

Saskatchewan Crop Insurance

The Chair: — I will call the meeting to order. I apologize for my tardiness. There is an awful lot of rain on the highway between Saskatoon and Regina. I am going to assume that this means good news for the crops but, you know, could equally mean we've got a flood on the way too. You can never tell in Saskatchewan.

Anyway, thank you all very much for coming today. We will be considering the '95-96 annual report for Saskatchewan Crop Insurance. And I understand that the minister may have to slip away to deal with other duties, but in that case his officials will still be here and will be able to answer questions — obviously not political questions, but since I think what we're here today to do is to review the annual report we probably won't have questions that the officials are not able to answer.

Mr. Minister, would you please introduce your officials. And while you're at it you might as well make a brief overview statement and then I'll call on representatives from the accounting firms to comment on the annual report.

Hon. Mr. Upshall: — Thank you, Madam Chair. To my right is Murray McLaughlin, deputy minister of Sask Ag and Food; on my left is, immediate left, is Mr. Doug Matthies, general manager, Sask Crop Insurance; and to his left is Carol Eaton, executive manager of finance and administration; and over here we have Cam Swan, the executive manager of field operations.

Okay. Yes I have . . . unfortunately this conflicts with a cabinet meeting that I should be at, but I will stay a bit. If there's any questions that you want to ask me specifically right at the beginning, I would be willing to do that.

In Crop Insurance this is the year that we started the changes that resulted in the modification of the program for 1997 and the general improving of efficiency of the corporation. I think the management has done a very good job at reviewing the corporation, making some significant changes.

As you will know, I have not been answering questions on GRIP (gross revenue insurance program) lawsuits and I will not be making comment on that now either because of the fact that it could prejudice the result of the outcome of the case. So that's about all I will say right now.

The Chair: — Thank you. Before I call on . . . it's Deloitte & Touche, isn't it? No. Oh, KPMG, and I cannot remember what it stands for. The first one's a German name and that's as far as I can get.

Before I do that though, I would like to welcome a new member of the committee to the Crown Corporations Committee. Andy Renaud is taking Jack Langford's place on the committee. And Jack, you will know, did wonderful yeoman's service on this committee, and so we expect, Andy, that you will at least meet his standards if not exceed them.

Hon. Mr. Upshall: — Madam Chair, I neglected to do one

thing that's not normal, but I will introduce one more person because I have a new chief of staff, just so people know who this is sitting back here. Corinne Bernier just joined me yesterday actually and that's who that is back there.

The Chair: — Welcome to you too, Corinne. You'll have an interesting job before you. Probably more interesting than sitting in the legislature. Now . . .

Mr. Wilson: — Thank you, Madam Chair. Good afternoon, ladies and gentlemen. We've audited the March 31, 1996 financial statements of both the Saskatchewan Crop Insurance Corporation and the Crop Reinsurance Fund of Saskatchewan, both of which are contained in the annual report being discussed this afternoon. Our two auditors' reports are contained on pages 19 and 32 respectively of the document.

These auditors' reports state that we've conducted our audit of the balance sheet, statement of operations, and changes in financial positions for each of the two entities as at March 31, '96. And in our opinion, these financial statements present fairly, in all materials respects, the financial position, results and operations, and changes in financial position of these two organizations in accordance with generally accepted accounting principles.

In addition we have also reported to the Provincial Auditor in accordance with the requirements of the Provincial Auditor's Act on the internal control systems and legislative compliance of these two organizations, and didn't have anything to report in either case. Internal control systems were adequate, and in all cases legislative requirements were complied with.

The Chair: — So nothing unusual to note.

Mr. Wilson: — That's correct.

The Chair: — Thank you. And now from the Provincial Auditor's.

Ms. Ferguson: — Thank you, Madam Chair, members, and officials. I'm very pleased to report that we agree with the opinions of KPMG, that they have reached, with respect to both the reinsurance fund and the Crop Insurance Corporation. And I think it's important for the committee to note that there is two sets of financial statements included in the annual report presented before you today.

Our office did agree with the opinions. The only thing that we brought to the attention of the members of the Assembly was that we, as you know, are encouraging organizations to include in their annual reports, comparisons of actual to budget. And if you note, the report before you does not contain such a comparison. I am pleased to say that Crop Insurance is making progress in this area, and its 1997 financial statements will include some of that information. So we're pleased to note the progress that the corporation has made in that area and continues to make in that area.

I'd also like to acknowledge the excellent cooperation that

we've received from management and KPMG in the course of this audit. That concludes my presentation. Thank you.

The Chair: — Thank you very much. Do members of the committee have any questions of either KPMG or the Provincial Auditor's office? No? All right. That being the case you're welcome to stay or go as you choose and as your conscience dictates, and your curiosity as well.

We will now entertain questions from committee members of the minister and his officials.

Mr. Bjornerud: — Madam Chair, how are you going to work it today? Like . . .

The Chair: — I think it's been working out fairly well, hasn't it? Fifteen minutes per party and just going through it like that? So I'll recognize the opposition, then the third party, then the government, and just continue in rotation. Okay? Thank you.

Mr. Bjornerud: — Welcome, Minister Upshall, and officials. We won't be getting into the GRIP I understand, so I guess we won't start there. I think I want to go into the new crop insurance scheme that you came out with, and I guess some of the numbers that we would like to know, like what were the number of insured farmers last year? Can you give us those numbers? And then I'd like to get a comparison of how many they have this year and so on.

The Chair: — While the minister's looking for the answer, I would like to just circulate the answer to the standard questions regarding the board of directors and various compensation and so forth for committee members. The copies have been provided by the Crop Insurance.

