

June 20/90

EVENING SITTING

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure

Environment and Public Safety

Ordinary Expenditure -- Vote 9

Item 1 (continued)

Mr. Tchorzewski: -- Welcome to chapter 2, Mr. Minister. We're going to finish these estimates tonight. I have questions on quite a wide range of subjects. Many of them on each of the subjects will not take a long time.

But I want to begin on the topic which we left off last night, and that is another example of the government's inadequate environmental assessment process as it relates to the Millar Western pulp mill. I'm going to take a few minutes to document the concerns which I have because it's important that that be done in a systematic way and that it is for the record.

I do this, Mr. Chairman, after having studied with some care the environmental impact statement, and having studied the transcripts from the public meetings, and having at the same time studied the statements that were made by officials of the company, the minister, and anyone who has made the statements. Having done that, Mr. Chairman, it has become crystal clear that there are some very, very serious flaws in the way that the government handled the environmental review process with regard to this pulp project at Meadow Lake.

Now, Mr. Chairman, this conclusion that I speak of about the flaws is reinforced by the request made by the mill owner last week, or just recently, about that long ago. The request was to be allowed to take water from Meadow Lake, a water source completely different from the deep well source proposed in the mill owner's environmental impact study and approved by the Minister of the Environment -- totally, completely different.

The final version, Mr. Chairman, of the impact statement released to the public made no reference to drawing water from Meadow Lake. That was never an alternative mentioned in an environmental impact statement. The desirability of getting the mill's water supply from Meadow Lake or from any other source was not an option presented by the company to the government.

So that leads then to some questions. And one must seriously question the process, when scarcely two months after the minister has approved the project, the company is back asking for approval of a completely new source of water. And then you have to ask the question -- and the public is asking, and will increasingly ask -- was the company's initial work so poor that it overlooked a water source it now says is the environmentally preferred source? Or the other question: was the government's environmental review process so poor that it approved a water source which it now concludes is environmentally objectionable and should be changed?

In either way, any member of the public who wants the mill to proceed only if the project is environmentally sound, is left with some very serious reservations.

There is also additional information and additional evidence to support the contention of the government's process regarding this mill is fatally flawed and that there is a lot going on that does not meet the public eye. I refer now, Mr. Minister, to the public meeting in Prince Albert which I referred to you yesterday. Millar Western stated categorically and emphatically that the mill could not operate in a zero-effluent basis for the first two years after the start up. There was no question in their mind. As a matter of fact, when the Millar Western official was pressed by a member of the audience, your acting deputy minister or senior official of your department who chaired the meeting, came to the company's defence and in effect told the audience that if the company said it was technically impossible to be effluent free at start up there was not much to be gained in pressing that point. That point was made very clear.

Well very shortly afterwards -- I'm not sure it was less than two weeks later; I think it was about two weeks later -- Mr. Chairman, the minister announced that he had approved the project and that the mill would be effluent free from day one. The company was reported in the press agreeing with the minister's position.

I think then there is a very serious question that has to be asked, and that is how in the short space of two weeks did the company's technical experts convince themselves that they were wrong in the position that they so adamantly held at the public meeting. And what went on behind the scenes in those two weeks between the government and the company that enabled the minister to set a zero-effluent condition which the company accepted without objection or concern?

It's no wonder, given this scenario, that the minister refuses to disclose the internal documentation and the memoranda and the correspondence he has relating to the environmental review process. The evidence seems extremely strong that the minister's actions behind the scenes will not stand the light of day.

Now not only does the government, and in this case the minister's decision about zero effluent raise the disturbing concern referred to . . . that I had just referred to, but a thorough analysis of the way in which the government has proceeded with this project raises additional serious concerns and makes one question the extent of the government's commitment to protecting our environment and our basic resources.

This is a huge operation. This pulp mill will require 10,000 acres or almost 16 sections of forest a year, yet no environmental assessment has been made by the department to determine the effect that such clear-cut areas will have on wildlife or fish or birds or insects, air quality, oxygen production or the ecology generally. And as an official of the department said at the Prince Albert meeting, the decision to sell the forest had already been made by the government in 1988 and it was therefore not included as part of Millar Western's environmental impact study. And

the environmental impact of deforestation was not to be considered at the public meeting. It was outside the terms of reference.

So much for these public meetings, Mr. Minister, Mr. Chairman, when the public can't even ask questions, as important as they are, related to forest management and the process that would be employed in harvesting the forest.

The rights to the forest area had been sold in 1988. That sales agreement was drawn up and signed in secret. Millar Western refused to say what legal arrangement it had with NorSask and refused to agree to make its logging agreement with NorSask available for review.

Quite clearly, Mr. Chairman, the public is being denied the right to know the basis on which its forest resources are being sold. We are being asked to accept on faith that negative environmental and ecological effects are all looked after and that there is no need for a public scrutiny. Based on the government's recent track record on environmental matters, the minister should not be surprised if the public is no longer prepared to accept his rhetorical assurances. On the contrary, the more secret the process is the more we should expect to find an environmental cover-up.

Mr. Minister and Mr. Chairman, the government's technical review made in response to Millar Western's environmental impact statement notes that all waste products from the mill are to be incinerated or placed in the landfill. In fact on page 5 in that technical review, the comments that the government states, Saskatchewan Environment does not believe that the planned wood-waste burner would be acceptable. Instead of requiring that some other acceptable means of disposing of waste be decided on in advance of mill approval, however, the government put the cart before the horse and states that if the Millar project is approved, Millar Western would be required to further evaluate the adequacy of the proposed facility and to investigate alternative waste management options.

A whole range of very serious questions asked and answers not provided, but the approval is given on the hope that there will be adequate responses at some other time, maybe when the Bill is completed, at which time the government very well knows it's in a tough spot and will find it very difficult to say no.

There are many such examples, Mr. Chairman. I won't take the time of the House to pursue all of them. I just want to say this, that there is a pattern here which I referred to yesterday. A pattern has clearly emerged in every one of the projects, from Rafferty to Meadow Lake to Cargill fertilizer projects, and the pattern is that you approve the project as quickly as possible and without effective public input; you get the project well along the way; and then at the last minute you seem to bow to public pressure by having a sham public review, as we're seeing at the Cargill fertilizer plant at Belle Plaine.

Mr. Chairman, that is inadequate. Nobody is against economic development, but I'm telling you, Mr. Chairman, we cannot allow economic development without knowing what the environmental implications are going to be. And

the government has failed to do that, in this project, as they failed to do in the Cargill fertilizer plant. Right now there is a proposal for Millar Western to take water from Meadow Lake, and as I said earlier, there was never even a hint that the water would be taken from this lake.

Do you know, Mr. Chairman, that the town of Meadow Lake relies on this lake as its water supply? No involvement of the town. Never an opportunity to question the company -- whether the company was going to use this lake as an alternative water supply -- because that was never mentioned. The people in this community need to know what the impact will be on the quality and the quantity of the water in that lake when the company now takes water from that body.

Mr. Minister, these are very serious flaws. Now you have a new proposal which was never considered. Your own legislation says when there is a change in an environmental impact study, the company ought to have to do, if you so request, and you should request, an environmental impact study on that question. And I say to you that until an environmental impact study is done, the company should not be allowed to proceed with construction, because that's putting the cart before the horse.

And so I ask you, Mr. Minister, will there be a new environmental impact assessment into the proposal by Millar Western to use the water from Meadow Lake as its source? And will the public have an opportunity to question whatever is said in that environmental impact statement at a public hearing as should be required in such a serious proposal, Mr. Minister?

Hon. Mr. Hodgins: -- Mr. Chairman, I would firstly like to deal with the issue of the zero effluency at the Millar Western pulp mill at or near the town of Meadow Lake. I want to straighten out a few of the things that the member opposite has stated. I believe they are not entirely accurate. And I want to put it on the record just exactly what took place and some of the comments that were received at the public meetings. And on that point, the member tonight quotes from the public meetings, quotes from the transcripts that people -- good, genuinely concerned Saskatchewan people who were making comments at the meeting -- but then last night the member opposite said, well the public really didn't have a chance to become involved. They didn't have public meetings, the member said last night. Well I'm confused, because here tonight the member reads from transcripts that this is what the public had to say.

