

May 25/90

The Assembly met at 10 a.m.

Prayers

ROUTINE PROCEEDINGS

NOTICES OF MOTIONS AND QUESTIONS

Mr. Shillington: -- Thank you, Mr. Speaker. I give notice that I shall on Tuesday next, move:

That this Assembly condemns the Government of Canada for its high interest rate policy and the resulting continual, steady, four-year rise in interest rates, which have caused great hardship for Saskatchewan farmers, small businesses, and consumers.

Some Hon. Members: mHear, hear!

INTRODUCTION OF GUESTS

Mr. Britton: -- Thank you, Mr. Speaker. Mr. Speaker, it's my pleasure to introduce to you, and through you to the rest of the members assembled, members of Denzil School. They're grade 4 and 5 and 12. They're sitting in your gallery, Mr. Speaker. There's 27 in all.

And I appreciate being able to rise in my place to introduce people from my side of the province because it's a long trip, and I appreciate the work that went into getting them down here. I will be meeting them for pictures and some refreshments later, Mr. Speaker.

The teachers accompanying the students are Marlene Dewald and Delmer Friesen; chaperons include Maggie Lessmeister, Elsie Leibel, Denise Wandler, Art Sieben, and Marie Heffner, Mr. Speaker. I would ask the Assembly to help me welcome this group to the Assembly.

Hon. Members: mHear, hear!

Hon. Mr. Maxwell: -- It's my pleasure to introduce to you, and through you to members of the Assembly, a group of 25 grade 6 students from the Hartley Clark Elementary School in Spiritwood as seated in the west gallery, Mr. Speaker. They're accompanied by an old friend of mine and colleague, Gil Goodfellow, their teacher, and chaperons Audrey Magnus and Floreen Dietz. I'll be meeting with you at 10:30 following question period for refreshments and photographs. Please enjoy the proceedings and we wish you a very safe trip home to Spiritwood.

Hon. Members: mHear, hear!

Mr. Calvert: -- Thank you, Mr. Speaker. It's my privilege today to introduce to you and to all members 55 students from the Palliser Campus in SIAST (Saskatchewan Institute of Science and Technology) in Moose Jaw. Mr. Speaker, they are seated in your gallery and in the east gallery. I would

like to welcome -- these are adult students -- I would like to welcome them and their instructors who are here with them.

And I'm particularly glad to welcome this group of students, because among them is the woman that I was smart enough to marry, Mr. Speaker. And, Mr. Speaker, I would want to wish success to all of these students as they continue in their course of studies and to welcome them here and to wish them a very happy visit to Regina, and invite all members to do the same.

Hon. Members: mHear, hear!

Hon. Mr. Martens: -- Mr. Speaker, it's a pleasure for me today to introduce in your gallery the ambassador to Canada from Austria, His Excellency Kurt Herndl. I want to just indicate to the Assembly that he has been in the foreign service in the United Nations since 1962 when he joined the Austrian foreign service, and I think he has lent an extensive service to his country and to the entire world. I will just . . . I'm not fluent in German, but I will just say this.

(The hon. member spoke for a time in German.)

Welcome the Excellency from Austria.

Hon. Members: mHear, hear!

Mr. Lingenfelter: -- Thank you very much, Mr. Speaker. I'd like to join with my colleague from Morse in welcoming the ambassador from Austria here to the Assembly, wishing him a good stay in the province. Also with him, Mr. Tony Merchant, a former member and colleague to the Assembly. I want to I guess remind members as well that Tony's mother was also a member of this Assembly, I think from 1964 to '67. I want to welcome all of the people and wish them a good stay here in the province.

Hon. Members: mHear, hear!

Mr. McLaren: -- Thank you, Mr. Speaker. It's an extreme pleasure again today for me to introduce to you, and through you to all members of the Assembly, another group of students that have come to Saskatchewan from outside our borders. And we would like to welcome to the Assembly today a grade 6 class of 13 students from Shoal Lake School from Shoal Lake, Manitoba.

They are seated in the west gallery, Mr. Speaker, and they are accompanied today by their teacher, Miss Louise Kingdon; their bus driver, Mr. Dave Stewart; chaperons, Miss Mary Lane and Mrs. Sharon Menties.

It's always a pleasure to have students come from outside our boundaries and we would like to commend the teachers for bringing their classes here to see the democratic process in operation. And we would like to wish you a very good stay here in Regina and at the Assembly, and have a safe trip home and have a good summer holiday. I would ask all members to please welcome these students.

Hon. Members: mHear, hear!

ORAL QUESTIONS

Studies on Economic Impact of Cargill Plant

Mr. Romanow: -- Thank you very much, Mr. Speaker. My question today in the absence of the Premier is to the Deputy Premier. And, Mr. Speaker, I have in front of me a copy of today's Regina Leader-Post and therein is a major story on page A5 quoting a leading United States fertilizer consulting firm, Blue, Johnson and Associates as saying that the Cargill fertilizer project, which the government opposite, of course, is boosting and pushing very much at Belle Plaine -- and I might add largely financed at financial expense of the taxpayers of Saskatchewan -- according to Blue, Johnson is going to lose money in each of its first 10 years of operation, Mr. Speaker.

Mr. Speaker, my question to the Deputy Premier is this. In light of this serious research study carried out by a responsible group of consultants, will you today produce for the legislature a detailed study that your government has which will refute the allegations of Blue, Johnson, and will assure the taxpayers of Saskatchewan that we're not going to get stuck with yet another white elephant.

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Certainly, Mr. Speaker, we don't accept the reports of the reports of a study. What the hon. member hasn't pointed out is the study was commissioned by the U.S. competition to Saferco, Mr. Speaker. Does it surprise anyone that the competition to what's going to be the state of the art fertilizer plant, the Saskatchewan fertilizer plant built for Saskatchewan farmers . . . We have more farmers in the whole country, Mr. Speaker, than anywhere else, Mr. Speaker. They use \$300 million in fertilizer a year. Mr. Speaker, this is a good project for Saskatchewan farmers, Saskatchewan farm communities, and the province of Saskatchewan's taxpayers, Mr. Speaker.

Mr. Romanow: -- Mr. Speaker, I have a new question. I guess it's to the Minister of Finance, who has undertaken the responsibility of answering this morning.

Mr. Speaker, this study by Blue, Johnson and Associates of the United States says that an American competitor recently in the United States paid substantially less money for an American fertilizer plant . . . or leased another fertilizer company with twice the output of Saferco.

If true, that means that the taxpayers of the province of Saskatchewan are committing the farmers' money, the taxpayers' money, to what could be a very serious additional drain to the resources of the province of Saskatchewan, already over-drained, thanks to the mismanagement of the people opposite.

My question, Mr. Speaker, to the Minister of Finance is as follows. If you

say that Blue, Johnson is not a reliable study -- and I'll ask a question too about that in a moment -- if you dispute Blue, Johnson, why then don't you put your government studies on the Table? Why don't you put your government's on the Table? What could be the reason for holding back on your studies to refute Blue, Johnson other than perhaps the fact that Blue, Johnson's analysis might be just right?

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Well some in the opposition, Mr. Speaker, might suggest I'm not the brightest politician in the world . . .

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- And I won't even debate that one, Mr. Speaker. But I will not -- I will not -- be ever . . . be accused of being irresponsible.

Mr. Speaker, to table the business plan for the Saskatchewan fertilizer company would play right into the hands of the U.S. competitors who they are standing behind, Mr. Speaker. That's what they would like to do. They are defending the U.S. competitors. They are going to go behind the U.S. competitors, Mr. Speaker, as opposed to the Saskatchewan farmers. They want to stand behind, the NDP want to stand behind and help and support the U.S. competition, not stand behind Saskatchewan farmers, not stand behind the Saskatchewan fertilizer plant, not stand behind diversification of the Saskatchewan economy, not stand behind Saskatchewan taxpayers, Mr. Speaker.

Some Hon. Members: mHear, hear!

Mr. Romanow: -- Mr. Speaker, I have a new question for the Minister of Finance. And I want to tell the Minister of Finance that if his idea is standing behind the Saskatchewan taxpayers, a deficit of \$14 billion thanks to this government opposite, I don't want to have anything to do with his defence of the Saskatchewan taxpayer, nothing whatsoever.

Some Hon. Members: mHear, hear!

Mr. Romanow: -- Mr. Speaker, this is a very serious and important matter. Blue, Johnson is a company that has been used by the gentlemen and the ladies of the government opposite. It's been used by the department of economic development; it's been used by the Potash Corporation of Saskatchewan. Blue, Johnson and Associates is a firm used to advise this government on economic projects.

How is it, Mr. Speaker -- my question to the Minister of Finance -- that they can reject Blue, Johnson when it meets their convenience to do so, namely to support a boondoggle like Cargill, and yet accept Blue, Johnson in circumstances when it suits their cause to do it? How do you explain that?

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Mr. Speaker, is anyone really surprised that the

report commissioned by the opposition, the U.S. opposition . . .

The Speaker: -- Order, order. I'm afraid there are members on both sides of the House who wish to usurp the time of the minister for answering the question.

Hon. Mr. Hepworth: -- Mr. Speaker, is anybody really surprised that a report commissioned by the U.S. fertilizer competition would try and cast aspersions and doubts on the economic viability of the Saskatchewan fertilizer plant? Is anybody that naive, Mr. Speaker, in this legislature, other than the NDP who continue to be against Saskatchewan farmers, against economic diversification of this province, against jobs and opportunities for our young people, against help and jobs for people in communities like Belle Plaine and Pense and Moose Jaw. And why don't the members from Moose Jaw come clean and tell the public where they really stand on this issue?

Some Hon. Members: mHear, hear!

Mr. Romanow: -- Well, Mr. Speaker, I tell you if this matter wasn't so serious it would really be a joke, the Minister of Finance's answer, because we've got a report here by a responsible American consulting firm that you people have engaged at various times, that says this plant is going to lose money for each of 10 years.

I don't think it's good enough for the Minister of Finance to get up in this House and simply give us rhetoric in response. It is the responsibility of the Minister of Finance to table the studies which he says the government has to refute Blue, Johnson.

My question, Mr. Speaker, therefore to the Minister of Finance is simple. If you've got the studies which say that Blue, Johnson is wrong, if you've got the studies that say that this isn't going to be a boondoggle, if you've got the studies which say that it isn't going to add to our debt, I want you to table them today. Will you table them today so that we can get to the facts?

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Mr. Speaker, it would be highly unusual and totally irresponsible to show the competition your numbers, Mr. Speaker. That would be irresponsible in terms of my duties to the taxpayers of this province. I will not do that, Mr. Speaker. That's been past practice, whether it's this administration or that administration, Mr. Speaker, and that's as it should be in deals like this, Mr. Speaker.

Some Hon. Members: mHear, hear!

Mr. Romanow: -- Mr. Speaker, I have a new question to the Minister of Finance and I guess at this stage in the game, after eight long years-plus of this government, we're used to the fact that the government refuses to be open with the public of Saskatchewan and is stonewalling and hiding behind these kinds of answers that the minister has given us. Mr. Speaker . . .

The Speaker: -- Order, order.

Mr. Romanow: -- Thank you, Mr. Speaker. This same newspaper report upon which I'm basing my questions, and I know that the former minister of Finance thinks he can answer better than the Minister of Finance. I doubt that given the fact that he was so far off on his deficit expectations of 1986.