Hon. Mr. Upshall: — Yes, I can give you a couple of numbers here. This is contracts: 1996 total contracts, 38,100; 1997, 36,479, for a reduction of 1,621. Within that we had new applications of 1,386 in 1997, reinstatements of previous contracts for 779, for a total new of 2,165.

Now in the cancellation side. Cancelled due to ceased farming, 622; cancelled for non-payment, 1,650; and cancelled for all other reasons, 1,542, for a total of 3,814.

Now this is . . . We still don't have the important numbers, and that is seeded acreage reports. As you know, the deadline for that's June 25 and it is anticipated that . . . the trend is that our seeded acreage numbers will be up despite the fact that contracts are down. Because a lot of people have contracts who don't put all their crop under contract. So that is yet to be seen.

Now I can give you the acres for '95-96, '96-97. In 1995-96 we had 19,000 — 19 million rather — 19.1 million acres, roughly. And 1996-97 we had 18.7 million acres. We are anticipating '97-98 to be up again because of the changes we made. That is based primarily on the fact that Manitoba, when they changed last year to a very similar program, increased their acres quite substantially.

Mr. Bjornerud: — That trend, like from '95-96, '96-97, went

down. Has that trend been the trend for the last four or five years?

Hon. Mr. Upshall: — It's . . . Since 1990 . . . (inaudible interjection) . . . Yes. I guess the number of contracts . . . I'll give it again, two sides to it. From '91 to '97 it's been a steady trend downward — the number of contracts. Now that of course is partially due to the number of people farming. But on the acres side, it's been bouncing around, up and down, near the 20,000 — or 20 million — mark since 1993-94. So it's been going down but we anticipate the acres to be moving up again.

Mr. Bjornerud: — Okay. With the new program, was there any intent to make this program simpler for the farmers themselves? Because one of the biggest complaints we get . . . And I know myself, from my own experience with Crop Insurance, there's times you need to be a Philadelphia lawyer to know what you're being covered for and what you're trying to be covered for.

Hon. Mr. Upshall: — When we set out this new program, I asked the department and the corporation to try to do two things as far as improving it — make the program simple and efficient. Certainly, I can believe, has simplified and you can tell me if you think I'm wrong. Right now we have . . . you fill out three forms a year — three or four. Three or four, depending on type of claim.

You sign up by April 1; you put your seeded acreage report in June 25; you have the production report; and what's the fourth? . . . (inaudible interjection) . . . That's right. And then if you have a claim, of course, then you have a fourth. But basically these are one-page information sheets, and I think it's dramatically simplified the program.

And we also took away, what I call some of the bells and whistles that were on the old program, options that were there to try to, I think, entice people in the program. But we realized that people go into crop insurance based on one thing, and that's cost of the program compared to the insurance you're going to get. So we took away some of the options that weren't being used very much and in that way simplified as well.

Mr. Bjornerud: — Okay, thanks. I'm going to get off of this subject for a minute because there's a question I don't want to miss today and I want to make sure I have time for. But it's to do with Ducks Unlimited. And I have a big problem in my area and I don't believe my area is the only one in the province, but the problem being is that Ducks Unlimited are purchasing land out there, as you know, a quarter here, a quarter there, and I have an area where there is quite a complement of Ducks Unlimited quarters showing up. And the problem for you people, I believe, is rising, and therefore the taxpayer of Saskatchewan.

I have a bit of problem in my mind understanding why — and you know, you can disagree if you want — but Ducks Unlimited are helping to create the problem in my area by buying this land and the congregation . . . or, you know, of ducks, geese, everything else, are congregating there.

Why, in a way that — and I think you would agree with me on this — the taxpayer should be picking up the whole tab, even though the whole tab is only 70 per cent for crop insurance purposes, if I'm right.

Should Ducks Unlimited not have some responsibility for compensation to farmers, other than what they have told me and the farmers in my area, that yes, they put feeding stations out and such?

Hon. Mr. Upshall: — I agree with you. Ducks Unlimited, to this point in time, have not been willing to do anything on the compensation side despite the fact that they have been asked to do that. They will only do lure crops. They say they do that based on the research that lure crops are more effective than paying compensation.

As a farmer, I think I would beg to differ a little bit, although I know that there is value in lure crops. Don't get me wrong. But that doesn't help me, as a farmer, pay my bills. And crop insurance is based on, you know, up to 80 per cent without spot loss or 70 with spot loss. And that is based on the fact that if we were to go any higher on an insurance basis — the coverage — the farmers wouldn't be able to afford it. Because that last 20 per cent, the curve chart goes up like . . . quite rapidly as far as cost is concerned.

So yes, I think it is my job and our job to do, and I guess it would help for people like yourself to try to convince Ducks Unlimited that they should be providing some money for compensation. Maybe we haven't put enough emphasis on that, and if you have any suggestions as to how we might jointly do that. Because I think we're all — most of us — of like mind, and we could attempt to do that.

I'll just get Mr. Matthies to tell you what he told me so it's not second hand about conversation.

Mr. Matthies: — In addition to the minister's comments, there is currently a national working group that's in place and it was set up at the coordination of the Agriculture Canada and it is being chaired by the Canadian Federation of Agriculture. And it's meant to look at all of the compensation and prevention issues around both big game and waterfowl issues.

And so Saskatchewan is participating as a member of the committee and there is an expectation that there will be a draft paper dealing with some issues and recommendations possibly by the summer for the Minister of Agriculture's conference.

It will likely continue and need further work beyond July, but it's kind of the first step in trying to get a national, more coordinated policy.

Mr. Bjornerud: — I'm glad to hear that because I think this is very similar and it goes back to the deer damage we've had over the past number of years, and my area again has been very hard hit along with many others.