(1915)

Now those are two very conflicting arguments that the hon. member says, well there wasn't really public meetings, last night; but today, here's the transcripts what Saskatchewan people had to say. Now that's a conflict. The fact is, Mr. Chairman, there were public meetings. The fact is, Mr. Chairman, Saskatchewan people and individuals who were interested and concerned about the environment and about this project had an opportunity to attend the meeting, stand in their place, speak their mind, make their arguments, and the government was there and the government listened. Furthermore, not only did the government listen, but the government responded. And this minister responded, not with words but with action.

And I want to absolutely make it clear that the question of zero effluency, two years later, was a corporate proposal -- a proposal by the developer.

Now, Mr. Chairman, what do you suppose my job is, as Minister of the Environment? I think it would be fair to say that this minister's job, to the best of his ability, is to protect that environment. And, Mr. Chairman, I think most reasonable people would agree that when a corporation comes forward and says . . . gives us a proposal and says zero effluency from day two, but the public say, no, we think that you can find a way to have a zero-effluent mill on day one, I think a good minister would listen to those members of the public and respond. And that's precisely what we did, Mr. Chairman, as a result of that process.

We now have for the first time any place in the world, any place in the world, the only pulp mill, the only pulp mill in the world, Mr. Chairman -- and listen to what I'm saying carefully -- the only pulp mill in the world that will not discharge into the environment. Is that a good record, Mr. Chairman? I submit to you it is. Is it something that we in Saskatchewan can be proud of? Yes, indeed. Is it something that environmental groups from all across Saskatchewan and from outside Saskatchewan have applauded? The answer is yes, they have, Mr. Chairman.

The member has now raised a concern, and I will admit a legitimate concern, respecting a new proposal or a change to the old proposal with respect to the water source. And that is a change. The member opposite would lead some to believe that there's already a decision made and that this is a terribly unordinary type of thing to happen. I don't know that that's the case, Mr. Chairman.

Firstly, to clear the air, to clear the air, no decision has been made on this proposal. It is only a proposal that has been laid on my desk very recently. And I, as minister, I as a minister who have pledged to protect that environment, have some choices to make, some decisions to make. Shall I make those decisions without some careful thought, without some advice from my officials and without consultation? No, Mr. Chairman, that would not be proper. It would not be the way I do my business.

And, Mr. Chairman, I will tell the hon. member before this proposal is accepted or rejected or accepted with modifications or the final decision is made, we will: number one, carefully scrutinize it from a technical point; number two, we will consult with local people, those being the town of Meadow Lake and the RM in the area. I would think that would make sense. Let's go out and talk to the local people and say hey, this company has come back with a change, albeit rather quickly, albeit to my surprise. But I won't dismiss it out of hand. I will go and talk to local people and see firstly, from their perspective, what impact do you think this might have on the local environment.

And I'm not so sure today whether this proposed change would be better for the environment, harder on the environment, have no impact on the environment, but I'll tell you what: I will have those answers before a decision is made and local people will have an opportunity to present their views on this subject. I will guarantee that to the member opposite.

Mr. Tchorzewski: -- Mr. Minister, I'm not going to belabour this, but I'm going to say this: if you are serious and sincere about being responsible, you would not have hidden the environmental impact study from public scrutiny. That's the point, Mr. Minister. Don't frown. Because public meetings are one thing, but public hearings where you can call expert witnesses and people with technical expertise, where the company has to stand up and defend what it proposes, is a completely different thing. And you avoided that because for some reason you do not believe that some of those proposals and some of this environmental impact study can stand up to that kind of scrutiny.

If you are not afraid of that, Mr. Minister, you should have been only too happy to have held the public hearings because it would have vindicated everything that you and the company have been saying.

There can only be one reason why you don't hold the public hearings is because you've got something to hide. And this case here is a good example: where the company proposed one thing, you approved it, the alternative was never provided. Now the company comes running to you -- and who knows on how many other things it'll do that -- proposes something else completely different, and you can't even give a commitment that you're going to have the company make another environmental impact study on that aspect. That shouldn't take a great deal of time; it should be a matter of course and routine.

I am disappointed, Mr. Minister, that you are saying to this House today that you are not prepared to require an environmental impact study and that, once again, you're not prepared to initiate a public hearing on that study in that if you did require it to be done. And there's no sense pursuing it any further. I think you've clearly showed your irresponsibility by your refusal to do that.

Now, Mr. Minister, since you seem to have tried to convince me in this House that you knew something about what was happening here, I'm going to ask you some other questions. I want to ask you whether you can confirm the claim that is being made that the lake level could drop as much as two inches through this process of taking the water from that source. Can you confirm that rumour, Mr. Minister? I shouldn't say rumour. Those are allegations that some people are making. Can you state categorically whether that will or will not happen?

Hon. Mr. Hodgins: -- I want to stress for the hon. member that no decision has been made on whether we will have an environmental impact assessment. No decision has been made. And there's good reason for me making that statement that no decision has been made, because I very frankly do not have enough information in order to make an intelligent decision. And I think the hon. member would respect the fact that when you make decisions you must have all of the information available to you. I think you would be irresponsible in making decisions when there is more information to be obtained.

Now perhaps the hon. member has significant information with respect to

this; perhaps the hon. member can substantiate his allegations, perhaps the hon. member has some scientific data at his disposal that would say, yes, this proposal means that this lake will drop X number of inches and this proposal means that that will have a significant impact on this water body, perhaps the hon. member has consulted with the town of Meadow Lake and the R.M. of Meadow Lake and environmental experts and has that information at his disposal, but I can tell you, Mr. Chairman, that today I do not.

But I will tell you this, Mr. Chairman: although I do not have that information today, I guarantee you that I will have that information. And once I have that information, I will make the best possible decision with that information that I have available. And I can't do any better than that.

Mr. Tchorzewski: -- Well you can, Mr. Minister. You see you missed the whole point. That's why you have environmental impact studies. Will you let that sink through your mind? That is the whole purpose of an environmental impact assessment and environmental impact study -- so that you do have that information and can make that decision. For you to make a decision without having initiated environmental impact study and then getting some public input, is completely contrary to what you have just said, Mr. Minister. If you believe that you need to have all of the information before you make a decision, Mr. Minister, I refer you then to another flaw in this environmental impact study, and that's with regard to the fisheries, where that EIS, the environmental impact study, falls far short of its obligation. How does it do that? It does that because essentially no aquatic field studies were conducted at all -- no aquatic field studies -- and it says so right in that environmental impact statement. And all that was done, that a few interviews with sports fishermen in the area were done, and that is stated in the environmental impact study. Without having that information, since you are so high on information, Mr. Minister, how could you responsibly approve this project not knowing what the impact on the fisheries is going to be?

Hon. Mr. Hodgins: -- Mr. Chairman, the information that the member is quoting from, here again is company information; information supplied by the proponent. I want to stress for the hon. member and maybe just go into a little bit of detail about this zero-effluent mill. And I perhaps was not as clear as I should have been, but I want to stress, when you have a zero-effluent mill, the very essence of a zero-effluent mill, the only one in the world -- the only one in the world, Mr. Chairman, and the first one in the world; it does not discharge into a river -- it does not discharge into a river. And when you don't discharge into this water body, I would think that the effects on the aquatic life, if you're not discharging anything into that body of water, would be absolutely zero. Now I think that's extremely clear, Mr. Chairman, that this is a zero-effluent mill. It will not be discharging into the water body, and therefore there will be no effects on the aquatic life.

Mr. Tchorzewski: -- Mr. Minister, this is even almost getting humorous. I wish we had a couple of days.

An Hon. Member: -- A joke.

Mr. Tchorzewski: -- Yes but it's not a joke. Mr. Minister, you contradicted yourself again, because when you said that there was no need for an impact indication or study on the effect on the fisheries because there was not going to be any effluent that was going to be put into the river and therefore you did not require it. I assume from that then that if there was going to be effluent put into the river, you would not have approved the plant. Is that correct?

Hon. Mr. Hodgins: -- If there was going to be the effluent discharged into the river, I am certain that we would have studied what the effects on the fish were going to be. But if there is not any effluent being discharged into that river system, therefore the effects on the aquatic life would be nil.

