held by many people in rural Saskatchewan. It's a vision to revitalize their communities and create value-added industries, add jobs to their communities and create a local market for feed grain, along with many other economic activities that take place when primary business operations are able to be established.

The removal of the Crow three or four years ago in western Canada created an opportunity for many communities to band together and invest their money and start a value-added enterprise. Many people in Saskatchewan did that. Thousands of them. Some of you I'm sure know some of those people that invested their money and put it into a pig production operation or some other value-added industry in a small community in rural Saskatchewan.

These people . . . and it's interesting to meet many of them. I've been to many small town community halls when there were organizational meetings for these projects to listen to people that were really, really enthusiastic, who really saw a vision for their small community, and a chance to save their schools, save their roads, and save their health services.

(1715)

These people are really, really concerned about their communities. Many of them invested in an operation that resulted in a pig production unit that's a member of the Quadra Group. There are 14 such pig production operations in Saskatchewan and three more in Manitoba. These projects have resulted in over 150 new jobs in the province. They've resulted in a market for 3 million bushels of feed grain; that's a very important thing in a year like this when there's a lot of grain that's been downgraded to feed-grain quality. There needs to be market for it, one that's local if possible.

And it also creates lots of spinoff, as I've mentioned. You know, raising funds to do things in rural Saskatchewan is kind of the Saskatchewan way. People band together, pool their resources, and make things happen. It's little bit like building a barn in the old days, but now it's a lot different kind of economic venture because you have to do things on a much different scale, in a much different way.

There's a graph in our handout. It's graph that shows the pig prices and the cost of production for a period of two years. And you'll see in the line that represents prices that it falls below the cost of production for the . . . throughout the whole period of two years.

There's something that everybody's heard about; I'm sure you've heard about the hog cycle. It's a graph, or it's a movement of the prices of hogs in North America and perhaps

around the world. It's gone up and down every four years pretty well, every four years for the time that anyone can remember. Well, if I go back in time, I can look at the hog cycle and find that there's usually a little more time that the price stays above the cost of production than it stays below. And if I were to look at a typical four-year cycle, I'd find a period of 6 to 8 — 10 months perhaps — when the price is below the cost of production. That's been the traditional practice.

You look on this graph; it's been below the cost of production for upwards of 2 years. Just to illustrate how significant that is, one of our projects started to produce pigs in January 1998. It's a good operation; it's owned by over 100 people who live in a small community. They've done well. They've produced lots of pigs, been very efficient, and yet it's never turned a profit in two years. The shareholders have had to come forward with extra funds just to keep the operation viable and keep it going.

Well if I'd looked at the past, in the past hog cycle, I never would have seen a loss for that two-year period that would have been more than \$200,000. Well the deficit for that operation today is nearly \$1 million. That's how serious the crisis has been in the hog industry, how depressed the prices have been.

There's been an attempt to address it, and I have to recognize the attempts with the programs that the federal and the provincial government has given.

But if you look at that graph, the most serious period of depressed prices was in November and December of last year. The prices dropped to unheard of levels. Many of you have read a little bit about it. There were many reasons for that, and it came about . . . and I won't list all of those. But the AIDA program was born at that time. And I think that it was intended to deal with a disaster in the industry, and probably the hog industry was brought to the forefront at that time as one that needed support.

Everyone knew it was going to take some time for the AIDA program to click in and to provide some real, tangible result or tangible support. So our provincial government here in Saskatchewan came along with a short-term hog loan program that was supposed to bridge the gap until prices recovered, a time which was expected . . . a recovery that was expected to take place by about May . . . May of '99.

Well the provincial government program worked very well. It was implemented quickly. It was effective. It was simple, and it really did the job. But it just lasted until May. You see from the graph though that things started to deteriorate again in July, and we still haven't really got back to the cost of production yet.

Now the AIDA program, while it should have come in with support by about May or so, it turned out that there were some real problems with the eligibility criteria for the AIDA program. They're similar to the eligibility criteria for NISA, but most of the pig production operations in Saskatchewan have not received any support from the AIDA program, mostly because of eligibility problems.

Now what the problem is, is that owners of an operation have to own at least 10 per cent of that operation in order to qualify for either NISA or AIDA support. So if there's a hundred people in

a community, who all own about 1 per cent or 1 to 5 or 8 per cent of a project, depending on their investment, none of those investors would allow that operation to qualify for support. It's a real problem. These people have put their faith in new projects to revitalize their communities. They meet a disastrous situation, and there's no support.

We really pleaded with the federal government, and we brought our story to the provincial government as well to explain what the problem is, and I truly hope that something can be done about it.

Investor confidence has been shaken. Bruce mentioned that we represent the Saskatchewan . . . the SPI Marketing Group Inc. It represents producers that sell over a million pigs in the province of Saskatchewan. But I'm afraid that that number won't go up anymore. In fact, it could even decline because investor confidence has been shaken. It is just about impossible to go out and raise funds in a rural community for a venture such as a pig production operation or virtually any other kind of value-added industry.

We did start one project. We helped one community start a project this past spring, down at the Shaunavon area. While it usually took, after a lot of planning, careful planning and hard work, it would take five or six weeks to raise a million dollars in one of those small communities in the past, it took us five or six months last spring to raise that money. And it was only with a lot of creative thinking and hard work.

So I say that if we were to go out now in response to a community wanting to do one of these projects, we just wouldn't see it happen. And we're not the only group that's promoting and trying to develop and work with small communities. There are many other groups: Big Sky Pork, the Wheat Pool, Heartland Projects, Stomp Pork Farms, for example. They're all working hard to work with communities to help create value-added industries and operations.

I'll just refer to my notes that talk about the general message that we'd like to leave. Prosperity and financial stability has a greater likelihood of occurring in an economy that has diversity. Saskatchewan has many natural resources, but in most of the rural regions of this prairie province farming and its associated activities are the predominant economic engine.

The removal of the Crow benefit has been viewed as a positive and a negative influence. In the long term, the removal of this freight subsidy will be seen as a positive as it will encourage feeding out, processing in some form of value-added activity of grain products that previously would have been shipped out of the region.

Utilizing grain products for livestock production, food production, and specialty food processing will generate economic activity in rural western Canada, will create construction employment and services, create ongoing employment in feedlots, pig barns and processing plants, as well as helping indirect employment in downstream activities. More jobs mean stabilizing rural communities which can help sustain civic and social infrastructure.

In closing, I would just like to ask you to listen to our concerns

and help to change the rules so that necessary changes can be made and renewed hope can be given to the rural communities in this province.

The Chair: — Thank you very much.

Some Hon. Members: Hear, hear!

Mr. Boyd: — Thank you for your very informative presentation, Mr. Owen and Mr. Wright. I'm interested in knowing what the difference is in the way hog operations are structured in terms of their ownership between Saskatchewan and Ontario and Quebec. Because it's becoming very obvious that the AIDA program is . . . it's very obvious that it's been a major failure in Saskatchewan and in western Canada.

And yet, if you look at the latest statistics from the AIDA program, it appears that it's working quite well in Ontario and Quebec and a few other provinces as well. And understanding the rules governing the AIDA program here in Saskatchewan, the ownership structure of having a requirement of over 10 per cent before you're eligible, are you aware of any differences in the program in Ontario and Quebec? Or are you aware of how they structure their operations to benefit from the program and yet not be available to Saskatchewan hog producers?

Mr. Wright: — First of all, the industry in Ontario and Quebec is a lot older. Many of the pig production operations in western Canada have been established probably in the last 10 to 15 years.

They have different structures. The ones in Ontario and Quebec either are owned by individuals or small groups of individuals that would end up qualifying for the over 10 per cent rule. Or they're a form of co-operative. It might be interesting for everyone to know that there are some exemptions to those eligibility rules, in that communal farms are able to qualify even though they, of course, have many members; they have upwards of a hundred members. But they would qualify fully under AIDA for one reason or another, just in a special exemption there.

But I think it has to do with the age of the industry down there and different organizations or companies and corporations that produce pigs there.

Mr. Boyd: — One of the reasons that the hog prices were so low last year . . . was it due to the increase in total hogs produced?

Mr. Wright: — It was one of several reasons but it certainly wasn't the one that caused the collapse of prices. But there were half a dozen pretty good reasons. The Asian financial crisis was one that caused less demand for pork. Exports of pork dropped from North America.

But certainly the supply and demand increased as a result of better, good prices in '96 and '97.

But probably the thing that was the straw that broke the camel's back was the restricted slaughter capacity in North America in late '98 and early '99. That's really what caused it to collapse and probably what should have been the lowest level. It went to

maybe 25 to 30 cents US price. Dropped down to 10 cents or 8 cents, and it was the restricted slaughter capacity that really was the final factor.

Mr. Boyd: — Should the province then continue with a program to expand hog operations in Saskatchewan given the likelihood of continued poor prices and very dim prospects for the industry?

Mr. Owen: — I think that we're still in an industry which is to some degree cyclical even though the cycles may have changed and may be levelling out more. I see no reason why the industry cannot continue to expand, albeit in the short-term at a probably slightly slower rate.

We still have advantages in this part of Canada which other people in Canada don't enjoy. We have adequate feed grains, an ample supply of feed grains, and all kinds of space in which to put these operations and it would seem to me that it would make sense that the production should be here. And maybe what we're talking about is not particularly an expansion but simply a shift — a shift of production to the Prairies.

Mr. Wright: — Did the price of pork chops drop in the store in the last two years? I don't think so. It's a problem of distribution of the wealth.

We have to figure out different structures for the producers to work in, in this province. And I might compliment SPI Marketing Group who a couple of years ago made an investment in Mitchell's Gourmet Foods Inc. and they're now a shareholder there. And there was some assistance brought to us last spring when Mitchell's declared a . . . when some shares in Mitchell's were sold, and some money came back to producers. That's the kind of thing that has to happen. We have to become involved down in the food chain.

Mr. Bjornerud: — We also want to thank you for your presentation today, Bruce and Richard.

I was wondering if . . . say the federal government tomorrow, by some stretch of the imagination, said all of a sudden, yes we've decided we're going to give you a billion dollars in Saskatchewan. The portion that would go towards the . . . and be set aside for the hogs in the province. How would you like to see that paid out? Like, finished hogs, per capita hog, or how would you like . . . have you ever thought of how that would be a way of distributing the share that would go to the hogs?

Mr. Owen: — I should admit that I probably have not thought about it because I considered that the possibility of the federal government giving us a billion dollars would be somewhat remote.

Mr. Wright: — But if it were given, I think that criteria or the qualification criteria at least used in the AIDA program wouldn't be a bad way to start. I mean, it looks at historical income levels and losses and compares the current with the past averages and comes up with a good number. I'm a bit familiar with how it's done, and I would say that that would be a good basis.

Mr. Bjornerud: — Thank you.

The Chair: — I see no other people wanting to ask questions, so I say thank you very, very much for your presentation.

Some Hon. Members: Hear, hear!

The Chair: — All right, our next presenters are the Saskatchewan Farm Support Review Committee, and Mr. Harry Bastness will be the presenter.

Mr. Bastness: — Thank you very much, Mr. Chairman. To the standing committee and representatives of the Assembly here, it is certainly a pleasure to be here and have the opportunity to make a presentation from the Farm Support Review Committee.

My name is Harry Bastness. I farm in the Hagen area which is just south of Prince Albert in the northern part of the grain belt. I do chair the Farm Support Review Committee and the committee is made up of 32-member panel consisting of 15 representatives from key farm organizations and 17 representatives from the farming community at large.

Since 1992 we have had the opportunity to review and recommended changes to safety net programs here in the province of Saskatchewan. The committee has always strongly endorsed the crop insurance program and the Net Income Stabilization Account, NISA, as a cornerstone in farm safety net envelopes and we continue to encourage the provincial government to work closely with the federal government to support and improve upon these programs.

The committee met in Regina on November 22 and the 23, '99, and it was a unanimous decision that payment be made to the farmer by a federal government. This payment is needed to provide support to the Saskatchewan farmers who are victims of subsidies paid by the United States and the European union.

This request has been forwarded to the Prime Minister of Canada, the Rt. Hon. Jean Chrétien with copies going to the Hon. Lyle Vanclief, the Hon. Ralph Goodale, and the Hon. Paul Martin.

On a more personal note, we — and when I say we, that's my wife and I — farm in the north central part of the province. And we've been fortunate to have average to above average crops in both quality and quantity for the past two years, but due to the low prices of grain it is impossible to continue farming with zero to negative margins.

Our farm is just below the average size farm in Saskatchewan, and our transportation costs are approaching the \$25,000 level for 1999. And when I say \$25,000, that means that the first 10,000 bushels of my wheat production is used just to pay the transportation cost. And this is a direct result of the loss of the Crow benefit and associated with the increased transportation costs.

The municipality where I live in, plus the adjoining municipality, are both involved in tax revolts. These actions aren't normal with people living in our community, but with farm families that are pushed to the limit financially, occurrences in such as this are becoming more prevalent.

We encourage the provincial government and members of the

opposition to continue pressing Ottawa for a trade equalization payment for 1998 and 1999. The farm community will continue to require some sort of trade equalization payment until there is parity in agricultural subsidy between the European Union and the United States and Canada. And we encourage the provincial government to look at all programs that may be of assistance to farmers in Saskatchewan in attempt to alleviate the extreme economic conditions being experienced by farm families.

I do thank you for this opportunity to address the Assembly, and if you do have any questions or any comments, I would be pleased to address them at this time.

The Vice Chair: — Thank you, Mr. Bastness for your very thoughtful presentation.

Mr. Harper: — Thank you, Mr. Vice Chair. Sir, in your particular area, you've indicated that there's a number of farmers that are experiencing financial difficulties. What would you say on an average percentage basis, would you say that 10 per cent of the farmers may not be able to put in next spring's crop, or would the number be higher than that?

Mr. Bastness: — This is a relatively hard question to answer, not knowing the financial state. And farmers have the ability to hide their hurts, probably more so than any other segment that I know in the economy, and that is relatively a hard question to answer.

All the young farmers that have any type of debt are hurting. I don't think one has to calculate too far when we're looking. The top quality grain from my farm, 13 per cent protein, No. 1 wheat, paid me at delivery \$2.22 a bushel. It takes a lot of bushels to start paying off farm input costs. And yes, everybody is hurting, even people . . . and you can probably guess my age; I've been in the game for a while. It starts to hurt.

Mr. Harper: — I understand that, sir. In your particular operation in that part of Saskatchewan, what would your average cash cost per acre have been for '98 or '99?

Mr. Bastness: — We're running anywhere from seventy to about \$100 an acre. And that's not including depreciation or anything like that. That's basically your cash cost. You're talking fertilizer and chemicals. We're in a continuous cropping area.

Mr. Harper: — And what in 1999 would your return per acre be from the products you produced.

Mr. Bastness: — We're probably running very close to zero at this time.

Mr. Harper: — So that's just a break-even on cash costs. That's not taking into consideration depreciation, replacement cost, or replacement of any machinery and/or living?

Mr. Bastness: — No it isn't. Well partly living in there but I do recognize and I said at the outset we have been fortunate in our area to have two consecutive years of above-average quality and quantity both. I recognize there is a lot more hurt in a lot of areas that have experienced frost and poor grades this past year — flooding in the southeast.

The Vice-Chair: — Thank you.

Ms. Harpauer: — Thank you for your presentation. Is your group speaking strongly to the federal government to discontinue the AIDA program after two years and put in a more effective program?

Mr. Bastness: — At our meeting that we had in November, on the 22nd I believe it was, we went through the AIDA and recognized that it was not a program that was targeted to the area that really needed it. We did have a lot of problem with trying to suggest what else should be done. Being we're within one month of period of the time that the AIDA program ends in that and our committee, at that time, suggested that maybe if it was just one month left, we should possibly just continue with it but still press for the billion dollars.

Ms. Harpauer: — Are you going to encourage them when that one month's up to scrap it and . . .

Mr. Bastness: — Yes we will. The committee that I represent has always been a strong supporter of the NISA program and with the AIDA money being put into the NISA fund, does target a lot more people in this province than through the AIDA program.

Hon. Mr. Serby: — Thank you, Mr. Bastness, for your comments. I'm referring to the first page of your document where you talk about the committee strongly supporting and endorsing the crop insurance and NISA Stabilization Accounts. I take it that you see a difference between those two programs and the request for the billion dollars. Is that true?

Mr. Bastness: — That's true. The crop insurance program, of course, is a production guarantee. It is not revenue related. It's basically just straight production. It's a program that we need in the province of Saskatchewan here. I think it can be improved. I think there's some work that has to be done on it. It can be expanded but we always must remember that it is only a production guarantee. It has nothing to do with revenue.

Both the crop insurance program and the NISA program have been strongly endorsed by our committee saying that, yes, these two programs must be the cornerstone of any safety net program that goes beyond that.

Hon. Mr. Serby: — Could you see then the . . . let's just say that the federal government doesn't make itself available to the billion dollars. Do you see any way that the Saskatchewan community can support the agricultural industry through these two programs or another kind?

Mr. Bastness: — I don't think I should answer a question with a question. But it's hard to design or think of any program unless you know the dollars that's involved. I guess it's a little bit like asking a builder to build a house. You might end up with either a birdhouse or a large family home. And until you know the dollars that's available, it's almost virtually impossible to design any type of program.

Hon. Mr. Serby: — My question was more relating, I think, to a comment which would relate this way, and I'd ask you for sort of a reference to it. It seems to me that as a Saskatchewan

farmer and producer today, much of the difficulty that I'm experiencing on my family farm is because I have an income shortfall because of what I get for what I produce. And had I in fact got a better return for my oats and my flax and my canola today, I wouldn't be turning to the same degree to my crop insurance program or my NISA support program if in fact that portion of my return would have been more significant.

And earlier today somebody made the comment that they don't view the billion dollar injection this year — if that were possible from the federal government or on its way — to be a one-time sort of contribution, that this would require additional subsidy, if I might use that term, into the out years. Would that be your view as well?

Mr. Bastness: — Well I think I said in my report that the billion dollars or the cash injection that we have talked about — and I was in on the coalition group that went to Ottawa asking for it — basically just covers shortfalls in 1998 and 1999. There will have to be a continuing program of some sort to assist the grain and oilseed sector until the subsidy situation has resolved itself.

As for crop insurance and that, you're absolutely right, I don't . . . There is no way that you can get money out of crop insurance unless you have a production shortfall. And that is all that crop insurance is, it's an insurance program to cover production shortfall. It is not a subsidy program that helps put dollars into your bank account unless you have a production problem or hail.

(1745)

The Vice-Chair: — Seeing no further . . . Are there further questions from committee members? Seeing no further questions from committee members, I thank you, Mr. Bastness, for your presentation here today and we appreciate it very much.

Mr. Bastness: — Thank you very much.

Some Hon. Members: Hear, hear!

The Vice-Chair: — Our next presenters come from the Western Canadian Wheat Growers, Mr. Doug Thompson and Mr. Greg Douglas. Upon taking your places I would ask you to introduce yourselves so they know . . . so committee members, as well as the members of the legislature and our guests here today, know whom is speaking.

Mr. Thompson: — Hi, I'm Doug Thompson, Saskatchewan vice-president of Western Canadian Wheat Growers.

Mr. Douglas: — And I'm Greg Douglas, the Saskatchewan director with the Wheat Growers.

The Vice-Chair: — Please go ahead.

Mr. Thompson: — What is it going to take to keep farmers in the land of Saskatchewan? This is a question we've been asked time before. It's a question that's been debated for decades, but with the 21st century just a few weeks away we still don't have the answers. I'm involved in a fourth-generation family farm at

Congress, Saskatchewan, with my father, brother, and to a lesser extent, grandfather and uncle. We grow a wide range of crops.

The farm income problems have dominated the news media in recent months, but unfortunately it's nothing new. We often hear about the hardships of the dirty thirties, but there have been many difficult times since then. In 1969 there was a huge wheat crop which could not be sold. In the early '70s the federal government paid farmers to take land out of production. In the '80s drought, grasshoppers, and foreign subsidies drove thousands of family farms out of business.

Many farmers today are facing a crisis caused by circumstances beyond their control. The subsidy war between the European Union and United States has put western Canadian agriculture in jeopardy. We are among the most efficient producers in the world, but we cannot compete with foreign treasuries.

The situation faced by individual producers varies widely depending on the area in which he or she farms, the crop mix, the weather conditions over the growing season, and the debt load carried. For most, the problem is centred on Canadian Wheat Board grains. Good price and opportunities were and are bearable for non-board crops, and these have been a saving grace for many.

Realistically a solution to the subsidy problem could be several years away, so we need a broad-based approach. The wheat growers are wary of ad hoc programs because they simply defer the problem to the next year. Farmers need better tools to deal with low prices and poor crops over the long haul.

AIDA has not addressed the crisis for cereal producers. The recently announced changes covering negative margins and the best three-out-of-five average will be of some benefit, but the biggest shortcoming of AIDA is how inventories are calculated.

While some have called for AIDA to be scrapped, we think it can be salvaged. History has taught us that walking away from programs like GRIP (gross revenue insurance program) and the Western Canadian Grain Stabilization Plan was possibly short-sighted. The wheat growers have supported the call for a \$1 billion cash injection because we believe there are too many barriers to allow even the most efficient producers to prosper. And these barriers are not restricted to foreign subsidies. They can be found in our marketing and transportation systems, a heavy tax burden, inadequate crop insurance, and the failure to involve farmers in value-added processing.

These barriers have contributed to a seemingly endless cycle of ups and downs that have forced us to ask for taxpayers' assistance time and time again. The challenge that I would issue to the members of this Assembly and to the Government of Canada is to dedicate yourselves to developing a comprehensive plan that will put this cycle to an end. Give us the tools to earn our living from the land, not from government programs.