Some Hon. Members: mHear, hear!

Mr. Romanow: -- But nevertheless, Mr. Speaker, if I may get the question out.

The Speaker: -- Order, order. Now this is the second time I've had to call the hon. members to order and I simply ask them to allow the Leader of the Opposition to put the question.

Mr. Romanow: -- Mr. Speaker . . .

The Speaker: -- Order. Now I'm not sure who the hon. member over on this side is. Somebody in one of the . . . near the back rows, but I ask you, I ask you, whoever you are, to allow the Leader of the Opposition to put the question. Now this is the third time I've had to ask.

Mr. Romanow: -- Thank you very much, Mr. Speaker. Mr. Speaker, I can realize why the Minister of Finance and the government opposite does not want these questions asked. But I want to tell you that I am going to ask these questions until we get an answer.

Mr. Speaker, the Leader-Post says that this study by Blue, Johnson says the following, quote:

The cost of servicing a \$305-million debt will exceed cash flow (Get this, Mr. Speaker.) in each of Cargill's first ten years, the study says).

Now that means that we've got a financial major boondoggle on our hands if that's true. You, sir, Mr. Minister of Finance, have an obligation to refute that by a study. I ask you again for the fourth or the fifth time: table the study which refutes the report of Blue, Johnson. Assure the people of the province of Saskatchewan that you're not leading us down the path of even yet more debt. How about doing that today?

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Mr. Speaker, what we do know, on the basis for Saskatchewan, the Saskatchewan government entertaining this joint venture, what we do know is this: number one, we were able to attract a major, global, agri-food partner who was prepared to invest, and invest heavily, in this joint venture Saskatchewan fertilizer plant. What they know and what we know and what the hon. opposition members will refuse to acknowledge is that we have 60 to 70,000 farmers here in Saskatchewan. We're placed very, very nicely in the middle of a very, very large

market-place that exceeds by far the 50 million acres of arable land that we have. That's point number one.

Point number two, Mr. Speaker: we know that under the administration of this government we've been able to develop one of our very, very precious and valuable resources -- natural gas -- which is a major component of fertilizer. We do know, Mr. Speaker, that the numbers show that over time, urea fertilizer as opposed to anhydrous ammonia, quite frankly, that uptake and that market is increasing, Mr. Speaker. We do know that we have a government on this side, a party on this side, that's interested in economic diversification, building our communities, jobs for our young people, Mr. Speaker. That combination led to the Saskatchewan fertilizer plant, Mr. Speaker.

And I guess I would just echo what Peter Hayward, a spokesperson for the Saskatchewan fertilizer plant said, relative to the Blue, Johnson study: how could they come up with their numbers when they don't even know what model they were working under or what scenario they were using, Mr. Speaker. It's a study done by the U.S. competition. Does it surprise us, Mr. Speaker?

We're going to stand behind Saskatchewan farmers, Saskatchewan young people, and economic diversification in this province, Mr. Speaker.

Some Hon. Members: mHear, hear!

Mr. Romanow: -- Mr. Speaker, I have a new question for the Minister of Finance. The Minister of Finance says that out of this project, according to Blue, Johnson, somehow we're going to do the following: we're going to have a fertilizer plant which is going to lose money for each of the first 10 years, up to the extent of possibly \$132 million. On top of the loss, it's going to provide cheaper fertilizer somehow for the province's farmers, as the minister opposite promises.

Who does he think these farming people are that they can be so easily duped in the face of this kind of an economic study? They know the situation better and they know that Cargill's not going to give anything away for nothing. Cargill is going to take them for every cent they can take them.

Some Hon. Members: mHear, hear!

Mr. Romanow: -- Now look, we've got a debt of \$14 billion, and I say, sir, that it's incumbent upon you to table those studies.

My question, which can be answered by a simple yes or no: are you going to table those studies, yes or no? And if the answer is no, then I want you to tell me why we cannot conclude -- why the farmers should not conclude -- that you're not tabling them because your studies confirm what Blue, Johnson says, namely, you're subsidizing Cargill at our expense and at our risk?

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Mr. Speaker, I can only repeat what Peter Hayward said when he noted that Blue, Johnson and Associates aren't familiar with the actual market factor Saferco used in its own assessment. And I quote, Mr. Speaker, if indeed the Leader-Post quote is accurate: "I don't know how you could come up with numbers such as that without knowing the scenario inside the model we've created."

Mr. Speaker, maybe the headline in this paper should have read, maybe the responsible headline in this paper should have read: U.S. competition afraid of the Saskatchewan fertilizer plant. Because that's the bottom line, Mr. Speaker.

The NDP don't stand behind the farmers. The U.S. competition doesn't like it. We do, and the Saskatchewan farmers do too, Mr. Speaker.

Some Hon. Members: mHear, hear!

Mr. Romanow: -- Mr. Speaker, I have a new question for the Minister of Finance. Mr. Speaker, in this newspaper report it says that Blue, Johnson also has, among its list of clients, Cargill. Blue, Johnson also has Cargill as its client.

And my question to the Minister of Finance is this. We've been trying to figure out why it is that the Government of Saskatchewan entered into a deal where it subsidizes Cargill. Is it because Cargill knows itself that the economics of this Belle Plaine project are no good and they're into it because the province of Saskatchewan has sunk all of the taxpayers' money to ensure a profit for Cargill at our expense? Is that why they're into it?

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- That is wrong, Mr. Speaker. I can only use one word to describe that -- wrong. Mr. Speaker, this project . . . why are we doing this project? I can only reiterate again, Mr. Speaker, we have several tens of thousands of farmers in this province. We have a natural gas resource, Mr. Speaker. We have 50 million acres of arable farm land in this province. Our farmers use \$300 million plus a year of fertilizer, Mr. Speaker. We want to diversify this economy. We want the communities of Pense and Belle Plaine and Moose Jaw and Regina to prosper, to grow, to have jobs for their young people, Mr. Speaker, to have a way of life, to have some breadth and depth in our economy.

And, Mr. Speaker, the real question that the Leader of the Opposition should ask himself and stare into his soul, Mr. Speaker, is why -- given all of that, because none of those factors has changed, Mr. Speaker, the arable acres, the numbers of farmers, the use of fertilizer, those were all factors in this province 10 years ago. The real question, Mr. Speaker, in this debate is why was there no fertilizer plant built under the NDP years, Mr. Speaker? Why no plant?

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Why, Mr. Speaker? Because they didn't believe in decreasing farmers input costs. What did they do with their double . . .

The Speaker: -- Order, order.

Mr. Romanow: -- Mr. Speaker, the Minister of Finance is not going to get off that lightly with the farmers in the province of Saskatchewan. If this deal is so good, if this deal is so economically viable, why in the world is the province of Saskatchewan underwriting the richest privately held corporation in the world? Why isn't Saferco, why isn't Cargill looking after this expense by itself? Tell us why are we underwriting them to the extent of \$132 million plus?

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Mr. Speaker, there is no subsidy here. This is a straightforward commercial agreement. This is a joint venture, Mr. Speaker. We were able to link hands, we are able to join hands with a . . . I know this hurts the NDP opposition, Mr. Speaker. This hurts the opposition. They can't stand that we've joined hands with this vertically integrated multinational company to bring a fertilizer plant, a Saskatchewan fertilizer plant, here for Saskatchewan farmers, Saskatchewan people, and Saskatchewan communities, Mr. Speaker. This is going to be a good deal for the people of Saskatchewan and the farmers of Saskatchewan, Mr. Speaker.

Some Hon. Members: mHear, hear!

Mr. Romanow: -- Mr. Speaker, we have had yet another new definition of what a joint venture is, thanks to the PCs. A joint venture, thanks to the PCs in this province of Saskatchewan, means this: we the taxpayers put up all the money; the American corporations take all the profit and all the benefits back home.

Some Hon. Members: mHear, hear!

Mr. Romanow: -- That's a joint venture. That is a joint venture and Blue, Johnson says it. And in the absence of any studies to deny it, I make that allegation.

Mr. Speaker, my question to the ministers opposite. It's ironical that today when the Premier is announcing a program of community development bonds -- something which is long overdue to develop to help local communities -- he is now squaring, he is now squaring that circle with an expenditure of \$370 million for Cargill and United States multinationals.

Mr. Speaker, my question to the Minister of Finance is: how in the world can the government talk out of both sides of its mouth, pump the money to the multinational corporations, and pretend it's doing something for the local communities of Saskatchewan?

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Mr. Speaker, I think there's a clear trend establishing here. The NDP opposition slowly but surely have come around and seen the light on Weyerhaeuser. They've come around and seen the light on the benefits of Saskoil and gas, Mr. Speaker. They now acknowledge the promise and opportunity afforded Saskatchewan people by the community bond program, Mr. Speaker. And I predict they will too see the light and come around and support the Saskatchewan fertilizer plant, Mr. Speaker.

Right now, though, we are faced with a situation where I think I'd like to correct the headline in the paper one more time. And it should read: the U.S. competition and the NDP afraid of a Saskatchewan fertilizer plant, Mr. Speaker.

Some Hon. Members: mHear, hear!

Mr. Romanow: -- Mr. Speaker, the government opposite tries to argue that this is a good financial deal. I say, Mr. Speaker, that if it's a good financial deal, the document should be tabled.

There have been questions about the environment; nothing tabled. There have been questions about the marketing fees; nothing tabled. Now there's this condemning report by Blue, Johnson which says we're going to lose money each of 10 years because of this government's mismanagement opposite.

He says we're against the fertilizer plant; I say we're against the sweetheart deal by Cargill and for Cargill that this government opposite knows is the case.

I say to the Minister of Finance, the question is this. Yes, the question is this. Minister of Finance, you table the reports. You show us the documentation. Don't give us the PC rhetoric. Show us the reports that rebut Blue, Johnson. Prove it. Give us the evidence.

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Mr. Speaker, the hon. member probably enjoys the theatre associated with the politics of this issue. But if we stand back and try and look at our jobs in a reasoned and responsible fashion, the response that I would give about tabling the business plan for the Saskatchewan fertilizer company is the same response that that member, Mr. Speaker, gave to this legislature when he was minister responsible for then what was coming to be the Potash Corporation of Saskatchewan, not tabling the documents because of the commercial nature of the deal, Mr. Speaker.

He knows in his heart, he knows as a lawyer, Mr. Speaker, he knows as an hon. member of this legislature that that is in fact the responsible practice, Mr. Speaker. And if it isn't, why did he say one thing 10 years ago when he was minister responsible for the potash corporation, and now today, ask for something different?

Is this not really a question of the hon. member's credibility and that he's really interested in politics, not the economics, Mr. Speaker? Isn't that the reality?

Some Hon. Members: mHear, hear!

Mr. Romanow: -- Mr. Speaker, I have a new question to the Minister of Finance. And I want to tell the Minister of Finance, he refers 10 years ago . . .

The Speaker: -- Order, order.

Mr. Romanow: -- Mr. Speaker, the Minister of Finance wants to know why it's different now. I'll tell him why it's different now. Because we didn't have 10 years ago . . .

The Speaker: -- I think we're crossing the bounds of courtesy. The hon. member hardly rises and he's being hollered down. Allow him to put the question.