Mr. Tchorzewski: -- Well, Mr. Minister, then why did you give approval initially to this mill when at that time on your initial approval they were going to dump the effluent for two years, and you knew it? Mr. Minister, which position do you take? You say that you would never have given approval unless there was some studies done on the impact of the fisheries if there was going to be dumping of effluent into the river. The first proposal said there would be dumping for two years. The company said there was no other choice and you made that approval, Mr. Minister. Which side of the mouth are you speaking on here? Will you come clean here and admit the fact that this is not an adequate process, that you have once again circumvented the process in order to do the Rafferty-Alameda approach to environmental assessment to major industrial projects, Mr. Minister?

Hon. Mr. Hodgins: -- The hon. member is making some assumption that this mill was given approval prior to them agreeing to go zero effluent from day one. That is not the case.

(1930)

There was not an approval given to this project until we finished the public meetings and until we stated clearly that you will be given approval subject to going zero effluent from day one. That's what the whole process was all about. I did not give any approval until we went through the full process of public meetings and then making the approval conditional on zero effluent from day one. And that's been very, very clearly stated.

Mr. Tchorzewski: -- Mr. Minister, why then did the company, during the public meeting, say it was not possible for them, technologically, to not dump for two years? And why did your acting deputy minister defend the company in that to the point where he said -- it's in the transcript at the public meeting in Prince Albert -- that there's no sense pursuing this any further because there is no other alternative but to dump for two years, Mr. Minister? That had to be something that you knew, and yet you gave the approval.

Hon. Mr. Hodgins: -- Well once again, Mr. Chairman, the approval that was granted on the environmental

Dimpact assessment legislation was a conditional approval. It was an

approval that was given after the public meetings, and the condition was very, very simple: you are granted permission to begin construction of this mill if you go zero effluent from day one.

Mr. Tchorzewski: -- Mr. Minister, after the public meetings -- and I kind of doubt that anybody could prepare this kind of technical information in two weeks, because that's how long it took you -- did the company present to you in the technical papers the technical proposals on how they would make this mill zero effluent from day one? Was that presented to you, Mr. Minister, and if so, will you table them in this House?

Hon. Mr. Hodgins: -- I want to stress, Mr. Chairman, that when we make something conditional under this legislation, it is extremely, extremely clear, it is abundantly clear, or in the hon. member's own terms, crystal clear that that is part and parcel of the condition of that mill: zero effluent from day one. The hon. member has requested the technical drawings that would support . . . technical papers, technical drawings that would support that to show exactly the way the company's going to do it. Yes indeed I will provide that to the hon. member.

An Hon. Member: -- When?

Hon. Mr. Hodgins: -- I will provide that to the hon. member. I cannot commit exactly when we will do that. Some of these types of drawings may have some confidentiality respecting them but I certainly will provide that to the hon. member at a proper time.

Mr. Tchorzewski: -- Mr. Minister, you clearly have not seen any technical data supporting the fact that this company can build a plant without dumping for two years because you're not going to convince anybody in this world and nobody in this province that in two weeks, after having said that there is no technology available, the company will have somehow stumbled on the new technology and in two weeks not only stumbled on it, but prepared all the technical data and papers to be presented to you so that you could base your decision on.

Mr. Minister, it may be conditional but don't forget that the public of Saskatchewan is 50-50 partners in this operation and you've got public money committed to it. Since you don't have the technical support to indicate how the company can do this, it may very well be that the plant's going to get built but it'll never happen.

Another reason why there should have had been public hearings so that the technical questions by technical experts could be asked, so that the company would have to defend them. At no time anywhere did the company or you or department have to defend the things that they were saying about it, especially since this new technology. And if it works, wonderful. We will applaud it.

But, Mr. Minister, I'm not prepared to applaud it till I know that it works. And if you think it can be defended, you should've brought it publicly forward so that it could be defended. Once again I say, since you are afraid to put it up to public scrutiny to the experts, you obviously

have something to hide. And I think that's a pity.

Now this company, this mill is going to produce a lot of waste water and a lot of effluent. I'm not sure about the numbers but it's a huge volume, Mr. Minister. Can you tell me how it will dispose of it?

Mr. Chairman: -- Why is the member from Yorkton on his feet?

Mr. McLaren: -- I would ask for leave, Mr. Chairman, to introduce some guests that have just arrived.

Leave granted.

#### INTRODUCTION OF GUESTS

Mr. McLaren: -- Thank you very much, Mr. Chairman. It's my pleasure to introduce to you and through you, on behalf of my colleague, the member from Regina Wascana and the Minister of the Family, to introduce 27 seniors that have joined us this evening from Elderhostel. And this group has got their co-ordinators with them this evening, Rosemary Duckett, Alison Watson, and Kay Achtzener. I hope I pronounced your name correctly. But anyway I would certainly like on behalf of my colleague to welcome you here with evening. We hope you enjoy the proceedings that are on in the Assembly tonight and have a good summer.

I'd ask all members to please welcome these people to the Assembly tonight.

Hon. Members: mHear, hear!

#### COMMITTEE OF FINANCE

##### Consolidated Fund Budgetary Expenditure

##### Environment and Public Safety

##### Ordinary Expenditure -- Vote 9

#### Item 1 (continued)

Hon. Mr. Hodgins: -- Mr. Chairman, the system that will be used is a system that technically is described as a closed system. It once again is a zero-effluent mill. There will be no effluent that is released to the environment. It is a recycling type of an operation where the water is recycled, reused, and as I said previously, it's the only one in the world.

Its impact on the environment or its environmentally . . . the environmental benefits of such a mill like this are enormous and staggering when you stack them up against traditional mills across North America. And, Mr. Chairman, it's a closed system; it's a recycling system; it's a system that has no release or effluent to the environment.

The hon. member still has some concerns about that. He is saying, well I don't believe you; I want to be shown. I want to emphasize and I want to make certain . . . I want to make certain, Mr. Chairman . . . I'm going to speak just a little bit louder to make certain that this gets recorded by the recorders downstairs. And I want this down word for word so everybody

is absolutely, absolutely and crystal clear.

I have categorically rejected the suggestion that there will be a pipeline to the Beaver River; that's the essence of the zero-effluent mill. There will be no effluent dumped into the Beaver River because the people spoke and the people were listened to. There will be no pipeline, there will be no effluent discharged to the Beaver River, and, Mr. Chairman, this plant shall not operate with any effluent discharged to the Beaver River.

And, Mr. Chairman, once again, it is a condition of the approval. I stand by that here tonight and I will be standing in my place again. And the member opposite may or may not be standing in his place again. And I will look that member in the eye and I will say, there is the first zero-effluent pulp mill in the world; we're proud of it, aren't we? And the member has agreed that he will applaud it at that time, and I thank the hon. member for that humility.

Mr. Tchorzewski: -- You can be assured, Mr. Minister, that if that is the case I will not applaud your flawed process because it is a wrong process. And hopefully by the time we're in the House again, I'll be over there making sure that the process is right, and you'll be over here doing the applauding.

Some Hon. Members: mHear, hear!

Mr. Tchorzewski: -- Mr. Minister, I want to ask you another very important question because we all know that reusing and reducing and recycling are very important issues that we have before us today, and we need to get serious about it. If the government is serious about that whole question, why did you not require, because this is a new mill and the right time to do it, that part -- and since the government is a partner in this thing at 50 per cent -- why did it not require that along with this mill be also constructed a recycling line, when it's the right time to do it, so that we could get ahead of the rest of western Canada in the business of recycling, which is the future, as far as it goes for creating jobs and employment in the environmental industry? Why did you not require that to be done?

Hon. Mr. Hodgins: -- Mr. Chairman, the hon. member is referring this evening to a process, I believe, that's called de-inking -- certainly in a lot of the media these days, a lot of talk about de-inking. I want the hon. member to know that I appreciate his interest in recycling, and specifically in the de-inking processes that can be physically attached to mills of this sort.