The wheat growers have proposed a plan to address the current farm income problem while giving farmers the tools to compete in the global marketplace of the future. Our plan includes a voluntary Canadian Wheat Board marketing system to give

farmers the flexibility to price their grain to suit their individual business needs, a more efficient grain transportation system based on the Estey report, a national disaster assistance program to provide dependable, predictable safety nets, pursuit of a zero-for-zero agreement on subsidies and trade distorting mechanisms in the upcoming round of the WTO (World Trade Organization) talks; tax relief on fuel, equipment, and land; improvements to crop insurance, including the consideration of a private insurance program; increase the Canadian Wheat Board cash advance loan rate; improvements to the NISA program, with particular emphasis on young farmers; using food aid as a means to move grain through the system and improve farmers' cash flows; and, facilitating farmer involvement in value-added processing.

Saskatchewan farmers grow the lion's share of Canadian Wheat Board grains and have been much harder hit than their counterparts in Manitoba and/or Alberta. A voluntary marketing system will not cure low grain prices, but would give farmers the ability to manage their businesses more effectively in tough times.

For example, under the present system, we won't receive a final payment for this year's wheat crop until January of 2001. Any other business would send out a collection agency if their bills were unpaid for more than a year. But farmers, we don't have that option. In fact we're expected to pay for inputs long before we ever see a final cheque from the Board.

The inability to forward-price a portion of the production also places our farms at great risk. We don't have a price that will guide us to seed the right crop or decide how much to invest in it. And when the Board decides to speculate our grain by withholding it from the market, as it did last year, we can't generate any cash flow when it's needed. A cash advance is welcome, but it doesn't replace crop sales.

A commercial grain transportation system would deliver real benefits to farmers. The prairie farm commodity coalition, an alliance of 11 farm groups, estimates farmers would gain roughly \$10 an acre in savings, over 300 million a year, if the Estey recommendations are implemented.

Our existing system is simply not working. Between 1984 and 1994 it failed on 20 different occasions, and broke down completely in the winter of '96-97. Today the failure to allocate rail cars to non-Board grains is being blamed for our lost canola sales. An independent study concluded Canada's regulated grain transportation system costs prairie farmers as much as \$1 a bushel more than it should. A commercial system will force grain companies and railways to compete to move our grain to port at the least possible cost. It would lead to lower freight rates and better service. But it won't happen if we follow the half-baked approach promoted by some.

Transportation reform must be done as a package, including a reduction of freight costs through a combination of legislation and competitive forces; measures to improve railway competition, including consideration of open access, a 100 per cent tendering by grain companies to fill Wheat Board orders at port. As long as the board allocates rail cars based on the past market share of grain companies, competition will be stifled and farmers will be stuck with the highest possible rates. Until

we have a fully contractual system, farmers will continue to pay for the mistakes of others.

The wheat growers are deeply concerned about Canada's inconsistent negotiating stance entering the new round of WTO talks. Essentially, we're asking for other countries to drop their subsidies and trade barriers while insisting that ours be retained. The interest of prairie grain farmers are being compromised to protect supply-managed sectors such as dairy, eggs, and poultry.

We believe Canada's negotiators must be consistent in their commitment to a zero for zero objective and be prepared to discuss changes in supply-managed sectors as well as the Canadian Wheat Board monopoly.

Improvements to NISA must be made with emphasis making it more accessible to young and new farmers and allowances for taking advances on future earnings. While there are considerable funds in NISA accounts across the prairies there may be little connection between where the money is and where the money is needed.

Taxes put farmers at a severe disadvantage. These include taxes on fuel, fertilizer, chemical, equipment, and land. Only about two cents of every dollar collected in federal fuel taxes are reinvested in prairie roads.

Education tax is unfairly applied to farm land and this has to be addressed. Farmers are more than willing to pay their fair share of education tax and costs, but it has to be equitable.

Flooding this year and droughts in previous years have revealed the shortcomings of crop insurance. The wheat growers are in the process of developing proposals for private insurance programs that would be similar to GRIP, but be administered privately to reduce costs and political interference.

It's been well documented that farmers don't receive an adequate share of the wealth created by the grain they produce. We believe it's critical that governments do a better job of assisting farmers and moving up the value chain.

The prairie pasta situation revealed in graphic terms how the Canadian Wheat Board marketing system is a hindrance to farmer involvement in value-added processing.

The Wheat Board must become a facilitator to value-added, and we would encourage members of this Assembly to lobby the Board to change its pricing policy accordingly.

In conclusion, I want to re-emphasize that western Canadian farmers do not want to be subsidized but we need the tools to respond to market distortions caused by massive trade-distorting subsidies and barriers to profit created right here at home. We learned from the '80s that short-term solutions are not long-term solutions. On the flip side, a commitment to long-term programs will translate into immediate gains. We need a broad-based strategy to create an environment in which farmers and their communities can prosper in the 21st century.

I would like to thank you for the opportunity to participate in

this discussion and look forward to working with members on both sides of the House in the future. Greg Douglas, a Wheat Board director and a prairie pasture shareholder, and myself would now be pleased to answer any questions.

The Vice-Chair: —Thank you, Mr. Douglas and Mr. Thompson, for your very thought-provoking presentation. Committee members, do you have any questions? Seeing none, I thank you very kindly for your presentation here today. We appreciate you providing us with the information that you have, and thank you once again.

Some Hon. Members: Hear, hear!

The Vice-Chair: — Our next presenters come from the Saskatchewan Women's Agricultural Network, Ms. Noreen Johns and Raquel Moleski. Is Ms. Johns available?

Ms. Moleski: — Thank you, Mr. Chair and committee members, and members of the legislature. I am Raquel Moleski and Noreen will be with us shortly.

We're pleased to have this opportunity to appear before this special session dealing with the farm income crisis. I bring to your attention the gold ribbon campaign which I see many of you are wearing today. The Saskatchewan Women's Agricultural Network is expressing its concern for Saskatchewan farm families at this time of crisis by a gold ribbon campaign. Farm prices are at a historic low. Farm families are suffering from weather-related disasters, inequities in international markets because of international subsidies, and withdrawal of federal support for agriculture.

The gold ribbon symbolizes hope. We have chosen a gold ribbon, not only to represent the golden fields of harvest, but the economic benefits of primary agriculture to all of our country — Canada. We pray for farm families, and we invite others to wear a gold ribbon to show that they care. We ask everyone to offer support, encouragement, and neighbourly care for all Canadian farm families suffering distress. We ask everyone to acknowledge the efforts of producers who give us the safest, most abundant, and cheapest food in the world. And we ask legislators at the provincial and federal levels to work for more effective legislation to protect our environment, to support a family farm system of agriculture, to support healthy rural communities.

Our gold ribbon means that this is a time to act, a time to make significant policy changes in agriculture. The gold ribbon campaign signifies that it is time for action to support our farm families and our rural communities. Tell others why you're wearing it, and help us spread this campaign.

(1800)

Now Noreen was to do this part, so I will just begin it for her. Noreen was a part of the delegation to Ottawa and would like to share some of her observations.

Needless to say, the callous response and tactics of the Ottawa government on October 28 and 29 came like a kick in the stomach. I believe that the unified delegation provided a strong and comprehensive story about the farm income problem and

despair in our province. Presentations put both a statistical and human face on the situation. The suggestions made sense, not only for the good of farmers but the good of the country.

However, it seems like we were given a message to shut 'er down if you can't make it on your own. The delegation went from hopeful to angry, and came away with resolve to continue to apply pressure on Ottawa. When this delegation failed to bring back a commitment for support from the federal government, it was not the delegation that had failed. Words of western alienation were brought to life.

Last weekend, SWAN (Saskatchewan Women's Agricultural Network) hosted a national conference of farm women from across this country, and we quickly came to the conclusion that we did not want to separate from the rest of Canada, but only from Ottawa. Our grain farmers are in crisis because of the subsidization in the EU (European Union) and US. We played by the trade rules, and our farmers became the losers. Canada is well ahead of its WTO commitments, and subsidies in countries that support their agriculture are not too soon to disappear. Canadian farmers are being sent to play in the global big league, but the rules for us are not the same and we have no equipment, no coach, and no cheerleaders.

One question: how much of the withdrawal of support for Canadian agriculture was domestic choice and treasury-based decision, and how much was actually required under WTO commitment.

The federal government tells us they can't provide support to us because of trade rules, and then they remain silent while other countries continue to subsidize. The free labour of Saskatchewan farm families, including women and children, have become the subsidies for Canadian agriculture. Until Canada recognizes the value of this family resource and its need for support, we cannot hope to succeed in the global economy.

It is ironic that during the time in Ottawa, the pay equity victory was being celebrated. I cannot help but question why this principle does not apply to us farmers. On our farm, April to November, some many 14-hour-plus workdays, seven days a week, with no double time and a half for Labour Day, Remembrance Day, or Thanksgiving. Average net farm income is projected to be \$9,000 for this year, which is well below minimum wage for a 40-hour workweek, and it represents only one income when two family members and often more are doing the work. Where are the human rights for farmers?

People everywhere need to give consideration to counting the unpaid labour on our farms. Without it, the true cost of production alludes us and policy development takes place with incomplete information. To count it, we must simply calculate it. If it were not done for free, what would replace it and at what cost?

Farm women are facing a quadruple workload as they try to backfill this income crisis situation. Women are playing a vital part in all aspects of farm work: management, labour, accounting, etc. Many of them also work off the farm while continuing to bear the major responsibilities for home and family. Sixty-nine per cent of farm family income comes from off-farm employment and in Saskatchewan, approximately

two-thirds of off-farm jobs are held by women. Women also do much work in our communities because community is important to us, and we want to ensure that volunteer services, networks, and agencies and organizations exist for our families, especially our children.

Frankly, the burden has grown to become unbearable, taking its toll on the physical, emotional, and spiritual lives of farm families. Their spirit is gone and the health of our family relationships is at risk because of the stress. Calls to the Farm Stress Line are up 40 per cent, January to September, compared to last year. Ottawa should be contributing to the growing demand for this important service, and Saskatchewan must take a more serious look at the training and capacity building of professionals who deal with rural people in distress.

Ms. Johns: — Another proof that farm women are multi-tasking, can step in and carry on when the rest of us don't show up. So thank you, Raquel.

As farmers we've invested heavily in our future through major expansions, education, new technologies, risky and often expensive diversifications, and long hours of work both on the farm and in off-farm employment just to support our farms. Farm cash receipts are up, while net farm incomes have declined. Everyone is making money off of agriculture except the primary producer.

While we agree that value adding is important to our province and to this country, the reality for Saskatchewan farmers is that we are not receiving our fair share. Much of our value adding is built upon cheap raw products. The wealth of trade is not equally distributed back to the farm. While agri-food exports have increased five and a half fold since 1975, realized net farm income on Canadian farms has declined 25 per cent. With a weak foundation, value added is also doomed.

Canadians enjoy the cheapest, safest, most abundant supplies of food in the world. They must be willing to support agriculture through their tax dollars if not through their food dollars. If consumers are worried today about not knowing the safety of genetically modified foods, they might be wise to consider the consequences if multinationals, who now control the GMO (genetically modified organisms) research and seed, should come to own our land.

I throw out a challenge to those who feel that they spend too much at the grocery checkout. Take a moment to tally the actual food products separately from the Tide, the toothpaste, and the toilet paper types of products. Another exercise would be to try to discover the value of the primary product as a portion of the processed food costs on the shelf.

I recently heard someone mention that February 12 is Food Free Day in the US — the day when food for a family of four is paid for from the annual salary of an average wage earner. Tax Free Day comes in July in Canada. Where are our priorities?

One of my major concerns is for our future farmers. The average age of farmers continues to rise, and under today's circumstances few young, educated people are encouraged to take over our farms. I'm a parent facing that situation today. And to be truthful, unless we can begin to see a brighter future

for our industry, I'm not sure how young people are going to get into farming or how older people are going to get out. Farm organizations and governments need to look closely at mechanisms to transfer our farms to the next generation. And that will not and cannot happen without some major improvements and a commitment to primary producers as the foundation of a healthy agricultural industry.

I have beside me today a young farmer who brought new ideas and enthusiasm into our agricultural industry when she and her husband started farming in the early '90s. Today they find themselves struggling to stay on the farm, and they mourn the loss of all but two of their farm neighbours who have been forced to leave the farm.

I'm afraid of the anger that's building on our farms. There will be anger that will reach outward in visible words and actions, but the anger that most frightens me is the anger that will be turned inward on oneself and lead to suicides, or turn onto those closest to us — our families. This anger will not be so obvious to society as a whole, but its personal consequences for farm women are far more insidious. Research from outside Saskatchewan has shown that during farm crisis, incidents of farm suicides have increased to three times that of the general population, and rural family violence and serious marital discord per capita rises above that in our major cities.

SWAN has a few recommendations. We need to repeat to Ottawa again and again the need for trade equalization support for Canadian agriculture, and we thank this province for its leadership in this regard in the last few months and pray that it will continue. Under new trade rules and applications of those . . . Until new trade rules and application of those rules are in place, Ottawa must continue to help farmers to survive. Replacing the farm support funding they stripped away earlier would be a start, and we certainly support the motion calling for a billion dollar immediate payment to Saskatchewan farmers.

We need to challenge the economic theories in Ottawa. Agriculture is not a black hole for federal dollars. Natural resources are the only true wealth generators in this country and investment in agriculture is an investment in this country — Canadian jobs, food security, income from trade, and healthy communities.

We need to challenge the federal government lip service. One component of the newly formed rural secretariat is called the rural lens. All federal government departments are supposed to apply this rural lens to assess the impact of government policy programs and services on rural Canada, but there is such a difference between what they say they will do and what they actually do.

Another way at hand for Ottawa to assist, even without cost to the federal treasury, would be to stand on the side of Saskatchewan farmers in the transportation decisions. Government has the power to regulate true competition, continued involvement of the Canadian Wheat Board in car allocations, shared efficiency gains, and even a more reasonable cap on return on investments to the railways.

To the women on our farms I encourage your participation and interest in both the production and the political activities

affecting your unit. It has been said that the enemies of democracy are ignorance and apathy, the friends are knowledge and participation. At an international women in agriculture conference in Washington, DC, the summer of 1998, President Clinton's video presentation called farm women quiet heroes and declared that until women are recognized as full partners in agriculture, no nation can hope to succeed in the global economy. Our country has a long way to go toward that level of recognition.

We are sadly lacking a long-term policy for agriculture. We need hope and we need a vision for the future. Farmers and their organizations need to be included in setting this strategy at both the federal and the provincial levels. And our SWAN organization would be pleased to be a part of these discussions.

My last words, don't treat agriculture and farm families as disposable, because governments and everyone in this country will be the losers. Hopefully, Canada will not starve the goose that lays the golden eggs.

Thank you and I invite your questions.

Some Hon. Members: Hear, hear!

The Chair: — Thank you very much. Questions?

Mr. Boyd: — Thank you, Mr. Chairman, and thank you to the representatives from SWAN here today for their very thought provoking presentation. With respect to the short term, you've made it very clear that you support the coalition's, the farm coalition's, position of a one billion dollar payment to producers here in Saskatchewan. Do you further support the coalition's position of an acreage payment and a sales-based program for the livestock industry?

Ms. Johns: — Mr. Boyd, SWAN came in late on the discussion of the proposal that went forward from the coalition but certainly since that time I think we have looked at ways to get the money to farmers efficiently, without lots of bureaucracy, and quickly. And for us, I think we have to agree that the acreage-based payment, with consideration on the livestock side, is the only way to get that out. We can't go with another AIDA bureaucracy that eats up more money than the farmers receive.

Mr. Boyd: — Do you have any thoughts on a long-term safety net program, the one billion being the short term? The long-term safety net program . . . what directions would you like to see the Government of Saskatchewan and the government in Ottawa take with regard to a long-term safety net program?

Ms. Johns: — Well obviously I agree with previous speakers who have talked about the two foundation programs that we have now: NISA and crop insurance. And I believe that to a great extent they are working. I know we are always looking at ways to improve. But at the same time, they have fallen short in a crisis situation like this. So we have to realize that these extenuating circumstances with the trade problems are way beyond the control of programs like that. So we have to look at another design, and I'm not sure that I'm the person to talk about how a program can be designed to address that.

(1815)

I think that when other governments are supporting their agriculture, our government, federal government, has to do the same. And that's the crunch right now. I think, given a level playing field in the international markets where our products would be priced more correctly, the programs that we have in place, with some tinkering, would probably go a long way to addressing those situations. But then we have to look beyond that to these circumstances today that are beyond the scope of existing programs and beyond the scope of anything more than the federal government backing its agriculture like the other countries are.

Mr. Boyd: — Long-term safety net programs have always been a shared responsibility between the provincial government and the federal government. Do you support that continued shared programming?

Ms. Johns: — Let's put it this way. How long have they been a shared program? I think we need to look at . . .

Mr. Boyd: — If you look back at crop insurance, it would be a shared program for a long time.

Ms. Johns: — But it hasn't been a shared program for extenuating . . . I mean there's been a lot of programs that the federal government has back-loaded off. They've back-loaded in many, many areas. And so to say that it's a long time that we've been cost sharing, I really think we need to honestly review that. And I think as a whole province here, we know the stats on how much we're contributing to agriculture. I think we really have to hold tough on the federal government assuming the responsibility for agriculture like agriculture is handled within a lot of the other countries. Yes, I think this province has a lot of things that they can do — from the land taxes, helping with economic development in the province, and some processing going. But I think the major responsibility, we have to emphasize, must stay with the federal government where it is in other countries.

Mr. Wartman: — I would like to ask Raquel, Noreen inferred that you were relatively new in farming but that, at this point, you folks are also in danger of possibly losing your farming. Can you help us get a better picture of what it's like for you and your farming partner?

Ms. Moleski: — Well when we decided to farm in the early '90s, the financial situation wasn't good enough for us to buy out our parents, and their financial situation wasn't good enough for them to give us the farm. So we were able to share machinery and things like that but everything was debt financed.

We had to buy land. We had to buy a home. You know, in rural Saskatchewan, you just can't go rent an apartment. You have to move something out there which comes with bringing power in, bringing phone in, bringing natural gas. These are huge expenses that someone in the city would never have to face. They can rent an apartment or buy a small home. So everything is debt. And we've got a plan. And you know, it's a circle. And if we're lucky enough to get to spring and have our bills paid off, we farm again. Now when prices drop as they have, that

circle isn't complete, and it's very difficult or impossible to pay the debt, to pay your living expenses, and to start again in the spring.

Mr. Wartman: — Thank you.

The Chair: — Thank you very much. The time has expired, and I just want to thank you very, very much. And maybe at this time, it would be appropriate time to say on short notice just how great the presentations have been. You can just tell that hours of work have gone into these briefs. And to all the presenters so far and those to come, I just want to say on behalf of the members, we thank you very much for your effort on that.

Some Hon. Members: Hear, hear!

Mr. Wartman: — If I may, Mr. Chair, I would just like to make one comment as they're leaving, thank you.

Just wanted to recognize, most of the presenters here are men, and there are at least in most farm situations at least 50 per cent women, and women are working very hard and paying some big prices, and I want to thank you folks for coming and helping bring that story forward. I think it needs to be heard many times loud and clear. There's a lot of pain and a lot of hard work that's going on that has not been recognized, so thank you again from all of us.

Some Hon. Members: Hear, hear!

The Chair: — Our next presenters will be the National Farmers Union, and representing the union is Stewart Wells and Terry Boehm. And if I could, Stewart, just get you to reintroduce yourself just before you start giving your brief.

Mr. Wells: — Thank you, Mr. Chairman, and Mr. Premier, MLAs (Member of the Legislative Assembly), and ladies and gentlemen. My name is Stewart Wells and I farm close to Swift Current, and with me is Terry Boehm and he farms at Allan, Saskatchewan.

The Canadian National Farmers Union welcomes this opportunity to present the views of our Saskatchewan members and other farmers to the Saskatchewan legislature. We recognize that one of the main reasons for holding this fall sitting of the legislature is to bring attention to the plight of the Saskatchewan farmer, and we commend all of the MLAs for taking this time to look for solutions.

The National Farmers Union is the only voluntary, direct membership, national farm organization in Canada. We are non-partisan, and work toward the development of economic and social policies that will maintain the family farm as the basic food-producing unit in Canada.

Food issues affect everyone and there are no exceptions to this rule. Canadian families all over this great country have always been able to rely on the family farm for safe, high quality, and nutritious food. Everyone has a mind's eye picture of life down on the farm which includes green grass, wheat fields, livestock, happy kids, and dogs. It is an integral part of who we are as Canadians to be able to have this link back to the land.

We've always been self-sufficient in food production and have never had to worry about where our next meal was coming from. This confidence in the food supply and the farmers who grow it have allowed Canadians to deal with other issues and has helped us to be ranked as the best country in the world.

The central question we have before us today is, is the link between Canadians and the land the same if the family farm disappears? Even as we speak, clusters of three or four companies are combining operations to control food production from the patenting of the gene right through to the retail distribution of the food produced. In this situation, farmers disappear and become nothing more than hired labour carrying out orders from head office. If this becomes the norm and corporate board rooms control what is produced, how it is produced, and when it is produced, we will truly be in a command and control system.

In this system individual Canadians have no link to the land or influence over the food supply system. In fact Canadian families are then divorced from the land by corporate board rooms, bean counters, and perhaps a few shareholders.

Sitting here today we are aware of a good deal of frustration and confusion when it comes to the issue of farm income. This confusion is understandable if we take a minute to look at the situation.

Over the past twenty years, both levels of government have received a great deal of advice from companies, corporate sponsored farm groups, and agricultural economists. The message from these organizations was that government needed to privatize and deregulate in the agricultural sector, and this would lead to prosperity for the western farmer.