Mr. Romanow: -- Mr. Speaker, thank you very much. But I know now why they're afraid of me asking these questions. They're afraid of me and the farmers asking these questions because they have absolutely no answers. They know that their silence is a condemnation of this deal.

Some Hon. Members: mHear, hear!

Mr. Romanow: -- My question, Mr. Speaker, to the Minister of Finance is simply this: in light of the fact that the entire question period has been used by your stonewalling, by your cover-up, yes, by your refusal to give any kinds of reports, isn't it a fact that the reason that you're not tabling your internal studies is because Blue, Johnson is dead right, this is a give-away to Cargill at the taxpayers' expense. We've got a white elephant on our hands. Isn't that the reason why you're hiding behind the tabling of those reports?

Some Hon. Members: mHear, hear!

Hon. Mr. Hepworth: -- Mr. Speaker, I can only reiterate why we're doing this project. We have the resource; we have the farmers; we believe in economic diversification; we believe in our communities; we believe in our young people. We want our young people to have good jobs, Mr. Speaker, so we can maintain that standard of living.

Mr. Speaker, we try and put this debate back in some reasoned context. It's absolutely normal practice not to divulge deals at the commercial . . . the relevant facts and details of commercial deals, Mr. Speaker. It was the case when he was a minister and had a similar responsibility.

And, Mr. Speaker, the other thing that amazes me here is on alternate weeks they condemn Richardson Greenshields and somehow they have no credibility in doing valuations, and yet today if it suits his purpose he'll pick an example, especially if it backs up the U.S. competition, Mr. Speaker. That's who they're behind. They don't support the Saskatchewan farmers, Mr. Speaker. We do.

Some Hon. Members: mHear, hear!

INTRODUCTION OF BILLS

Bill No. 28 -- An Act respecting Investments by Saskatchewan Residents in Support of Community Diversification and Environmental Protection

Hon. Mrs. Smith: -- Mr. Speaker, I move first reading of . . .

The Speaker: -- Order, order. I believe it's the Deputy Premier who is introducing a Bill. Now perhaps the hon. members might allow her to do that. There has been a lot of noise in question period and it's Friday morning and perhaps an interesting morning for discussion, but the Deputy Premier is trying to introduce a Bill. Allow her to do it.

Hon. Mrs. Smith: -- Thank you, Mr. Speaker. I move first reading of a Bill respecting Investments by Saskatchewan Residents in Support of Community Diversification and Environmental Protection.

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

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure
Saskatchewan Research Council
Ordinary Expenditure -- Vote 35

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

Hon. Mr. Swenson: -- Thank you, Mr. Chairman. It's a pleasure for me this morning to have with me three of my officials from Saskatchewan Research Council. On my immediate right I have Jim Hutch, the president; on my left I have George MacKay, vice-president of finance-administration; and immediately behind me I have Ron McGrath, the comptroller.

Item 1

Mr. Koenker: -- Thank you, Mr. Deputy Speaker. Mr. Minister, I'm wondering if you could begin this morning by telling me what you see, as minister, as the role of the Saskatchewan Research Council being.

Hon. Mr. Swenson: -- Well, I think, Mr. Chairman, that over a great number of years the Saskatchewan Research Council has provided a very useful service to Saskatchewan businesses and firms and educational institutions, and that's taking applied science and technology and making it fit a particular situation. And that can go from the area of agriculture with some of the things that they've done with multiplication of species, with gene splitting, that type of thing, which is very front end -- and the

member from Athabasca will understand the ramifications for the forestry industry, if you could develop different types of seedlings -- right through to the petroleum lab over here in Regina which has been a very integral part of the development of the western sedimentary basin as far as heavy oil and some of the other applications, horizontal drilling.

So you can see, it's applied research and technology on the forefront, on the leading edge, and working with Saskatchewan and other Canadians to put that applied science to its best use. And I think the moves that you've seen in the last few years particularly have allowed Saskatchewan Research Council to hone those talents, direct their energies into specific areas. And the forestry one that they're doing right now is a very exciting endeavour.

The very idea that we can walk into a northern Saskatchewan forest, pick what we believe is the most exemplary tree there, and simply by taking a cutting off of that tree, reproduce that tree over and over and over again with all of its good characteristics, is very exciting stuff. And I'm proud to say it.

I can read the mission statement of the Saskatchewan Research Council if that's what the member would like, but I don't believe that's what he wishes, and I'll return to my seat, Mr. Chairman.

DMr. Koenker: -- Well, Mr. Minister, I would have wished for your vision of the role of the Saskatchewan Research Council. You gave me a recitation of the work that the research council has done. Maybe we could sharpen the focus a little bit. What are your personal priorities for the Saskatchewan Research Council in the future -- your personal priorities as minister responsible for the research council?

Hon. Mr. Swenson: -- Well, Mr. Chairman, I think my goals as minister of Saskatchewan Research Council are to work with the people there in furthering the endeavours that have already been started under other ministers, to take some of the new initiatives that come along as minister and carry them to the cabinet table and certainly to my caucus, to the whole realm of government -- to further those endeavours. It's, I believe, a team relationship that I as minister need to work with all of the wide areas, and we go from PAMI (Prairie Agricultural Machinery Institute) on one side, like I said, clear through to the oil industry on the other.

My goals will be to continue the operations of research council. They've been able to secure much of their funding in the last few years from the private sector, very business orientated, and I would like to continue that excellent relationship that they have with the business community, the mining community all across this province in taking technology and applied research and benefitting our people.

Mr. Koenker: -- What do you see, Mr. Minister, as the particular strength of the Saskatchewan Research Council?

Hon. Mr. Swenson: -- I think that the real strength of the research council is being able to take a particular piece of technology and adapt it so that

it's a reality for anyone in this province to use. And I'm going to give you a list of some of the areas that I think that are exciting to the people in a particular area: the slurry pipeline facility in Saskatoon; the bovine blood lab, which used to be in Ottawa and now is in Saskatoon; groundwater resource analysis, groundwater to small towns and villages and farmers in this province is one of the mainstays of life; radio chemical analysis; MiniTube Air Samplers, so that people in the work place will be aware of problems of air quality; creep cell testing applied in the potash mines; kochia technology, kochia is probably one of the most possibly exciting plants in Saskatchewan today, but could also be one of the worst weeds that's ever come into western Canada because of its resistance to chemicals. And then of course the whole area that PAMI does with farm machinery testing where they are able to work with almost every major manufacturer of farm machinery in North America. Indeed some of the European people now with the East bloc changing, are actually bringing their stuff to PAMI to make sure that it is ready for those field conditions that we apply to them here.

So it's a whole range of areas, and it's just taking that technology and applying it so that you and I have it available to us.

Mr. Chairman: -- Order. The Chair would ask for leave to introduce some students.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Muller: -- It gives me a great deal of pleasure today certainly to introduce 40 students and their teacher, Mr. Colin Neudorf, from Shellbrook, which is my home town. It lies in some of the most fertile farm land in central Saskatchewan, north of the North Saskatchewan River, just south of the Prince Albert National Park. And I always like to add that it is the most beautiful part of Saskatchewan. I'm certainly looking forward to being home again this afternoon and evening and for the weekend; I always love it up there.

I hope you students and young people have enjoyed your trip to Regina. I hope your tour will be educational. And I will be meeting with you at 11:35 in room 218 for refreshments and questions.

I would ask all members to welcome these students and wish them a safe trip home. Thank you.

Hon. Members: mHear, hear!

(1045)

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure
Saskatchewan Research Council
Ordinary Expenditure -- Vote 35

Item 1 (continued)

Mr. Koenker: -- Thank you, Mr. Deputy Speaker. Mr. Minister, you've talked again about individual projects, pieces of research that the council is involved in. You've touched on some of its strategic strengths, but you really haven't talked about them in a strategic sense. That's what I'm getting at. What would you see as some of the weaknesses of the Saskatchewan Research Council in a strategic sense at the present time?

Hon. Mr. Swenson: -- I think, Mr. Chairman, the member is perhaps phrasing his question wrong. I don't really believe that the Saskatchewan Research Council has weaknesses. I believe that we have areas that we should endeavour to be better in, and I don't believe anyone ever has all the answers. You can never, in an organization like this, be everything to all people at all times.

I think that we have to watch, we have to be vigilant that as new technologies come along that we have the ability to grasp hold of them and at least give it an analysis in the early phase and see if it's worth spending time or money on. I think we need to perhaps clarify some of the things that we've looked at in the international area. Saskatchewan Research Council have worked with some third-world countries and I think it's important that we clearly define where we're going in that area of assistance. And some of that's been done through CIDA (Canadian International Development Agency) in the past. I think that's the area that we have to clarify in our minds.

I think we have to take a good hard look at our marketing capabilities, and have we been too shotgunish perhaps, with some of that. Do we need more focus in the marketing area.

I think we have to at all times give our staff the latitude within the work place to think of new ideas, to have that time to brainstorm, if you will. And it's important that that self-development aspect of the Saskatchewan Research Council always be talked about and enhanced.

And it's also very important as new industries come on the horizon in Saskatchewan particularly, that we have the ability to identify where those companies -- those in the area of diamonds comes to mind -- where will that be 10 years from now vis-a-vis things like the environmental side, the health and safety of the worker in a diamond mine, and some of the things that would go along with that whole process.

Much the same has happened with the potash industry when it came to Saskatchewan, and the research council had the ability to look down the road at some of the problems that may occur in potash mines, and it covered that whole gamut right from worker safety through to applying new technologies. And I don't think that's any different today than it was then under previous governments.

So certainly those are some of the areas that I would see us looking into the future in strengthening our ability to react.

Mr. Koenker: -- Mr. Minister, how many staff are presently at the Saskatchewan Research Council?

Hon. Mr. Swenson: -- I believe it's 220, Mr. Chairman.

Mr. Koenker: -- How does that compare to last year?

Hon. Mr. Swenson: -- I'm sorry, Mr. Chairman, it was 220 last year; it's currently 230 this year. And that can vary depending on the season, by five, six, seven, that type of thing.

Mr. Koenker: -- And how many of the staff are administrative in nature as compared to those who are technical in nature?

Hon. Mr. Swenson: -- Approximately 49, 50, somewhere in there.

Mr. Koenker: -- Forty-nine or 50 would be administrative in nature as opposed to technical in nature? I see you nodding your head, okay.

Mr. Minister, how many staff have left the employment of the Saskatchewan Research Council in the last year?

Hon. Mr. Swenson: -- Mr. Chairman, I don't have the exact numbers. What I have is percentages of yearly turn around. I can give the member the last four years, for instance, and endeavour to get him a specific number if he so wishes.

I'll just run through the last four years. In 1987 we had a 9.28 per cent turn around. In 1988 we had 11.92 per cent turn around. In 1989 we had 11.57 per cent turn around, and so far, 1990, we've had 4.59 per cent turn around in staff.

Mr. Koenker: -- Mr. Minister, how many staff with a master's degree or a Ph.D. degree have left in the last year?

Hon. Mr. Swenson: -- I believe in the last year there would be four people that would have that type of qualification and up.

Mr. Koenker: -- Those four would have had their Ph.D.?

Hon. Mr. Swenson: -- I believe that three out of the four.

Mr. Koenker: -- How many people are on staff that presently hold a Ph.D.?