But I also want the hon. member to be very much aware that all over North America, jurisdictions are struggling with this very same question, are struggling with the costs and the economics and the efficiencies of such de-inking plants. I have had it brought to my attention that these are very expensive processes to put in place. I believe if I were to quote a figure of a 100 to \$125 million for a de-inking machine, it would not be out of line. Now I may be corrected if that's wrong, but that is my information.

(1945)

So, Mr. Chairman, we are faced with this great dilemma that a de-inking machine and allowing the recycling of newspapers for instance is something that Saskatchewan people want. It's something that Canadian people want and North American people want who are interested and concerned about their environment. I would love to have a de-inking facility in the province of Saskatchewan.

At present it's well-known, at least in western Canada, that the economics of this are extremely difficult. But I'll say this, Mr. Chairman -- I'll say this, Mr. Chairman: if it is proven and if there comes an opportunity whereby this de-inking process is economical in western Canada; if western Canada or Saskatchewan or any . . . either of those jurisdictions can financially support a de-inking recycling machine, I will be there at the table and successfully negotiating one for Saskatchewan.

And I would say that, Mr. Chairman, because we've already got a pretty fair record. We've got the first zero effluent pulp mill in the world. And I'll say, Mr. Speaker, I will do everything possible that I can in bringing a de-inking plant to Saskatchewan. But I caution the hon. member that the economics at this time of an additional hundred, \$125 million are very difficult to justify at this time.

Mr. Tchorzewski: -- Now, Mr. Minister, you had no trouble justifying \$740,000 a year to the president of the Potash Corporation of Saskatchewan; you had no trouble justifying \$5 million to GigaText, which you got taken to the cleaners on; you had no trouble justifying wasting millions of dollars on Supercart; you had no trouble justifying wasting money with Peter Pocklington; you had no trouble justifying wasting money on Nardei Industries, and the list goes on and on and on.

When it comes to an industry that is future industry, you're tardy, and you're not prepared to seriously consider what might be done. How can it be any less economical to look at that kind of an industry in Saskatchewan when in Quebec there already one of the major pulp companies is already putting in a recycling line? And the reason they are giving is that they want to get ahead of the market because they know that that's going to be where the market is going to be and they're not going to let the competition beat them. Well, Mr. Minister, you're going to let the competition beat us and once again we're going to collect the paper, we're going to package it up in bales, and we're going to ship it somewhere else to be processed. We're going to continue to be the hewers of wood and the carriers of water with that kind of an attitude.

Now, Mr. Minister, I want to ask you about another area which has got something to do with your ignoring the environmental assessment process, and that is uranium tailings in northern Saskatchewan. Before the dumping of tailings was allowed in the uranium industry, there was an inquiry. There was a public inquiry, there were environmental impact studies, and the process was agreed to in 1982 or 1981.

An Hon. Member: -- I'm sure it was a very good process.

Mr. Tchorzewski: -- It was I'm told, although I have some questions. I want more assurance. But the problem is not that. At least the process was followed.

The uranium industry came to you in 1986 and asked that they change that process and that they dump the tailings in a different way. I think it's called a slurry system or something to that effect. Without even asking the industry to give you an environmental impact study and a statement -- not you, because you weren't the minister, but you're the government -- you allowed that to happen. I ask you, Mr. Minister: since we all know all of the implications of radioactivity and what tailings are all about, why would the government allow that to happen in such a potentially hazardous situation without asking for an environmental impact study.

Hon. Mr. Hodgins: -- Mr. Chairman, on this particular issue, I want to explain to the hon. member that currently this technology is the subject of an environmental impact assessment. It is in the process right now. To give you the history of how that came about was that the disposal facility was approved after a full environmental impact assessment. The facility was approved. The company came back and asked permission to test some new technology. We screened that from an environmental perspective and said yes, on a trial basis; on a trial basis you may perform this test. The corporation undertook those tests over a period of two to three years and then they applied, then they applied to -- the tests were successful -- and they applied to do this on a full-time basis.

It was this minister who then again was faced with the decision. Okay, now this is a change. Under this legislation that the hon. member touts as being so good and so clear, I sat back and said well, what does the legislation say? Well the legislation said, well, Mr. Minister, you can change it just at the sign of a pen; you can call for a full environmental impact assessment; you can reject it. And so this minister said well, I think this is a fundamental change. It does seem to be very environmentally sound, but I think that we must take it through the process. And so at my discretion, I said yes indeed, this change that you the company has applied for on a permanent basis must go through the full environmental impact assessment.

Now some may say, well, you know, that was just a small change, why did you have to go through that full process? Well I say for a number of reasons, Mr. Chairman, and for the most part because this minister is concerned about our environment, this minister does take changes seriously, and this minister had the discretion and did call for a full environmental impact assessment. And I could cite examples where members opposite had projects that were much bigger that did not, did not have the full environmental impact assessment. But with this change, I did, and it's right now in the process.

Mr. Tchorzewski: -- Mr. Minister, just for clarification. Did you say that initially there was an environmental impact study done on the proposal prior to its being authorized in 1985? -- I believe it was 1986. You're saying there was an environmental impact study done on that proposal? I

think I heard you say that.

Hon. Mr. Hodgins: -- No, I was perhaps unclear on that. We're talking about the tailings facility, okay? The disposal facility and initially . . . in fact I think it may have been under your administration. It may have been initially started under your administration where this disposal facility was approved as part and parcel of an environmental impact assessment.

Then the corporation came and said, well there is new technology that is environmentally better and we want to change to this technology but it's something that we would only want to test. And so we looked at it and we said, yes, you may proceed now with a test. But when they came back and said, we want to do this on a full-time basis, it was at that time that I made the decision to conduct a full environmental impact assessment on this change.

Mr. Tchorzewski: -- Mr. Minister, just to inform you of what happened, the experimental waste system was licensed in 1982, and it was to store dry tailings in the form of filter cake in an empty open-pit mine. In 1986, without any knowledge of it being made to the public, the company requested the government to allow them to change the method of tailing placement to one of piping wet tailings into the pit in a slurry form, about 60 to 70 per cent.

Mr. Minister, it's not hard to figure out that this change might cause long-term leakages of highly contaminated water in future years into Wollaston Lake. No environmental impact study, you've just said that. Your government simply said, go ahead.

An Hon. Member: -- On a test basis.

Mr. Tchorzewski: -- Well it doesn't matter if it's on a test basis, Mr. Minister, or whether it's on a permanent basis. If there is any danger that it may permanently contaminate Wollaston Lake, I think you ought to be concerned. What's the difference whether it's on a test basis? The fact of the matter is that in that climate, in the depth of winter the freezing takes place, and some of that freezing that's taking place never thaws, probably hasn't thawed -- and it has accumulated. Test basis or not, Mr. Minister, you allowed this to take place without any knowledge about what the implications might be because you just admitted that there was no environmental impact study or statement prepared for your department; you just simply said, go ahead. Mr. Minister, how can you say that that's responsible?

Hon. Mr. Hodgins: -- Mr. Chairman, I would like to stress that this process is currently the subject of an environmental impact assessment going through our process. This was initiated a few months ago. I am advised by my officials that fundamentally we believe that there is not a big difference between what was being done before on a technical basis and what is being done here as far as damage to the environment. But I encourage the hon. member, if he has concerns with this, and I encourage anybody in the public with concerns about this, to go through the process. At current

it's in the public review process and technical information is being presented to us. And I would encourage the hon. member to put forth his technical comments.

(2000)

Mr. Tchorzewski: -- Mr. Minister, it's not my job to put forth the technical comments; it's the job of the industry. And it's your job to make sure that they get them before you approve any such potentially hazardous kind of change in the operation. Mr. Minister, that's your job and you didn't do it. Not you in person, because you weren't there at that time, but you're a member of the Executive Council so you share the responsibility.

You showed again . . . I'm going to conclude on this part of my questioning, Mr. Minister, but what we have clearly showed here today and yesterday is that this government has, since it's election, consistently time after time after time, ignored the environmental assessment process when it suited its own objectives, whether they be political or otherwise.

You did that with the Rafferty-Alameda project. You did that with the Millar Western project. You're still doing it. You did that with the Cargill fertilizer plant. You make all the financial commitments. You sign all the agreements. You dot all the i's; you cross all the t's, you tie yourself so tightly that there is no possible way you can get out of it because you've locked the taxpayers' dollars into it. And then you go around and you say, well we're now going to do some studies then you know that there is no way that you're going to be able to back out of the project, Mr. Minister. That is not the way to do environmental assessment. You did the same thing with uranium tailings disposal.