But I think where I have a problem with it is we're asking farmers to take 70 per cent, and no other part of society in this

province would even consider taking 70 per cent of their take-home wages for the wildlife, the ducks, the geese, or anything else in this province. And I have a problem with that.

Farmers are up . . . As you know, Mr. Minister, farmers are up against it. And that problem has not gone away as maybe the myth in some circles right now. The problems are as big as they ever were. And 70 per cent is not adequate, you know, in the whole picture here, I mean, of your crop for any given year. So I would hope something is done.

And you know, going back to Ducks Unlimited again, and I commend them for what they do. But on the other hand, if they're creating a problem and making it bigger, I think something somewhere has to be done to make sure that, no matter how it is, that the farmer receives much more than 70 per cent. And on the other hand I have a hard time thinking that it should be strictly the taxpayer that picks up that difference.

Hon. Mr. Upshall: — And we would see that that's where it should come from. Because if we want to keep the program affordable to farmers, we have to do . . . and yet get them adequate compensation, we have to do one of two things: subsidize the premium to get a higher return, closer to 100 per cent, or get it out of people like Ducks Unlimited who are contributing to the problem. And I think that's the route we've chosen, is to see if we can't get some of those other people contributing.

Mr. Bjornerud: — Yes, and I agree that premiums cannot go higher because I think we've already saw what happens — when it gets to a certain point, farmers back off because it's to the point where it's not financially viable.

So okay, I'm glad to hear that because I think something has to be done there and for everybody concerned here. I think if Ducks Unlimited are . . . and I know they're concerned with the habitat and that for the geese and mainly the ducks, but then I think they should be willing to put a little more than feeding stations in. So I brought that to their attention and I would hope that that will be part of the future someday.

I'd like to go on to Ernst & Young study, I believe, for Crop Insurance . . . did they? Is that . . . Is my understanding right there?

Hon. Mr. Upshall: — Yes. That was part of the process that led to the . . .

Mr. Bjornerud: — Of the new program?

Hon. Mr. Upshall: — Establish a new program.

Mr. Bjornerud: — Is this where the new program originated partly from? Or this was . . .

Hon. Mr. Upshall: — It was a contributing factor, as our discussions and consultations with farmers and farm groups were . . . (inaudible interjection) . . . Yes, I was just reminded that that report was geared more to administration.

Mr. Bjornerud: — Oh, that was more the administration.

Hon. Mr. Upshall: — Yes. Strictly to administration, not programing.

Mr. Bjornerud: — Okay. What was the cost of that study? Do we have a number on what it cost to have them come in and do that?

Hon. Mr. Upshall: — \$85,000 plus expenses.

Mr. Bjornerud: — The preliminary report that they came out with I don't suppose is for public access or our access?

Hon. Mr. Upshall: — Yes, I guess it was October 31, '95 is the report, and that was being public . . . That's a public document. That's right, I'd forgotten that. Yes, we released the one we did at the news conference; announced some changes in the spring of this year.

Mr. Bjornerud: — Okay, so we need your copy of . . .

Hon. Mr. Upshall: — February . . . January of this year, yes. January, '90 . . . Just a minute, I may have misled you here. Okay, this was announced in February 1996, and the changes that were outlined in here have been . . . are being implemented on an ongoing basis.

Mr. Bjornerud: — Thanks. In the study that they gave, can you give the amount of the savings that they identified as being able to be saved if you took the recommendation that they gave, and where would these areas be that these savings could be made?

Hon. Mr. Upshall: — There was four main recommendations which resulted in the saving of approximately — from an administration point of view — \$5 million annually. Half of that would be provincial government saving and half federal government, but overall taxpayer savings, \$5 million.

And that recommendation list includes, less personalized service. That meant they recommended basically going away from the agent system back to a delivery system through offices.

Implement the process for producers to be more self-reliant. The response to that, simplified form so you didn't have to have somebody out there sort of helping people through these forms.

Streamlining head office staff, and that's been done.

And the increased use of technology, which means more services through extension, computer accessibility, and that type in Crop Insurance offices.

Mr. Bjornerud: — Okay, speaking of the Crop Insurance offices themselves, when these were closed, what were the . . . or were there any one-time costs for closing these offices out, like for leases or rent buy-outs or something like that?

Hon. Mr. Upshall: — Yes, we have the . . . our cost to Crop Insurance was equivalent to three months' rent on each of the locations and that was a total of about \$30,000 to Crop Insurance. After that, it becomes Property Management's problem and they look after the rest of the leases.

Mr. Bjornerud: — Were most of these buildings owned by SPMC (Saskatchewan Property Management Corporation) then or just private individuals or . . .

Hon. Mr. Upshall: — Only one was owned by government, and that was in Melfort, and the other seven were on leases.

Mr. Bjornerud: — Okay. Thank you.

The Chair: — Thank you, Mr. Bjornerud, for passing the torch. Mr. Heppner?

Mr. Heppner: — Okay, first of all, welcome, Minister, and to your officials as well. We started off this afternoon with the chairperson at that time commenting about major deluge coming down between Saskatoon and Regina and I drove through that as well. My territories had an excellent rainfall in the last couple of days; however the east side of the province as of an hour ago hadn't received a thing really and it happens to be very dry.

What kind of an impact would a drought like that have on Crop Insurance and in view of the fact that it's had a fairly good ride the last year or two as far as good crops and prices are concerned? Are they sort of looking at what impact this could be having?