Hon. Mr. Swenson: -- I believe, Mr. Chairman, it's approximately 25, and that could vary either way by one or two or something like that. If the member wishes, I can get that exact.

Mr. Koenker: -- Yes, I'd appreciate knowing exactly how many people are presently on staff with their Ph.D. Can you supply that? Could you also supply who they are? You don't have to do it at the present time.

Hon. Mr. Swenson: -- Is it all right if we send it across to you in

writing?

Mr. Koenker: -- Sure. Is this a concern to you, Mr. Minister?

Hon. Mr. Swenson: -- Well, Mr. Chairman, the Saskatchewan Research Council likes to keep qualified people at all times. In the case of the four individuals that the member is talking about, I'm not concerned because in their cases, two of them have gone to the federal hydrology lab, which is right next door, and maintain a working relationship, basically doing the same area only they're working with federal money. One is working with the province of Saskatchewan on soil conservation in another capacity and is using his ability and research background to further that area which is . . . the province is still benefitting. And the other one went to a private consulting firm but still keeps lab facilities with the research council and still works on an ongoing basis.

So in all four cases the people are doing the same thing they did before for somebody else, still within the province, still carrying on the relationship, and I believe that's good. And qualified people are always going to want to expand their horizons and move on to different areas of their specialty. And in this case they're all doing that and still here working with us.

Mr. Koenker: -- It's not accurate, Mr. Minister, to say that these people are working with us, meaning the research council. They've left the employment of the research council. Certainly they're in the province, and that's to their credit that they have that kind of commitment. I'm wondering, can you give me the names of the people who have left, these four people that we're talking about, and which program they were involved in in the research council?

Hon. Mr. Swenson: -- I can provide that to the member in writing, in confidence. I don't believe that we should talk about those four people's names in the legislature, but I'll certainly provide that to him.

Mr. Koenker: -- Well, Mr. Minister, can you tell me how many of the people were in the aquatic biology program? You've mentioned two hydrologists who are now at the National Hydrology Institute on the University of Saskatchewan campus. How many others came from the aquatic biology program?

Hon. Mr. Swenson: -- I believe out of the four individuals that we're talking about there was one that came from that particular program.

Mr. Koenker: -- And where did the other individuals come from?

Hon. Mr. Swenson: -- Okay, we had one in terrestrial ecology, which is soil conservation, to most people here. We had the one, as you mentioned, that was in the aquatic area, and two in hydrology area.

(1100)

Mr. Koenker: -- Have these people been replaced, Mr. Minister?

Hon. Mr. Swenson: -- Well in all areas my officials tell me that we've got young people that were, shall we say, tutored under those areas, and we feel quite confident in their abilities to assume roles. In the case of the hydrology stuff, for instance, there would be no sense repeating it because it was a contractual relationship and that work had already been done. But there are people there that are quite capable of moving into similar areas and continuing on with similar type work, and that goes for the other two areas as well. There are people that are quite capable of handling it.

Mr. Koenker: -- Am I to take it from your equivocation that these people have not been replaced, Mr. Minister?

Hon. Mr. Swenson: -- I think, Mr. Chairman, the member doesn't quite understand how this organization works. It's not the same as some other areas of government where you have strict levels of promotional structure and what not. The Saskatchewan Research Council has the ability to ebb and flow, if you will, as contractual work comes in or particular projects. And they have people in all of these areas, as I said, that are quite competent to handle the same type of work that the four individuals we are talking about perform.

If a contract, for instance, for hydrology comes along, the people are there to step in and do it. And I would just invite the member to go visit the research council and go through the various departments and the structures there and see for himself how these things are done.

Mr. Koenker: -- Mr. Minister, have these people been replaced?

Hon. Mr. Swenson: -- Well as I tried to explain to the member opposite, you don't necessarily put somebody there if there's nothing for them to do. In the case of the terrestrial ecology section, we have a person there that's in effect -- if he wants to call it replaced it -- replaced the individuals there and carrying on some of the same work.

In the case of the hydrology area, we've got one person there instead of two now, because that's the amount of work that's there. If there's more work comes along, you move someone into that area.

In the case of the aquatic side of it, no, we probably won't put anyone in there because the work isn't there to do right now. There are people competent to handle that area in existence, but that particular numbers that were associated with aquatic work -- no, we haven't put anyone in there because there are others there doing the existing work and there's no need.

Mr. Koenker: -- We'll leave this for a moment, Mr. Minister, but only for a moment, okay?

I'd like to talk now about the work that is being done at SRC (Saskatchewan Research Council), and I'm wondering if you can tell me your projections for contractual work for this coming year.

Hon. Mr. Swenson: -- We're projecting about \$10 million in contractual work this year, and that would be broken down on a percentage basis: 58 per cent industry, 23 per cent province, and 19 per cent federal.

Mr. Koenker: -- Can you give me numbers, Mr. Minister?

Hon. Mr. Swenson: -- The approximate -- industry would be about 5,000,800; province, 2.3; federal, 1.9

Mr. Koenker: -- And how do those numbers compare to last year, Mr. Minister?

Hon. Mr. Swenson: -- It would be about a half a million dollar rise from last year.

Mr. Koenker: -- Could you give me the figures, the corresponding figures for last year, Mr. Minister?

Hon. Mr. Swenson: -- Let's see -- industry would be about 52 per cent; province would be about the same; and federal would be a drop of -- it was 2.3 last year, and it's 1.9 this year.

Mr. Koenker: -- So you're looking for a reasonable increase, I think it's fair to say, in your contractual work with the industrial sector, is that correct?

Hon. Mr. Swenson: -- Yes, you'd be looking at an increase in your industrial sector, of about 400,000.

Mr. Koenker: -- And you have a decrease in your federal contractual work that, just quickly here, works out to about 17 per cent decrease, a decrease, I take it, of \$400,000. Is that correct?

Hon. Mr. Swenson: -- This is '88-89 compared to '89-90, the decrease on the federal side would be very close to \$400,000.

Mr. Koenker: -- And how does that come about, Mr. Minister?

Hon. Mr. Swenson: -- It would primarily be the unsolicited proposal fund that was put out by supply and services over the years, and that one has been cut back.

Mr. Koenker: -- And why has that been cut back, Mr. Minister?

Hon. Mr. Swenson: -- You'd have to ask the federal minister that.

Mr. Koenker: -- Well certainly you have some knowledge of that as minister responsible for the Saskatchewan Research Council. It isn't as if those federal contracts don't affect the work of the research council. Why has the federal government cut back on those? Is that the only area where the federal government has cut back?

Hon. Mr. Swenson: -- Mr. Chairman, as everyone in Canada knows, there has been cut-backs by the federal government. They certainly don't just affect the Saskatchewan Research Council. The Alberta Research Council, the Ontario research council, I mean everyone has been affected by these changes in federal funding. And it's one of the reasons, I think, that we have been very aggressive in the private contractual areas, because of these cut-backs that have been well-known.

Mr. Koenker: -- I note . . . That seems fair and reasonable, that if there are cut-backs in the federal area, if you want to keep afloat you have to look at contracts from other sources. And I note that you've just indicated that the provincial contracting is basically at the same level -- 2.3 million -- the same level as it was last year.

And therein I think you'd find a situation where you're forced to put all of your eggs . . . or a good half of your eggs, of necessity, in the private sector basket. And I think that, on the basis of the discussion that we've had just a few moments ago about the staffing at the Research Council, putting those eggs in that industrial basket is counting chickens before they hatch.

Because industry buys credibility. And the private sector, if and when it's going to come to the Saskatchewan Research Council, is going to come there to do contractual work on the basis of the expertise and the credibility and the experience that particular research staff have at the research council. But earlier this morning you've taken a rather casual attitude toward the loss of some key staff at the council, and I'm wondering if this does not concern you that losing some key staff is not going to impede your ability or cripple your ability to secure the kinds of increase, an increase of almost a million dollars, approaching a million dollars in contractual research work with the industrial sector this year. Is that not a concern?

(1115)

Hon. Mr. Swenson: -- Mr. Chairman, once again I think the member opposite is being a little unfair. There's no cavalier attitude at all. I have a very strong board of directors of the Saskatchewan Research Council. They're well respected from across this province, involved in many areas of endeavour. I have a great deal of faith in the officials that I have seated with me here today, and that the work that needs doing will get done by the Saskatchewan Research Council. They are constantly obtaining new contracts. As I mentioned, the diamond area which is totally unknown to Canada is already involved with Saskatchewan Research Council.

Now that's on the front end of some very exciting things, and the work will get done. And there is nothing cavalier at all about my attitude or the attitude of my board of directors or my senior management. And I don't think I want to talk about my people in that way.

Mr. Koenker: -- Mr. Minister, I never said cavalier, I said casual. I said that you have a rather casual attitude to the situation.

Mr. Minister, I'm wondering if you can . . . I think we're going to be coming back to this issue again. I'm wondering if you can tell me, as minister, what you view as the . . . how you see the relation of the Saskatchewan government to the Saskatchewan Research Council. Can you sketch that relationship for us?

Hon. Mr. Swenson: -- Well the Saskatchewan government is the owner of the Saskatchewan Research Council and provides an ongoing grant year by year to that particular institution which has been very consistent over the last number of years.

I believe that the space that the Saskatchewan Research Council works out of is as good and conducive a work place as you're going to get anywhere in this province certainly, and certainly compares with similar facilities in other provinces. Having been through it a number of times and as they add on to it, I'm impressed every time I go there, with the work place and certainly our goal is to continue to monitor what is going on in the way of activity in our province and be aware, be in on the leading edge of the technological and applied sciences that need to be applied in this province. And that's the role of the Saskatchewan government and the research council.

Mr. Koenker: -- If that's the case, Mr. Minister, why is the Government of Saskatchewan cutting back its grants to the research council?

Hon. Mr. Swenson: -- I don't believe, Mr. Chairman, there is a cut-back. There's a 2 per cent increase, there's two B budgets drop off, and there's money comes on from Environment, 500-and-some thousand dollars. Figures add up to 2 per cent increase to me.

Mr. Koenker: -- What numbers drop off, Mr. Minister? Can you explain that to us?

Hon. Mr. Swenson: -- Now the two B budget items were the fermentation area for 300,000 and the other one is CAD/CAM (computer aided drafting/computer aided mapping) at 100,000. And the fermentation area is under review, and there is a chance that some of that may be
Dback on again. And of course the environmental stuff is now on for five fifty.

Mr. Koenker: -- Why is the fermentation work under review? You say there's a chance it may be back on. What's going on there? Either it's valuable work or you're going to be cutting it.

Hon. Mr. Swenson: -- Well industry -- and you realize that that whole area is fairly new in this province and there's been announcements lately -- the industry may at this time be not ready to go on with the process more, and there's no sense applying research in the fermentation area unless you've got people ready to apply it to something. So it would be the needs of industry out there that'll basically determine how the fermentation area works.

Mr. Koenker: -- Well I thought we just established earlier that one of the

strengths of the research council, in fact one of its main purposes was the application and transfer of technology to the private sector. And we're looking for private sector contracts to increase this year by some \$700,000, and yet here we have an instance of \$300,000 worth of provincial money for fermentation work that apparently is no longer viewed as necessary because that's not where the private sector is at.