Governments of both levels have acted on this advice and we have seen the systematic dismantling of the policy framework which made it possible for family farms to succeed on the Canadian prairies. For instance, we've seen the abolition of the Crow rate for grain transportation, the abolition of the two-price wheat system, the abolition of single desk selling of hogs in Saskatchewan, and on and on.

In each case these measures had been maintained with broad-base support across the agricultural community, but in each case the regulations were removed by arbitrary action by government against the wishes of the majority. Also in each case, the message was the same — if this program is abolished, the farmers will be better off.

Well, are farmers better off? No. Farmers in general are in a far worse position than we were 20 years ago. The number of farms in Saskatchewan has dropped by 20 per cent over the last 20 years, and of those farms that remain, the income has dropped to levels last seen in the 1930s.

In Saskatchewan this year, the average realized net farm income will be approximately zero, somewhere between the minus 48 million or the plus 362 million that are being currently talked about. We have experienced 20 years of deregulation and things have never been worse. Even in the 1930s it took a worldwide economic collapse, a stock market crash, mass unemployment, and a prairie wide drought to drive the net farm income to

negative values.

So where are the groups that told farmers that prosperity was just around the corner if we gave up our existing programs? Are they taking responsibility for their advice? No is the short answer, but they have joined with us and other members of the Saskatchewan Farm Income Coalition in asking Canadians for an immediate cash support program of \$1 billion for Saskatchewan. Obviously, if the advice of privatization, deregulation, and competition were working, we would not need an immediate cash support program.

Against this backdrop of organizations promoting the fantasy of the unfettered yet fair competition, the National Farmers Union has been very consistent in its policy advice over the last 30 years. There's a huge power imbalance between widely scattered family farms on the one hand and a small number of global supply and distribution companies on the other hand. Our policy has been that farmers need to work together, with each other, and with government to counter this policy imbalance. We have never accepted that family farms should have to hold down . . . that farm families should have to hold down one or two off-farm jobs in order to finance the farming operation. And we have never accepted that it is desirable to have the number of family farms decrease each year.

Our approach has been to build on the programs that work for farmers and throw out the ones that don't. In this regard, it is clear that we should be building on ideas like the Canadian Wheat Board and supply management. Despite the attacks from the grain trade and their professional victims, the Canadian Wheat Board is a superior way of selling grain and it returns an extra \$265 million per year from worldwide markets to western Canadian farmers.

In all other sectors of the economy we see thousands of business mergers and takeovers as companies try to become monopoly sellers. Major companies know that size counts and market power matters. From drug companies to computer companies to tractor manufacturers, the business approach is the same — if you can reduce the number of others selling the same product, you have more market power for yourself. We could ask John Deere and Ford — what is the best from your perspective, two machinery suppliers or 125,000 suppliers?

Our Wheat Board gives us the monopoly power which every other major company envies and we should be trying to find ways to enhance Wheat Board operations that will benefit farmers. If governments undermine or destroy the Canadian Wheat Board they are only digging the hole another \$265 million deeper.

In the same light, supply managed sectors, where farmers only produce enough to fill a specific demand, are doing very well. In fact, one of the reasons that Saskatchewan agriculture has been hit so hard lately is that we have the lowest number of supply-managed farms compared to all the other provinces in Canada. Supply-managed farms are very stable and provide high-quality products to Canadians at a very reasonable price. Again, rather than destroying the programs that work, we should be building on them.

The immediate cash assistance of \$1 billion from our federal

government is required to buy family farmers some time, but both governments must develop a coherent agricultural policy. Our present lack of agricultural policy means that many times our trade policy becomes our agricultural policy by default, and I will be coming back to this in a minute.

What we need is a vision for rural Saskatchewan and Canada so that we have something to work toward. Without a vision, here in Saskatchewan, we will continue to drift towards a situation that exists in Montana and North Dakota: vast expanses of empty countryside dotted by road signs that say, next gas station 200 miles. We certainly mean no disrespect to the people of Montana and North Dakota, but in Saskatchewan and Canada we have deliberately built a different economy — one based on community, towns, and people.

Canadian transportation policy is central to the question of rural Canada especially Saskatchewan. Without affordable transportation, there can be no rural development of broad-based community. This was recognized 100 years ago, and the task of building roads and railways was essential to maintaining the country. At present however the building and maintenance of the country is playing second fiddle to railway, grain company, and other corporate profits. The tearing up of the railway branch line system means higher costs to farmers who of course have to pay expenses right back to the farm gate. When branch lines are torn up, trucks are used fill the gaps, and this vastly increases road repair costs and also increases the carbon dioxide produced in the transportation of grain.

The increase in greenhouse gas emissions is now important to all taxpayers as a result of Canada's commitment to the Kyoto Accord on climate change. Taxpayers may well be called upon to purchase carbon credits to meet our Kyoto commitments. Farmers will already be paying more in road and trucking costs, so carbon credits and carbon taxes will simply be more straws on the camel's back. It is irresponsible for the federal government to fundamentally change western transportation legislation without addressing the climate change question.

In the area of transportation, the National Farmers Union recommends that the federal government develop grain transportation legislation that number one, places farmers and communities well-being first; two, takes all costs into account including road costs; number three, includes a farmer vote for ratification; and number four, reduces carbon dioxide emissions in line with Canada's commitments under the Kyoto Accord.

(1830)

As for trade policy, over the past 10 years provincial and federal governments have focused on increasing agri-food exports. Their goals have largely been met. Canadian agri-food exports have more than doubled over the last 10 years. Is this a success story for farmers? The answer is, no. In the same time frame that the exports have doubled, realized net farm income has declined by 19 per cent. This bears repeating. Exports of agri-food products are way up but farm incomes are way down.

Farm incomes are not linked to the increases in trade and the StatsCan data is very clear on that. It has become a standard business practice before embarking on any new direction to identify measurable objectives against which progress can be

evaluated. Eleven years after signing the Canada-US trade agreement and now embarking on new WTO negotiations, Canadians still lack a framework for evaluating the effects of trade agreements on farmers. The National Farmers Union recommends that the Canadian governments work with farmers to develop numerical objectives to serve as benchmarks against which Canadians can measure the success or failure of Canada's agricultural policy.

Mr. Boehm: — In the area of safety nets, the National Farmers Union is supporting Saskatchewan's request for \$1 billion in emergency assistance for cash-strapped farmers. However, this emergency request does not replace the need for improvements to production support programs like crop insurance or income stabilization programs like the Net Income Stabilization Account. Farmers have to face weather related problems and commodity market problems that impose far more risk on farms than most other businesses. There are a vast array of events like hail, frost, floods, droughts, insects, and disease that make farming a unique experience. In this context, programs that smooth out the highs and the lows of different years are essential to farmers and also help to stabilize other industries and the country as a whole.

The National Farmers Union recommends a financial plan that includes, but is not limited to, the following three points. Number one, an enhanced crop insurance program that provides increased coverage, including enhanced unseeded acreage coverage. At present, if a farmer has a crop wiped out by weather or disease, the voluntary crop insurance program will pay out a certain amount of coverage, usually 70 per cent of the average value of the crop. One of the central problems we are encountering now is that after several years of poor commodity prices, crop insurance payments when triggered are not enough to pay the year's bills and have enough left over to live on and contribute to other farm programs like the Net Income Stabilization Account. The crop insurance program should be enhanced to the point that payouts due to production disasters are high enough to pay the bills and contribute to other farm programs.

Number two, a pooled stabilization program. This program would operate in a similar fashion to the Net Income Stabilization Account that now exists except that accounts would be pooled rather than held in individual accounts. This change in itself would have at least delayed the current crisis that we are in. Earlier this year Mr. Vanclief made several statements that farmers in Saskatchewan should not be in trouble because there was still money in some of the NISA accounts. What he did not realize, or would not admit, was that the people in trouble had already drained their own personal accounts and they could not access any other NISA funds precisely because the other funds were held by other individuals. There are precedents for pool programs and we only have to go back as far as the Western Grain Stabilization Act of the 1980s for an example.

Number three, a cost of production formula that would guarantee that farmers would receive the cost of production for domestically consumed component of their production. This program would be a longer term project but would have significant benefits for farmers. If farmers knew that they would not lose money on their Canadian used production it would be a

stabilizing factor. This program would guarantee a secure food supply for Canadian families and would bring Canadians closer to the real situation on Canadian farms. Farmers would be making every effort not to qualify for this program as they would be hoping to produce products that would have returns far higher than just the cost of production.

As well we would like to outline a few more places that we think the provincial and federal governments should act. Number one, education tax on farm land property. The NFU (National Farmers Union) is part of a coalition that would like to see the education tax on farm land property reduced, and that portion of the funding for education secured from the income tax base. Over the past twenty years more and more of the education tax has been collected from landowners, and as the number and income of landowners decreases, it is now an issue of ability to pay in fairness.

Two, it used to be possible for farmers to base their income tax on a five-year average of income and expenses. This approach factored in the extreme variance from year to year in farm income and again was a stabilizing program. With the new Saskatchewan initiative into tax reform it may be possible to change this at the provincial level, but the federal government should also allow five-year averaging.

The federal government has allowed railways to overcharge farmers for grain transportation. It was established this summer by two separate costing reviews that railways have been overcharging farmers by roughly \$5 per tonne. This overcharge could amount to \$200 million for the '98-99 crop year and 224 million for this crop year.

For Saskatchewan farmers, this railway overcharge amounts to more than they will receive from the federal government's doomed AIDA program. The federal government should stop shielding the railways and request that this money be repaid to farmers.

The federal government has also been entertaining ideas about changing the Canadian Grain Commission from a regulatory agency to a service provider. This move would be detrimental to farmers in the long run as Canada's quality control system would come into question and farmers would bear extra costs if the new system was less efficient.

Our present system provides safeguards to ensure that grains can meet consumer demands, whether in Canada or offshore. To allow the Canadian Grain Commission to dismantle itself would be a serious blow to the farm economy.

Farmers need reliable input prices statistics. Provincial and/or federal governments should immediately begin to compile prices on farm expenses and make this information available to all farmers at no charge.

There exists a huge spread between the farm price for a commodity and the retail price that the consumer pays. The National Farmers Union recommends that a royal commission be struck to study the growing gap between the farm gate pricing and the consumer pricing.

As well, both levels of government could step up efforts to

encourage farmers to develop their own processing and marketing directly to consumers. For example, every few years someone in Saskatchewan resuscitates the idea of building a pasta plant to make use of our high quality durum. While it's not realistic for other cash-strapped farmers to be forced to cross-subsidize a pasta plant by breaking Canadian Wheat Board sales programs, it is realistic for provincial and federal governments to help if the business plan shows solid business opportunities.

In conclusion, Canadians have always had to struggle with geographic and regional imbalances. Our response has been a system of transfer and equalization payments and a sense of generosity and fairness when we see parts of the country in trouble.

The Maritime regions sent fish to the prairies during the 1930s. More recently, other Canadians helped during the floods in Quebec and Winnipeg, and even more recently all Canadians helped repair the damage done by the ice storm in Central Canada.

It has never been easy to build and maintain this country but it has been incredibly rewarding. The National Farmers Union is confident that with the help of all Canadians, the family farm can continue to play a large role in making Saskatchewan and Canada work.

Some Hon. Members: Hear, hear!

The Chair: — I think we have time for one question.

Mr. Weekes: — Thank you for your presentation. The federal government has a dual negotiating stance supporting both supply management and lowering trade restoring subsidies on grains and oilseeds.

What is your position on this negotiating position and do you think this weakens Canada's position when negotiating loan subsidies at the WTO?

Mr. Wells: — I think our response to that is mainly covered in the presentation. Our policy is to build on the programs that work for farmers and not worry about programs that don't work. So if trading everything for market access turns out that it actually hurts family farmers rather than helps them, then we say don't trade away everything for market access. And I think it's relatively easy to make the case that we should again build on things that work and leave the things that don't work up to someone else.

The Chair: — Okay, thank you very much to both of you, Terry and Stewart. Good job, and thanks for the question.

Some Hon. Members: Hear, hear!

The Chair: — The next presenters are the United Grain Growers, and Roy Piper and Terry Youzwa will present on behalf of United Grain Growers.

Mr. Piper: — Mr. Chairman, committee members, and hon. members, I'm Roy Piper. I farm at Elrose in this fair province, and I'm the Saskatchewan vice-president of the United Grain

Growers.

Mr. Youzwa: — I'm Terry Youzwa. I'm a farmer director from Nipawin, Saskatchewan.

Mr. Piper: — In the essence of time, I've done some selective editing on the presentation, and I would hope that you would be able to read between the lines.

Thank you for this opportunity for United Grain Growers to appear before you to present our views on how to address the serious financial pressures that many prairie farmers are now experiencing.

In this presentation, we do not intend to go on at length about the extent of the farm income problem. These problems are well known. Instead United Grain Growers' focus today will be on offering solutions.

At the outset, it is important for federal and provincial governments to acknowledge their responsibility for the financial difficulties facing many prairie farmers. The reduction in farm income supports, the onerous tax burden, and the failure in trade negotiations to adequately protect the interests of western grain and livestock producers are at the heart of the financial difficulty.

Our comments here will focus on farm safety nets and the tax burden facing farmers and on matters relating to trade, transportation, user fees, and barriers to further processing. While the federal government has primary responsibility for most of these issues, we believe that the province of Saskatchewan can also contribute positively to resolving the problems in these areas.

I should mention that the proposals UGG (United Grain Growers Limited) put forward here today are based primarily on resolutions passed by farmer delegates at UGG annual meetings. These resolutions are attached to our written presentation. UGG also relies on its network of some 180 policy advisors who are UGG farmer members who take a keen interest in farm policy issues.

In our view, Canada's farm safety net should consist of three main components: crop insurance to deal with all types of production risk; the cash advance program to assist farmers with cash flow management; and NISA to provide income support, stabilization, and, as we will explain later, trade equalization payments.

Properly structured and financed, these three programs would be adequate to meet the financial needs of prairie farmers. We believe any farm support program should adhere to the following fundamental principles. The program should be production and enterprise neutral. It should not penalize those farmers who practise prudent risk management. It should not have any adverse trade implications. And it should be easy to administer.

In our view, the AIDA program fails in meeting these criteria. That being said, we do believe that AIDA should run its course for 1999. Those farmers who may be eligible for assistance have already factored the program into their decision making

and have adjusted their plans accordingly. We understand that the unused portion of Saskatchewan's commitment to the AIDA program is in excess of \$100 million. We are strongly in favour of this money being used to top up the NISA program and concur with the recommendations of the Saskatchewan Farm Support Review Committee.

In our view, NISA is well received by most producers and meets the criteria that we talked about earlier. The program provides an effective way for farmers to stabilize income on their own, individual farms. It also provides an effective and appropriate vehicle for governments to deliver additional income support.

Now, and in future years, we believe NISA should be used to provide farmers with trade equalization payments to offset the damaging effects of subsidies and other market distortions caused by other countries. Given that negotiating international trade agreements is a federal responsibility, we contend that the responsibility for offsetting these distortions rests solely with the federal government.

While it is true that these market distortions primarily affect the grain industry, we believe trade equalization payments should not go strictly to grain farmers but should be based on eligible net sales regardless of the type of farming operation. Those farmers who anticipated low grain prices and shifted out of grain production should not be penalized for taking such actions. Additionally, those farmers who are contemplating such a move should not be discouraged from doing so.

(1845)

The federal safety net advisory committee recommends that government contributions to NISA be doubled. UGG concurs with this recommendation.

With respect to crop insurance, we believe the programs should be enhanced so that all possible production risks are adequately insurable at a reasonable cost. The disaster component should be made available for a nominal amount, so that in future farmers would have no reasonable grounds for asking for ad hoc assistance for any production-related loss. We note, for example, that in Manitoba disaster coverage at 50 per cent is available to farmers for a cost of 20 cents per acre.

On the matter of education taxes, UGG questions whether this should even be linked to the ownership of real property. We do not see the rationale for this relationship, and we believe this is a debate that needs to be held.

That issue aside, we believe there is an immediate need to address the overall amount of education taxes levelled against farmland. Farmers have been shouldering an increasing share of the education tax burden and, in part, because of increasing farm size, but also because of the off-loading of education funding onto property owners.

For example; and this is my case (and I think this fairly typical of most farm situations in the province), the municipal portion of my tax bill on my home quarter has increased 52 per cent since 1980. And over the same time frame, the education portion of my tax bill has increased 125 per cent. When you

also take into account the fact that the average farm has increased in size, we now have a situation where the average farm family is paying far more in education taxes than its town or urban counterpart.

Farmers are not opposed to paying taxes for education. We are prepared to pay our fair share. However, in principle, we believe that the amount the average farm family pays in education taxes should be the same as that paid by the average family living in the city. This principle should be adopted regardless of whether the source of funding for education is based on property ownership or some other base of taxation.

The fuel tax burden in Saskatchewan also needs to be addressed. In October, UGG commissioned a study by the University of Manitoba Transport Institute that examined federal and provincial fuel taxes and road expenditures across the Prairies. A copy of this study is attached to our presentation. It reveals some fairly startling numbers. It found that fuel tax rates for diesel fuel, gasoline, and railway diesel fuel are substantially higher in Saskatchewan than in either Alberta or Manitoba.

Railway fuel taxes must also be addressed. In Saskatchewan, the railways are taxed 15 cents per litre for rail fuel consumed within the province. This compares to 6.3 cents in Manitoba and 3 cents in Alberta. These extra taxes are costs that are ultimately borne by farmers and make shipments by rail less competitive. In effect, the Government of Saskatchewan is promoting truck shipments at the expense of shipments by rail.

The study also found that Saskatchewan was lagging the other two provinces in terms of tax revenue spent on roads. In 1997-98 the province spent roughly 68 cents for every dollar of fuel tax revenue collected, and that compares to Alberta with \$1.18 and Manitoba at \$1.06. Good roads are essential to ensuring Saskatchewan farmers have adequate access to competitive markets. We urge the provincial government to sharply increase expenditures on road infrastructure.

Although Saskatchewan's record does not compare favourably with its sister provinces, it is much better than that of the federal government. The study found that the federal government collects about \$4.5 billion in road fuel taxes and yet spends less than a nickel for every dollar it collects in fuel tax revenue.

It should be noted that farmers are not exempt from paying federal excise taxes on either diesel fuel or gasoline. We can accept paying fuel taxes for that portion that relates to road travel. However, in the case of diesel fuel used by farmers, we estimate that 95 per cent is used by field work. A 2,000-acre grain farmer would be paying somewhere in the order of 750 to \$1,150 a year in taxes for diesel fuel used on his farm. In our view, these fuel taxes represent an unwarranted tax on food production, and we would note that manufacturers of most other goods are not subject to this extra taxation. We ask the province of Saskatchewan to join our efforts in gaining relief for farmers from these onerous federal taxes.

With respect to trade, I think most of us in this Chamber recognize that the long-term solution to farm income problems lies in resolving the market distortions caused by other countries. In our view, export subsidies and

production-distorting programs in Europe and the US are the most damaging forms of all types of support. We do not begrudge these countries from choosing to support their farmers, but it is incumbent upon all of us to insist that they provide this support in a way that is not production- or trade-distorting. As you are aware, Canada has eliminated all export subsidies on grain, including the transportation subsidy under the Western Grain Transportation Act. We note that this subsidy was financed entirely by the federal government and was not subject to the 60:40 federal-provincial split. We can accept a 60:40 split on crop insurance and other income support measures that are not related to trade. However this is not an acceptable funding formula for matters such as international trade that falls solely under federal jurisdiction.

UGG notes as well that within Canada there is an unfair level of federal support for various commodities. According to the Organization of Economic Cooperation and Development, 1998 producer support estimates for Canadian wheat farmers is 9 per cent. Beef and pork are at 6 per cent whereas dairy support is at 58 per cent. Whether delivered or not, federal trade and income support programs favour certain sectors and certain regions of Canada over others. This inequity must be addressed.

On the matter of transportation reform, UGG urges the province of Saskatchewan to support the Estey report and the recommendations put forward by Mr. Kroeger. The recommendations of Mr. Kroeger, if implemented, would provide prairie farmers with an immediate saving in trade costs of \$112 million a year or an average of \$3.73 per tonne, and we would suggest that those savings would be equal over the future years.

Regarding user fees, the Auditor General of Canada has just issued a report that indicates that prairie farmers are shouldering an unfair burden of these costs. The report noted that the Canadian Grain Commission has recovered the majority of its costs for decades and close to its full costs for more than 10 years. The report goes on to say it is not clear why certain programs recover full costs, others recover partial costs, and still others recover nothing. The Auditor General has documented the total effect of these user charges and found that the impact is varied by sector. The report notes that grain and oilseed farms have seen a 2.5 per cent reduction in operating income as a result of these user charges compared to a 3.2 per cent reduction for cattle farms, 0.9 per cent for hog farms, and no reduction for dairy, poultry, and egg farms. It would seem that agricultural sectors that predominate in Western Canada are being singled out in bearing the brunt of federal cost recovery measures. UGG asks the province of Saskatchewan to assist us in obtaining reductions to these user charges.

With respect to further processing, the resolution that was passed at our annual meeting describes it best:

Resolved that UGG lobby the Canadian Wheat Board and the federal government to reduce impediments to new generation co-ops and other value-added processing initiatives on the Prairies.

We believe that these ventures offer farmers some genuine opportunities to add value and increase their farm incomes. We note, for example, that Ontario wheat farmers are permitted to

market 150,000 tonnes or about 10 per cent of their crop directly to processors. We find it unacceptable that growers in one part of the country are accorded marketing opportunities that are denied to growers of the same commodity in another part of the country.