Hon. Mr. Upshall: — Well it'll have . . . it'll have an impact of course, on the amount of dollars that we have to pay out. But because of the changes to the program where we paid down our reinsurance debt to zero in Saskatchewan, and the federal government paid theirs down to about \$90 million, we won't have the same problem with increasing premiums that we would have had in the years gone by with the higher debt.

And I'll just remind that we are still hoping we won't have a drought.

A Member: — You're not the only one.

Mr. Heppner: — And the people living in that area I think are probably echoing that very soundly this afternoon.

You mentioned the feds hadn't paid down all of their debt, they're still at 90 million. What kind of an impact does that have on premiums?

Hon. Mr. Upshall: — About just under 3 per cent increase in premium.

Mr. Heppner: — Again dealing with the number of people that are enrolled in crop insurance, there were a number of people that couldn't afford their payments in a previous year due to a lack of grain movement, and how many of those were there that were not allowed to be insured because they were behind on

their payments?

Hon. Mr. Upshall: — Crop Insurance, I'll just start by saying, has quite a lenient process whereby we know the more people you have in a program, the better it is for the program. But there are some, as you state, that have problems paying. And as I said earlier 1,656 were cancelled for non-payment.

This year when we changed the deadline to April 1 . . . (inaudible interjection) . . . oh, that's right, March 15, there were 2,470 . . . (inaudible) . . . and 2,470 people that were in a position that they wouldn't be renewed because of their arrears. We extended that period for two weeks and that allowed 814 to act and work out an extension.

And what we did ask for is just asked them to come forward and make a repayment plan with the corporation based on some basic criteria. And a number of them did that. And then the other ones, for whatever reason that they chose not to be in the program or couldn't afford it, were cancelled.

Mr. Heppner: — Okay. Hopefully if the Wheat Board can move the grain the way they ought to that wouldn't have happened to that extent.

The next question probably you never had asked before. Do you have a geographical kind of a breakdown of where these people are at? And I guess what I'm after specifically is, do we happen to know if there's a large number of these that just would happen to be on the east side of the province where there's a drought looming at present?

Hon. Mr. Upshall: — No geographic pattern except that it's spread out right across the province. And the problem the last time I checked it was the railroads that moved the grain for the most part. Because the ships were there and the farmer putting the grain . . . like the hopper . . . like a grain auger. The grain was going in the hopper and the truck was sitting there but the auger wasn't working.

Mr. Heppner: — Well we could spend till 4 o'clock on that one . . . (inaudible interjection) . . . because I think sometimes the auger was spinning madly but just there's nothing in place for it to go.

On the consultation process that went into place to revamp crop insurance, and you went around the province. I think what, you had a half a dozen meetings that were out there with farmers. How many people other than your officials and let's say the media attended that? Like basically how many people that were bona fide farmers were at those meetings?

Hon. Mr. Upshall: — We had 10 meetings around the province in the first consultation process and the total number for those 10 meetings was 800 producers. So an average of 80 per meeting. And then we had the sales meetings around the province. We had 260 . . . 238, and we had about 5,700 . . . 5,500 producers out at those meetings.

Mr. Heppner: — Okay, but those meetings took place after the new direction had been set up.

Hon. Mr. Upshall: — Right.

Mr. Heppner: — Yes. What was the cost to that process? Not the last meetings, the first . . .

Hon. Mr. Upshall: — The initial 10 meetings?

Mr. Heppner: — Yes.

Hon. Mr. Upshall: — I can just say that there was those initial 10 meetings, plus we met with 18 farm organizations, and the cost would be . . . They haven't been identified separately, but the cost was very minimal. It would include a couple of ads in local papers, and hall rent, coffee and doughnuts. So that it was very small. I don't know, do we work that out? Can you work that out?

Mr. Matthies: — We could dig it out of our records.

Hon. Mr. Upshall: — It was important. All I'm saying is it's not a big number.

Mr. Heppner: — If it's not difficult to get out, I think I'd appreciate having that particular number.

The Vice-Chair: — Order. I just want to remind the minister and his officials that when a request for information in writing comes, we request it come through the committee Chair and then we distribute it. So if you can provide 15 copies, that would be appreciated.

A Member: — Through the Clerk's office.

The Vice-Chair: — Yes, through the Clerk, thank you.

Mr. Heppner: — Working through the efficiencies that was already discussed to some extent, part of those efficiencies came through lay-off, numbers of employees. How many of those were management and how many would have been what you'd call sort of in-scope or the front-line people?

Hon. Mr. Upshall: — 60.5 positions, in total, were reduced. Out of that 60.5, 42.5 were in scope, which represented 11 per cent of the in-scope people; 18 of those people were out of scope, which represented 25 per cent of the out-of-scope people. So proportionally, we took more people out of management than we did out of the union.

Mr. Heppner: — Okay. There was a question earlier on about costs of getting out of some of the rental facilities, and those sorts of things. I believe that the savings from all the cuts together have sort of been aimed at, I believe, around \$5 million. Could you break that down in terms of savings as far as management wages are concerned and the front-line or the in-scope wages, and the savings on physical facilities?

Hon. Mr. Upshall: — The 5 million figure was a net figure, a net gain annually. But there were some incremental costs that were included in that — or transitions — so the actual savings can be higher than the 5 million.

You notice how I'm saying that we have to train people. We brought in some agents on a temporary basis — 62 of them this year — so there were some extra costs that we could add to the 5 million down the road a year or so. The 5 was net.

And now you want the breakdown of office savings, staff savings . . .

Mr. Heppner: — The management level and the front-line level and the physical facility one.

Hon. Mr. Upshall: — I think we have most of that here. It'll just take a second here. The first thing I'll will give you is the rent. On an annual basis we saved \$123,842 by closing down the eight facilities that we did close down.