At the same time we have your Premier talking about the need for economic diversification and renaming the Department of Agriculture the Department of Food and Agriculture. Now how does this kind of cut-back from provincial funding for fermentation work fit into that larger goal of your government, its own self-professed goal of diversifying the agricultural economy, with agricultural processing? And there are manifold opportunities in fermentation work that Saskatchewan people could capitalize on. Why is the Government of Saskatchewan pulling back \$300,000 from fermentation work?

Hon. Mr. Swenson: -- Well I think, Mr. Chairman, the way you should categorize it more would be SRC is in the business of technology pull rather than technology push. Obviously there was some work that was done on fermentation.

Industry is using various aspects of work done by many people, and I'll give an example. If the new Lanigan operation where Sask Wheat Pool is involved with Mohawk and they're involved with the feed lot and they're involved with a bunch of people in the community, find in their process that there is a problem with fermentation that they didn't expect because of the type of grain they're using or whatever, there is then a need for someone to take a look at that. And that would be a prime example where Saskatchewan Research Council would say yes, we think we should look at that. And they would come to government and ask for funding to further that fermentation area.

If you go out and just do fermentation work and there's nobody there to take it up for whatever reason, you haven't really spent your money all that wisely. The work they did was obviously felt to be all that was needed to do at that particular time to satisfy the needs. And there's no sense doing something that no one's going to latch on to.

Mr. Koenker: -- And yet, Mr. Minister, you alluded just two or three responses earlier that this work may not, in fact, be cut. Is that the case?

Hon. Mr. Swenson: -- Mr. Chairman, in the case of fermentation, which we're talking about here, for instance, there is a major study going on I'm told, which includes Saskatchewan, in the area of fermentation and the interaction of alcohol with fossil fuels in the market-place and that type of thing. And I believe that was initiated by the old department of science and technology and that that report will be down at the end of July, early August, something like that.

And it will clearly indicate at that time probably if there are needs and wants in the fermentation industry in its relationship to gasoline and that

type of thing. Can these things be accessed out of Alberta better than Saskatchewan? That type of information will be in that report. And at that time the research council can make some value judgements, but also the industry will make some value judgements and see if there's anything in the area of fermentation that they believe can be furthered. And that's a fairly straightforward process that goes on all the time.

Mr. Koenker: -- Mr. Minister, I think what we see is the Government of Saskatchewan making value judgements about science and technology in this province, eliminating the department of science and technology and cutting back the Saskatchewan Research Council. Can you explain why the CAD/CAM funding has been cut by the Government of Saskatchewan at the Saskatchewan Research Council?

Hon. Mr. Swenson: -- CAD/CAM is a classic area of the type of thing SRC does. They started way back in '77 and did this particular item for industry, moved it now into the industrial area, and it's a mature technology, okay? The next stage, if you will, is this computer integrated manufacturing process, where kind of the machine is integrated totally with the computer and has access to other kinds of computers and that type of thing.

So the CAD/CAM thing, it was always stated from the very beginning that once it was processed and integrated with the industrial community that it would be a mature product and then we would get on to newer and better things. And I think that process has been ongoing for a long time.

(1130)

Mr. Koenker: -- It is easy for you to suggest that CAD/CAM has been integrated into the industrial community or the business community across the province. I think the reality is another thing. I question why the government is pulling back from this kind of work, eliminated the centre for advanced technology at Kelsey a number of years ago in its budgetary restraint. I think that the real answer, Mr. Minister, is that because of the horrendous deficit that this province is carrying, you simply don't have the ability to do what you might do and probably should be doing with respect to science and technology at the Saskatchewan Research Council.

And you talk about the ebb and flow of work at the research council as contractual work comes along. And I say to you that work is less and less likely to come along as you begin paring the meat from the bone of the research council. And it's all well and good to rely on the industrial sector to make up the deficit from your cut-backs at the council, but what we see happening, Mr. Minister, as a result of these kinds of cut-backs is key research people leaving the research council's employment -- yes, going elsewhere in the province. But that's not to the credit of the research council. That's at the peril, I would suggest, of the research council continuing to snag contracts from the industrial sector.

And I suspect, Mr. Minister, and I think it needs to be said that what your government has in hand or in mind, maybe more appropriately, is the idea of possibly privatizing the research council. And I want to know if you have

any plans to privatize the Saskatchewan Research Council at the present time.

Hon. Mr. Swenson: -- Mr. Chairman, the answer to that is no. I get a little bit annoyed at times when these suggestions are made -- and we're talking straight politics here -- because I have before me a chart, the ebb and flow of contractual work at the research council, which I'd be happy to send across to the member.

And this goes right back to 1977 during the years of an NDP administration, and it's a constant up and down like this. The levels are basically the same. There isn't hardly any difference at all. At the end of the day there is a little more contractual work, but I mean the peaks and valleys are exactly the same through 15 years, and there is no difference.

And as far as turn-around of people, as I said to the member before, over the last four years I gave the numbers of turn-around; and there's a constant coming and going of people as they apply their research, as they get involved in a contractual situation, and then they move on.

And people do not go to the Saskatchewan Research Council, by and large, to spend their entire life there because the world is moving very rapidly today. They perform a particular project. They're involved with an industry in a certain area, and then they move on to other things. And that's necessary for the research council to stay fresh and vigorous and to be prepared to step into new areas as they come along.

If the member wishes to see this ebb and flow of work, I'd be happy to send it across to him.

Mr. Koenker: -- Yes, I'd like to see that, Mr. Minister, and would appreciate that information. Can you tell me what percentage of the contractual work from the provincial government comes from the ADF (Agriculture Development Fund)?

Hon. Mr. Swenson: -- Mr. Chairman, that breakdown specifically of ADF's stuff I'd have to provide to the member in writing. I can't dig it out of the various lines right now. ADF stuff ebbs and flows like everything else. Some years you have demonstration projects which are fairly expensive, and then in another year you won't have a demonstration project. But we'll endeavour to dig all the ADF stuff out and provide it to the member.

Mr. Koenker: -- I'd appreciate that, Mr. Minister. And if you can outline what particular projects that involves, I'd appreciate that as well.

I'd just like to touch base briefly on the grants and aid made by the research council to the Saskatchewan universities for research. Can you give the figures for that for this coming year.

Hon. Mr. Swenson: -- Mr. Chairman, the program the hon. member's talking about was in a phase-down situation. It was decided four or five years ago to gradually bring that down to zero, and I believe the '88-89 year was the

last year that there was those grants made.

And the decision was made a number of years ago that for the money spent it was felt it was probably best to do it with our own people, and that we were getting better value for our dollar spending those moneys internally than we were with the other program. And as I say, it was phased out over a number of years, so it's no big surprise to anyone.

Mr. Koenker: -- Exactly, Mr. Minister. It's no big surprise to anyone that a program like that is being phased out, just like the students in industry, graduates in industry program was eliminated by your government back in the '87-88 budgetary year.

And what we see here again, Mr. Minister, only confirms what I'm saying, that because of your government's fiscal mismanagement and the kind of deficit we're carrying, where we're now paying 1.3 or \$1.4 million a day just to pay the interest on the provincial debt, you can't scare up a hundred thousand dollars for grants and aids to the university. And because of that you can't scare up from your provincial budget \$1.8 million for the students in industry, graduates in industry program, a program incidentally that your predecessor spoke highly of but couldn't deliver on precisely because of the budgetary cut-backs. And I say this is all part of the trajectory that we've seen in the last three or four years, inexorably to diminish the scientific and technological work that's being done in this province. And it's happening because you have no alternatives, given your fiscal mismanagement.

Mr. Minister, I'd like to know if the research council is doing any work on the greenhouse effect. I know that there's all sorts of work going on at the council surrounding different dimensions of the greenhouse effect, but I'm wondering if there are any contractual arrangements with the Government of Saskatchewan at the present time for study into the greenhouse effect.

Hon. Mr. Swenson: -- I think there's two things I'd like to comment on. The member opposite talked about the research council's relationship with education in the province, and I would just like to mention a few things to show that the research council is very involved in education, and then I'll comment on his greenhouse question.

This is all things current that SRC are participating in: in the University of Regina's engineering co-operative program, they're sponsoring a Saskatchewan high school student in the Shad Valley program run by the Canadian Centre for Creative Technology; SRC through IRAP (industrial research assistance program) supports the placement of 73 highly skilled students in qualified Saskatchewan companies; SRC in co-operation with SCATH, Saskatoon Catholic school board, established partnership in education program 1986; and they've introduced Saskatchewan's first developer-funded archaeology program. So a number of areas where SRC is involved with the educational field.

As far as the greenhouse effects study, that is in a proposal stage right now and hopefully those proposals will be ready to select from some time by this fall.

Mr. Koenker: -- The proposals for the greenhouse study effect comes from whom, Mr. Minister?

Hon. Mr. Swenson: -- We're scoping that request at the request of the Department of Environment, so it's SRC that would be doing it.

Mr. Koenker: -- And I'm correct in understanding that you said it's hoped that this study will be . . . the arrangements for this study will be in place some time this fall?

Hon. Mr. Swenson: -- It ultimately will be dependent on the Department of Environment and their officials and their expectations. SRC, like I said, is scoping a proposal for them and are ready to do the work and it will be up to them to decide the specific areas within the proposal that they wish to advance.

Mr. Koenker: -- Mr. Minister, I don't blame you for this one, but I certainly blame your colleagues. Because I have right here the challenges and opportunities document that accompanied last year's provincial budget in March of 1989 where your government goes to the expense of putting together an additional propaganda document that has never before been seen accompanying a provincial budget in the history of this province, a challenges and opportunities document.

And on page E8 of that document, you crowed or your government crowed -- I'm not saying that you did -- but your government crowed about the greenhouse effect study that was going to be undertaken. And I quote:

In 1989-90, the government will undertake a research study on the impact of the greenhouse effect on Saskatchewan to develop a plan of action to mitigate any negative affects.

And what we have as a result of correspondence a year later dated March 5 from the Minister of Environment's office here in Saskatchewan is a letter to myself saying that:

After extensive consultation with other departments and the Saskatchewan Research Council, terms of reference were produced and a proposal requested. I expect that the study will be undertaken in the very near future.

And that's not what the challenges and opportunities document said a year earlier. It said that during that calendar year, a year ago, the study would be undertaken. And what we have again from your government is a failure to act on commitments that it makes publicly and back-pedalling.

And I urge you to push the Department of the Environment and the Environment minister, who is your colleague, to undertake this study with dispatch, because I happen to believe that the Saskatchewan Research Council has excellent resources to contribute to such a study here in Saskatchewan. And the time is long overdue for that study to take place. In fact I know that the research council has excellent people to do that

kind of study. What we don't have is a commitment fiscally from your government to allow that kind of research to take place. And that's what we're talking about.

And I'm worried that as you drag your heels on this one, as you pull back from other commitments, what we're going to see is more people leaving the employment of the research council and a gradual erosion of what has been a fine institution serving the people of Saskatchewan, a council that has dedicated staff, able staff, but a government that doesn't respect them or help to enable them. And that's my concern, Mr. Minister.

(1145)

I have just a few more brief concerns. And I'm wondering if you can tell me how it is that payments to the Saskatchewan Property Management Corporation miraculously drop from 2.8 million to 2.1 million this budgetary year, when a year ago that's where you started, and last year you went up to 2.8 and now you're back down to 2.1. Now how can that be with the property management corporation?