The Wheat Board and the federal government are preventing these opportunities from being realized. Similarly quota allotments in supply management sectors are preventing the expansion of these industries in western provinces despite many natural comparative advantages. Again we look to the province of Saskatchewan to add its voice in support of the elimination of these impediments.

To conclude, UGG believes that all levels of government have an important role to play in helping farmers get through these difficult times. In this presentation, UGG has put forward a number of proposals. These measures include: allowing AIDA to run its course for '99 and allocating any unused portion to NISA; using NISA as the vehicle for the federal government to provide trade equalization payments; doubling government contributions to NISA; improving crop insurance so that all production risks — it should be risks, not costs — are insurable at a reasonable cost; reducing the education tax burden on farmers such that the average farm family pays the same education taxes as an average urban family; elimination of provincial taxes on farm-use gasoline; elimination of federal excise taxes on all farm-use fuel; reduction of railway diesel fuel taxes; sharply increasing the proportion of provincial fuel tax revenues spent on road infrastructure; continuing to press for the elimination of export subsidies and other production and trade-distorting policies in other countries; addressing inequities in federal support to various commodities and regions; implementation of the Estey report along the lines recommended by Mr. Kroeger; a reduction in user charges paid by prairie grain and livestock producers; removals of impediments to value-added processing on the Prairies.

UGG appreciates this opportunity to put forward our views and we look forward to your questions.

The Chair: — Thank you very much.

Some Hon. Members: Hear, hear!

The Chair: — Mr. Harper and then Mr. Bjornerud.

Mr. Harper: — Mr. Chair. Gentlemen, you have indicated, and I think you're probably right, there's a role for all levels of government to play in addressing the farm crisis, and I suppose there's a role for everybody in our society to play in addressing that crisis. What role do you see your company playing in addressing the present farm crisis?

Mr. Piper: — I think, from our point of view as United Grain Growers, that the best thing that you can have for producers in the farming community is a competitive environment in which farmers have a selection in who they do business with, the kind of costs that they have to pay, and we've encouraged that over the years. Quite frankly, I think on the elevator side of the industry, there is a fair bit of competition. I think those hold tariffs in line, the costs that you can charge anybody for your services.

So I think there are some elements in the industry that companies are naturally forced to respond to others and I think those costs will maintain fairly low levels over time.

Mr. Harper: — Do you see, as a taxation issue, particularly the property tax on farm land and fuel taxes and so on and so forth, do you believe that's a major driving force here or would that be alleviated to some degree if the farmers were receiving a fair price for the product that they receive?

Mr. Piper: — They're not being treated the same as other citizens so we don't see it as being fair. We believe in an equitable tax system and this one isn't. It's a tax on food production which raises our costs. Manufacturing sectors don't pay these taxes. Why?

Mr. Harper: — And I think the level of sensitivity as I've seen it over the years has increased within the farming population. In the early '80s, perhaps that sensitivity wasn't there but it's at a high level today.

Mr. Bjornerud: — A note of interest here that you're really not in favour of an acreage payment. Was this mainly due to the livestock industry maybe being excluded if it was strictly an acreage payment?

(1900)

Mr. Youzwa: — For a number of reasons, largely because we believe the NISA program has the database and is the most, greenest way of making a payment. There's a number of reasons in our presentation why we're opposed to an acreage payment, especially the debates that it's caused in the past with special grains payments and the Crow payment and how those create situations between landlords and tenants which aren't necessary and flow capital to people who aren't actually farming the land.

As well, there's the issues of farmers who've changed their production based on market signals who get penalized, especially people like alfalfa producers. There was no reason for them not receiving compensation and yet they did not. We see NISA as being a much more appropriate vehicle for this and the database is present. To try to find out who the actual producer of the land is and not the landlords is not readily available.

Ms. Harpauer: — You've obviously given this some thought on letting AIDA run its course and allocating the money to NISA. Have you had any discussion of what you would like to see done then of those that had received AIDA and then they would get an additional payment through NISA or what would you do there?

Mr. Youzwa: — I'm not following your question completely.

Ms. Harpauer: — Now if the AIDA funds that were not used, that no one qualified, if you divided that up amongst the producers in the NISA program, what would you do with the people that have already received it?

Mr. Youzwa: — You get the same payment based on whatever is best for their situation, be it a five year average or your '98

numbers. There's no reason to penalize them; they've only been brought up to the 70 per cent level of support.

The Chair: — Thank you very much. Have we got one question left.

Hon. Mr. Serby: — To ensure that I'm understanding what you're saying as it relates to the three programs; crop insurance, NISA, and the . . . sort of the trade equalization. Do I hear you say that in respect to the NISA or crop insurance, you . . . you continue to support the 60—40 split. But other income support measures that are not related, or related to trade, are you suggesting here that this should be assumed fully by the federal treasury?

Mr. Youzwa: — The province has a responsibility to contribute to farm income safety nets through NISA, crop insurance, or some other program if it's the wish of governments. But problems caused by production in other countries and export subsidies is the responsibility of the federal government, since it is trade. We believe there'd be tremendous value in measuring the amount of subsidies that Europe and the US pays its producers on those two subjects, and then basing our payment as a trade equalization payment on that. I think a trade minister or an ag minister would have significant power when he's negotiating at a table saying, our trade equalization payment is caused by yours.

The Chair: — Thank you very much fellows.

The next group is the Sask Rally Group, Ray Bashutsky and Bob Thomas.

Mr. Bashutsky: — Mr. Chairman, my name is Ray Bashutsky and I'm a farmer who's proud to be from Wynyard.

Mr. Thomas: — Good evening, Mr. Chairman. My name is Bob Thomas. I'm a farmer from Milestone, Saskatchewan.

Mr. Bashutsky: — Mr. Chairman, committee members, Mr. Premier, and members of both sides of the legislature, it's a double honour for me to be here. First of all, I'm very honoured to be sitting here on the floor of the legislature to talk about my life which is agriculture.

Secondly, it's an honour for me to be here representing, as an elected representative, an organization that includes farmers, small businesses, and urban communities in rural Saskatchewan. We are here, Bob and I, to present to you some of our short-term solutions, mid-term solutions, and long-term solutions to this ag crisis.

I guess we'll get right to the meat of the issue, and that's the short-term. We believe that there has to be an immediate payout to farmers, as most of you recognized already. We also believe that that payout has to come from all levels of government: provincial and federal. We're looking that the amounts that are out there, that the provinces went to Ottawa looking for in the form of a billion dollars. That billion dollars only represents the federal portion that deals with the European subsidies and the American subsidies. We think there are a whole bunch of other outstanding forms of income that these farmers deserve, to the tune of more than \$3 billion for this past year.

Our organization also believes that because this problem is so pressing that we beg the members of the legislature — both sides, government and opposition — to work through this problem as quickly as possible. There is such a serious crisis for agriculture that we are going to lose farms. We are losing a whole generation of farmers for this coming year already. We are assuming that there will be a third less farmers out there for next spring, whether they want to or not.

Our organization has six main planks. Number one is rural enhancement, and that is that rural Saskatchewan needs not only farmers, but they need the small communities as much as the farmers or as much as the communities need the farmers out there. Our second point is rural freight. We obviously think we pay too much. Our third point is re-population of rural Saskatchewan. I will come back to these issues later on. Our fourth point is that we agree with the tax revolt people. We feel that the education portion of property taxes is unfairly burdened on the landowners.

Our fifth point is that we feel that any programs that are developed by a provincial or a federal government have to include a cost-of-production aspect to them.

Our final point is that we are going to be out there and we are going to stay in the face of municipal, provincial, and federal governments to make sure that they keep agriculture as high as profile as is possible.

I will go back and deal with each one of our points in a little more detail, as Bob will help me later on with some of the other points. The rural enhancement aspect deals with the communities that are out there. If you lose that community, that means that farmer has to travel a lot farther to pick up his supplies, his seed, his fertilizer. If the community loses the farmers out there, they lose part-time help in those communities; they lose hospitals out there; they lose schools out there; they lose a tax base out there. I think it's all quite self-explanatory. If you lose one, you lose the other.

The second one, which is my pet peeve, is the freight issue. I want to make the freight aspect as simple as possible to everyone. And that is that I move wheat from Wynyard, Saskatchewan to Vancouver for \$39 a tonne. I have been going around saying that potash moves from Lanigan to Vancouver for \$29 a tonne. We're talking bulk products, same rail, same cars, same trains. Why is there that disparity? That \$10 a tonne? The Pool has come out and said that there is probably \$5 in there someplace, but until someone can show me that there is only 5, then I'm still saying there's 10 out there, okay.

Our next plank is re-population in this province. We need to deal with the value-added aspect, and I tell you here that I've seen it right here in the legislature. We were assigned a committee room here to sit and we were brought drinks and pretzels and all kinds of little goodies, but not one of those things was made in Saskatchewan. We could have another industry here, I'm sure. I have to talk for the pasta producers. Those boys have tried darned hard to produce another industry in this province and have run into a brick wall.

I think we have to keep the youth in this province. That's the next generation for this province. I have an employee who has

gone to Alberta and gets \$250 a day to work in the oil patch. I can't compete with that. Thank you.

Mr. Thomas: — Thank you, ladies and gentlemen. I'm going to continue on with the other three items that are involved. As most of the questions . . . I've watched a lot of you boys to the different people. You've discussed the three different programs that are out there right now, Saskatchewan crop insurance, NISA program, the AIDA program. I guess it's no secret to most of you in this room my feelings about the AIDA program. It was deeply flawed from day one. It still hasn't improved. And I think finally we see all levels of government admitting that it is a program that should be scrapped.

As far as the NISA program, ladies and gentlemen, is concerned, it probably is in concept a good program but the triggering mechanism of that program is to the point that it doesn't trigger when it should trigger. I feel that if we in essence either do a tune-up on the NISA program . . . if we do not do that then in essence it is a program that possibly is a wasted program.

Saskatchewan crop insurance has been in this province since 1961. On its inception, it was primarily paid for by the federal government and through the farmer producers that paid the premiums. The provincial government at that time only paid for the administration cost of that program and indeed it was a valued program. As we've seen over the years of the federal government unloading on to the provincial government in a multitude of fashions, we've seen this happen to Saskatchewan crop insurance. It's come to the point that in areas such as mine the crop insurance is no longer a valued tool that you utilize in your banking aspect or in any form of projections. It is now becoming a burden rather than an asset.

We feel that a cost production should be placed in the Saskatchewan crop insurance. In essence, a farmer should be allowed to buy a program where that he can get a guaranteed income per acre and pay a premium accordingly. That, ladies and gentlemen, is a bankable solution. I've dealt with banks for well over 10 years as a mediator working for different lawyers and in essence — we discussed this very deeply with the banking institutions — what they want from the governments today is a bankable solution. The previous programs right now are not bankable. We feel that . . . this group feels that cost of production is very important.

At present in Ottawa there is a private member's bill, Bill No. 299. It is the cost production Bill. We feel that this government should push that Bill as hard as they can, recommend it to the federal government that it be put through. And indeed it recognizes the fact that whether . . . in farming that you get a cost production for the product to produce. In manufacturing where I've been related to, whether you manufacture a mousetrap, a quart of oil, a gallon of gas, or whatever, you have to basically recognize the cost of that production. If you do not, you will soon find that you will go bankrupt in your manufacturing. We see that today that indeed there is not one of the programs that deals with the cost of production — the three programs that are named previous. We are going to have to push for the cost production in night and for the year 2000 because, in essence, ladies and gentlemen, it has been advertised that indeed farmers lost \$65 an acre this year in

farming. What banking institution in their right minds is going to lend a farmer money in the year 2000 to put a crop in when he already knows he's going to lose money. But if that banking institution can realize and see a cost production is in place, then he feels that he is covered on all avenues.

(1915)

We deal next, ladies and gentlemen, that this leads into is the responsibilities of all levels of government, whether they be municipal, provincial, or federal.

When we talk about the tax revolt, which I will talk about later, it indeed involves municipal governments right now. In the province of Saskatchewan, we have 16 tax revolts completed. There is an additional, I believe from my status . . . is 63 pending right now. And we will possibly see by the end of the year that those 63 will be completed.

The farmers of Saskatchewan have always been hard working, very understanding, law-abiding people. They pay their bills. But in 1999, as well in 1998, in essence they came short, and that willingness and the ability to pay those bills such as taxes have disappeared. I see farmers out there in tears right now that they cannot go in and pay their taxes after they have taken off a bumper crop because they've lost money when they get this bumper crop. This year what we see with a lot of farmers is that there is a breakdown, and no longer can they find enough off-farm income where they can and create income to pay bills such as taxes. There isn't enough money to go around.

As the lady representing SWAN was here indicating, a lot of women today are working 40 hour jobs, coming home trying to help their husbands do another 20, 30, 40-hour week. And what we're seeing in the family network right now is a total breakdown. We're seeing divorce. We're seeing a lot of things that we would never see in families happen, and indeed that is caused by the farm crisis.

The provincial responsibility, ladies and gentlemen, is to in essence reinforce upon Ottawa that there is a problem out here. Farmers today are getting very tired of the game of Russian roulette that's being played between Ottawa and Regina. Time is running out. July 1 was a magical date. That is when the fuel bills, the fertilizer and chemical bills came due. November 1 was the D-Day, when taxes, when mortgage payments, machinery payments and everything came due. December 1 was another magical date, ladies and gentlemen, because the simple fact is that notices from November 1 have come that they could not pay those bills.

We're sitting in a situation, ladies and gentlemen, that if something isn't done before January 1, that not only the farmers of this province will be in a crisis situation, but every business in this province will be in a crisis situation.

I took the liberty of taking and using the farmer's favourite tool right now: the calculator. And since I've been involved in mediation and involved in retraining programs for farmers and farm wives, I've been involved in unemployment insurance. I've been involved in the welfare situation. I took the availability of those facts and figures and calculated out right now that indeed, if something isn't done in the agricultural

sector right now, by the end of 2000, it will cost either level of government — federal or provincial — well over \$4 billion in those three different programs.

What we're saying today is — and Ray has pointed to you — that for just a little over \$3 billion, we can cure this problem. We can bring in the cost production, and we will never have to sit in this legislature again, with the cost production in place, and have these form of meetings.

I am sure that the hon. chairman will probably enjoy the fact that I will not be sitting out on the tailgate of a 689 Ford half-ton out in front of the legislature again, but I forewarn him that if something is not done, that that will happen again and again and again.

Farmers today are getting sick and tired of rhetoric. The province is going to have to put unreal pressure on the federal government. We have the natural resources in this province that all parts of Canada utilize, whether it's natural gas, oil, uranium, or potash. We have to use whatever tool is available to put pressure on the federal government to create a change in agriculture. The responsibility for the provincial government is large, but indeed it has to be forceful. The federal government, ladies and gentlemen, is a hard animal to crack. We all know that. But I feel that if we can get co-operation from our provincial government showing leadership, that we can get the Alberta government, the Manitoba government, and the BC (British Columbia) government on side.

We had a meeting at the Delta Hotel in Regina where we had a lady come in from the BC fruit growers. The story she told us in that meeting sounded like a farmer on the Prairies in Saskatchewan. So it doesn't matter where we go in the western provinces, the story is the same. Different industries, but the story is the same. We see movement in the federal government is not coming fast enough. We don't see a quick response. But I do feel that through your help, your abilities — and I know each and every one of you have excellent abilities in this room — that we can put extreme pressures on the federal government to create change. If you do not do that by the year 2001, you will have a situation in Saskatchewan — it won't matter what size the bank account is, you will not be able to turn it around.

The last item that I'm going to talk about . . . or one of the last items I'm going to talk about ladies and gentlemen, is indeed the tax revolt. Our organizations, through different members, have been very strong in that movement. I've mentioned numbers to you. The tax revolt will not stop at 63, ladies and gentlemen; we will not stop until it's 300. If we have to, farmers will take charge of this aspect. We've seen groups such as SARM that have tried to create change and it has not happened. We've seen the school trustees association recommending the reduction of education tax; it hasn't happened.

Farmers are telling you today that if you are not going to do it as legislative people, then we will take charge of our own destiny. The reading that Ray and I get — and Ray has travelled as much if not more than I have — is that there is a growing radicalism. There's a growing violent aspect out there. And I strictly point to each and every one of you that we are not promoting that. But we are telling you right now as farm leaders

we cannot stop it. And we are truthfully, with all sincere and in front of God, scared.

We sit in meetings; we listen to people talk about pulling spikes out of railroads. We listen to people talking about putting cultivators on highways. We talk about people doing ridiculous, harmful things. I remember one incident where I had a farmer phone me up, he was in northern Saskatchewan, he was running around with a half ton, \$2,000 in his pocket, he just lost his wife and his farm. That didn't bother me, but the loaded shotgun he had in his truck did bother me.

Ladies and gentlemen, if anything should happen we cannot blame anyone else but the three levels of government for what's happening here. You can cure this problem. We as farm leaders can work our hardest and our darndest to try to talk these people out of it. We've all spent time on the telephone trying to convince people that this is not the right thing to do. But we are taking, and as the lady indicated earlier, the stress lines are to a max; we are to a max.

Another movement that's coming out very strong in rural Saskatchewan, once upon a time it was a whim, was separation. As I see Ottawa deserting western Canada, deserting . . . leaving the farmers in western Canada to basically die, ignoring the crisis. They feel that indeed they are removed from Canada. In their thoughts they think . . . we look at Quebec. Quebec in this last year got 983 million in excess money for road structures, parks, and the multitudes; and then they got an additional \$100 million for an ice storm that happened 2 years ago.

We sent a delegation to Ottawa to get \$1 billion for the farming sector in this province that was desperately needed, and we came back empty handed. We hear that the federal government has got excess funds, billions of dollars, but we feel as farmers that we are like a little kid in the candy store with no money. It's sitting there, we can almost touch it, but we can't have it.

Separation is possibly the right answer. We don't know if it is or isn't. What we're simply telling you, ladies and gentlemen, is that that is what we are hearing in rural Saskatchewan; not only from farmers but from businessmen and all sectors.

We are indeed, ladies and gentlemen, here today to bring maybe a different focus on things. We could be . . . Ray and I could sit here and give you facts and figures, but I think you've heard them from the other groups, and they've done a very admirable job doing that. But what we're placing on you today, ladies and gentlemen, is the fact that you are an intricate part of a situation. And it's going to have to be your decision whether you are part of the solution or you're going to stay part of the problem.

Thank you.

The Chair: — Questions or comments?

Mr. Bjornerud: — Mr. Chairman. Thank you, gentlemen, for your presentation.

Ray you brought up an interesting thing. And I'm from the east side of the province and our freight rates are very similar to yours; in fact, maybe a touch worse even. Probably the worst in the country. You talked about \$29. And I know we have the

same thing because we have potash mines over in our area too. And they're \$29 a tonne and there's quite a disparity there. There's \$10. I would presume that the potash companies . . . And I know they do down our way because they work between CN (Canadian National) and CP (Canadian Pacific) whoever gives them the best price. They negotiate what fee they pay. Would that not be the same with the Wheat Board though? Would the Wheat Board not be negotiating the price that we end up with for hauling our wheat?

Mr. Bashutsky: — That's correct. I'm assuming that someone isn't doing their job for us. Someone should be looking, someone should be asking. Maybe the legislature should be asking why that disparity.

Mr. Bjornerud: — Because I think if the potash companies in this province can negotiate \$29, somebody is definitely not doing their job if we're losing the \$10 that you're talking about which the farmers could very well use right now.

Mr. Bashutsky: — Twenty-nine dollars for a period of time already, and no one has rebutted it yet. So it may even be less than \$29 for all I know. I'm just a farmer. I just ask the questions, that's all.

Mr. Bjornerud: — It's a really good point, and I think it's one we have to look into farther.

Bob, you also talked about NISA, and I was trying to gather whether you were saying that you didn't like the NISA program or it was just the trigger mechanism that was set up there. And I'd like you to comment on it. But I've had many calls from farmers saying they have money in their account, have bills to pay, but can't trigger it. Is that what your problem is with the NISA account?

Mr. Thomas: — The problem I have with this program right now . . . there's a very large percentage of farmers in the province of Saskatchewan that aren't in NISA. They've already had to pull their money out of NISA. And I guess, ladies and gentlemen, it is often hard, when things get extremely tight, to dig up the money to put into the NISA account. I think that's the major problem we have right now. I mean if you've got excessive money that you can put into it, it's a great thing.

What we ran across earlier this year is a number of farmers in the fall of 1998 applied and triggered the NISA program, and by the spring of 1999 got letters of demand to pay the money back. I fear that program because it makes farmers feel very insecure with the program. And in essence, when they trigger a program that is their money and then they get the money and then all of a sudden six months later they get a bill in the mail . . . They've already got enough bills in the mail; they don't need one more.

The Chair: — Thank you very much. I appreciate your presentation.

Some Hon. Members: Hear, hear!

The Chair: — Our next presenting group will be Sask Pork. Leon Leuke is with us and when you come down to the table, Leon, if you would introduce your group formally.

Mr. Labrecque: — Mr. Chairman, hon. members, I'd like to thank you for the opportunity to speak today on behalf of Sask Pork. My name is Rene Labrecque. I'm a pork and grain producer in the Saskatoon area. I'm also president and shareholder in a 600-sow, farrow-to-finish, community-owned barn.

Mr. Leuke: — I am Leon Leuke. I am chairman of Sask Pork, and I'm a hog producer from the Humboldt area. The current crisis in agriculture being addressed here today is a result of what we farmers receive at the farm gate for our products and what we receive from our governments in terms of direct or indirect subsidies. What farmers receive for their products vary greatly between Canada, the United States, and the European Union, with most of the difference being with the United States and the European Union farmers receiving from their governments. Canadian farmers, on the whole, are receiving the least for their products, and this will continue until the federal government accepts their responsibility and puts Canadian farmers on an equal basis with other major exporting countries.