We'll do the salaries next. It might be better if we provided this information to you. We can do it, like roughly now, but you're probably going to want to know how the numbers balance and we might need a little more time that way.

Mr. Heppner: — Now you mentioned the possibility of getting some rough figures right now, or not?

Hon. Mr. Upshall: — Yes, we can give you some of them. I guess we don't have a breakdown of the salary of the individuals in scope and out of scope. What we can provide you with is the breakdown that you've asked for. And that'll also though allow us to give you some of the incidental costs that help us to arrive at that approximately \$5 million net figure.

Mr. Heppner: — Okay. Because when I was looking at the amount you mentioned on physical savings, I was wondering if this was actually going to come up to the 5 million-plus that is supposed to be there.

Hon. Mr. Upshall: — A lot of it was . . . Most of the \$5 million was the savings on getting rid of the marketing agents. That was the lion's share of the cost saving. Yes, the cost of agents in the year under review was about \$6 million.

Mr. Heppner: — Okay. Dealing with the employees that had severance packages, I'm interested in what the severance packages were again in those two groups that I've been sort of working through — the management and the front-line ones.

Hon. Mr. Upshall: — Yes, I think we have that. Severance for out of scope, \$30,659. Total severance for in scope, \$56,611.

Mr. Heppner: — Okay. How many of the laid-off managers have been rehired by the branches of government or agencies that's sort of involved with government?

Hon. Mr. Upshall: — There was a . . . in the run-up to the change-over we weren't back-filling management positions, so there were some vacancies. And of the people who lost . . . management who lost positions, five of those were rehired . . . or not rehired, were shifted into vacant positions. But none of those received severance, of course, if they came into . . . I mean they did stay with the corporation so they just changed positions.

Mr. Heppner: — So those 5 would be part of the 18 that you mentioned earlier on.

Hon. Mr. Upshall: — That's right.

Mr. Heppner: — Do you have a cost comparison between selling crop insurance by commissioned agent — you said that was one of the big savings that had taken place — and doing so by direct mail? Because with the direct mail you obviously had to have another set of staff some place else that is involved in the processing. How do you make those comparisons to know what kind of a savings there is?

Hon. Mr. Upshall: — Remember the 5 million figure was a net figure and so the agents themselves, as I said, cost about \$6 million in 1996, I believe it was. So there was shift because there was . . . you have to handle the paperwork that's mailed in, you're right. But that was nowhere near what the savings from the agents, obviously, because we still have a \$5 million net savings. So the extra cost to administration for making sure the system worked efficiently on a mail-in basis was of value because of the \$5 million net figure that included the agents' \$6 million payment.

The Chair: — Thank you, Mr. Heppner. I will now recognize the new kid on the block, Mr. Renaud.

Mr. Renaud: — Just a couple of very short questions. If I recall the future direction of crop insurance when the new crop insurance program was being put into place, was considering affordability, response of the needs of the customer, participation — we knew that there had to be an increase in participation — and of course simplicity, and that crop insurance would evolve over time. And I guess since those changes have taken place, are there any plans for further involvement of the program, and what those changes might be?

The Chair: — Mr. Minister, your officials can answer directly as well if you choose.

Hon. Mr. Upshall: — I know that.

I guess there are basically three areas, maybe four. We want to ensure that new crops that are added have an accurate production track record. And we're developing a diversification option that's pointed at that, where we can use other crops and their production area to sort of establish what a new crop might be.

The second and third points are that soil classifications . . . we're going to be looking into soil classifications in the near future, and also boundaries of risk areas. So those are sort of coming down the pipe. I think the soil classification and risk area boundaries are sort of the last in my estimation, the last two things that farmers are asking for because it . . . And sometimes the special soil classification doesn't represent reality of today. It was done many, many years ago.

Mr. Renaud: — The next one is . . . if I recall there were about 150 crop insurance agents employed by Crop Insurance Corporation. Now of course, since that time I believe that that

policy has been changed, and there's no more crop insurance agents.

Are you getting any complaints? Because I think the debate in my constituency or in the area that I represent was whether we should have crop insurance agents, or whether we should not have crop insurance agents, and which would be the best. The decision by the . . . at that time was to not have crop insurance agents. I guess I would like to know, are there complaints over that decision? Is the service adequate?

Hon. Mr. Upshall: — Well when we first made the announcement, there were a few complaints, because it . . . The complaints depended on how good your agent was. In some areas we had no complaints, and in some areas we had . . . But that was before they knew the new program.

Once we . . . what we did in the sales period of one month in this year, we hired 62, I believe, people to act as agents or salespeople. That would be a job similar to agents last year.

Many of those people didn't have a whole lot of work to do because when farmers realized how the program had been simplified — and, you know, well like this is not complicated, I just have to fill out the numbers of acres that I have and the crops I want — the complaints dropped right off to basically zero. I know as far as my office, complaints . . . I'm just going to check with Crop Insurance, then I'll tell you.

The Chair: — Do you have any further questions, Mr. Renaud? Okay, that was simple and short. The minister wants to add some stuff.

Hon. Mr. Upshall: — Yes, the complaints now are not as much complaints but questions about how the new program works and like.

I can just give you an interesting stat that I just learned. Of the renewals this year, 30 per cent of them were done by phone-in, 33.6 per cent were done by mail, and 36 per cent were done by walking into your local office.

So that's the first year of a new program, which is quite a good result. You'll see the mail and phone things probably increase and the walk-ins decrease. It's just a matter of getting used to the fact that you don't have to physically be in the room with a person in order to get your contract.

Mr. Renaud: — Thank you.

The Chair: — And that's it?

Mr. Renaud: — That's it.

The Chair: — Thank you.