Now, Mr. Minister, you don't even keep your commitments. At least I don't think you do on this one. And I want to refer you now to another very important part of what we should be concerned about environmentally -- and that's global warming and what it's doing to the greenhouse effect. In the budget of the government last year, I read here from one of the papers. It said:

In 1989-90 (that's the fiscal year, ended March 31) the government will undertake a research study on the impact of greenhouse effect on Saskatchewan to develop a plan of action to mitigate any negative effects.

You said in 1989-90 fiscal year. My colleague, the member from Saskatoon Sutherland, wrote to your office to inquire what the progress has been. And I was sorry to read, Mr. Minister -- and your assistant sent the letter -- that the answer was: nothing has been done. On such an important issue, of which you made such a big to-do a year ago in your budget, the former minister did, you sat on your hands for over a year and you've done nothing.

Can you explain why, Mr. Minister, this study, which you've committed yourself to do, this research which is so important, was never done?

Hon. Mr. Hodgins: -- The hon. member has certainly identified an issue that is particularly one that we in Saskatchewan who are extremely dependent on agriculture must be concerned about, and not just to single out agriculture, Mr. Chairman, because global warming is something that affects the entire earth. It's something that affects all levels of society. It's something that impacts, as I say, especially on agriculture, and something that we must take very, very seriously.

I say, Mr. Chairman, that the issue is a complex one. I think a lot of the public out there today, or at least the ones that I talk to, Mr. Chairman, are saying: well this global warming seems to be taking place; I know it's been real dry here in Saskatchewan -- inordinately dry here in Saskatchewan -- and is this really part of a global trend, or is this global warming something that is indicative of changes to weather patterns that are really not substantive if you look well over history? And I'm not so sure, Mr. Chairman, that we have all those answers.

I say that scientists today are somewhat divided on the issue. I say that it does require some study. I do say that indeed we did make mention of it in our budget speech of last year; made a commitment, Mr. Chairman, indeed. And I will stand by that commitment.

And I will tell the hon. member this evening that a study will take place. We have been negotiating with the Saskatchewan Research Council. They will be conducting the study for us. I would tell the hon. member that that study will commence within . . . the study will commence sometime in the next month or so. And there will be a study. We are committed to doing that.

I want the hon. member to know that I'm not under any illusions that this study will solve the problem of global warming. I think if the hon. member were to lead the Assembly to believe, well if you do this study it's going to solve the problem of global warming, I don't think that's the case, but I think it is well worth spending taxpayers' money on a study of this nature. And I tell the hon. member that the study will commence in the next month or so.

Mr. Tchorzewski: -- I guess, Mr. Minister, one of the reasons why you don't seem to do things right is because you ministers never talk to each other; or if you do, you don't hear; or if you hear, you don't like to tell the public what the real facts are. Because under questioning on May 25 of this year in this House, your colleague, the member from Thunder Creek, was asked the same question, and he said that that study would not start until sometime this fall. You stand up in this House, Mr. Minister, and you say: oh, in a month. Now that's exactly the example, Mr. Minister, of the kind of confused state of affairs that exists in your government when even ministers of the same cabinet who sit around the same cabinet table every week don't know what each of the other ministers is thinking on the very same proposal.

Mr. Minister, I think that that's worth noting because that sure says a lot about why environmental questions are being neglected by your government. Because quite frankly I don't think other than the rhetoric which you spout

consistently, you don't give a damn. Those are the facts.

You say that more information is needed. Well if more information is needed, that's why you need the study. But it's not as if studies haven't been done. I have here an article which talks about a study which was done by the United Nations, released May 26, 1990. And it said the emission of some gases must be cut by more than a half simply to stabilize the situation or the warming will be even faster -- this United Nations' report said.

Another major study; this study was done by the Applied Systems analysis and the United Nations' environmental program, and it talks about Saskatchewan, Mr. Minister. It says that the climate-warming scenario developed by five Canadian scientists studying Saskatchewan's wheat fields shows the possibility of a return to the conditions of the 1930s with severe droughts and wind erosion. If this occurred, the farm production would experience a dramatic set-back with the following possible results: loss of 1,200 jobs in agriculture sector, loss of 2,600 jobs in other sectors, loss of \$275 million Canadian a year in farm income, loss of 250 million Canadian a year in other sectors, and it goes on and on.

I don't think I need to say any more to emphasize the importance of this issue. And all you can do is announce in a budget that you're going to do some more studies, and even when it comes to doing them, you don't bother for that fiscal year for which you had announced them. That's the extent of your commitment and your seriousness.

But that's not the worst condemnation. The worst condemnation is that while you say it is so important and the government says it's so important and you must deal with it, you do everything contrary to what needs to be done.

I have here a report on the impact of urban transportation and what it can do to help reduce the carbon dioxide emissions. In this report it says a single 40-foot transit vehicle replaces 50 cars in rush hours. Once again I would appreciate the time to spend more time on this with you, but I think that one example is sufficient.

What do you do? You announce in your budget this year that you're going to eliminate urban transit financing. You've cut them out totally. The city of North Battleford, which used to have an urban transit system, has now cancelled it because of your irresponsibility.

An Hon. Member: -- We don't have one in Melfort.

Mr. Tchorzewski: -- I know you don't have one in Melfort but that's no reason to do away with them everywhere else. Hopefully if you had your priorities straight, something could be done in the city of Melfort.

Now, Mr. Minister, I think that this is a condemnation of the influence that the Minister of Environment has in this cabinet. The rhetoric -- yes; but when it comes to swaying the cabinet about environmental concerns -- no. You had an opportunity to show your commitment to reducing global

warming and the way you carried out that commitment was to do away with urban transportation grant to our urban centres so that you're going to put more cars on the road.

Your Minister of Energy had an opportunity to do that too. 1990, March, at a conference of energy ministers, your Energy minister, on behalf of this government, refused along with the other ministers to go along with setting some targets for the reduction of carbon dioxide emissions in the atmosphere. They absolutely refused to do it, even though they had before them a study which they had commissioned, which categorically and scientifically showed that it had to be done and it possibly could be done and it could be done economically. When it comes to saying the words, it's great; but when it comes to showing the action, you go the other way.

VIA Rail: the federal government cuts out massive sections of VIA Rail services, one way to take the cars and trucks off the road. Your government is silent; not one peep until the announcement is made and then the Minister of Highways makes one statement, Mr. Minister.

That's the extent of the commitment that goes along with the words. There is no commitment. And if there is, Mr. Minister, I would appreciate you explaining what it is today. Can you tell me what plans you have to do your part in tackling the question of reducing those things that we put into the atmosphere and cause this global warming, greenhouse effect to take place. What is the strategy and what are the plans of your government?

(2015)

Hon. Mr. Hodgins: -- Mr. Chairman, the member has identified a very big issue, as I have stated. This is an issue that is a very, very good example of something that is not in the sole domain of the minister of the Environment. And this is a very, very good example of where a cabinet, a caucus, a government must all work together. This is something that virtually every department in government can play a part; this is something that businesses can play a major part, industries, and individuals we can all play a part.

And, Mr. Chairman, I want to say, firstly, that indeed, the cabinet ministers in this administration are working together in concert, in synchronization, in dedication, and commitment to the environment.

Now the hon. member will chastise my good colleague, the Minister of Energy and Mines, chastise myself or my colleague. And I say that is an unfair chastisement. The hon. member makes it sound so easy. Well society, well Government of Saskatchewan, let's fix global warming. Let's fix immediately what we are spewing into the air. Well there has been some concrete actions taken that's not going to be fixed overnight. And the first thing that I will mention, which is a very good example, is the ozone legislation introduced into this House, and passed in this House with which the opposition agrees. Now let's have a few marks on the chalkboard for that initiative.

Secondly, Mr. Chairman, I want to say that there is a cabinet committee. Never before in the history of administrations in the province of Saskatchewan have you had a cabinet committee on the environment with key cabinet ministers sitting around discussing how we are going to solve just the problem the hon. member has mentioned.