While the federal government is trying to accomplish this at the latest round of trade talks that have begun in Seattle, we as farmers cannot wait for this round of trade talks to level the playing field. It will take several more years to come to an agreement and several more before the agreements are implemented. The first round of trade talks in Seattle were just finished and stated that subsidies may drop, but not for at least three years.

The impact on the Saskatchewan farmer is greater than in the rest of Canada due to our proportionately larger agricultural sector and the reliance that Saskatchewan farmer has on the export market.

The hog price cycle, in the past, has typically been a five-year cycle of high and low prices. Usually producers are able to plan and survive the shifts in prices, but when outside pressures distort the standard cycle of low and high prices, it makes it impossible for producers to read the market signals which are further distorted by trade subsidies, large corporations manipulating the supply/demand, and at times our own government's policies.

It is difficult for an independent farmer to provide himself . . . protect himself during periods of extreme price swings.

(1930)

We are asking the government to develop and implement a long-term plan that provides equal opportunity for large and small producers alike.

The closure of a major US packer last year resulted in a shortage of packing capacity and an artificial oversupply of hogs in the last two years. This, along with changes in the structure of the US industry, has resulted in extremely low prices that were beyond the control of Saskatchewan producers.

There are four major packing plants in Western Canada. Two of them are financially connected. If we were to see further consolidation in the packing industry in Western Canada, sales opportunities for Saskatchewan producers would likely be

limited. It is doubtful that this is in the best interest of Saskatchewan hog industry.

The effort to keep food prices low for the consumer has caused hardship for prairie farmers when they are expected to take less for their product at the farm gate. Other countries subsidize their farmers to keep food prices down but in Canada a farmer has been providing that subsidy. Is it appropriate for farmers to provide this subsidy?

The farmer has not been subsidized for his low farm-gate prices and this results in his or her struggling to recover losses incurred in years of low prices. Farm families earning a living from their family-owned business must be able to realize the same return on labour and investment as other Canadian businesses.

Mr. Labrecque: — Mr. Chairman, I just wanted to say before I start, set the record straight, I wasn't asked to speak here because I was injured or anything and to get your attention or sympathy. That was a farming accident and had nothing to do with today.

The smaller family farm run operations are usually mixed farms. The present downturn in agriculture has hit the group extremely hard. Hog prices for the past two years have hovered around 30 per cent below the cost of production. Many of these producers are involved in grain production, and a combination of low grain and hog prices have forced many to cease production.

In the past, mixed farming allowed one commodity to offset the losses of another but that is no longer possible, not with the current federal government policies. The extremely low commodity prices for many crops has made it difficult for families to cover the essentials, forcing some to resort to taking money from their savings, retirement funds, or borrowing against the equity in their farms. This could mean the next generation assumes the debt load of the previous, and the cycle begins again — or the next generation is unable to assume the debt load and the family farm dies.

Independent hog producers are finding it increasingly difficult in that they have income from only one source and that income source sits at less than 70 per cent of the last five-year average cost of production. Periodic downturns in the market are expected in this industry but a producer cannot plan for two consecutive years of average prices at 30 per cent below the cost of production.

Any other industry would be destroyed if it had to go through an economic situation like this. A large business laying off 250 employees would grab government's attention, although 250 farmers going out of business is taken as a whisper in the wind. If the steel, pulp, paper, automotive industry were suffering losses of this magnitude, they would be demanding and likely receiving federal government assistance. It is very disheartening when people can ask their government to subsidize financially strapped hockey teams who pay their players millions of dollars per year but are unwilling to help the farm community that feeds the nation in their time of need. Producers grow food for Canada and the world, not just for Saskatchewan. Food is still one of our main staples.

Community and large corporate barns are finding it a challenge to source funds to carry them through the cyclical downturn and the current economic state of our province. The negative attitudes created by the farm crisis in Saskatchewan has resulted in an atmosphere that makes it difficult for large operators to attract investors who would inject revenue into the province to sustain the pork industry into the future. Government encourages farmers to diversify their operations, but when a community does pull together to build a community barn, they find they are not eligible for a few of the support programs available for independent farmers. These groups should not be discriminated against for taking advantage of the economics of size. There must be a level playing field for all players.

There are currently two safety net programs in place. The first, NISA, was developed initially for the grain industry. Livestock was added to the program when the federal government wanted to ensure the program complied with trade agreements. NISA is funded by producers and government on a 50/50 basis, producers having to use the after-tax dollars. If a producer has no income, where is his or her contribution to come from?

The second program, AIDA, provides assistance in times of agricultural disasters. This program was based on gross margins. The program was developed rather quickly and has had some input from farm groups within the affected farm sectors but not nearly enough to develop a well-rounded program.

This program will not be carried through to the year 2000 which will mean that hog producers are left with access to only one safety net program, one that was initially established for the grain industry. The grain industry has also had the benefit of crop insurance coverage.

Mr. Lueke: — How many businesses can operate without adequate insurance? Why can there not be a program like crop insurance developed for the hog industry in Saskatchewan?

We had a program but the government discontinued it. Why do some other provinces still have access to a similar program? The federal government indicated that AIDA would be the third leg of our safety net stool, and it would ensure against unforeseen perils. In the global market, we are competing with countries that subsidize their producers either directly or indirectly. How do we compete if we cannot catch up?

The economic impact aside, this current farm crisis also threatens the way of life in our rural communities. Producers have been forced to take off-farm jobs to feed, clothe their families. It can mean that both parents are working off the farm and commuting. Farm families chose a lifestyle that enabled them to work on the family farm and raise their children in a traditional setting. This opportunity is being taken away from them and threatens the future of the family farm, that backbone on which this province was built.

A catastrophic downturn like we have experienced in the hog industry in the past two years and the slow, steady decline in the grain markets in the last five years have had an enormous human cost. The most important resource in prairie agriculture, the people, are being worn down. If we cannot come up with meaningful solutions to our problems, prairie agriculture will be

damaged for decades. The nation will be seriously weakened by lower foreign exchange earnings, and the large loss of jobs beyond the farm gate.

As a producer I want to say that a great many groups and individuals have dedicated a lot of time, energy, and emotion to solving the current agriculture crisis. As self-employed individuals, farmers do not have the time to keep hashing this out. All the parties need to address this solution once and for all. We need to come up with a good long-term plan to provide assistance to the producers bearing in mind that in not too many years we will ultimately end up in the trough of a low price cycle again.

A 20-year vision for agriculture would be very helpful for a farmer. Let's fix the problem. Let the farmers get back to the job they do best which is raising livestock and producing the crops that feed the world. We will entertain questions at this time.

The Vice-Chair: — Thank you for your presentations, committee members.

Mr. Weekes: — Thank you, Mr. Chairman. Thank you for your presentation. Your previous comments . . . you'd mentioned that when the community pulls together to build a barn that they are not eligible for a few support programs available to independent farmers. Could you describe some of these.

Mr. Labrecque: — I am involved in a barn like that. We have 10 farmers that got together to organize and put in the initial funding, and I'm mentioned — I guess were part of the Quadra group also. Then we went out and got about 85 local farmers and all that to fund the rest of the barn.

Now we've lost in the neighbourhood of 750 to \$1 million in the last two years. We're at the edge of bankruptcy, I guess. If things would have kept on I'm not too sure how we could have manage. And it's pretty disheartening to go to all the people that have confidence in this and say. Look we didn't make it. I thought AIDA would come through; our support, I thought it was clear and simple. I mean we've lost it; how can you go wrong, we're going to get some AIDA funding.

And it turns out that Richard mentioned the same thing, 10 per cent of the building, or the equity has to be owned by a couple of people. And that doesn't happen because we're all sharing into this. The whole community has shared to grow into a unit like this and that's where this falls through where we don't qualify because everybody's put in shares and nobody's got actually 10 per cent of that unit.

Mr. Wartman: — I refer you to page 3, the second paragraph, where you were talking about there was a program for the hog industry, but the government's discontinued it. Can you tell me what that program is? And you also say a number of other provinces still have access to a similar program. Can you fill that in please?

Mr. Leuke: — Actually we used to have a SHARP (Saskatchewan hog assured returns program) program, and it guaranteed a cost of production similar to what crop insurance did for the grain industry. And then that one was discontinued,

and we became part of a national program which was the tripartite program which is also a cost of production base, and it worked on a similar basis of crop insurance. But being that it was just available to the hog industry, when it didn't apply to the trade rules so it was discontinued in the West. But some provinces are still able to access it through . . . for instance Quebec through their ASRA (Assurance Stabilisation Revenu Agricole) program. It still works on a cost of production. So that makes Quebec, they have a cost of production program through ASRA and we don't.

Mr. Wartman: — Is that the only other province?

Mr. Leuke: — As far as I'm aware of. There's rumours . . . I'm not sure how the feed lot program works in Alberta so I can't comment on that.

The Vice-Chair: — Are there any further questions? Seeing none, we thank you for your presentation here this evening.

Some Hon. Members: Hear, hear!

The Vice-Chair: — The next presenters are from the Saskatchewan Canola Growers Association, Mr. Ray Hilderman and Mr. Wayne Bacon. And I would ask you to introduce yourselves at the start of your remarks.

Mr. Hilderman: — Ladies and gentlemen, my name is Ray Hilderman, first vice-president of the Saskatchewan canola growers; and with me is Mr. Wayne Bacon, president, Saskatchewan canola growers. I farm at Strasbourg, Wayne at Kinistino.

I'd like to thank the provincial government firstly for allowing the Saskatchewan canola growers to be a part of this Assembly and to participate in the farm income delegation. The farm crisis in Saskatchewan is at a very serious state. Farmers in Saskatchewan contribute greatly to the provincial and national economies of Canada, however low world prices for almost all agriculture commodities are creating an extremely damaging cash flow problem for Saskatchewan producers in 1999. Since the spring of 1999, canola growers have seen the price of canola drop by one-third or more in price. Farmers know that commodity prices will rise and fall and they are prepared to deal with most of these market fluctuations, sometimes with the help of industry and government.

What Canadian farmers are not prepared to deal with is the domestic support by national governments in the European Union and the United States which are several times the levels of support to Canadian farmers. Canada has lowered our subsidies at a much faster pace than deemed necessary by world trade rules. This has put Canadian producers, especially grains and oilseeds, in a vulnerable position because they are no longer on a level playing field with their European Union and United States counterparts. Farm families are affected emotionally and economically.

There is also a major impact on rural and urban communities through layoffs and depopulation. According to Saskatchewan Chamber of Commerce statistics from 1985 to 1997, Saskatchewan has seen 90,000 people leave the province. Our unemployment numbers seem to be decreasing but it is at the

expense of losing our Saskatchewan people to other provinces. We must continue to press the federal government for \$1 billion as trade equalization money and work towards long-term safety net for Canadian farmers.

(1945)

Canadian producers have proven their ability to compete in markets within Canada and around the world. In the early 1960s farmers were told to specialize, choosing cattle, hogs, or grain farming. Then an over supply of wheat in the late 1960s and early 1970s led many farmers to diversify their grain production. As opportunities evolved for marketing canola, farmers responded. In turn, the industry rose to the challenge of processing and utilizing the products and researchers developed better varieties, improved processing techniques, and established guidelines for utilization of the products.

Today canola, a type of rapeseed, is an important ingredient in numerous consumer products including cooking oils, salad oils, mayonnaise, coffee creamers, cosmetics, printing inks, suntan oil, dust suppressants, and industrial lubricants. Approximately seven to eight million tonnes of canola is produced annually in Canada of which four million tonnes or approximately 47 per cent is produced right here in Saskatchewan comprising 10 to 13 million acres annually. Canola is challenging wheat as the cash crop king or better put, the Cinderella crop. Canola ranks second after wheat in the percentage of total crop-related farm income.

Now in 2000 grain farmers are being told to diversify into livestock and hogs again. Farmers have come full circle, but only to find the costs to be enormous to start these new operations. This farm income crisis is not only affecting farmers, and it certainly has not begun overnight. We have had low commodity prices in the past, but they were accompanied with lower input costs which must be dealt with during the development of a long-term safety net.

Over the past several years, the costs of production have increased an excess of ten times, but commodity prices have stayed the same or decreased, leaving farmers in a serious cost-price squeeze. For example, the cost of farm fuel in 1965 was 18 cents a gallon, and today is \$1.82 per gallon. This equates to about \$18 per hour for fuel costs to just run an average-size tractor on our fields. Utility costs have also increased.

Short-term, one-year government-guaranteed operating loans may help ease the costs of some of these yearly and unavoidable operating expenses. By paying their bills on time, farmers avoid paying the 2 per cent or more interest charges to the large fuel and multinational companies for fuel. Seed and chemicals often receive a discount of five per cent or more if bills are paid early. This would also inadvertently help competition by allowing manageable cash flows for small seed and chemical companies.

We also need to push to have the federal tax removed from the fuel and utility bills of farmers because the majority of this federal tax is not coming back to our province for road construction and maintenance. Manitoba and Alberta spend over 100 per cent of fuel tax on road maintenance, while

Saskatchewan only spends two-thirds. The province needs to spend more money on roads. Due to elevator consolidation, hauling distances have increased leading to more commercial trucking and more wearing of our provincial highways. As well commercial truckers pay regular fuel taxes and high licence fees with costs passed on to producers.

Likewise machinery costs have skyrocketed. The list price of an average-size combine in 1975 was \$32,000. Today the list price of an average-sized combine is well over \$200,000. Education taxes on farm property has also become an increasing burden to producers. All are costs that farmers have no control over.

The Canadian and provincial governments need to stand behind their farmers just as the European Union and the United States have stood behind their producers. The red tape in creating value-added facilities needs to be diminished. For example, the value-added opportunity for a proposed new pasta plant just a few months ago was forgone because of unnecessary red tape from the Canadian Wheat Board. Do we want to help farmers contribute more to the Saskatchewan and Canadian economy by adding value to our raw commodities within Canada, or should we keep selling our grains to the United States and other countries so they can produce and sell a much higher valued product and create more jobs?

Another example of red tape almost preventing another value-added opportunity in Saskatchewan was the new organic flour mill to be built south of Regina. It took this farmer group three years to secure financing, mainly through a Japanese investor, to begin this business. And they still have to purchase all their organic grains through the Canadian Wheat Board even though the Wheat Board does not market organic products. Incentives and less red tape are needed to aid the start-up of value-added processing companies so that we create more rural-based jobs and contribute more to the Saskatchewan and Canadian economy.

The programs available for Saskatchewan farmers to help stabilize their income from year to year need an overhaul. The NISA program currently seems to be working the best for farmers. However improvements can be made.

The AIDA program, which was set up especially to help farmers in times of low income, is a failure. In Saskatchewan, 28,805 claims were made to the AIDA program with only 30 per cent claims paid, 49 per cent rejected, and 21 per cent still remaining in processing at November 21, 1999. Total payment to Saskatchewan farmers from the AIDA program at November 21, '99 was approximately \$88.9 million while Ontario, with its much smaller farming industry, received \$69.2 million in AIDA payments. Ontario has only made one-quarter the amount of Saskatchewan's claims, with 67 per cent claims paid, which is over double of that to Saskatchewan applicants. Obviously the AIDA program did not help Saskatchewan farmers in the way that it should have.

Consideration should be given to the GRIP program when discussing a long-term farm safety net program. The GRIP program could have been a good program for the long term with some refining. Farmers are certainly concerned with a long-term safety net program because it seems that every time the government changes, the farm programs change, often

starting from scratch. Farmers need some sort of income insurance program that will see them through the long term and not change with the next incoming government.

Crop insurance is yet another program set forth to help farmers in years where weather adversity can cause loss of entire crops and thus part or entire farm incomes for the year. However, the crop insurance program could use some improvements because the average yields that the insurance calculates are way too low. This is because crop insurance takes the 10-year average yield, including the years where natural disaster such as drought or hail, have decreased yields substantially.

A better approach to help solve this situation would be to eliminate the worst two years and the best two years in terms of crop yield to calculate a normal, average yield. The canola cash advance program has helped many farmers manage some of their production expenses efficiently without having to sell all their grain right after harvest, when canola prices may not be as advantageous as later in the year.

Last year the canola cash advance program received 3,531 applications with \$93.9 million paid out to Western Canadian farmers. So far this year \$142.6 million has been paid out to 5,739 applicants. If canola cash advance program doubles this year, it will have doubled four consecutive years in a row. Often farmers use the cash advance money to help pay for chemical and other input bills that may come due right after harvest time.

The program also helps competition by allowing manageable cash flows for small seed and chemical dealers. The cash advance program benefits farmers and farm industry alike and should be increased from one-half to two-thirds of the commodity price. By increasing the amount, farmers would be entitled to more cash at a very minimal cost or risk to the government.

The Saskatchewan Canola Growers Association supports any and all efforts to decrease farm costs of transportation of grains to port positions. We insist on a revenue cap on rail freight rates, joint running rights, and a commercial competitive transportation system with contractual agreements among stakeholders, with the Canadian Wheat Board taking possession at the spout. The reason behind this is relatively simple. Right now as we speak, industry has sold 700,000 metric tonnes of canola from the port of Vancouver for December sailing dates. Canola, along with all other non-board grains, only received 30 per cent or less of car offerings to Vancouver. We are currently in week 20 of offerings. And industry is in need of 1,900 cars for the vessel sailing date of December 10, but will only receive about 1,310 cars.

That shorts canola shippers approximately 600 cars. The car requirement for week 21 of shipping is 2,800 and it is already doubtful that canola will secure that many cars, putting canola shipments in serious jeopardy of not meeting contractual requirements and thus the loss of sales may occur.

So why is there such a shortage on rail cars in the first place? Generally, it is because the wheat board vessels are late and/or cleaning is too slow at the port of Vancouver. If the wheat board vessels are late, the rail cars sit at port collecting demurrage charges while tying up the cars for days or weeks at

a time and consequently putting all shipments of grains and oilseeds in jeopardy.

The average turnaround time of a rail car from the Prairies to Vancouver and back is 21 days if no delays occur. These inefficiencies translate into lower canola prices for producers. Canola is a highly versatile and adaptable crop which has been and should continue to be our region's most innovative and lucrative Cinderella crop. Plant breeders are working diligently to keep canola on the leading edge of the grain and oilseed marketplace. Growers are modifying their production techniques to improve quality and yields and peel back production costs as the costs steadily increase.

The entire industry is striving toward greater success but this effort must become a joint venture with our government. With the co-operation of government, more industry efficiencies, and farmers' improved techniques, we hope that canola can continue to be a revolutionary crop for farming generations to come.

Thank you very much and we entertain any questions now if anyone has any.

The Vice-Chair: — Thank you for your presentation.

Some Hon. Members: Hear, hear!

The Vice-Chair: — Committee members, questions?

Hon. Mr. Serby: — Thank you very much, Ray and Bob, for your . . . oh no, it's Ray and Wayne, for your presentation. I've had the opportunity recently to talk to some folks who are in the business of growing canola in a very major way, and are telling me that their input costs this year were something like \$300 an acre to produce a canola crop that yielded them about 50 bushels an acre in the hope that they might have got somewhere in the neighbourhood of 70 to 80 bushels an acre out of their canola. And with the improvements in the genetics, my concern is that we're heading down the same road and I want some comment from you on it. We're heading down the same road here that we might have been with our wheat production today. Because if we could produce this kind of canola down the road, do you have any concern about the flood of the market?

Mr. Bacon: — You always got a concern about a flood in the market, but I think we've got to be looking at the years coming ahead. For the simple reason, if we don't keep the production up down the road we're going to lose markets because we don't have the product to deliver to our exporting countries, and I think that's important. You can't look at today; you got to look ahead.

Hon. Mr. Serby: — Can you give me some sense . . . Last year we were trading canola off my farm at about \$8.25 a bushel. Today we're trading canola at about \$4.60 a bushel. Can you give me some sense . . . in that we're trading on the open market. Can you give me some sense as to why our canola today . . . my canola is trading at \$4 a bushel less than it was a year ago?

Mr. Bacon: — Well the main reason is that the palm oil market has come on stream fairly strong and we're basically competing

against the palm oil. And when you look at canola — and we have an extra few bushels out there this year and we produced an extra few tonnes of canola — we have to be competing in that bottom part of the market. And due to the fact that palm oil and soybeans of course have come on with a large quantity of oil, that has pushed the market down considerably this year.

Mr. Hilderman: — We were also told last winter from Oil World as well that palm oil production in the countries where they do produce it anyway — Indonesia and Malaysia I think — that their cost of production is about \$189 per metric ton, and they were grossing about \$589 a metric ton when we had canola prices up to \$8 and something. And apparently they had planted a number of more trees, I guess at that time, so there's a lot more of that that's come on stream. But that isn't going to last forever.

And now with that competition, I think all the more reason to get our transportation system in order as well because I think, as all of you know, we have lost some sales out at the west coast because of the inefficiencies.

Hon. Mr. Serby: — By way of comment, I want to pay tribute to your organization as it relates to the cash advance program that you've had. And by looking at your numbers this year, it's evident that there's good use being made of the program and clearly you've been a tremendous support, I would suggest to you, to farmers across this province in helping them make some of their . . . at least initial commitments that they have to before some of our financial institutions come calling. So this has been a very important piece in the assistance of farmers in Saskatchewan to meet their commitments. So I wanted to just pass that on to the work that you do in that area.

(2000)

Mr. Wartman: — On page 4, second paragraph, you're talking about the support or the value-added facilities and need for support there. You say for example the value-added opportunity for a proposed new pasta plant just a few months ago was forgone because of unnecessary red tape from the Canadian Wheat Board. It's my understanding that farmers need to sell their grain to the Wheat Board, and then it can be bought back and sold to pasta plants.