Mr. Osika: — Thank you, Mr. Minister, and to your officials, again welcome. You're welcomed to death here this afternoon, but we're happy to see you all here.

Hon. Mr. Upshall: — What's that?

Mr. Osika: — We welcome you here. You've been welcomed so many times it's because everybody's happy to see you here.

Hon. Mr. Upshall: — Well thank you very much. I welcome your welcome.

Mr. Osika: — Can I just go on one different note here. On the wildlife compensation fund, the \$11 fee that was initiated to supplement that kind of a fund, how much is in that fund? Is there a figure that you can draw from, from that fund, to pay for compensation?

Hon. Mr. Upshall: — Yes. Okay. As you know, we initiated a start-up fund of \$2 million which we asked the federal government to match, and they have matched that despite the fact the money isn't physically in our bank account yet. And we've got levies from hunters of \$690,000, for a total of 4.69 million, which was a good thing to do because we anticipate the pay-out this year to be in the range of \$4 million.

But remembering this was very, very unusual, to be at 1.2 million acres out, with a high, heavy deer population. Normally we would pay out about . . . Yes. Normally over a period of 8 or 10 years here, we pay out an average of \$275,000. It looks like a high of 350 and a low of 150; so this is a very unusual year.

Mr. Osika: — Thank you. Those were going to be my next questions — the amounts you anticipated to pay out. And I understand that some of that money is already flowing into the hands of the farmers.

Hon. Mr. Upshall: — About 1.8 million has been . . . cheques have been cut. They're either on the way or in the hands of the farmers.

Mr. Osika: — Okay, thank you.

Hon. Mr. Upshall: — And the rest won't be there very long because we're in the process of winding it up, because not all the crop has been harvested yet. There's still some areas, some north-east, where they're still harvesting.

Mr. Osika: — Okay, thank you. I just wondered if I might ask . . . and I very much appreciate, as I'm sure everybody else does, your department agency report with respect to executive manager positions. I wonder if we might receive an updated one. This is somewhat outdated. And I appreciate it's of March 31 but I'm aware that there have been some significant changes. And if you could supply us with an updated list of the executive managers of Crop Insurance.

Hon. Mr. Upshall: — We will do that.

Mr. Osika: — Thank you very much. I wonder if you could also attach to those positions the qualifications with respect to each of those positions — the qualification requirements, job descriptions.

Hon. Mr. Upshall: — Yes.

Mr. Osika: — Thank you. Can I just go back to . . . You indicated a cost of about \$83,000 to have the program delivery system reviewed. Having done that, about the same time, there was also . . .

Hon. Mr. Upshall: — It would be administration.

Mr. Osika: — The administration of it, yes. Thank you. At the same time there was to do a review of a new program delivery system. There had to be some costs involved with an examination of which way, what direction you were taking, and what type of program implementation. Going out of one into a new one. Were there two . . .

Hon. Mr. Upshall: — Transitional costs, you're talking about?

Mr. Osika: — Yes.

Hon. Mr. Upshall: — That . . . Just let me check. That would be part of the net 5 million and I don't see how . . . how much we can break that out. I'll just check.

There has been some . . . Again, the 5 million is net. There have been some transitional costs. The 62 people — sales agents we hired for the one month sales period this year — probably won't have to be hired next year, with the experience that we've had and the number of people who are signing up on their own.

We have laptop computers now purchased for agents — not agents — for adjusters. So they can go right in the field and do it right on the computer. Some image . . . what was that other one? Some additional costs for electronic storage of data and that type of thing.

Mr. Osika: — So specifically, for the development costs and the marketing costs would have been included in the new marketing system and the hiring of these 62 people. That would have been separate and apart from the studies on the administration of the crop insurance program. These were now . . . There were the additional costs for program development, and then the marketing of the new program?

Hon. Mr. Upshall: — Yes, training. Training of people, CSO (customer service office) offices, all field staff. That's a standard cost when you're in transition because you have to train people for these.

Mr. Osika: — And it would be part of that 5 to \$6 million that we're . . .

Hon. Mr. Upshall: — Just let me check.

The short answer to that is that some of it will be in the 5 million but not the ongoing, because there's always an ongoing training budget. The big number will be in the first couple of years and then it'll taper off, assuming there's no major program changes, in the out years.

Mr. Osika: — Okay, thank you. Just going to ongoing costs in the area of salaries. In 1995 there were about eleven and a half

million dollars and in '96 there were 11.7. I just wondered if you could tell me what is projected or what are your estimates for salaries for 1997 — '97-98.

Hon. Mr. Upshall: — You guys aren't going to have any questions to ask for the next year's annual statement. We do not have that for '97-98. We weren't prepared because it wasn't the year under review, I guess. In general, it won't be a great change, I would anticipate.

Mr. Osika: — Thank you very much.

The Chair: — Does that finish your line of questioning, Mr. Osika?

Mr. Osika: — Yes, thank you.

The Chair: — Mr. Bjornerud, did you have any more questions right now or do you want to . . .

Mr. Bjornerud: — I'll let Mr. Heppner go first and then I only have a couple left so we're just about done.

Mr. Heppner: — Thank you. Had most of our questions sort of covered because I guess the concerns are fairly similar all the way through. I do have one more question though and it sort of comes out of a statement that Sinclair Harrison said when this whole initiative was begun. That he had . . . was afraid that there was some loss of confidence in the program by farmers.

Now that you've sort of gone through this system, is there any sort of a guarantee or commitment you can make to producers that rates are going to be fairly stable in the program? As they see it now is the way it should be able to keep on rolling, or is there a lot of adjustments that are still coming that will be as a concern to them?