Now the member says well the Minister of Energy and Mines went to a conference and didn't absolutely commit to a target. Now I would say, Mr. Chairman, that the Minister of Energy and Mines has many, many exciting things on the table, and I'm going to give another example and I'd ask for the hon. member's attention with respect to this. And it's got to do with the recycling of CO D22, and it's got to do with the oil patch, and it's got to do with an injection system that will inject CO D22 into these oil wells -- a very significant move, a move that is first for Saskatchewan, a move that will help with respect to our emissions.

I say, Mr. Chairman, you will know that less than a year or two ago, in this legislature under a Progressive Conservative administration, was introduced a brand-new Clean Air Act -- Mr. Chairman, a new Clean Air Act with tougher penalties, more stringent rules, more stringent regulations, than have ever before been the case in the province of Saskatchewan. Do those rules, properly applied throughout Saskatchewan, make a difference with respect to global warming? Yes, they do. I'd say, let's put another chalk mark on the board for that initiative . . . (inaudible interjection) . . . No, I think we can. I think we can.

Mr. Chairman, is this whole big issue of global warming something that individuals can play a part in? Yes, indeed. What we're talking about here, Mr. Chairman, is changing society, changing the things that we are doing and starting to do other things. Is that easy, Mr. Chairman? No, it's a terribly difficult thing -- terribly difficult to have individuals start and change actions that can help in a small but personal way with respect to an issue of global warming.

Are we trying very hard to do that? Yes, Mr. Chairman. Are we talking to our children in school about global warming and educating them? Yes, we are. Punnichy, Saskatchewan, last Friday afternoon, I was there -- grade 5. And I'll tell you, Mr. Chairman, those youngsters know about global warming. Those youngsters know about making personal change. And what is another one of my responsibilities, Mr. Chairman? To be a leader, to be a leader to empower the citizens, to give the citizens the tools, the encouragement, the motivation, and the education with respect to just such issues as global warming.

I can't tell you more than that tonight, Mr. Chairman, other than to admit that this is a major, a major concern. Is there more we can do? Yes, Mr. Chairman, and there is much more that we will do, Mr. Chairman, and I'd say, watch.

Mr. Tchorzewski: -- We'll watch. People have been watching for eight years and they're disappointed. You see, Mr. Minister, leadership is more than just saying something. Leadership is doing something. And when you do away with things like urban transit grants so that you can't provide

adequate urban transportation, so you put more cars and trucks on the road, that is not leadership. That is an abdication of leadership, Mr. Minister.

Now I want to ask some questions of you and I don't expect the answers today, but I want you to give me a commitment that you'll provide them, in the interests of time. These are kind of standard questions.

In the budget, under environmental protection fund, there are a list of items that you have indicated that you're going to provide some funding for: biomedical waste study; environmental technology development program; greenhouse effect response study -- once again, although last year you had it and didn't do that one; the pilot recycling blue box project -- once again, last year you had it but you didn't do anything. Nice rhetoric, great comments of leadership, but no action to support them.

Rather than taking the time of the House today, Mr. Minister, will you undertake soon to provide me -- your department can no doubt prepare it by letter -- an explanation of each of these so that we can understand and know -- and the public needs to know -- what it is each of these is all about. For example, what is intended by the environmental technology development program? What is its purposes? Is there somebody who's going to get the funding. Is it an agency; is it the research council -- all of that information. Will you undertake to provide that to me. And before you answer it, I'll ask you some others if somebody would be so good enough as to take the notes.

I'd like also you to provide me the name, the title, and the salary of all of your personal staff, any change in those salaries in the past year, and whether any of them have or use or are allocated government vehicles, and to what extent. I want you to tell me whether the staff you have now is the same staff as you had last year before you moved to this department, or whether there have been some changes.

I'd like you to also tell me, for '89-90, the number of out-of-province trips taken by the minister, identifying in each case the destination, the persons accompanying the minister at government expense, the cost of the trip, and the purpose of the trip. And I'd also like you, for 1991 and '90 -- this is for this fiscal year -- the amount budgeted for out-of-province minister's travels. I'd like you to provide for me for 1989-90 the total amount spent by your department on advertising, and how much you've allocated for this fiscal year.

I would like you to tell me whether your department or any of your agencies that you're responsible for used any charter aircraft during '89-90, and what the cost of that was, and what was the charter -- who the charter company was. And finally, Mr. Minister, if you would provide me, also in that written answer, whether you have a Legislative Secretary, who that Legislative Secretary is, and what costs were incurred by the Legislative Secretary the department paid for, for the year '89-90.

If you undertake to provide that to me, we can save the time of the House and we don't have to pursue that at this time.

Hon. Mr. Hodgins: -- Mr. Chairman, I'd be pleased to make a commitment to the hon. member to supply that information. And the information that I would be most interested in providing, although I will provide it all, but the information that I would be most interested in providing and that I would ask the hon. member to pay close attention to is the items that he identified or the samples of items that he identified out of the Environmental Protection Fund.

Mr. Chairman, there are many things happening in the Department of the Environment today, many good concrete things that are happening in the Department of the Environment today, and I will be pleased to send a list of those initiatives. I will send a brief description of them to update the member on them. And I am most certain that the hon. member, after reading through them, would be very much in agreement that these are good, sound environmental initiatives.

Mr. Kowalsky: -- Mr. Minister, I want to take a few minutes to express to you my concern with respect to what is happening or what is not happening at Edmonton regarding the Aurum dump site and how it could possibly affect the people living downstream, namely in the cities of Prince Albert, North Battleford, and the towns and villages along it.

And secondly, to express my disappointment in the way you have dealt with this issue. I want to tell you that you have let us down on this issue six times, Mr. Minister. I've counted them up -- six times. I want you to understand what the issue is all about first, Mr. Minister, because I think it's very important that when we're talking about the water quality for the generations to come, the water quality in the North Saskatchewan River and how it's going to affect those of us who use that water for drinking purposes, it's pretty important that there is full understanding and a uniform stand. Because we're not just talking about water coming down there tomorrow that could be flushed away the next day, but we're talking about years to come.

You will be aware, Mr. Minister, that Edmonton is discussing a site for their proposed Aurum dump, for their next dump in the site that they have chosen to date as a dump that's placed over top of an aquifer which drains directly and interchanges with the river, depending on how deep you go.

Some of it is . . . some of the surface water, what is known as surface water, drains directly into the river. It's immediately alongside . . . adjacent the river. Within about an eighth to an quarter of a mile is the site and extends for up to a mile away from the river. We're talking about a city which could . . . which is growing rapidly. We're talking about a site, a landfill site which could be used for the next 50 years.

We have admission from the very engineer himself that no foolproof . . . there's no such thing as a foolproof engineered site, engineered dump site, that he can't guarantee that it's not going to leak ever. This he proposes . . . they're proposing to engineer this site.

It's going to have the same problems that any man-made site will have, and that is that it's impossible to control some of the elements, the physical

elements, such as flood, run-off, corrosion, particularly frost heaves. We can only go one way, that is if there will . . . you can only conclude that at some stage there will be some kind of leachate going into the river.

Mr. Minister, the difficulty here is choosing a direction and showing a direction to lead, that we want to lead in in Saskatchewan and the prairie provinces with respect to our interprovincial waterways. It may be dismissed that there may have been landfills along in the past. But I'm hoping we . . . alongside rivers, I'm hoping we're learning from that. I'm hoping we're prepared to go in the opposite direction and taking a stand at a time when there is a strong popular support for it -- taking a stand and saying, look we've got to do everything we can to make that river cleaner and assure the quality of water for time to come.

There have been studies done with respect to the existing dump site at Edmonton -- the Clover Bar dump site, which has three times the amount of clay underlying it, which also has some type of a drainage system built into it. And there has been a study done showing that there is leachate coming from there. This thing here is man-made; the other one had a natural clay base. The threat it poses, I think, is much longer term and probably a greater risk of some type of leakage. So enough said about the possible threat.