But my question around that, and it's a confusing area, but my question is: how is it going to help farmers if they are allowed to sell outside the Canadian Wheat Board, if they would have to sell it for less to the pasta plant? And if they wouldn't have to sell it for less, what's the problem with them selling it through the Canadian Wheat Board?

Mr. Bacon: — I think the best way I can answer that . . . if you go to the new co-operative that was formed down in the United States, and it was formed with a group of farmers that were selling soybean oil. And what they were doing with the soybean oil was selling it, and they owned the company that was producing a plastic plant in turn was selling the plastic to GM (General Motors) and different companies. And at the end of the day, the owners were getting back roughly 67 cents above the cost of what they were selling their soybean meal or soybean products to the crushers for.

So maybe the whole farming industry would not gain from it, but the people that owned and put money into the plant and also the province would definitely gain from the extra added value that was produced out of that plant.

Mr. Hilderman: — It would be an incentive for investors.

Mr. Wartman: — That's assuming that the investors were also the farmers who were selling their grain into the plant.

Mr. Bacon: — That's right.

Mr. Wartman: — So it wouldn't benefit grain farmers as a whole but just those few who invested.

Mr. Bacon: — That's right, but it would definitely support the province and make the province a better province to live in because there would be a lot more money coming into the province.

Mr. Weekes: — Mr. Chairman, thank you for your presentation. I'd just like you to elaborate on your position concerning the Kroeger report.

Mr. Hilderman: — I guess what we want is a competitive, commercial system, and a contractual system is what we would like. This way everybody knows what they're doing. Everybody knows what their responsibility is. Right now the way it is with the . . . when we deliver our grain to the elevator, I mean we're responsible for everything that goes on from here until it gets to the countries that import our grain.

If we would end up having a contractual system similar to what the potash industry has, we're quite confident that we wouldn't have near the problems of moving our grain out to the west coast.

Hon. Mr. Melenchuk: — Thank you very much. Certainly on page 4 I have one quick question with regard to the 30 per cent or less car offering allocation to non-Wheat Board grains. What per cent of overall production is non-Wheat Board grain in the province of Saskatchewan?

Mr. Hilderman: — That would vary from year to year anyway, so I think if we ended up with a . . . like a contractual system where there was sales out at the west coast, I mean, whatever sales would be out there would dictate what cars were needed, and grain companies then would be bidding for those cars. Right now there isn't a fair bidding system out there at all because the Canadian Wheat Board has control of 70 per cent of them.

Hon. Mr. Melenchuk: — So it's not really based on proportions. You would like to see a fair bidding system, in other words, then.

The Vice-Chair: — Thank you, committee members. And thank you to the Saskatchewan Canola Growers, Mr. Hilderman and Mr. Bacon.

Some Hon. Members: Hear, hear!

The Vice-Chair: — Committee members, our next presenters

come from the ProWest Rally Group, Mr. Bob Willick, and Mr. Wayne Mastrachuk. And I would ask them to introduce themselves upon taking their place.

Mr. Willick: — Good evening, Mr. Chairman, and committee members, Mr. Premier, and elected representatives of the province, both government and opposition.

I'm Robert Willick and I am on the ag committee with the ProWest Farm Rally Group. I'm here with Wayne Mastrachuk, member and organizer with ProWest.

My wife Barbara and I farm at Blaine Lake, Saskatchewan, and for the first time in 25 years I cannot pay my bills. Since the removal of the Crow and the cancellation of the GRIP program, we have lost about \$160,000, or \$100 per acre. We have continuous cropping in our area, and after 15 years we have had the best . . . have grown 50-bushel wheat crops and 40-bushel canola crops, our highest yields ever.

It's a sad time for agriculture when we have produced our best crop ever and it won't bring in enough money to keep us farming next year.

I have a letter from Nicole Sternerson. She is only 17 years old. An excerpt here.

Prairie farmers are under an enormous financial strain. This is not a myth. Today more farmers are going bankrupt than ever before and farming income is down considerably. It is a fact that the farmers made more in the '70s than they are making today when we are almost near the dawn of a new millennium. Prairie farmers and their entire families are under huge emotional stress. According to the representative from Saskatchewan's farm stress line, calls have shot up 40 percent during this last leg of the farm crisis. Farmers in poverty, farming families divided, depression, and suicide on the farm. It's not a myth. This is happening today and our government is doing nothing to stop it.

She finishes her letter, to close her letter:

Please lower our flags and say a prayer for the farmers that they may receive the help that they need before it is too late.

This is from Nicole Sternerson, ProWest member from Sunningdale, Saskatchewan.

That leads me into the ProWest mission statement is: to save the family farm. The first steps to deal with the immediate emergency situation are firstly, ProWest is asking the government of the day to immediately place a moratorium on farm foreclosures.

Secondly, investigate and report back to ProWest why FCC (Farm Credit Corporation) and Sask lands branch and ACS (Agricultural Credit Corporation of Saskatchewan) and the credit unions and the banks refuse to lease back to farmers when there is a crisis going on. Some of the worst years in farming history.

Thirdly, changes to the NISA program must be made. Farmers should be able to take their money out of their account without the penalty of a waiting period to rejoin the NISA program. This must apply to those who are forced to cash out their accounts in previous years as well.

Fourth, ProWest is asking for \$80 an acre with a 1,500 acre cap. We have the numbers based on Stats Canada and Sask Ag and Food. These numbers prove that we lost at least \$80 per acre right across the province based on the shortfall from our cost of production up until December '98.

We want this government to take this document seriously, read it, and understand it. It has been around since August. We went to Ottawa twice to ask for 3 billion based on this document. There's no point in asking for maintaining realized net farm income at the 10-year average of \$650 million. This approach will just perpetuate the dismal and depressing state of affairs where farmers are subsidising the cheap food policy with our equity.

Governments must recognize that part of the federal surplus exists because of the stripping of GRIP and Crow. Immediate payment to farmers of \$80 per acre will return the money that was ours. This will allow farmers to service their accumulated debt. Government must recognize and address the fact that farmers do not qualify for welfare, do not qualify for UI (unemployment insurance), and our equity, now being destroyed by the ag crisis was our pension plan.

Government responsibility is to set in place a permanent ag policy designed by farmers that is protected from change every time there is a change in government, and based on productivity and the costs of production, thereby ensuring parity with industry. Back in '89, the NDP (New Democratic Party) were promoting such a plan instead of GRIP. It has been 10 years, guys — it's time to follow through on your plan.

We thank all stakeholders for their working together in this farm crisis. On this point, however, there is an important and often overlooked fact of the agricultural industry. You must recognize that grain farming and livestock farming and value-added activities such as grain handling and processing, while all parts of agriculture, are often actually competitors with different needs.

The AIDA program was a disaster in itself for it worked for livestock producers but not for the grain farmer. Grain farmers have highly variable weather patterns. Low grain prices make livestock farmers and grain processors more profit. So all stakeholders must take this into account in designing ag policy.

Government responsibility is to apply pressure to remove international subsidies and promote fair trade. Sask farmers are some of the most efficient in the world and we do need a level playing field.

I'm going to skip a few lines here, to the fourth line down, fifth line down. Government can ensure a healthy economy by bringing money in where it does the most good, at the grass roots. Money will pass through the maximum number of hands when it is received by the primary industries. Turns of ag dollars are estimated from seven to as many as 22 times, so for

example our Saskatchewan grain sector, that grosses 7 billion if freight is included as it should be . . . so that becomes 7 billion times a factor of 20, or \$140 billion. That's 20 per cent of the national economy. If you want to answer, as everyone's asking is why tax dollars should be spent supporting agriculture, this is the place to look. We must research the numbers on this.

ProWest demands that Prime Minister Jean Chrétien accept responsibility and be held accountable for his actions in deliberately trying to destroy the family farm. Since he doesn't think we are worth supporting, we must demand that the Wheat Board re-route grain shipments away from eastern Canada, use Thunder Bay. And we need lists compiled of products compiled in eastern Canada so we can stop buying from the East. We need to have the hidden taxes on farm inputs of 47 per cent returned to us as a rebate. Maybe by this we can prove to the Prime Minister what western Canada agriculture is worth to Canada. Putting profit back into farming will promote a value-added economy.

The Crow rate removal was supposed to create a new industrial economy here. In reality all it did was took money away from the producer, thereby killing any chance of participating in new industry. We need government, and government needs us to enhance our freedom because we have no power over prices. The commodity prices and so-called free market are distorted by international subsidies and the oligopoly of grain companies that control world grain trade. We want our freedom but there's no freedom in poverty.

ProWest believes there is hope. It is not too late. Our country is still strong enough to deal with the problem. We implore you, don't wait too long. When farmers can't pay their bills, the rippling repercussions will be felt all the way to the steel mills of Ontario and beyond. Don't let us become a third world country without a second chance.

I would like to thank you all for allowing us the opportunity to address this special committee on agriculture. Now I'll call upon Wayne Mastrachuk.

(2015)

Mr. Mastrachuk: — Good evening, Mr. Chairman, and committee members, Mr. Premier, elected representatives. Thank you for allowing us this opportunity.

Like Bob said, my name is Wayne Mastrachuk from Preeceville, Saskatchewan. I'm a member and organizer of the ProWest Rally Group. Bob has alluded to the \$3 billion that we are looking for in a short-term resolution. We are looking at a direct payment to producers for this money.

Now I know when Chairman Alfred Wagner brought these figures before the provincial farm lobby group he was told these figures were unrealistic, and henceforth the figure \$1 billion which would work out to between 20 and \$25 an acre.

What about our other shortfall of 55 to \$60? Do we farmers have to absorb these losses because our elected officials in Ottawa went and negotiated our transportation treaties plus other goodies away at GATT (General Agreement on Tariffs and Trade)? They then gave us a two-year AIDA program

worth 1.65 billion with a top-up of 170 mills saying we can't get any more because it's a violation of the WTO.

Well under chapter 7, section 75 of the agreement, we were informed that in the event of a crisis or emergency disaster, the federal government had the power to place additional money in the hands of western Canadian grain farmers without any reprisals from GATT or the WTO.

Now let's look at the unrealistic figures. I was questioned upon the validity of \$80 an acre and the \$3 billion income adjustment figure we were seeking. I use my own farm operation of 1,065 acres as an example. And taking all the costs, my cost of production is anywhere from 141.50 to an upper limit of 268.25.

You may look at me, say it's a load of bull, figures are fudged. My answer is, if you don't believe me, check with farm debt mediation. I went through this process in '98 and the final figure was \$145 per acre. This is ironic because in '89-90 when Devine and the Conservatives were in government and farm rallies took place, we heard a cost-of-production formula was needed. They were stating the Saskatchewan farmers needed \$129 an acre cost of production. At that time I was looking at 90.

You ask, why the change in 10 years? Upgrading machinery for changing agricultural times and operations — not new equipment, mind you, but still a cost; increase in fuels, oils, utilities, licences, maintenance, parts and labour. Fertilizer for instance went from \$240 a tonne to 450 — chemicals, taxes, food, clothing.

Last year alone gasoline went up 15 per cent; cost of machinery, parts, oil, fertilizer, and chemicals, 5 to 6 per cent. Just take a look at this weekend what happened. Farm diesel fuel just went up 7.5 per cent. Income prices — canola is down 37 per cent from last year; barley, 20; wheat, 15; not to mention our grades with the September frost and wet conditions.

You ask, why give \$3 billion over the last three years to us — is your crisis real? Yes, it's very real. Try making a living on 70 cent and \$2 wheat, Canadian Wheat Board prices, mind you; or 5.60, canola. Remember our costs are your income. Give us the equivalent of \$80 an acre and it'll turn over between 7 and 22 times.

Do you want to see farmers, towns, and cities flourish, or do you want farm accounts turned over to collection agencies resulting in seizures, foreclosures, bankruptcies, suicide, stress leading to stroke and heart attacks, alcohol and drug abuse, divorce, family violence, increasing crime?

It's starting already. More welfare cases, unemployment; loss of farmers is equal to the demise of rural towns, cities, leading to a bigger urban-rural split than what we've got now, also leading to a reduction of constituency representation in this legislature. It's going to mean closing of elevators, grocery stores, credit unions, banks, dealerships.

It's evident today. Plains Equipment in Regina has just shut their doors, 12-plus people put out of work. Walmart has laid off 40 people in Moose Jaw, 12 in Regina. Versatile just closed

their plant in Winnipeg, 600 people laid off. How many were laid off at Flexicoil, Bouregault, Morris, Leons, Doeckers, Schulte? What about the rest of the companies that are too numerous to mention?

We touched on the feds saying there is no money to give us for an income adjustment or payment or cost of production top-up.

Well let's try some of these figures on for size: \$3.6 million settlement for the civil servants; two and a half billion dollar for organized sports; 16 billion for day care, up from 15; \$11.2 billion for federal government that has been wasted; 2.9 million spent on Chinese refugees when they came to BC (British Columbia); 2.5 billion spent on the Kosovo refugees at 35,000 a refugee; \$25,000 per bomb, to bomb their county in the meantime; 600,000 to build a dairy farm in Algeria; a million dollars to Ireland for the Catholic and Protestant church problems; \$50 million in African aid program; not to mention \$550 million severance package for 1,100 coal miners in Nova Scotia.

Where is the federal priorities? It's obvious agriculture isn't one of them. Chrétien is substituting the ag crisis with the Quebec separation issue to avoid the real problem. He's also telling us that \$2 billion in foreign aid is not enough. And mind you, nothing said about our ag industry.

I have a question for the MLAs and committee of the legislature. Do you know of any farmer in Saskatchewan who has cleared a hundred thousand dollars growing only 420 acres of wheat? Jean Demaure and his brother from Erlon, France have, and you can catch the rest of the story in the November 11 edition of *The Western Producer* on page 3, 17, and 20.

ProWest's long-term solutions are: removal of hidden taxes from farm fuels, oils, parts, machinery, chemicals, and fertilizer estimated to be at 49 per cent; reinstatement of the permanent cover crop, regrass program for marginal land; a first-time farmer's program; reinstatement of the two-price wheat system, \$10 a bushel for the first 10,000 bushels; provide an income adjustment program or crop reproduction top-up for farmers of western Canada for every year that the European and Americans have their subsidies in place; revamp the crop insurance program to a guaranteed income rather than a guaranteed production. We have people within our organization drafting this program already.

On the provincial side, we are still waiting for a meeting with Ag minister, Dwain Lingenfelter, Terry Scott, and chairman of ACS to discuss the ag crisis in relationship to the six-year land lease system.

Speaking on that system, we, the ProWest Rally Group, would invite the provincial government to investigate this problem and look at placing an extension on this program till the economic picture brightens.

Last point is, after consultation with different groups, would it be possible to design and place a moratorium on this farm debt?

Now in the Yorkton meeting last night we had a resolution from the people there. And it basically says this. The people are mad and they're not going to . . . The farmers are mad and they're

not going to take it any more. They've been kicked, raped, punched, and pillaged by governments and corporations alike.

Mr. Premier, Mr. Chairman of the committee, the farmers of Saskatchewan want you, your government, and lobby committee to get on the bandwagon immediately, proceed with a lawsuit against the federal government using the right-to-farm legislation and the distinct society clause under the Charter of Rights and Freedoms in regards to the discrimination against the farmers of western Canada during this time of agriculture crisis.

They also posed two questions for me to address the legislature and the committee. Do you want the farmers of this province to roll over and die and let corporate farms be the order in this province, or do you want them to be in a state of desperation and fight for their rights, freedoms, and economic reward, taking whatever measures possible to achieve their goals?

The second question is, are we the only industry in this province and country who takes all the risks and do not receive enough income to be above the minimum wage?

Thank you. I entertain questions now.

The Chair: — Thank you very much. Questions from committee members?

Mr. Weekes: — Thank you, Mr. Chairman. I'd just like to thank you and congratulate you on your input in the ag crisis debate. I'd just like you to elaborate on your proposal — first-time farmers program.

Mr. Mastrachuk: — Basically it was a program that actually I think Sharon Nicholson and a couple of the other group members had been working on.

A Member: — Can you elaborate?

Mr. Willick: — I don't have any more details, sorry.

Mr. Mastrachuk: — But it was in our guidelines, in the goals of our organization.

The Chair: — If you can provide it for the committee, if you've got some report that Sharon has been working on . . .

Mr. Mastrachuk: — Yes, we sure will.

Mr. Wartman: — I wanted to thank you for the work that you've put into this and, I think, for the conscientizing that you've done in the province by the rallies, by the work that's gone into that. A lot of people in the urban centres don't hear the stories. You've told them, and though there is sometimes disagreements around the figures, it's vital that we hear the perspective. And so thank you for that, and we will do what we are able.

Mr. Mastrachuk: — You're welcome.

The Chair: — Thank you very much, fellows, and best of luck to you.

Our next organization to present is the Saskatchewan Urban Municipalities Association represented by Councillor Mike Badham.

Mr. Badham: — Mr. Chairman, members of the committee, Members of the Legislative Assembly, the Saskatchewan Urban Municipalities Association welcomes this opportunity to participate in this emergency debate at the Legislative Assembly which is focused on the farm income crisis.

Our association, SUMA, represents some 500 cities, towns, villages, and northern municipalities throughout Saskatchewan, and on behalf of these communities, SUMA is proud to be a part of the coalition of the farm and government leaders who are standing together to try to fashion a sustainable solution to the current crisis.

I was part of that in Ottawa and I was proud to see — and made the comment in front of a number of ministers — to see the individuals who were present there, representing all political parties in the province and a number of the agricultural groups that you've been hearing today. And they were there united. I indicated to those ministers that back home in Saskatchewan the only time you would see a group of people together like that is usually for a ceremonial or a social function.

But I was pleased to be part of the group that were there, united in their resolve to face a common problem within this province. My comments this evening are going to be rather brief but in no way does that diminish the magnitude of the issue that faces those of us that live in this province.

We in urban centres, both large and small, may not experience the farm income crisis as directly as most farm families. But the impacts do come to town in many different ways. In the previous delegation, I heard them review some of those ways.

While agricultural production itself has become less labour-intensive, many of the people in our communities still depend on farming for a living, including machinery and parts dealers, chemical and fuel suppliers, grain merchants and freight haulers, and the growing group of value-added processors.

I did not come here this evening to add more numbers to the bins that are already overflowing with statistics. In fact, agriculture and related service and processing industries are so interwoven within the Saskatchewan economy that researchers tell us the total impact is very difficult to estimate.

There can be no doubt, however, that losing many of our farm families to bankruptcy would truly tear holes in the economic and social fabric of this province and in the fabric of national principles based on mutual aid in times of crisis.

While there are no easy solutions to fixing the farm income crisis, there is much that needs to be done. In a good year, half of our international exports in Saskatchewan come from the agricultural industry. But having another good year may be impossible without changes in international agreements on farm subsidies.

(2030)

Last week in Ottawa, at a meeting of the board of directors of the Federation of Canadian Municipalities, I introduced a motion on behalf of the Prairie, Northwest Territories and Nunavut regional committee that was unanimously supported by municipal leaders from across the country. And I emphasize unanimously supported — from small communities to large communities across this country, all territories and all provinces. And this FCM (Federation of Canadian Municipalities) resolution urges, and I quote from it:

... the federal government to take an immediate action to resolve the farm crisis (so as) to encourage a level international playing field by the implementation of (the) trade equalization payment and, in the long term, (to) negotiate the elimination of foreign agricultural subsidies.

And as I said, unanimous.

These are essentially the same principles and proposals supported by our Saskatchewan coalition on the earlier trip to Ottawa at the end of October.

Well, given the apparent lack of success in the World Trade Organization meetings last week in Seattle, it will take some time to level the international subsidy field. So in the meantime, SUMA will continue to be part of the coalition's efforts to gain more direct farm aid from the federal government.

To this end, I restated SUMA's support in a public hearing November 24, before the House of Commons finance committee held in Regina. On behalf of SUMA, we asked them to ... I had asked them to admit to the immediacy and the magnitude of the problem of the farm income crisis as they concluded their pre-budget consultations.

I can also point out that following our board of directors meeting of SUMA two weekends ago, our board put forward a sample resolution to municipal councils across the province. It was based on the petition that many have seen that the coalition has been putting forward, and we redid that in the form of a resolution and we've asked our urban councils to set this on their agendas for council meetings. We did this only a few days ago and we already have a response which is positive to that request for support by our organization.

Well, in closing, urban governments know very well there are other expenditure needs. Just as modern farmers depend on expensive equipment and other new technology, our urban communities are built on a foundation of essential infrastructure that's required to sustain economic and social development.

And although we need to renew the urban infrastructure in this province, with cost-shared expenditures — and I'll say it — of more than \$200 million a year right now — our emphasis — we recognize that it's time to also attend to our rural roots to ensure an healthy economy in this province. Thank you.

The Chair: — Thank you very much.

Some Hon. Members: Hear, hear!

The Chair: — I just want to say, on behalf of the committee, Mr. Badham, we very much appreciate the concern expressed

from urban Saskatchewan but in many ways — and in some ways at this point even more importantly — the work you're doing in other parts of Canada. Because I think it's true that if we're going to get a resolve of this issue, other Canadians have to be made more aware. So thank you very much.

Committee member questions?

Mr. Boyd: — Thank you, Mr. Chairman. Mr. Badham, I had a more along the lines of a philosophical-type question to you that perhaps you could help us with. We hear — and this is no way a reflection of your position or your association's position — but too often I think farm groups and farmers themselves hear from people in urban Saskatchewan that, well if they can't make it, maybe we just have to let them go. And I know that doesn't reflect your position. And it's difficult and perhaps you could give the committee some advice on how we can address that type of argument better than perhaps we have to this point. I'll use a bit of an example, and it's a very hypothetical example, but suppose we were looking at two car dealerships in Regina and one of them . . . the two of them had always competed on a level playing field and all of a sudden one of the manufacturers decided that they were going to reduce their costs to their dealer, to their particular dealer here in Regina by about 40 per cent. How long do you think it would take before that dealer was able to drive the other dealer out of business?