Hon. Mr. Swenson: -- I'm told, Mr. Chairman, that SPMC (Saskatchewan Property Management Corporation) are charging us less for the same space. We've got as much square footage as we had before, and I think questions as far as SPMC would better be directed to the minister of SPMC and to why they've been able to reduce these rates. When it costs us less for our rental space, correspondingly we get less in our grant for rental space.

Mr. Koenker: -- Well, Mr. Minister, that's just not good enough, and I'm not going to belabour the point. But what we see right here is clear evidence of the Saskatchewan Property Management Corporation being nothing more than a political slush fund. That at the convenience of your government, you can jack up the payments to the property management corporation and skim gravy off the budget of the research council last year, for political purposes, to build a political slush fund, and this year you can decrease it by \$732,000 in one fell swoop. And that's nothing more than almost a million dollars going into a political slush fund for your government's political purposes.

And it doesn't make any sense to the Saskatchewan Research Council or to the people of Saskatchewan for that kind of fiddle-faddling with the numbers to go on.

I'd just like to ask a couple of brief questions, Mr. Minister. Has the remote sensing program changed appreciably this past year?

Hon. Mr. Swenson: -- Yes, my officials inform me it has changed. They are now moved into a spatial technologies group which at the moment is undertaking a major proposal to the federal government for funding. So it's expanding its horizons and its technological capabilities.

Mr. Koenker: -- Has the internal budgetary allocation for the remote sensing program been increased, Mr. Minister?

Hon. Mr. Swenson: -- My information is that the funding is about the same as it was last year, but they've been able to add some technical expertise to the team that they didn't have before. If the member wants a specific figure for this coming year, I'll endeavour to get that to him.

Mr. Koenker: -- I'd be very interested, Mr. Member, if you could give me more than figures. Just give me as much information as you can about some of the trajectories for the remote sensing program. It's an area of real interest and real opportunity, and it'd be helpful to know about some of the good things that are going on.

I'd like to conclude, Mr. Minister, by thanking you for your responses today. I found it very helpful to have this kind of information that you've provided. I was glad to hear you say that you have no plans to privatize the research council, and if that in fact is true, I commend you for it.

I would like to conclude by saying that I fear you're slowly strangling the capabilities of the research council, because it isn't a priority with your government. I'm concerned about the attrition of staff at the council, especially some key staff, and the erosion of credibility that follows on the heels of that precisely at a time when you're looking to secure increased contractual work from the industrial sector.

Just one final comment, almost a plea. If you really want to do something that's right and something that will be very well received, consider reinstituting something akin to the students in industry/graduates in industry program. There's an incredible vacuum in the province of Saskatchewan for young people with technical skills. In terms of finding employment the majority of them are leaving the province. I know that at the College of Engineering at the U of S there's real concern among the faculty there over the number of Saskatchewan young people who are graduating from engineering and leaving the province.

And here you have with the Saskatchewan Research Council for really a very modest amount of money, the opportunity to do something wonderful not just for young students who have seen opportunities for youth grants cut by seven and a half million dollars over the last three years and have seen the students in industry/graduates in industry program cut -- here you have an opportunity to do something wonderful not only for young people, not only for the research council itself, and not only for small business across Saskatchewan, especially in rural Saskatchewan, but you have the opportunity to do something wonderful for Saskatchewan people and for Saskatchewan taxpayers.

And I say that kind of investment in money would be a very wonderful investment as opposed to some of the other investments that your government has been prepared to make in projects like Cargill. Here you will see dividends, clear and clean, for Saskatchewan people. And no one will question, no one will question you as minister if you make those kinds of commitments to young people and to industry in Saskatchewan. They will applaud you.

And so I conclude by pleading with you, as minister responsible, to consider the reinstatement of a students in industry/graduates in industry type program, if for no other reason than for the sake of your own good name and your own reputation.

Finally, I'd like to applaud the staff of the research council and their work. I wish you and them all good things in the year ahead and hope that some of your own energies, your own best energies can be applied with the people at the research council to work wonderful things for the province of Saskatchewan. Thank you.

Some Hon. Members: mHear, hear!

Item 1 agreed to.

Vote 35 agreed to.

Consolidated Fund Budgetary Expenditure
Economic Diversification and Investment Fund
Vote 66
Saskatchewan Research Council

Item 11

Mr. Koenker: -- Thank you, Mr. Deputy Speaker, Mr. Minister, I'm wondering if you can just give a bit of a breakdown on the numbers given here at some later date. I don't expect them now.

Item 11 agreed to.

(1200)

Supplementary Estimates 1990
Consolidated Fund Budgetary Expenditure
Saskatchewan Research Council
Ordinary Expenditure -- Vote 35

Item 1 agreed to.

Vote 35 agreed to.

Mr. Chairman: -- That includes the estimates for research council. I would like to thank the officials and the minister.

DHon. Mr. Swenson: -- I'd like to take this opportunity to thank my officials for coming in today, coming down from Saskatoon, and providing me with the information. And I'd also like to thank my critic for his questions, some excellent ones there. And I will endeavour to make sure that the written responses that we agreed to are promptly delivered to the critic. Thank you.

Mr. Koenker: -- I too would like to thank the minister's officials for their time today and particularly to thank both the minister and the officials that these estimates were not held yesterday as originally

planned. My wife convocated from the University of Saskatchewan yesterday afternoon, and it would've been very difficult for me to have missed that and to have been here. Thank you very much.

Consolidated Fund Budgetary Expenditure
Energy and Mines
Ordinary Expenditure -- Vote 23

Item 1 (continued)

Mr. Chairman: -- Order, order.

Mr. Romanow: -- Thank you, Mr. Chairman, thank you very much. Mr. Chairman, I have a couple of questions which I wish to direct to the minister respecting potash and potash production. And I will try to, in the interest of time, summarize the questions that I want to put to you. And I would hope that with your phalanx of officials there you'll be able to provide me with the answers relatively quickly and we can get on with the business of this particular aspect of your estimates.

What I'd like to know is what the production in the world, according to your department's estimates, of potash there was in the years working back 1989, '88, '87, '86, '85. You can go all the way back to 1980 if you want, if it's a readily available chart. But as far as I'm concerned we can skip and go right to 1980 -- for the years '80, '85, '86, '87, '88, '89. And to speed this up, of that world production figure, what share of the production was attributed to Saskatchewan producers, during those same periods, of course?

Hon. Mr. Swenson: -- Mr. Chairman, I've got figures here back to 1980, if the member wishes. What I have is world consumption, Saskatchewan production, that'd be in K D220 tonnes, metric tons. Is that what the member wishes?

An Hon. Member: -- Not consumption but production, world production.

Hon. Mr. Swenson: -- That I would have to . . . I don't have right now. All I've got is what was consumed.

An Hon. Member: -- Give us what you have.

Hon. Mr. Swenson: -- Okay, demand? 1985 would have been 28.5 million tonnes K D220 -- I'll do this line first and then go to the other one; '86 was 27.3; '87 was 33; '88 was 31; '89, 31; and 1990 will be 31.3.

At the same time I'll go to Saskatchewan production, starting once again in 1985, would be 6 million 378, 6 million 312, 7 million 022, 7 million 106, 6 million 253, and 6 million 3.

Mr. Romanow: -- Now, Mr. Minister, I asked -- I think I did; if I didn't I'll ask now -- whether your department has percentages of production, the percentage of the Saskatchewan production as a percentage of the figures that you have.

Hon. Mr. Swenson: -- What I have, Mr. Chairman, is an operating rate based on sales. I don't know if that's close to what the member wants but I'll give him those numbers. In '85 it would have been 75 per cent; in '86, 67 per cent; in '87, 71 per cent; in '88, 80 per cent; in '89, 69 per cent; and in '90 that would be 66 per cent.

Mr. Romanow: -- I would ask your officials just to do a percentage of Saskatchewan production of the total world production calculation while I ask the next question -- and that is if you would care to tell me what the average price per tonne for potash has been in the corresponding years that I've talked about: '89, '88, '87, '86, '85 to 1980.

Hon. Mr. Swenson: -- Mr. Chairman, for the member's previous question . . . and I'd like him to clarify that one he just gave me again. The previous question was Saskatchewan percentage of the world, I believe. And my officials have given me some numbers here -- in '85 that'd be 22.5; '86, 22.1; '87, 21.3; '88, 23.8; '89, 21.6.

And did the member wish an average price per K D220 tonne for each of those years?

An Hon. Member: -- Yes.

Hon. Mr. Swenson: -- Here they go -- 1985 would be 97.45; '86 would be 87.47; '87 would be 95.53; '88 would be 137.20; and '89 would be 142.

Mr. Romanow: -- Now, Mr. Chairman, I have another question which perhaps the minister also has handily available, and that is what the share of production is attributed to the Potash Corporation of Saskatchewan during those years.

Hon. Mr. Swenson: -- Mr. Chairman, I'm informed that it's been standard policy in the potash business all along that only the total provincial numbers have been given and never have the individual company numbers been given. And if PCS (Potash Corporation of Saskatchewan) wished to release that information, that's up to PCS, as it is with anyone else.

Mr. Romanow: -- Mr. Chairman, can the minister advise whether or not The Potash Resources Act, 1987 has been proclaimed, and if it has, if the board pursuant to that Act has been established?

Hon. Mr. Swenson: -- No, it has not.

(1215)

Mr. Romanow: -- Can the minister tell me why?

Hon. Mr. Swenson: -- Mr. Chairman, I believe the reason the Act hasn't been proclaimed is that there is a different environment out there today than there was at the time that the Act was introduced into the legislature. And constantly one monitors these things and watches the U.S. market-place, the offshore markets, and makes policy decisions based on those

requirements of the day.

Mr. Romanow: -- Is it the intention of the minister or the government to recommend repeal of The Potash Resources Act, 1987 in the light of the fact that it has not been implemented?

Hon. Mr. Swenson: -- I don't believe, Mr. Chairman, there'd be any current intentions to do that.

Mr. Romanow: -- So we have a situation of a Bill which was introduced hurriedly by the deputy premier, your predecessor, in the fall session of 1987 under the aegis of a major crisis, which has never been proclaimed -- is not the law, has had no impact -- remains unproclaimed, is not going to be changed, and we are given no good reason as to why this state of affairs persists.

What is the reason for leaving it on the books as it were, especially in light of the fact that it's not going to be proclaimed and not going to be repealed? Wasn't this really an exercise in public relations back in 1987? That's basically what it amounts to today in the light of these figures.

Hon. Mr. Swenson: -- I think, Mr. Chairman, the reasons at the time for that particular piece of legislation were very valid, because they aimed directly at many areas in Saskatchewan that we feel strongly about. And we're talking about the jobs that are associated with mining of potash, the major investment by many people in this particular industry, the portion of provincial revenue which is derived from potash royalties and the contribution that that makes to the infrastructure in our province, and I think the fact that this particular piece of legislation has had the blessing of this legislature.

It is there and could speedily be used if conditions drop back to the same condition that they were in 1987. Obviously at that time there was a great deal of stress in the potash industry, and the ability for some of those people to work out their problems without this legislation was welcome news; and to see the prices firm up, the protection of the jobs, and the royalty revenue back to the province. So I think it's useful to have this particular piece of legislation at the disposal of the people of Saskatchewan.