Now, Mr. Minister, I want to bring to your attention why I said that I think I believe you've let us down six times on this thing. In the first case, when something like this is happening in an adjacent province on a river that comes right through our province, you did not take any initiative on it. You laid quiet. You did not take any initiative until something was brought forth by our Minister of Environment. And then we finally heard something from you, but it was very non-committal. By mid-October of last year, you could have made a submission to the province. You didn't.

(2030)

When you visited the city of Edmonton you let us down again, because you did not take the mayors and make yourself available to those people who had the side showing the difficulties with the site. You went straight to the officials only who gave you only the one side of the story. So you let us down a second time.

Fortunately, there was a court case brought to the city of Edmonton by Stop Aurum Dump group, right from Alberta, which gave us a little reprieve. So then on May 30 we had an opportunity once again to go and make our case heard.

I asked you in this House if you would go and represent the province so that we could have a united stand on this thing. And once again you let us down, Mr. Minister. Once again you had an opportunity to take a strong stand, a public stand for clean water on the river, and you refused to do so.

The hearings were extended to June 15. This was brought up in the House

again between those two dates, May 30 and June 15. Once again you didn't represent us, that being the fourth time which you have let us down. And I mentioned that there were five times you let us down, Mr. Minister. The fifth time is I had asked you in question period whether anything could be done through the Prairie Provinces Water Board, whether you would strengthen the mandate of the Prairie Provinces Water Board, or at least ask for the strengthening of the mandate -- because you couldn't do that yourself, you'd have to do that in conjunction, in concert with the other provinces and with the federal government -- whether you would do that and you said that yes, that might be a good idea; you should be looking at it. We heard nothing from you yet again on this, Mr. Minister. So you can see why there is very little faith in your government and its approach to what's happening to the environment, in this case specifically with maintaining the quality of drinking water in the North Saskatchewan River.

We need a common front, Mr. Minister. There is an August 8 deadline in Edmonton as to when this thing will come once again. A new submission will be coming once again to city council when they will be making another decision on the site, unless of course there is some other intervening things that happened right from the province of Alberta. My concern is, Mr. Minister, that the province of Saskatchewan, through your department, should be showing leadership in this aspect. And it wouldn't take a heck of a lot on your part to do so. It would mean a personal appearance on your part. On your part, Mr. Minister, not playing any games, not saying, well no, we should be quite satisfied -- as you did -- quite satisfied with the process in place.

The only reason these things have been held up is because people have been willing to go down and take a stand -- our representatives from Saskatchewan who've gone down; representatives from the city of Prince Albert who've gone down; representatives from Alberta who have taken a stand at using the processes available in Edmonton.

So my question, Mr. Minister, is: is there any reason that we have that you could give us, that would possibly lead us to believe that you might take a more proactive stand on this. You've let us down five times. I want some kind of assurance. I would beg of some kind of assurance.

Hon. Mr. Hodgins: -- Mr. Chairman, I have a few comments in response to the hon. member. I'm disappointed that the hon. member would say that he has been let down on a number of occasions. I want to very much clarify any misconceptions that the hon. member may have. And I want to start by saying, Mr. Chairman, I have stated on numerous occasions that I have been opposed to this particular site. I remain opposed to the particular site and with some good reason, Mr. Chairman.

I want you to know that I have consulted, and have consulted extensively, with the mayor of Prince Albert, the mayor of Nipawin, the mayor of Lloydminster, the mayor of North Battleford. And for the hon. member to indicate to this Assembly that this minister has not been concerned or interested or active is not accurate.

Mr. Chairman, I have been to the city of Edmonton. I have met not only

with the mayor of Edmonton but with the minister and his officials of the Alberta Department of the Environment. And I want to say, Mr. Chairman, that the protection of our river systems and our water systems in Saskatchewan is of utmost importance. Management of our water in Saskatchewan is of utmost importance. And there are times, Mr. Chairman, when I have to talk man to man and heart to heart and very tough with other ministers across western Canada and across Canada.

And, Mr. Chairman, this was a time to be talking to the minister in Alberta, my counterpart. And I want to very much, very much clarify where the decision lies, where the buck stops when it comes to this issue in the province of Alberta. The decision, the final, the ultimate, the last decision is to be made by the province of Alberta. And I've spoke with the ultimate authority that I know in Alberta when it comes to the environment and that particular decision, and that's the minister.

Now I can't go any higher than that, Mr. Chairman, but what I can do is talk, as I said, man to man and heart to heart, and on behalf of Saskatchewan people, and on behalf of residents of Prince Albert, and residents of North Battleford, and residents of Lloydminster, and residents of Nipawin. And I spoke and I spoke loudly, Mr. Chairman.

Now, Mr. Chairman, the hon. member would say, well why don't you go to these municipal zoning meetings. True. I suppose if I wanted to get a little higher profile, if I wanted to get my picture in the newspaper, if I wanted to get a little publicity, you're right, you're right, it would be a good suggestion for me to go to municipal hearings.

And I'm not saying it's a bad suggestion. But I'd say, Mr. Chairman, I don't know why I would go to those when I've been to the minister, I've made the case, I've stated the Saskatchewan position, and I stress a unified Saskatchewan position on behalf of all of those communities.

The other point that I want to make for the hon. member's benefit is that in the interim, my officials have been in . . . well I was going to say, not constant contact, but they have been monitoring this situation very, very closely. They have made numerous contacts with officials in Alberta, and as a matter of fact I am advised that as late as this next Friday, my senior official is meeting with senior officials in the province of Alberta -- on Friday. I have asked my official to have a report delivered back to me on that meeting to take place this Friday. I will commit to the hon. member that I will supply him with a copy of that report this Friday. You will have it, happy to have it. I'd encourage you to show it to your folks in Prince Albert. And you may rest assured that I am committed to doing whatever I can, the best way I know how, to protect our water quality in that river system.

Mr. Lyons: -- Thank you very much, Mr. Chairman. Mr. Minister, I just have a couple of questions that relate to changes in the Rafferty-Alameda project and the position of the department on those changes. The original document, the environmental impact statement, designated the causeway that runs across primary grid road no. 606 as containing an approach at both ends and a bridge in the middle.

Since that time, this feature of the project has been changed to now it appears to be a full causeway with a gate which is able to act as a dam that would fill the area behind that structure up to a depth of 12 feet. I'm wondering, Mr. Minister, has your department . . . what's the position of your department on this structural change? Is it the position of your department that this is a new feature and must be approached as a new feature or whether or not it's been a change to one of the associated works? And if so, have you approved by way of a revision of the licence that's been granted to Souris Basin Development Authority of that change? Could you inform us tonight.

Hon. Mr. Hodgins: -- Mr. Chairman, I want the hon. member to know that I and my officials are not aware of anything that is inconsistent with the approvals that we have given under our permission to do so. If there are inconsistencies, I will certainly investigate the issue and take an appropriate course of action. But our understanding as of today is that any works that are being undertaken are very consistent with approvals that have been given from this department.

Mr. Lyons: -- Very briefly, Mr. Minister, I take it from your answer that there was no additional approval given to the change to the project, and it's a very simple answer.

Hon. Mr. Hodgins: -- Not that I'm aware of, no.

Item 1 agreed to.

Items 2 to 7 inclusive agreed to.

#### Item 8

Mr. Koenker: -- Thank you, Mr. Chairperson. Mr. Minister, on item 8, a grant to the Toxicology Research Centre, I'd like to ask you at what stage your announced study into a trace organics analysis lab is at, at the present time. This again was another project that was announced a year ago in your Challenges and Opportunities (Saskatchewan) document. We've heard nothing about it since. Can you tell me what the present status of the study is, what options have been considered, what the cost of the options are, and what recommendation you're making based on the study, if it in fact has been completed.

(2045)

Hon. Mr. Hodgins: -- Mr. Chairman, I'm pleased to respond to the hon. member that the report is due the end of this month. So as of yet I have not seen the actual report but it will be due very soon, by the end of this month. We will study very carefully the recommendations received in that report. I appreciate the hon. member's interest in this subject. We feel that this province stands a very good chance of putting together some form of a trace organics lab in this province. We feel that the economics are justified in this case and I look forward to receiving the professional opinion on the matter and I'll be pleased to report back to this Assembly

when that report is here. We'll certainly look forward to working on this project.