Mr. Badham: — Well I think it's an obvious question, and that kind of a subsidy is what we're talking about and that's what I think that urban people will understand. I'm not a farmer, never have been a farmer, and I do not intend to become an agricultural producer in the province, quite frankly.

But in saying that, people who are not involved in agriculture can look at, when we hear about subsidy, and the example that you used of a car dealer. But the subsidies that we know of that the American producers are receiving, those from the European Union, you put that together and say our people who are involved in agriculture, they do not receive compensation for the product that they're producing. We're not talking about . . . and I don't even enter into this when it talks about grasshoppers or it doesn't rain or it hails or it freezes or whatever.

The issue that I bring forward and I share with my urban colleagues is the results. It's not there. Hence, that's the issue that we are presenting on behalf of urban governments. Nothing to do with production because I cannot speak on that. But I can speak on what is considered to be fair and what is considered to be equitable. And we are, as I say, making that point with other municipalities across the country who haven't got an involvement at all in an agricultural economy. I mean people from Toronto said, yes. They voted with us because it made sense to them that people in this country should be on a level playing field when they're competing with other countries on this continent or worldwide.

Mr. Boyd: — And I think that's obviously the concern that agricultural producers have here in Saskatchewan, is that we're having difficulty, I believe, reaching our urban counterparts, our urban neighbours with respect to this whole argument. I feel disappointed, very much so, when I read editorials in the local newspaper suggesting that maybe this tough love message is the right kind of message. It's extremely disheartening in the

farming community to read those kinds of things when there is a clear lack of understanding with respect to the situation.

If they were in the media, and I'm disappointed frankly to see that there aren't media people here this evening, I hope they're back in their offices listening to the discussion here tonight. If they were faced with a similar type of fashion, if the local newspaper here was faced with a competitor coming in subsidized to the tune of 40 per cent, I suspect they'd be down at our doorsteps talking to us about it. But we don't hear much from them with respect to this, other than the very narrow view that if they lose their job tomorrow, there's no one there to pick up their job . . . or lose their business tomorrow, there's no one there to pick it up.

But the fact remains that . . . the inescapable fact is that they are not competing on an unlevel playing field. Agriculture is. And that's why I'm, you know, that's why I'm certainly seeking your advice on how we can better make our point with urban folks.

Mr. Badham: — Well, I think that even this debate that's being held, Mr. Chairman, today, I think, will also emphasize that. As I say, our position again, if the table was level, then everyone can compete on that basis and if it is level and you don't compete and you don't make out well then that's a different issue.

But let's start from that competition, and so I know that we, as I did indicate in my comments, as an organization of urban municipalities have advanced our position on this and asked members of councils to review and to debate this and find out more information themselves so that they can lend their community's support to the efforts that we . . . results that we seek.

Mr. Wartman: — Mike, I know that you've done a lot of discussion with the other municipalities. I've encountered a few business people around the city here who are talking about how the agricultural crisis is already affecting them significantly. A friend who runs a leisure equipment business says something like a 30 per cent drop in his sales already. I'm wondering if you've heard much more of that kind of thing as you've travelled around through the urban gatherings?

Mr. Badham: — I have, Mr. Wartman. As a matter of fact at our board meeting of SUMA where we have people, I've indicated, from towns, villages and cities. And they're hearing about it. One of our directors happens to be a person who runs a general store in a community. He said his business is down. The only thing he seems to be selling are some staples but he isn't selling extra things. He's saying that people are doing everything in their power to try and save a nickel. That even means going to other communities where they think they can get a better deal. It's really happening across the province that there are economic concerns.

But it's not just the economic whole. I think, as you're well aware, the social concerns that are there . . . and I know there have been groups here speaking about that, how families are trying to cope, the stresses that are on them and the social stresses that are there. And that doesn't make for a good community. In fact I would think . . . I read not too long ago

that, you know, charitable donations in this province seem to be down. I'm not an economist in this area, and I don't know if the research has taken place, but if I had to bet a nickel, it's likely that there's fewer expendable dollars. And that's not just with farmers, but it's with everyone because it's an interrelated economy in this province.

Mr. Bjornerud: — Just a short comment, Mr. Chairman. My question is very much like Mr. Wartman's. Christmas, Mike, is usually the best time of year for many businesses, and I imagine the city of Regina is no different. Are we getting any indication yet that . . . are Christmas sales down from what they've been in previous years?

Mr. Badham: — Mr. Bjornerud, I can't say with any degree of certainty on that. I do know that another member of our coalition will be appearing shortly, and he represents the chamber of commerce who is directly involved in business. And he might be able to provide you with some of those details.

Mine is . . . my response is more anecdotal. And, as I say, I'm sure that there are details as people begin to approach that Christmas season.

The Chair: — Well thank you very much, Mr. Badham. And we very, very much appreciate your comments and support.

Some Hon. Members: Hear, hear!

The Chair: — Our next presenter, on behalf of the Saskatchewan Chamber of Commerce, Mr. Larry Hiles.

Mr. Hiles: — Mr. Chairman, fellow committee members, members of the Assembly, good evening. My name is Larry Hiles; I'm a director of the Saskatchewan Chamber of Commerce and co-chair of its economic development committee. It is an honour and a privilege to be invited to the legislature and to have this opportunity to speak to you about the farm income situation on behalf of the Saskatchewan Chamber of Commerce. It is my intention to speak to you for a few moments and then I will welcome your questions.

The Saskatchewan Chamber of Commerce represents thousands of Saskatchewan businesses. Our members know that farm income shortfalls impact farm families in an immediate and direct way. This impact does not stop at the farm gate either. The hurt quickly spreads to those businesses directly reliant on farming. From there it spreads to their suppliers and on it goes. As a result, rural economies suffer. However, the truth is that the entire provincial economy and the national economy are impacted by the economic activity within the agricultural sector of Saskatchewan because this province continues to be very reliant on exports of our primary agriculture products. Agriculture still accounts for 46 per cent of Saskatchewan's total exports and 10 per cent of the provincial gross domestic product. Saskatchewan's agricultural products represent 38 per cent of the national agricultural export total.

Is agriculture still important to Saskatchewan as we approach the millennium? Yes, it is. Is there a crisis in agriculture? Yes, we believe there is. Saskatchewan farm families are facing back-to-back years of poor incomes as a result of low prices for many of their crops such as cereal grains. We are concerned

about the short-term ability of the farms affected to survive.

(2045)

Is the scope of this problem fully understood? We don't think so. While it has been widely reported that net farm income will drop drastically in 1999, not all farmers are in dire straits. As an example, our inquiries indicate that at this time there are very few farm foreclosures occurring. Also, contrary to what one would expect, we hear reports of land selling for as much as 29 times the municipal assessment which is well over double what it might have been considered to be worth just a few years ago. In fact, the Farm Credit Corporation farmland values report indicates that in 1999 land values have held steady in Saskatchewan after five consecutive years of increases.

These points serve to illustrate that while some farmers are facing severe financial difficulties, others appear to be coping quite well. This leads one to question what factors led to this situation. We suggest some of the major ones are: the impact of high European and US subsidies on export grains at a time when Canada has drastically reduced similar subsidies; the continuing devaluation of the purchasing power of wheat, a trend that has been ongoing for more than 100 years, long before Saskatchewan was a province; the failure to respond adequately to structural changes in agriculture such as fully weighted transportation costs; the limitations placed on the marketing options available to producers; the changes in the status of our major grain purchasing customers from importers to exporters; and finally, the dramatic increases in both the cost and size of farm equipment, requiring higher levels of investment in a traditionally low-return industry.

Currently Saskatchewan produces only about 3 per cent of global wheat production because in the last few decades, wheat production in China, India, and other countries has grown dramatically. Fundamental changes are occurring in the marketplace. There are new customers, new competitors, new crops, and new marketing methods. How individual farmers have responded to these developments has in large part determined their viability today. We suggest there is a strong relationship between the level of fiscal management, crop diversification, value-added enterprise, marketing practices, and a farm's viability. And for these reasons, we must also look to the future. We must look beyond the provision of short-term financial aid and begin the process of rebuilding our industry in earnest. We must provide a framework for farmers to work within to ready themselves for tomorrow.

Many Saskatchewan farmers have demonstrated that they are innovative and prepared to look for solutions. Continued diversification and value-added innovations must be encouraged. Marketing and transportation systems must be improved. Support programs must be developed for farmers who wish to restructure their operations. And finally, support programs should be developed for those who find it necessary to leave the industry.

Of course, the changes in store for the farm community will not happen in isolation. The status quo is not an option for the agribusiness community either. Nor is financial support likely for businesses supporting agriculture. This is just another reason why we need to deal with the agricultural situation now to

protect our rural economy for the future. Can we save all existing producers? Probably not. Can we put in place plans to give farmers every possible opportunity to succeed in the years ahead? Yes, we can. To that end, our energies must focus on the development of proactive, long-term plans — plans that are designed to give every family that wants to find a way to improve the viability of their farm the support necessary to turn around their situation. Plans that will ensure farmers can respond to market indicators now and in the future.

And to help us get to this future, we must address the financial crisis that exists today in a fair and equitable manner. And we recognize the need for some immediate financial support during this difficult transition period. We support short-term aid to offset the impact of foreign grain subsidies, not support for business risks that should have been insured against and not support for poor management but support for income lost as a result of the international subsidy war that exists. That support should be targeted to all farmers that have had their incomes reduced by virtue of the fact that they have been forced to compete with the US and European treasuries.

We believe that responsibility for this support rests with the federal treasury. In summary, we believe it's the future we must look to — one for which long-term plans and support programs need to be developed now, one built on a framework that will help us avoid another reoccurrence of today's situation, and one which will provide farmers with the tools to both cope with the transition and prepare for a new and improved future.

Thank you for your attention, and I now open up the floor for questions.

Some Hon. Members: Hear, hear!

Mr. Boyd: — Thank you, Mr. Chair. Mr. Hiles, I'm interested in your comments surrounding the discussion about the farmland values, and I'm . . . if you have someone out there that's offering land prices of 29 times assessment for farmland, I'm pretty sure I can find you a lot of land. I'd like to know where you might have heard something along that lines. I frankly don't . . . I just don't believe it. A figure of that level has to be challenged, and I'd be interested to know whether that is farmers buying more farmland, or is it people with significant off-farm income looking at purchasing an acreage or something along that line which wouldn't be considered anywhere even close to a farming operation?

Mr. Hiles: — My understanding was a transaction that was the purchase back of some land that was held by Farm Credit Corporation.

Mr. Boyd: — Well we'll be endeavouring to find that out, Mr. Chair, and I hope that with your help, we can find that information out because most of the transactions . . . we had a meeting with FCC here just a couple of weeks ago, and they were indicating to us that most of their land sales fell within the range of about 6 to 12 — I believe it was — times assessment. So anywhere 2 times plus that would be a great surprise, I think. FCC, if they got that kind of money, somebody got beat bad in the whole transaction, but thank you for your comments.

Mr. Bjornerud: — Just a quick question that I asked Mr.

Badham, but probably you're the one that would know better; you represent communities all across. Are the Christmas sales . . . or is it too early to show right now? Is the hurt that's happening on the family farm really starting to show through in the urban centres now?

Mr. Hiles: — One of the things that we do at our chamber meetings every time we meet is we have a discussion around the table as to how we see business occurring at the current time, and this is sort of a cross section of the entire industry in Saskatchewan. Over the course of the last eight months, we've been hearing more and more indications that those that were close to the farm, we're hearing a more difficult time with sales. A lot of this is not directly related to retail. But in general the closer they were to the farm, the tougher they were finding it as the year went along. Thank you.

The Chair: — Thank you very much Mr. Hiles.

Some Hon. Members: Hear, hear!

The Chair: — The next presenter will be the official opposition Agricultural committee member Allan Kerpan.

Mr. Kerpan: — Mr. Chairman, now first of all I'd like to bring greetings from our House to your House, and I would also like to congratulate each and every one of you on your recent elections, and I wish you all the best for this new session.

I feel somewhat different here tonight because normally it would be my job to sit on your side of the Table, so I'm coming to you from a different perspective tonight and one that I hope will do some good for a lot of people here in this province.

I also want to extend my congratulations to this House for this unprecedented procedure here on the floor of the legislature. I am deeply grateful to you for allowing me to be here to take part in this exercise of democracy. Tomorrow I'll be back — as I said, I'm a little bit used to being on your side of the Table — I will be back on the other side tomorrow when the standing committee, the federal Standing Committee on Agriculture will meet here in Regina tomorrow morning at 8:30 at the Hotel Saskatchewan. And I've been advertising it a little bit and perhaps I could use this opportunity to do that again so that farmers and interested groups could at least be aware of that if not being allowed to take part.

I've thought long and hard about what I wanted to say here today. And after being a Member of Parliament for six years I found it becomes somewhat easier to speak in the House. And if all else fails, one can always stand up and rail against the government of the day, but today I think it's different. I believe that this is not a debate about governments and opposition. It's not about political parties, and it's not about personalities. It's about people. This debate is about your families and my families.

Since I have been in this business, I've found that the only way that works for me is to tell it like it is, and let the chips fall where they may. Well from time to time that's gotten me into some sort of trouble, but when I stop saying what I truly believe, then I think it's time for me to get out of this business.

Tonight actually, in the House of Commons, there are 492 votes taking place on the Nisga'a Agreement. Now that's a fairly important piece of legislation at the federal level, certainly of great concern to people in British Columbia. I phoned our whip yesterday morning and asked him what he wanted me to do, whether he wanted me to come back for those votes or to be here tonight. And he told me he thought this was Saskatchewan's Nisga'a. This was the problem and the great concern that we have in this province, and he told me that I had better stay here and become part of this, and so I'm thankful to him as well for being allowed to do that.

I didn't come here today to ask or demand or to tell this House what to do. I don't have the right or the privilege to do that; that's your job. You people are empowered by the people of this province to make those decisions. I think the first question though that needs to be answered is really whose responsibility is this issue. I don't think there is any argument or little argument that this crisis is largely a result of distorted trade practices in other countries. Certainly other problems exist — high input costs, transportation, and federal government regulations are factors — but I think the bottom line is that this issue is largely federal responsibility, and the federal government simply has not accepted that responsibility or taken any leadership at all on the agriculture issue.

Over a year ago, our party, the federal Progressive Conservatives, and the federal New Democrats started to raise this issue. We all saw some disaster in the making and tried to push the government into realizing that there indeed was going to be a problem. Since then, and still I believe to this day, I believe that the federal government is in some level of denial. And perhaps the best example I can give is the recent trip to Ottawa by the Premier's delegation. I really felt that the entire group did an excellent job of planning and of execution of that campaign. I have to say I was dismayed and embarrassed as a Member of Parliament at the lack of concern and the short shrift that the Prime Minister showed our Premier. I have to say also that a couple of times since I've been elected I have been ashamed to be a Member of Parliament, and that particular day was one of those.

But I want to focus here today on two subjects: people, and where I believe some of the solutions to this problem lie. First of all, the official opposition has recently undertaken a round of 60 town hall meetings, largely in Saskatchewan and Manitoba. And we initiated these for a number of reasons. We saw the need to be out amongst our people, to show them that we care and that we wanted to hear them. We also wanted to lend support to what you people have been doing and saying. And finally, we felt that we could be part of a larger group to continue to raise this issue and to derive our collective message to the Prime Minister.

Last week we started the ASAP meetings, they stand for Action for Struggling Agriculture Producers in the southeast part of Saskatchewan. What we found is that every negative adjective that one can think of is applicable to farmers who attended those meetings — frustration, anger, desperation, and helplessness all apply here.

We heard talk of separation that was so strong, frankly I was quite shocked. I believe that many farmers are desperately

looking for the faintest glimmer of hope and to date they are in the dark depths of despair.

I think that the entire farm industry, as we know it today, is teetering — virtually teetering — on the brink of collapse. And for many it may already be too late.

And it's not just the farm families who will leave their farms that are of concern to me. There is another group. There are those who are not in any immediate danger of bankruptcy. But there's a group who is burning up their equity to make ends meet. They also are of great concern to me. Many have told me that they are tired of waiting for next year to come. They don't want to fight anymore and would leave the farm if any opportunity presented itself. Sadly there are not many opportunities out there.

(2100)

Then there are the families — the spouses and the children. Of course the root cause of this issue here is financial but the symptoms are horrifying. Family violence, abuse, divorce, and suicides are the stark reminders of hope lost.

Imagine if you will, or think about this, sitting across the tables of farm families and looking into their eyes seeing broken spirits and broken dreams. Let them tell you through tears about how they can't afford to license their vehicles or pay their living expenses let alone their farm bills. Listen to their children who are terrified because mom and dad are fighting about something they simply don't understand.

In this season of Christmas children and their families should be filled with hope and joy, yet our families are filled with fear and the agony of defeat. What about the children? Yes, what about the children?

Maybe some of you have already had this experience, maybe all of you have. Well I have and it's heartbreaking. You could also talk about the devastating impact on rural Saskatchewan, on schools, on hospitals, on the very fabric of our social network here in this province that we have all come to love. And so I believe it's up to us, as political leaders both federally and provincially, to stop the suffering.

There are two problems here, as I see it, the short-term fix and the long-term solution. Obviously we must work together to stop the bleeding immediately and to get our people through the next few months. I support, and anything I can do to help push for immediate, short-term compensation from the federal government, I will do. If it were in my power, I would write the cheque today, obviously. However, as those of us in politics realize, that's often easier said than done. But meanwhile we must work towards a longer term solution, I believe, so that we are not beholden to Ottawa every few years. If any federal government, now or in the future, abdicates its responsibility, then we must look to some made-at-home decisions and resolutions.

Listening to the witnesses before this House today, there was talk about cost of production insurance, a GRIP-like program, a third safety net. People talked about lowering input costs. People talked about value-added industries. Those are all

possible solutions and I believe it's incumbent upon all of us as elected representatives to look for solutions wherever they may be. And by working together, maybe we can find ways to put Saskatchewan first. Maybe there are things we can do here that will make us less dependent on a distant government and make our province more self-sufficient.

On a personal level, I want to offer my help and support. I'm quite prepared to work with you and anyone else for the better good of our people here in Saskatchewan. To do that and to that end, yesterday I sent a letter to the Prime Minister, to the Speaker of the House of Commons, and to all House leaders of all the federal parties. In that letter I requested that the Premier of Saskatchewan and the Leader of the Opposition here in this province be immediately invited to Ottawa to come before Parliament assembled in a like manner of today's procedure. I have asked that our province be given the full opportunity to make presentation to all 301 members. I'm hopeful that, with your support and your help and perhaps that of the media, that this might actually take place.

And finally, I want to again most humbly thank you for your time and this opportunity to come together, not as politicians but as colleagues. Your action today is to be praised and it will not go unnoticed. Thank you.

Some Hon. Members: Hear, hear!

The Chair: — Thank you very much, Mr. Kerpan, and before we have questions maybe I could just say thank you to you and the other opposition leaders and parties. While we were in Ottawa, we had a I think a very good meeting with your leader and your caucus as well as other opposition leaders, and I just wanted to thank you for that before we move on to questions.

Hon. Mr. Serby: — Thank you, Mr. Kerpan, for your comments. I want to address four issues that are important for me to understand.

First, I'm interested in what the official opposition's position is as it relates to the \$1 billion request that we as the coalition have asked. And what you would view as being the appropriate method of payout to producers in Saskatchewan?

Mr. Kerpan: — I initially thought I should make my speech 20 minutes long so no one would have the opportunity to ask me any questions, but I spoke too quick. Good questions.

Actually our policy has been, for some time now, that we would . . . the federal government we feel should be responsible for compensation — call it what you want — for problems that are born out of distorted trade on the world level. Of course, that's what we see here today; they have been since 1992. That has been our policy, and we are continuing to support that policy. And keep in mind though, I believe strongly . . . even if that were not my party's policy . . . I truly believe in representing my people first, and I know that that's what has to happen here in Saskatchewan. But as a party and as a member, I'm quite comfortable with what we've been saying about that.

Your second question, sir? I'm sorry, I forgot.

Hon. Mr. Serby: — The second question. Well, first I'm not

sure I have my first question answered because I was asking whether or not your party supported the coalition's request for a billion dollars. I'm not sure that I heard you say that.

Mr. Kerpan: — Again, yes.

Hon. Mr. Serby: — My second question to that would be, how would your party or the official opposition suggest that this be paid out?

Mr. Kerpan: — Many of us in Ottawa, from our party and others, believe that perhaps that money should not be ear tagged by the federal government to be divvied out or handed out or anything else. We think that perhaps that should come right to the provincial government and be part of the responsibility of this particular Chamber. We think that . . . we believe in many areas that the closest you are to the people, the more adequate job you can do to look after their basic needs. And this again is one of them where we think that you people here in this House certainly know far better than a federal bureaucrat how that would best be done.

Hon. Mr. Serby: — I just have a couple more questions, if I might. Would you suggest then that this payout would be made through the existing programs? Or would your thought be that it would be paid out in a different fashion? Would it be paid out through a NISA account or AIDA or how would . . .

Mr. Kerpan: — Well we . . . obviously if you're going to look for a billion dollars — and I think you're right, I think those numbers are pretty close — I think that has to be new money, money that's not now in any particular program. Obviously it's been said many, many times here today that the AIDA program has failed. Almost everybody would admit to that at this point in time.