Hon. Mr. Upshall: — No, the . . . Now let me put it this way. We reduced the premium, through the changes, almost 25 per cent compared to — on average across the province — compared to other years.

If you had . . . And a large part of that reduction was due to the fact that we took the reinsurance debt down to zero. And then feds, federal government, decreased theirs a low . . . (inaudible) . . . to zero. If you had, if you have, what we call normal situation in the years, the next five years, then we would anticipate no changes in . . . or very little change in the level of the cost of the program.

If you have three or four drought years in a row where you couldn't keep up to your reinsurance and your reinsurance started to go up, then the actuary would dictate that you charge more for your premium to keep your program actuarially sound.

We have made some changes, and if you want the technical details I'll ask Mr. Matthies, but there's been some changes in the federal-provincial agreement in order that we might pay down any reinsurance debt as it's accumulated a little quicker than we did in the past. Doug, maybe you want to expand on that.

Mr. Matthies: — I think, Minister, the comments that I would make are that there have been some methodology changes to try and reduce some of the volatility that you may see on a year-to-year basis in premiums. If we do get into another 1998 . . . or 1988 drought type of thing, then certainly there would be premium rate increases because of the magnitude of it. But given that we have removed virtually all of the debt load that was in the program and are basically at a break-even situation at this point . . . there is \$90 million in federal deficit in the federal reinsurance account. But we do have a surplus in the crop insurance fund and we do have a surplus in the provincial reinsurance fund.

So the program overall is near break even, even though respective parties have surpluses or deficits. And we did change the premium methodology to try and add greater stability to premiums. So hopefully we won't see any major swings.

Mr. Heppner: — That is my last question. I'd like to thank the minister and his officials for being here and for the answers. And also I would hope that the bit of a prophecy that you sort of gave, saying that things would be fairly constant with crop insurance, actually carries out. Because as we know, things in agriculture in Saskatchewan are seldom stable and tend to create some very stressful situations for our producers. Thank you.

Hon. Mr. Upshall: — Well we're just about the . . . (inaudible) . . . That is our intent. We're quite proud of the fact — and I'm very pleased with the officials in the Crop Insurance and the decisions that have been made jointly by producers, the Crop Insurance Corporation — I'm really proud of the fact we're one of the only input costs that have been reduced by 25 per cent in agriculture for many, many years. You know it's unusual and we want to keep it that way because it's one of the few programs that's left that farmers can rely on to supplement their income.

Mr. Bjornerud: — I just had one or two more questions, Mr. Minister, and I will be finished.

Some of the grain that's been combined in my area — and I don't know how to word this; carefully I guess — but residue left from the . . .

Hon. Mr. Upshall: — It don't smell so good.

Mr. Bjornerud: — Has actually made it not saleable. Is that going to be taken into consideration, whether the farmer has to clean that grain or find some way of improving it to make it marketable?

Hon. Mr. Upshall: — The big game damage compensation doesn't pay for quality loss. It does not pay for quality loss. But quality loss is compensated through normal crop insurance. The dilemma that, not only in Saskatchewan but in other areas as well who have crop out in western Canada, is whether or not that grain will eventually be bought by the system.

And so right now we're not in a position where we can totally pay out because it will be based on the Canadian Grain

Commission's final decision whether that grain can be sold or mixed in without jeopardizing the quality and the standards that we've set for our grain in the next, well sales year basically, or so.

If at the end of the day, if it's not saleable, then I think there will be compensation. But we're not jumping to compensate right now because of course that creates another problem, that the grain can be sold later on. It does create a problem for the producer — I understand that — in that he doesn't have the cash in his hand right now. But as far as running the corporation is concerned, and reducing administration problems and costs, this is the way that all provinces are doing it.

Mr. Bjornerud: — On the basic 50 per cent plan on the new crop insurance you've come out with, how does hail insurance fit into that plan?

Hon. Mr. Upshall: — Hail insurance?

Mr. Bjornerud: — Yes.

Hon. Mr. Upshall: — When you say fit in, of course it's the same thing. You can get 80 per cent without . . . up to 70 per cent with spot-loss hail or 80 per cent without spot-loss hail. The premiums are split on a 60/40 basis.

I'm not sure what else you want to know about.

Mr. Bjornerud: — But for the farmer, for the coverage and for the . . .

Hon. Mr. Upshall: — What he pays for that?

Mr. Bjornerud: — And what he would receive for coverage? Like, does it go along with the rest of the . . .

Hon. Mr. Upshall: — Okay. On a provincial average basis we get 50 to \$60 of coverage for about a \$2-per-acre premium — 50 to \$60 per acre coverage for \$2 premium, which is significantly less than line companies. In fact I've had some concerns from some companies that . . . from people that are in companies, that their sales were . . . might be going down. But they really can't complain too much because the reason is that farmers are getting a cheaper product.

So anyone that doesn't really look at spot-loss hail is probably paying, you know, more than they could.

Mr. Bjornerud: — And I agree, because I think it's to all our benefit, the more people we have involved in crop insurance. I know my area is very . . . In fact there's a great number of farmers that aren't in the crop insurance program, and maybe some of them signed up, but if we had more things like this maybe we can get more people back in; it would be cheaper for all of us.

Hon. Mr. Upshall: — I've come across some people who did not sign up the new program, and when they found out the cost — they missed the deadline — and they found out what they're going to pay for hail insurance, they will be in next year, I

guarantee you.

Mr. Bjornerud: — That's what brought it up, because I think there was a fair number of people out there didn't understand that that was part of the program.

Hon. Mr. Upshall: — Part of that has been brought upon by government itself to some degree, in that, I think Mr. Heppner brought up, that there were some cynicism out there about crop insurance.