Mr. Romanow: -- So the minister views the Bill as kind of a sword of Damocles, as I understand it. It would be there to be used as an appropriate government of the day should decide it should be used, and that is your position. Is that correct, with respect to this Bill? Kind of a sword of Damocles, to be used in the eventuality that the economic situation of potash with respect to production or price needs its hurried implementation. That's your position still today.

Hon. Mr. Swenson: -- As I said before, Mr. Chairman, the fondest wish of government at the time was that industry would be able to work out some of their problems, and we're glad to see that those problems have been resolved. It was prudent at the time to have this particular piece of legislation to accomplish all of the things that I mentioned. I think that

the fact that this particular legislature passed that piece of legislation and it is available, it is prudent.

Mr. Romanow: -- Well I note, Mr. Chairman, the minister's words that this legislation, having been passed by the House, is a prudent piece of legislation, and I note his statement that this government would not be reluctant to use it. But, Mr. Chairman, I think some other observations need to be made about this whole exercise. The observations that need to be made are as follows.

First of all, Saskatchewan's percentage of production of the world at large has not increased since 1987. It's decreased roughly from 23 per cent according to the department's own figures, to about 20 per cent from 1987 to 1990, which is a significant drop. It's about a 15 per cent drop in relative terms. That means that we have curtailed production here while production in the world elsewhere rises, and somebody else produces and sells.

And of course the results are reflective. We have the lay-offs at Cory, the shut-down at Cory. We have the attacks on the Potash Corporation of Saskatchewan including its privatization. We have the lay-offs. We have a diminished return to the treasury of the province of Saskatchewan -- that quite might not be true, the last statement that I make because of the somewhat higher prices in which case return, if it's price sensitive would be reflected in absolute terms. But in any measured proper comparison there is a reduction of revenue to the treasury.

We have a Bill which has not been proclaimed. We have a Bill that the government doesn't know what to do about. We have an unresolved American situation. Nothing has happened there to change the circumstances in 1990 as opposed to 1987. And in effect, we have the people of the province of Saskatchewan acting as the shield for the American industry, or the industry at large. That's essentially what the potash resources board has done.

And my colleague points out as well that the revenues to the treasury, estimated in 1991 to be 66.1 million, are down from an actual of 96 million in '89, which is a 50 per cent drop and is nowhere near the estimate of 1990. So there is a reduction in the revenue to the treasury of Saskatchewan.

Mr. Minister, I think the facts indicate that this government has horribly mismanaged the potash industry -- horribly. It has horribly mismanaged it with the human tragedy and suffering that has befallen the affected workers. It has mismanaged it because it has no game plan as to what to do with this potash resources board legislation of 1987 for the future -- stuck: can't repeal it and can't implement it; lost revenues, which all of course add to the huge debt which of course has been the reason for the reduction in the credit rating in the province of Saskatchewan, lost their capacity to diversify and to stimulate growth.

And the only beneficiaries are potash producers outside the province of Saskatchewan. I think, Mr. Chairman, that the words of 1987 of the now

Deputy Premier and at that time the minister of mineral resources, will go down in the annals of this government's history when it is written, as being the most hollow and inaccurate rationale for the introduction of a hastily drafted and hastily thought out piece of legislation probably anywhere in recent history in the House, with tremendous damage to communities and to people involved. And that the statistics show.

And I say to you, Mr. Chairman, and I say to the minister and I say to the government opposite, that your mismanagement which has become a hallmark of the government's administration, whether it's the financial department or whatever else, Crown corporation involvement or joint venturing, your mismanagement here is monumental -- monumental. There is nothing less that can be used by way of a description to the gross mismanagement of this industry by this particular position.

Hon. Mr. Swenson: -- Well, Mr. Chairman, I think that the only mismanagement that has ever occurred in the potash business in this province occurred when the former NDP government went to New York and borrowed a whole bunch of American dollars to pay American companies to take out of this province.

And as the Finance minister said the other day, it's obvious at the end of the day that the taxpayer of this province got nailed for about \$440 million by the NDP government. We offered this particular company to the public at \$18; the public widely accepted the offering. The 200 million was taken up. And if it had been so badly mismanaged, Mr. Chairman, why was there an extra \$230 million on the table by Saskatchewan people to pick up a share at \$18 when we know the market today, the market today is at \$14.50. Now obviously the market has the ability to determine what something is valued at, and today that value is significantly less -- 430 millions of dollars within our province were offered up for shares in the Potash Corporation of Saskatchewan.

Certainly not mismanagement by this government, Mr. Chairman, because this government has taken steps over time, through that particular piece of legislation, to protect the interests of Saskatchewan people. And as I said, the only mismanagement that has occurred was when the decision was made on a philosophical, ideological plane to go to New York and borrow American dollars at American interest rates to give to American companies to take out of our province. And that is the only mismanagement that ever occurred in potash.

Mr. Romanow: -- Mr. Chairman, the minister's defence is, to put it mildly, not only inaccurate but really quite thin, quite hollow. The minister knows full well the Potash Corporation of Saskatchewan from 1976 to 1982 returned profits, acceptable profits, under the terms of reference that are required. And the minister knows full well that the sale of the Potash Corporation of Saskatchewan cost the people, thanks to your sale, more than it put for us to get into the potash industry in the first instance. You, by one simple stroke of the pen, lost \$441 million according to the Crown Management Board statistics on the sale of the potash corporation, which is more than was paid for the Potash Corporation of Saskatchewan in the first instance -- not counting for profits, not counting for dividends, not

counting for royalties which are paid. Those are the facts.

(1230)

But I want to slide off the Potash Corporation of Saskatchewan a moment because I'm going to get the estimate here under consideration. The estimate here under consideration is the management of the resource as a whole under the Department of Energy, and whether or not you people have done what is correct to stimulate potash development in the province of Saskatchewan.

And I am saying to you that your response of 1987, the potash resources board, was a sham, a damaging sham. It has resulted in reduced Saskatchewan production as a percentage of the world production. It has nothing for the price. It remains there, as I said, like a Damocles sword over the industry. It has resulted in lay-offs as we contract in order to allow other segments of the world's potash industry to expand.

Those are the facts, even by your own figures as you've given them to me. And that's your administration after eight years. And on top of that, you sell off the Potash Corporation of Saskatchewan at a loss larger than the amount of money that the people invested in getting into it in 1976.

This is, Mr. Minister, gross incompetence. I mean we have a debt of \$14 billion. This is gross incompetence. And I guess the thing that troubles me the most about it is that I don't hear from you -- moving from the past to the future -- I don't hear from you what the game plan is.

I asked you what your intentions about this Bill are. And your intentions are just to keep it there. Is that the sum and the total of the strategy of the Department of Energy with respect to making sure that Saskatchewan's market share of production is maintained to acceptable world levels. Is that the sum and short of it? Keep that undeclared, unproclaimed Bill there -- is that the strategy?

Hon. Mr. Swenson: -- Mr. Chairman, I would just like to reiterate for the hon. member what I did before in regards to The Potash Resources Act. The Potash Resources Act was introduced in this legislature to protect jobs of Saskatchewan people, to protect investment of Saskatchewan people, to make sure that provincial revenue and the infrastructure that is associated with those revenues remains sound. And we are prepared at any time to implement that particular piece of legislation in order to provide that protection.

And if, for any moment, anyone watching this particular session of the legislature believes the Hon. Leader of the Opposition when he compares 1975 dollars with 1989 dollars . . . because the dollars that were derived by the sale of the potash corporation which were applied to the debt of the province of Saskatchewan were 1989 dollars. And I would suggest to the Leader of the Opposition that the dollars that they borrowed in New York in 1975-76, if they were put in 1989 dollars, would probably be in the Drange of a billion and a half. And that obviously is a far cry, that is a far cry from the evaluation that he puts on the Potash Corporation of Saskatchewan.

So we stand ready, Mr. Chairman, as a department and as a government to do those things to provide that protection that is necessary to the potash business in this province.

Mr. Romanow: -- To provide that protection -- how do you tell that to the 400 Cory potash miners? Tell them that. How do you explain that one? What happened to those jobs?

Hon. Mr. Swenson: -- Well, Mr. Chairman, I think it's totally unrelated to what the hon. member's been talking about. Cory is harsh economic reality and it's considerably less costly to operate three mines instead of four. And the lower costs improve the competitive position of PCS in as far as the company's long-term economic viability. We fully expect the management of PCS to operate the company so that it is both competitive and profitable.

I suppose if ultimately the management structure that you have in place with a mining operation can't perform those tasks, you ultimately put at risk the entire employment slate of that particular company and that goes right from the CEO (chief executive officer) down to the person that services the machines. So you expect management to perform those tasks in the best interest of the company.

Mr. Romanow: -- Well you see, Mr. Chairman, it's those kinds of answers which I think have gotten this government into so much problem with the credibility of the public of the province of Saskatchewan. You tell me on the one hand that the potash resources board 1987 Act is designed to protect jobs. Of course when it comes to the 200 Cory workers who lose their jobs -- and I say the Act has not worked as proof positive, those loss of jobs -- you then come back to me and say, well it's the harsh economic reality of life. You doggone right it's the harsh economic reality of life. The harsh economic reality of those 200 workers and their families in Saskatchewan as a result of that Bill and policy who have lost their jobs and have had to move out while the people down there in New Mexico or in Israel or other parts of the potash producing worlds of the country, even in New Brunswick, continue to work. That is your policy. That is the result. And that you simply and cavalierly dismiss as some sort of harsh economic realities of life.

What imposed this imperative on you to introduce this kind of legislation? What imposed upon you the imperative that our families should be suffering here at home? You haven't even proclaimed the Bill. Why should we be losing market share? What's the rationale for that? You're supposed to be standing up for Saskatchewan interests, not New Mexico or Israel. And you tell me the harsh realities, economic realities. You doggone right there are harsh realities. You people don't know what those harsh realities are for the working men and women of the province of Saskatchewan, and moreover you don't care.

Some Hon. Members: mHear, hear!

Mr. Romanow: -- And I want to close off by saying: not only do you not know

and don't care, you don't even know where the next stratagem should take you as a department, with respect to potash. You don't know what its future is. What is its future for the province of Saskatchewan in the 1990s?

Tell me in the context of the potash resources board. You couldn't do it. And it might not be applied as what you say. You don't know what the future is. You have no vision about it and no commitment about it, none whatsoever. As long as you can set it up, privatize it, and let the private boys come in and develop it and ship it out of here as fast as it can be shipped out -- that is the game plan. That's about as far as it goes, or about as far as Nancy McLean's latest opinion poll tells you to go.

I tell you, Mr. Minister, that is -- I'm levelling -- a harsh condemnation on your government. I don't necessarily blame you personally. You're a brand new minister to this operation and you're saddled with this approach that the Deputy Premier had here before the House. I don't even think you understood as a back-bencher -- and I don't mean this in a demeaning way -- why it was done. So I don't blame you on a personal basis, but you're now the government's spokesperson who is defending this policy.