Let me tell you that we're talking about huge surpluses in Ottawa for the next few years. We're talking about as high as \$90 billion. Even if that were not the truth I think that a group of us could find a billion dollars by tomorrow at lunch time without causing any hurt to any taxpayers or any programs in this country. We can do that in a New York second if somebody had the will to do it.

Hon. Mr. Serby: — I just have a few more questions. One is, I'm interested in your comment about a made-at-home solution to address some of the farm issues that are here before us. Is it your view then that we would see a larger participation of a provincial treasury in providing supports for farm programming? What is your view on this? What do you mean by a made-at-home solution?

Mr. Kerpan: — As I mentioned, I think that we're seeing an abdication of responsibility on this issue from our current federal government. I could talk about a lot of other issues that may say the same things, but we're certainly speaking about agriculture tonight. And I think that if we're going to see our province and others be shunned by this federal government, that we are going to have to try to make some solutions right within our province. And some of those things, I think, can and will be done. Some of those things have been talked about today at length.

I'd be happy to sit down and speak with anybody about any of those ideas that have come forward today, but some sort of insurance program that the Government of Saskatchewan could put forward would be a great start, and others. Lowering of input costs at all levels is another way. While it will not completely cure this problem, it would certainly help.

Hon. Mr. Serby: — Finally then, I've had the experience with my colleague next to me, Dr. Melenchuk, and some of our members across the way, at a couple of the tax revolt meetings that have been held across the province. And you alluded to the point that there's a great deal of discord today, particularly at some of those meetings where people talk about leaving this great country of Canada, and forming different regions of the country and establishing their own identity. And I'm wondering where your party sits on this particular approach today that is being demonstrated across the country?

Mr. Kerpan: — I think what you're seeing are people who are in very desperate times, looking at very desperate measures. I certainly, and our party certainly in no way purports the idea of any type of separation. We never have and we never will as far as I'm concerned. You have to know where these people are coming from. They have no hope and therefore they are willing to look at, to talk about, to think about, perhaps to do anything that might save them.

Mr. Boyd: — Thank you, Mr. Chairman. We certainly thank you for your comments here this evening and also thank your party for their support in Ottawa when the delegation was down there.

We also are interested in your thoughts with respect to some of the comments and questions of Mr. Serby with respect to payments and all of those kinds of things. And I think, as a farmer myself and I know you're a farmer as well, I think the last thing that we look for is a cheque in the mail or, you know, all of these types of programs.

And I just want to give you one opportunity to maybe touch on that a little bit further. The importance of, you know, growing a good crop and having . . . watching a new calf being born and all of those kinds of things that are near and dear to the farmers' hearts, and cattleman and hog producers' hearts in Saskatchewan, and reiterate your position of support for agriculture here in Saskatchewan.

Mr. Kerpan: — As I said before, we've talked for some time about compensation for a distorted world trade scene. Of course that's what we have at this point in time today. You're right. I don't believe there's a farmer in this province or any other province who wants to go to the mailbox to try to pay his or her bills.

The bottom line though is — and I said this during my remarks as well — that I believe this industry is teetering on the brink of disaster. And if we are going to try to save it as we know it, then there is nothing short of a billion dollars will do any good. And in the meantime, the greater solution lies in the long-term fixes.

Do we have all the answers to those? No, of course we don't have all the answers to those. But it's incumbent, it's imperative

that we try to get these people through till next spring and to next fall. I guess I'm always an optimist and that's why I'm a farmer. It's next year country for me, but it's important, it's critical that we get them through to next year on the short term.

The Chair: — Thank you very much, Mr. Kerpan, and we'll look forward to seeing you tomorrow morning.

Some Hon. Members: Hear, hear!

The Chair: — Our next presenter is the representative of the Saskatchewan School Trustees Association, Mr. Gary Shaddock. Welcome, Gary.

Mr. Shaddock: — Mr. Chair, Mr. Premier, MLAs, ladies and gentlemen. My name is Gary Shaddock. I'm president of the Saskatchewan School Trustees Association and I would like to thank you very much for this opportunity to speak before you tonight.

You may ask why the Saskatchewan school trustees is involved in this agricultural debate. We plan to bring a perspective of how the agricultural crisis is impacting the children of Saskatchewan. Children are our most precious resource and are our future. When society suffers any hardship or crisis, it is children who are hardest hit.

(2115)

Over the next few minutes I would like to talk about the following items: the difficulty of continuing to provide a quality education in rural Saskatchewan; the impact of poverty on children's ability to learn; and our ability to properly fund education coupled with the deterioration of farm cash flow which has led to recent growth of tax revolt meetings.

First, quality of education. With a drop in school enrolment in rural Saskatchewan, it's becoming increasingly difficult to continue to provide a quality education for our children. In some areas the sparse population distance between schools does not allow for any more efficiencies. As an example, in my home school division of Shaunavon School Division, our high schools presently are 50 miles apart and we have no more room to find efficiencies with that end. The declining enrolment is a direct result of people leaving the farm.

As well, young people are choosing not to take over the family farm which, unfortunately, most parents agree with. As an example, I am a third generation farmer and my two children have decided not to include farming as their career choice.

The rural school enrolment in the province declined by 11 per cent for the period 1990 to '98. For the year 1999, the rural enrolment declined 3 per cent, which indicates a trend is increasing. Based on forecasted trends we do not see this slowing down. In fact it may increase as more families lose hope.

The federal government seems to have lost touch with sparsity of population and distances involved in rural Canada. As an example, the recent decision from the CRTC (Canadian Radio-television and Telecommunications Commission) with respect to the universal service fund. With deregulation of

telecommunications, the cost of providing telephone service in rural Saskatchewan could skyrocket. This could have a huge impact on schools with a need for Internet access. Ultimately this will have a devastating impact on the ability of school divisions to provide an equal and quality education in rural Saskatchewan.

The second issue — poverty. The poverty crisis is putting more children into poverty. Unfortunately poverty affects children the hardest, and at present one in five children in Saskatchewan are to be considered to be living in poverty. We presently see children coming to school hungry. It has been proven that when children are hungry, they have difficulty learning. As well, with the poverty of students, we see a growing number of social problems. Schools are having to hire social workers and specialists to help students cope. And as well, in some cases, these social workers are working with families.

The potential of increased poverty in our rural environment is there, and we must find some way of correcting the problem. One hungry child in poverty is too much.

My third item — respect to tax revolts. Over the past few months we have seen a growth in tax revolt meetings. We see this as a direct result of federal downloading to the province, who in turn does not have sufficient funds to meet the demands. In order to meet the needs of students, boards of education have had to increase reliance on the property tax.

We realize people do not want to negatively affect the education their children receive but with the downturn of the agricultural economy, some ratepayers are unable to pay their property taxes. We see this as a cry for help and a need for more provincial support to help fund our public education system.

In closing, the Saskatchewan School Trustees Association feels it is imperative that the federal government immediately provide an agricultural trade equalization payment of \$1 billion to Saskatchewan farm families to give our children a brighter future. This is about more than numbers and dollars and percentages. It is about what is most important — our children. Students need the best education we can offer them in order to succeed socially and educationally. If we shortchange our children now, we shortchange ourselves in the future. We all want the best for our children. They deserve nothing less.

Thank you for your attention, and I would be pleased to answer any questions at this time.

The Chair: — Thank you, Mr. Shaddock.

Some Hon. Members: Hear, hear!

Mr. Wartman: — I'm not so sure if this is a question, but just a response to some of what you have said there.

I've seen and heard of breakdown in a community that is seriously affecting the life that is there for children. When we were in Ottawa, there were discussions. Some of our members of the coalition talked about how their communities were breaking down. They were unable to put the money into supporting the rinks, which of course we know is recreation programs for children. Curling rinks are one of the primary

gathering places for adults. And one that I was informed of before we went down to Ottawa, from the rural life committee of the church that I'm a part of, it was very clear that farmers were desperate, that farm communities were desperate, and they were no longer able to put the kind of funding into their community life that they have in the past.

And I just wanted to say that with regard to the tax revolts, I think that you're right. I don't think it's that the people don't want to fund education; I think it is that they are desperate and looking for some way, at least, to put food on their tables.

So thank you for drawing that to our attention, and I think we've got a big job in front of us here.

Mr. Shaddock: — Thank you very much.

Hon. Mr. Melenchuk: — I'm just wondering if you could just give a little more background on the CRTC ruling and the impact it will have on rural and remote communities in Saskatchewan.

Mr. Shaddock: — Potentially it could have a huge impact on rural Saskatchewan, and in particular I guess with our area, with the school divisions. If a universal service fund is not established to allow for some sort of cross-subsidization of the telephone industry, in rural and remote areas we're going to be faced with very significantly high basic rates, going anywhere from \$20 a month to \$130 a month. And with the changes in the delivery of education in our schools and more reliance on the Internet, we see huge cost increases there as well.

So it's very important from a school division point of view that some sort of cross-subsidization be found, and preferably through the national universal service fund, so that everybody, regardless of where they're located, has the same opportunity to receive a quality education.

Mr. Boyd: — Thank you, Mr. Chair. I'm interested in your thoughts with regard to what has happened over the last number of years with respect to your funding at your level, at the education level in Saskatchewan, and the hardships that have been placed on you and your ratepayers and your association as a result of that, of that downloading. How would you say it's affected the — and I'm hopeful that it hasn't — but how would you say it has affected the quality of education or the programs that you're able to deliver or the quality of facilities that you are able to provide as educational institutions and schools to our young people here in this province?

Mr. Shaddock: — Thank you. I think foremost, school trustees want to ensure that the children get a quality education. And in light of that, one of the reasons why the property tax share is so much higher, I realize that the provincial government has not been able to keep up with the increasing costs over the past number of years. And in fact, back in 1990, we started a campaign to have the province's share increased.

But I think purposely, trustees decided they're not going to have their children in our schools receive a poorer quality education because of the funding and are taking all the steps they can to try and provide as best they can, knowing full well that we have a big backlog of requirements for our capital projects, and we

have a number of other inflationary and operational costs that are continuing to grow on our school boards.

Mr. Boyd: — As a result of that, we've seen taxes at the municipal level increase significantly to your ratepayers, and I'm sure it is troubling to you and your association.

Mr. Shaddock: — Very much so. And we've said all along, and we've attended a number of the tax revolt meetings, that we fully sympathize and understand the problems with the property tax and feel that there is too much of a load being placed on the property tax, and would like to see the 60/40 reversed as soon as possible so that it would give our ratepayers a bit of a break and have the provincial government take ownership of the education.

Mr. Boyd: — Do your association feel it appropriate to have any tax, in a perfect world, on property?

Mr. Shaddock: — We feel that there should be access to the property tax to fund a portion of the education system, if nothing else to provide some local autonomy and local control of any specialized programs that the communities may wish. And as the Premier said at our convention, if the trustees do not have access to the property tax, they've become a trustee in name only cause they would have no accountability when it comes to the financial operations of the school division.

Mr. Boyd: — Thank you. I'm sure that when I say this, I think that I speak for many farmers out there across Saskatchewan, and I'm sure you would feel the same way, that the downloading has affected them in their pocket — no question about it. And it's a part of the problem that we are faced with here in Saskatchewan today. When we go and pay our land taxes, a significant — in many cases 50 per cent plus — of it goes towards the education system, and it's a large part of an input cost, an overhead cost that farmers are faced with here in Saskatchewan. And I don't think I know of any farmer out there that doesn't want to see the education system funded properly, but they are also of the view that it's not equitable the way it's financed and funded today.

And I also think that if these tax revolt meetings are one way of continuing to highlight the issue and point out that they feel that their treatment is not fair and to continue to . . . in whatever way they can make their point known, and education is certainly one of those areas.

Mr. Shaddock: — As an association, as I said before, we feel that the load is too heavy on all property tax. We totally agree that right now it's difficult for the agricultural community, with the financial cash problem. But also at the same time, as an association . . . we cover all rural and urban representation, and as an association we feel there should be a lowering of the property load across the board, not just on agriculture.

The Chair: — Thank you very much, and good luck.

Some Hon. Members: Hear, hear!

The Chair: — Our next presenter is from the South East Concerned Agriculture Producers, Mr. Tom Cameron.

Mr. Cameron: — Good evening. I'm Tom Cameron, and this is Jack Ryckman, and we're part of a group of farmers from southeast Saskatchewan in the flooded area. And it's important to understand that the flooded area was not just a little corner, but it was west of Radville, towards Yorkton, as far as Regina, and then other pockets around there. So it was a fairly big area.

We began this summer kind of wet and broke, and if I could have somebody that wants to sell the land over there for 29 times the assessment, believe me, he could pick up a lot of land.

(2130)

We're a non-partisan group of concerned farmers from the area and we were very honoured to have three national opposition leaders, Ms. McDonough, Mr. Clark, and Mr. Manning come to the area in July. We had an opportunity to show them the area, to talk about the local disaster and how big the area was, as well as talk to them about farming in general. I think Alexa in particular maybe gained a lot of knowledge about agriculture that she didn't have before. I think Joe and Mr. Manning, from the West, had more basic knowledge.

We talked of the crisis in agriculture, of the low commodity prices at that time. Everyone knows of our flooding disaster. Well over 1 million acres were unseeded — one in 100 years occurrence; not something you could prepare against. Of course, the news media reported that every farmer received \$50 per acre. Reality — many farmers received as little as \$10 per acre, with the area average about 25 to \$27. The money has long since been spent on weed control. Elaine Shein with *The Western Producer* was down doing some stories, taking pictures. I had fields of cattails that were high and dried. I've never seen them before. We had a lot of different things.

Lots of farmers have given back rented land to the owners. They've just told them, we don't need it now, we don't want it next year, and those people are having a hard time finding somebody to rent that land. It'll be the same this coming year. A lot of the land will be left fallow or full of weeds. Twenty-two pound oats, light sunflowers, durum that is nothing but bran, were the '99 harvest rewards. Despite the situation, we know that if commodity prices over the past few years were decent, we could have survived the year.

Even some of the American farmers, who also farmed in our area, gave up and went back home and said they wouldn't be back. They didn't want to use their goodies that they had in the states to subsidize their Canadian farm.

We watched Mr. Vanclief at the WTO in Seattle. It appears the Europeans will continue to place their own farmers as the number one priority. Real relief from unfair export subsidies is years away. What happens to Canadian agriculture in the meantime? I cannot and will not believe that Canadians are willing to see agriculture collapse, or that Canada as a nation would be better off without our industry. The province will lose many farmers this year. We've lost a number in our local area, a lot of young ones. I know of a 55-year-old guy that he's probably not going to be farming next year. He's working as a mechanic, a cat driver now, and it's probably not a career that he wanted to take up at the age of 55.

Most of us would get out if we could. The real exodus may be in the coming year. Young farmers that used to work off the farm for the first four or five years to get established now look around and see their parents and 50-year-old neighbours still having to work off the farm. That's not the future they want.

The so-called quality of life that farming used to provide is no longer there and it has not been there for some years now. Farmers, both young and old, are losing the most important thing for the future — hope.

We need the farm coalition to keep pounding away until we do have some emergency funding in place for the winter. It would give us all some breathing space when we consider our options for the next year. Farmers in our area are forced into counting the federal lottery called AIDA to provide money for next year's seeding and to help survive until the 2000 harvest.

I even understand one of the farm groups locally wants to cancel Christmas. I'm afraid that's already a reality for a lot of areas.

There's never been a greater opportunity for farmers across Canada to develop a long-term, viable safety net system, a system that will encourage diversification and risk taking, one that will provide a solid rural community that is vibrant, stable, growing. Programs that are bankable so that farmers can plan their future. A safety net that does not guarantee wealth but will be there to catch you in a bad year. This may be what young Mr. Doty, a young farmer from Carlyle, needs to make him want to put up his Canadian flag again.

I was fortunate enough to be one of the witnesses at Estevan. That's why we didn't get down here until fairly late. Some of the things that came up at that time; they talked about a set aside program. We talked about that. Something that we could take marginal land, release it into agriculture after it's been out of production for a number of years. But don't dump it into the cattle industry all in one or two years because you'll destroy the cattle industry and we don't need something else destroyed.

We don't think the program can be commodity specific. You can ask any livestock producers; they shy away from anything that's going to bring down a countervail. They just spent I don't know how many million dollars — Mr. Lingenfelter could probably tell you. It's not worth it. It's not worth the hassle and the time. Even if you get your money back, you've lost, so maybe not commodity specific.

What can be done to get the message to the rest of Canada? Dennis Mills, the Liberal backbencher in Ottawa — well not a backbencher but a Liberal Member of Parliament — is trying to put together . . . and I understand he's being quite successful in putting together a farm aid educational rally in the Air Canada Centre in Toronto. It's non-partisan and he welcomes everybody to attend, to have some input, to become part of that. Some of the Liberals are trying to find some ways to help. We shouldn't yell at those people; we should try to help them.

We can't think in terms of wheat any more. Those farmers who are, are going to be forever in trouble. The markets aren't there any longer. At one time all we had to do was make one sale to Canada . . . pardon me, to China, one to Russia, we were set for

the rest of the year. Now those countries not only don't import, they're beginning to export their own grain. They're starting to compete with us. We'll never see the high prices come back I don't think.

The one glaring thing that everybody seems to forget and they give lip service to . . . and I've talked to a lot of people up in the northwest area of the province. Everybody talks about how they've had that and how AIDA isn't fair to them and this and that. But nobody is going to do anything about it. Some of the people I've talked with in Ottawa, in Mr. Vanclief's office and other departments, I've asked them to call some of the people in the Northwest, at least call and listen to them, to their story. And I think that's an important thing to do. You have to show that you care and then do something about it.

I had a whole bunch of other things here but I know I'm an old school teacher and I look around . . . I always look to watch the one student and when I started to see them nod off I gave myself another 20 seconds and then that was it. And I'll rely upon my good local Member of Parliament back there — Dan I seen you sinking down — so I'll quit. Thank you.

The Chair: — Thank you, Tom. Any questions from committee members? Well thank you very much then. I appreciate your time and effort.

Some Hon. Members: Hear, hear!

The Chair: — We now have one last presenter, the Canada West Equipment Dealers Association, Mr. John Schmeiser, but I have not had Mr. Schmeiser report yet. And that being the case, the committee may want to consider a report to be reported back to the Assembly.

Mr. Boyd: — Yes, I would hope that with the committee's agreement, that we could ask for a brief from Mr. Schmeiser or whomever else may want to provide any kind of brief to the Ag Committee and might make it a part of our deliberations here this evening.

The Chair: — Well if the committee could agree to that, that would be certainly acceptable that we leave the door open and actually more than that, encourage other organizations, farm or otherwise, both from the province and other areas, to come forward and present briefs to us and we will accept that as part of our mandate.

Now I just report that we have been working on a report as we've gone along, and the staff are just in the process of putting together basically a compiling of the information that we received today in a brief form. We may just want to for two minutes adjourn or just take a break for two minutes while they prepare it for us, and then the committee can come back together. But I just urge us not to leave. This will only take one or two minutes, okay.

(2145)

We have had distributed the first report of the Standing Committee on Agriculture. I'm not going to read the whole thing but I do want to read just a couple of items. If members would turn to the method of operation.

I want to read:

The committee met, organized, and conducted hearings in the Legislative Chamber on December 7. Your committee is pleased that the Legislative Assembly recognized the importance of its mandate by authorizing the use of the Legislative Assembly for its hearings. This is the first time in the legislative history of the province that a standing committee held public hearings in the Legislative Chamber.

Your committee is also pleased that the Assembly also authorized the use of the Saskatchewan Legislative Network to permit television broadcast of its hearings province-wide. The committee also acknowledges the permission of the Assembly to carry out an audio transmission of its proceedings on the Legislative Assembly web site. This web site audio is the first time any legislative proceedings of any kind have been broadcast by this method.

All of these unprecedented measures serve to demonstrate the province-wide importance of the issue before the committee. It was agreed in order to hear from as many individuals and interested parties as possible, in the short time frame available to the committee, that presentations would be restricted to 20 minutes in length. The committee heard from 28 witnesses who represented 17 provincial groups.

A complete list of witnesses is attached to this report as a table document AG 01. All told, the committee conducted 6 hours of hearings and received 15 written submissions. The committee offers its sincere gratitude to all of the individuals and organizations that made an effort of preparing and providing testimony here today.

We probably should give them a big round of applause for the work they did.

Some Hon. Members: Hear, hear!

The Chair: — The recommendations — and they are very brief and concise — the recommendations say the public hearings held by the Standing Committee on Agriculture underscored the necessity for an immediate relief from the farm income crisis that now confronts western Canadian farmers. The testimony of the witnesses who appeared at the hearings held by the committee demonstrated the urgency for the need of this immediate relief.

Therefore your committee recommends the following:

That the verbatim transcript of the hearings be forwarded to the Prime Minister, the federal Minister of Agriculture, the federal Minister responsible for the Canadian Wheat Board, and all opposition party leaders,

That the Assembly request that the Prime Minister cause the House of Commons to have an emergency debate on this issue, and

That this Assembly strongly urges the Government of

Canada to immediately provide an agricultural trade equalization payment of \$1 billion to Saskatchewan farm families to address the agricultural crisis now facing our farms, our rural communities, our urban communities, and our province.

And once you've had a look at that, if members agree, I would just ask someone to move a motion of acceptance.

Mr. Boyd: — Mr. Chair, I move a motion of acceptance of this report.

The Chair: — Seconded by Mr. Harper. The motion will then read, moved by the member from Kindersley and seconded by the member from Regina Northeast,

That the draft report of the Standing Committee on Agriculture be adopted.

Is there any discussion on the motion? Those in favour? Opposed? That's carried. That being the work of the committee, I move the committee now adjourn.

The committee adjourned at 9:50 p.m.