It was just a process we went through during the '80s, of how you attract people. One time it was hanging bells and whistles on; now it's pretty basic science — how much does it cost me and what do I get for it? And that's what we're basing our program on — affordability.

Mr. Bjornerud: — That's all I have, Madam Chair. I would like to thank the minister and the officials for your answers today. We've been very mellow with you today and we hope to change that next time.

Hon. Mr. Upshall: — Don't do it on my account.

The Chair: — Do any other members of the committee have any questions of the minister for the '95-96 annual report on Crop Insurance? If not, I would ask Mr. Renaud if he would do the honours.

Mr. Renaud: — I will make a motion:

That the Standing Committee on Crown Corporations conclude its review of the annual report and financial statements of the Saskatchewan Crop Insurance Corporation for the year ending March 31, 1996 including supplementary information.

The Chair: — Thank you. I heard the motion. All those in favour of the motion, please indicate. Those opposed. No one. That passes.

Thank you, Mr. Minister, and thank your officials. You were the model of succinct . . .

Hon. Mr. Upshall: — Cooperative.

The Chair: — That's right. Cooperative, forthright, forthcoming, and fairly straightforward. And I would also like to commend the members of the committee for their questions, which I thought were very relevant, to the point, and in the best interests of the people of Saskatchewan.

Hon. Mr. Upshall: — Madam Chair, I would like to echo that. Thanks to members of the committee and my staff for . . . my department staff for helping me out with this.

The Chair: — Mr. Minister, you may be excused.

If committee members could just wait a few moments, we've just got a couple of little housekeeping items that we have to deal with.

Tomorrow we will be meeting between 11 and 2 to deal with the Sask Water Corporation. And you will already note on your calendars that we're meeting on June 16 — that's Monday, next Monday — from 9 to noon to deal with Saskatchewan Transportation Company, from 1 till 5 to deal with Saskatchewan Liquor and Gaming Authority, and then I have scheduled on Wednesday, June 25 from 11 to 2, SaskEnergy and its related subsidiaries.

Do committee members have other Crowns that they would like me to call?

It's appearing that with the exception of SaskPower and CIC (Crown Investments Corporation of Saskatchewan) itself, we are finishing up our agenda rather early this year. Now we can always, if items do come up and committee members want, we can call special meetings and we can reopen consideration of any of our annual reports.

But right now the only items that I can think that we would have to be dealing with would be SaskPower and CIC and the outstanding matter of the reporting of significant transactions.

Committee members will be aware that we did pass a requirement that where there were significant transactions occurring within the Crowns, that these would be reported within 90 days. There have been several significant transactions and they haven't actually been reported to the committee within that 90-day time period. And part of the reason for it is because we haven't finalized a working and workable definition of significant transactions.

Now I have held discussions with the Provincial Auditor on this and met with CIC officials and I have given them notice that I feel that the sale of Wascana Energy is a significant transaction. So I expect that to be reported to the committee.

The 90-day time frame would be up about mid-July. I've checked with the Clerk and we will not be able to have a meeting in mid-July because Saskatchewan is hosting the Commonwealth Parliamentary Association conference right at that time. So what I would suggest is that I will ask CIC to table their report on the sale of Wascana Energy with committee members.

And I would ask at this time how committee members feel about calling a meeting perhaps for the last week of July or early in August. How does that fit with your summer plans and your schedules?

If we can arrange a meeting, what my intent then would be to deal with the operationalization — that's not a word — with getting the correct wording for a significant transaction definition. I would also call SaskPower and I would call CIC.

So if committee members could check your schedules between now and tomorrow and let me know what the best time would be in late July or early August to call a meeting, I would try to arrange that then with the ministers and officials.

Mr. Bjornerud: — Would that be one day or two days?

The Chair: — I would think, given that we still have the bulk of the SaskPower annual report to deal with and that we still have the issue of the reconstruction charge and the accounting for that, that that will take at least one full day. And then in order to do justice to CIC, I would like to schedule another full day for CIC, so that we would perhaps deal with the significant transactions in the morning and then their annual report in the afternoon.

Again, the meetings don't have to be back to back, but I think it saves on travel expenses and so forth. So it's probably better that we should try to do that.

Mr. Kasperski: — I just prefer it myself, personally, I'd prefer the later part of August if possible, after the 15th. But that's just, just with my holiday plans and stuff like that.

The Chair: — Okay. Well we'll settle it. I'm out of the country from August 25th on. But if people can just let me know what dates they are available in that window from about July 20 through to about August 20, we'll see if we can schedule something then.

And do I take it that I have concurrence with committee members that we'll simply have the Wascana Energy report tabled with committee members rather than call a special meeting for it? We can discuss it at our next meeting? Okay.

And I also have discussed with CIC, since we hadn't . . . there were other significant transactions that occurred; the sale of Cameco shares is one that comes to mind. I am taking the position that right now, unless committee members tell me otherwise, that we will ask for a formal reporting of significant transactions that occur from after the period of January 1, 1997, in order to comply with the new terms of reference.

Again if committee members do at any point have questions about transactions that you consider significant that we haven't dealt with, we can open those up at any point. For instance, the Cameco share sales and things like that, okay.

Then I guess, if committee members concur with those decisions, we will now stand adjourned until 11 o'clock . . . I'll ask for a motion to adjourn, I guess. I can't just be unilateral and arbitrary? I was on a roll. Okay, Mr. Heppner, do I hear you making a motion to adjourn?

Mr. Heppner: — I'll so move.

The Chair: — Thank you very much. See you all here tomorrow morning at 11 o'clock. Thank you.

The committee adjourned at 2:27 p.m.