And I'm making two points this morning: that this Bill didn't work and the statistics show it; and the second point that I make is you are bankrupt of a game plan as to how to use resource of potash for future economic development. And if you weren't, you would have told me specifically, not only with the Bill, but in other terms what directions you have. And you have none. You have not been able to tell me.

You're going to sit and watch and monitor the situation. Sit and monitor the situation while -- to use your words -- the harsh economic realities play their way to the families of the province of Saskatchewan. Sir, you should be ashamed, you should be ashamed of that result by your government in this area. That's all I can say.

Some Hon. Members: mHear, hear!

Hon. Mr. Swenson: -- Mr. Chairman, the harsh realities for working men and women in this province were very evident under the NDP. The NDP government of the day believed that the government should be the one that controlled the market-place, that the government should be actively involved in that international market-place. And the harsh reality for working men and women was that those mines would keep producing, say, at election time or when some other particular agenda of the government was at stake, and the stockpiles would grow and the ability to market those stockpiles in the market-place weren't there.

And the member knows full well that that was the case; that there was inventories that laid around for years and years and years because the government of the day had a particular political agenda to fulfil.

This government doesn't believe that should be the case, that the market-place out there, the ability to move potash in the various areas

that Saskatchewan potash go, should be in that realm; that government, as was advocated by the NDP, should not be taking over that market-place; and that those mines be run on a realistic, business-like manner, because that will be the best way to get return to the taxpayer of this province -- not by running mines at half capacity, not stockpiling product that will never enter the market-place for years and years and years, simply because you had some kind of political agenda. And that is a harsh reality that was the case under the previous administration.

Mr. Anguish: -- Thank you, Mr. Chairman. Mr. Minister, I'd like to take you back to the pit, in particular the gravel pit that we've talked about over a couple of different occasions now, and I would like to go back to a response that you made earlier when I asked you for correspondence between the individual who received the gravel pit and the department and the correspondence that went from the department back to the individual. And you responded to me at that time that you could not release that correspondence because of client-lawyer confidentiality relationship.

Upon checking this out with a solicitor, Mr. Minister, I would ask you to reflect on the answer you gave me. The confidentiality of the relationship between a lawyer and the client means that the lawyer cannot release information in particular to the client. That does not mean that the recipient to the correspondence or the client himself are barred from releasing that information. And so I'd ask you again today, Mr. Minister, to release any correspondence that came from Mr. Wagman or on behalf of Mr. Wagman, to the department and any correspondence from the department back to Mr. Wagman or to someone on behalf of Mr. Wagman. And would you please release that now, Mr. Minister.

Hon. Mr. Swenson: -- Mr. Chairman, I just sent across the copy of the lease I believe that the hon. member wanted as concerns Mr. Wagman. As far as anything else though, it has always been the policy of this department and will continue to be -- and that's under many administrations -- that those particular items of correspondence between legal counsel and the various parties have never been released publicly by us, and I don't believe it's proper that we should. And if the hon. member wishes to have access to those particular pieces of information, he should talk to the parties concerned. Our department has had a standard procedure in place as far as quarrying leases for 30-some years. I believe the last time that the regulations were amended was 1957, and this particular procedure and practice, as I pointed out to the member yesterday, have been in place since 1957.

(1245)

Mr. Anguish: -- Well, Mr. Minister, I think in this situation, where there's a cloud of suspicion hanging over . . . And I'm not referring to your department in particular because there's two other departments, at least they're involved in this and possibly another member of the legislature. So I'm not levelling any accusation on your department.

But I would think that to lift this cloud of uncertainty about the turning over of the gravel pit to an individual that was with the Department of

Highways, that you should want to release the information to remove any doubt about the legitimacy of the transfer of the quarry lease from Department of Highways to a private individual who now has a contract to supply the Millar Western mill at Meadow Lake and make himself a few dollars off of an uncertain deal that was struck with the provincial government.

So, Mr. Minister, on reflection, don't you think you could possibly release that correspondence that I've requested?

Hon. Mr. Swenson: -- Mr. Chairman, the member opposite has alluded to some type of conspiracy theory going on here, and as I've said to the member in Crown corporations, he may have his favourite conspiracy theory about a lot of things, and this is only one of many that that particular member has. My suggestion would be maybe to go into writing books rather than talking about it in the legislature.

But what I can do for the member, without breaching any of that confidentiality, Mr. Chairman, is that I can provide a summary of events, if you will, that document when various people wrote in and responses and the numbers of the gravel pits and when the RM asked for lease cancellations and all those things, if the member would care to have that.

Mr. Anguish: -- Yes, if you could send that over, I'd appreciate it. And I'm not going to dwell any longer on getting that correspondence from you. I would think that you would want to have given that correspondence in detail, Mr. Minister, but if you don't want to, we'll leave it at that.

And don't concoct any motives on my part about trying to create conspiracies. It's not I who called in the RCMP to investigate GigaText. It is not I who called in the RCMP to investigate the STC (Saskatchewan Transportation Company) bus scandal. It is not I who called in the RCMP to investigate Supercart. It is not I who called in the RCMP to investigate High R Door. And I mean the list goes on. If I had it written out, I could likely utilize the rest of the time to 1 o'clock talking about investigations that have been done on things that have been conducted by your government.

So don't place those motives on me, Mr. Minister. I am only talking about facts that happened, and in this case we're asking questions about uncertainty in a transaction that took place where a gravel pit moved from the Department of Highways to a private individual who ahead of time had a deal cooked up because they met back in October with the Department of Highways to request the gravel. All of a sudden they release their quarry lease from the Department of Highways and you end up giving it to the private individual who met with the Department of Highways in October. That does sound like a very suspicious deal, Mr. Minister.

Mr. Minister, I notice in the quarry lease, although I haven't had a great deal of time to examine it, point number 19, the removal of more than 100 cubic yards per year of raw material from the lease area in any one year by any person other than the lessee is prohibited unless the lessee has obtained prior consent of the minister.

And I would ask you, Mr. Minister, have in fact the . . . has the individual who now has the quarry lease, have they requested of you permission for others to remove gravel from that particular gravel pit?

Hon. Mr. Swenson: -- Yes they have.

Mr. Anguish: -- Who then now has access to more than a hundred -- what is it -- a hundred cubic yards of raw material per year? Who exactly is it who has that permission, Mr. Minister?

Hon. Mr. Swenson: -- My officials inform me that there are two parties who would fall under that. They are the RM of Meadow Lake and Millar Western Industries.

Mr. Anguish: -- How much gravel is allowed then under your permission? How much was requested for the RM of Meadow Lake, and how much was requested for Millar Western, Mr. Minister?

Hon. Mr. Swenson: -- The RM has a five-year agreement to a maximum of 200,000 yards. And for the remainder of the calendar year, the RM are licensed or have an agreement to take out 20,000 yards. And the Millar Western Industries one is a cumulative one for 100,000 cubic yards till July 31, '92.

And I'm sorry I don't have a breakdown for the rest of this calendar year. That would be a two, little better than two years on that cumulative one; the RM have a five-year cumulative one.

Mr. Anguish: -- Mr. Minister, how much is Millar Western paying for the gravel and how much is the Rural Municipality of Meadow Lake paying for the gravel? And in addition to that, Mr. Minister, could you tell me who pays the royalties on the gravel and how much are the royalties?

Hon. Mr. Swenson: -- The leaseholder pays the royalties to the department. What the leaseholder charges the RM or Millar Western or anybody else who comes in there for gravel is up to them. That's something they work out I guess.

Mr. Anguish: -- How much is the royalty that the leaseholder is paying for the gravel, Mr. Minister?

Hon. Mr. Swenson: -- The standard province-wide lease, Mr. Chairman, is 15 cents a cubic yard, and that's the same everywhere.

Mr. Anguish: -- Mr. Minister, is there a limited amount that the leaseholder can take out of that particular gravel pit? Like it was estimated that there is I believe 240,000 cubic yards or cubic metres of gravel in the pit. That's what Highways is saying. That's the proven amount of the pit taken to a depth of about 12 feet, I believe. But if you take it to the depth, some estimates are that the gravel goes down there as deep as 40 feet, so there's more like a million yards of possible reserves of gravel as opposed to the 240,000 cubic yards that have been proven.

And I'm wondering whether the leaseholder can deplete that pit absolutely, or in the terms of the lease, is there an amount that he can take that he's limited to?

Hon. Mr. Swenson: -- No, I believe the leaseholder on any pit, as with the ones we've talked about with the RM, has the ability to deplete the resource in that particular lease out to its end, at whatever level that might be.

Mr. Anguish: -- Mr. Minister, beyond the 15 cents a cubic metre royalty to the provincial government, did the provincial government receive any money for the lease itself? Is there a lease fee? And in addition to that, was there a certain amount that was paid for the gravel that's in the pit or is the 15 cents per cubic yard royalty the entire amount that the provincial government will get?

Hon. Mr. Swenson: -- Well what you have, the government gets a lease application fee, they get their royalty of 15 cents a cubic yard, and they have an annual licence fee that's on a per acre, or annual rental fee on a per acre basis associated with any quarrying lease.

Mr. Anguish: -- Well I would appreciate you telling me what those amounts are in this particular lease. You don't have to . . . well if you have that right now, I'd appreciate it if you'd give it to me.

Hon. Mr. Swenson: -- I'm told the standard lease application is \$50 and the rental is \$1 an acre per year.

Mr. Anguish: -- That's a very good deal, Mr. Minister, when the person who tends to hold that, who had never been in this type of business before, can stand to make a couple of million dollars off the gravel pit. Very good economics for the individual and I congratulate him on his astute business acumen, but the provincial government seems to me to be way out on the limb on this one, Mr. Minister.

Also, viewing the fact that the main request for the gravel, when they started lobbying the provincial government to get the quarry lease and get Highways to release it, the main one they're supplying is Millar Western, of which the provincial government has an equity position.

I don't know why you would give that gravel away. Instead I would think that the point could have been made that part of your equity into the Millar Western mill at Meadow Lake should have been in the form of gravel rather than giving the gravel away, letting a private individual make a handsome profit off of it with no investment, virtually no investment in it, and then the provincial government having to put up all cash to get their equity position in the Millar Western mill.

I want to leave that topic now, Mr. Minister. We only have a few moments left today. I would want to ask you this question, Mr. Minister. I'd like to know what your relationship is between the Department of Energy and Mines and the United States military, and what information is shared

between the Department of Energy and Mines and the United States military.

Hon. Mr. Swenson: -- Mr. Chairman, could the member be more specific?
Nobody here knows anything about U.S. military.

Mr. Anguish: -- Well I'm told, Mr. Minister -- and I just want your confirmation -- it could be inaccurate but I have, I think, a fairly good handle on the situation, that the department of Energy and Mines supplies some detailed information to the United States of America. It may not go directly from you to the United States military, but there is information that goes from your department to the United States of America, to the government in the United States of America.

And if you say that's inaccurate, we'll pursue this more at another time. But I am quite confident that there is information, either from a mining nature or a topographical nature, that is shared from your department to the United States of America, which eventually, I believe, ends up with United States military for their purposes.

Hon. Mr. Swenson: -- Mr. Chairman, my officials aren't aware of any non-public information that would go to any American agency.

Mr. Chairman: -- Being near 1 o'clock, the committee will rise and report progress and ask for leave to sit again.

The committee reported progress.

The Assembly adjourned at 1:01 p.m.