Mr. Koenker: -- Just a brief supplementary, Mr. Minister. You say the report will be made public. Will you share that report when it is completed in the next month with myself or publicly?

Hon. Mr. Hodgins: -- Certainly I'd be pleased to provide you with a copy of that report.

Item 8 agreed to.

Item 9 agreed to.

Item 10 -- Statutory.

Vote 9 agreed to.

Environmental Protection Fund  
1990-91 Financial Summary

Mr. Chairman: -- Page 124 of the Estimates, the Environmental Protection Fund. It's just there for information. Any questions? Carried.

That concludes estimates on Environment and Public Safety. I would like to thank the minister and his officials.

Hon. Mr. Hodgins: -- Thank you, Mr. Chairman. I too would like to add my words of thanks and gratitude to the officials that I have in the Department of the Environment and Public Safety. The officials in the Department of Environment and Public Safety work very, very hard, and we have a true team of professionals here that I am indeed proud to work with.

I would also like to add my thanks to the hon. member opposite who has asked some, frankly, some very, very good questions. I didn't quite think he was capable of such good questions, but I commend him for the questions and he certainly did an extremely good job. He's done his homework well.

Mr. Tchorzewski: -- Thank you, Mr. Chairman. I want to also extend my appreciation to the officials for being so helpful. The minister obviously needed a lot of help and they did a commendable job under difficult circumstances.

I want to thank the minister for responding to the questions and, in closing, simply urge the minister to urge upon his cabinet colleagues that this is an area that ought not to be taken lightly. You can have all the cabinet committees you want. Unless the Minister of the Environment has some influence on those cabinet committees, it's a useless committee. And up until now, with no reflection on the minister, I'm afraid that the record has not been a very good one. But thanks to the officials once again.

Saskatchewan Housing Corporation  
Ordinary Expenditure -- Vote 51

Mr. Chairman: -- Would the minister introduce her officials, please.

Hon. Mrs. Smith: -- Thank you, Mr. Chairman. Immediately to my right I have the president of Sask Housing Corporation, Ron Styles. Immediately behind Mr. Styles is Mr. Larry Boys, the executive vice-president. And seated to . . . on him is Ron Sotski, the executive director of the property management and field operations.

Item 1

Ms. Smart: -- Thank you, Mr. Chairperson. Madam Minister, you have in the Sask Housing Corporation a very important portfolio. Nobody can underestimate the value of housing to families and to seniors in this province. You've heard us talk a lot about the 64,000 hungry children that we're concerned about in Saskatchewan, but the cost of foods is not really the reason for hunger, I don't believe. I think that if you look at what's happening to people and to families, you find that the cost of shelter is what is taking most of their meagre budgets. And the cost of shelter is high, especially with the rising costs of heat and water and electricity, which are all essential services connected with shelter.

The former minister of Social Services, when we were talking about hunger in the province, was infamous in prescribing to people that what they needed to do was grow gardens in order to deal with their hunger. Many of the people living in the cities of Saskatoon live in housing where such a prescription is totally ridiculous. They live in houses provided, in many times, by slum landlords with appalling conditions, especially for people on social assistance -- very little opportunity to have good living conditions.

We talk and we are very concerned in Saskatchewan about the attractiveness of bingo halls to people who are on social assistance and to the poor. And yet when you look at the kind of housing that people have to live in, you can get -  
\_ at least I can get -- a kind of understanding of why things like bingo halls may be attractive to people as an escape from very poor living conditions.

In your portfolio, the upkeep and maintenance of public housing is one of the most important items. Public housing -- very necessary for people who can't afford to get their private housing. Both the maintenance and the provision of good public housing is a very serious responsibility of the government. And I guess if there's a difference, one of the differences between the Progressive Conservative approach to government and a New Democrat approach to government would be to be concerned about people on lower incomes and particularly about people's needs for basic services, of which housing is a very important essential.

Your budget for this year shows an increase in subsidies for public housing of 13 per cent from '89 to '90; I admit that. But the funds for rural

housing remain at 3.5 million. That is no change for the last three years. Yet you admitted in the Crown Corporations Committee that one-third of the need for housing is in the smaller centres of the province, including the hamlets and villages under 1,000 in population.

In your budget for this year the funds for urban native housing remain at \$3 million, no change for the past three years. We have more and more native people moving into the two larger cities and into cities like Prince Albert and North Battleford in particular. And in all of these cities there is very inadequate housing for native people.

I have seen slides of some of the housing that's been provided by some of the slum landlords that I mentioned before. And among the people needing urban native housing, there's tremendous discrimination on the part of the landlords and tremendous despair among the people who have to seek these kinds of accommodations and feel, I'm sure, very wretched by the fact that that's all that's provided to them.

And thirdly, the funds for home improvements for persons with disabilities remain at \$2 million; that's no change for the past three years and that's despite the fact that there are more young disabled people recovering from accidents or disabled permanently by accidents. We see more children with severe handicaps from illnesses and accidents; children who formerly may not have survived but are now surviving and become part of their family groups and the families need to change their housing to accommodate them. And as the population ages, you know there are more seniors experiencing strokes and other debilitating diseases and needing to make improvements in their homes.

For all these groups of people that I mention, Madam Minister, there's a lot of suffering if they don't have a solid and stable roof over their heads.

Private home ownership, as you know, is still the dream and the goal of most families in Saskatchewan and in Canada generally, including those who live on low incomes. And over the last years I found it interesting to meet with many of the laid-off workers in the city of Saskatoon particularly, people like the potash Cory miners who lost their work. And when workers lose their jobs like that, they're also in very grave danger of losing their homes. There are for-sale signs everywhere in the cities particularly, and also in the rural areas as people leave the province and as people have to lose their homes.

And among many of the laid-off workers, the men of the families have had to move into lower-paying jobs and there's been a need for two incomes to save their homes. And I've met women who have in the past been full-time home-makers who are now out working while their children are in day-care centres. They would rather stay home; they would rather have that choice. But the economy of the province has made it necessary for them to go out to earn their living in order to try to save their homes.

And all these situations amount to an attack on families from a government that says it wants to protect families, and yet has shown some strong

insensitivity to the plight of families like the ones I've mentioned who've been laid off from their jobs.

I want to make some brief comments about the private housing and the mortgage interest protection plan, Madam Minister, and I want to raise with you some recent statistics published by CMHC (Canada Mortgage and Housing Corporation) in April of 1990, their monthly housing statistics. This report, Madam Minister, outlines some very serious problems with housing, which serve as indicators for the sorry situation of our provincial economy. Table 3 of that statistical survey deals with new housing starts for centres over 10,000 people. And in the first quarter of 1990, new starts in Saskatchewan totalled 307 as compared to 459 in the first quarter of 1989. That's a 34 per cent decrease.

Madam Minister, we all know the importance of the housing industry as an economic indicator and an economic stimulus in our economy. The drop in new housing starts is a good, accurate indicator of the seriousness of your economic mismanagement.

I admit that your government continues to offer existing home owners mortgage interest protection, and at times of high interest rates, as we've experienced during the past decade, this mortgage protection has been valuable to existing home owners. But it is, by itself, a static policy and does little to stimulate job creation and overall economic expansion. By itself, it's a drain on the provincial treasury, adding significantly to the provincial debt and contributing to the overall fiscal problems your government has brought upon itself.

So while the mortgage interest protection plan has been of short-term benefit to consumers, your government has failed miserably by not complementing that program with an economic stimulus over the longer term.

(2100)

Now I don't doubt, Madam Minister, that you've received a copy of the May 7, 1990 release of the Canadian Home Builders' Association entitled "The Human Costs of High Interest Rates is Disastrously High." And that report quotes:

The rise in interest rates from the 10 to 11 per cent levels to fourteen and a quarter per cent today has roughly halved the number of potential first-time buyers able to buy a home.

This report also says financing costs will increase, meaning that the limited funds for social housing, which were cut by 15 per cent in the last federal budget, will produce less housing. Between 1985 and 1989 the proportion of average family income required to purchase the average resale home in Canada increased from 21 to 24 per cent to over 30 per cent, and higher interest rates have led to a further increase in this proportion to 34 per cent.

You know that a resident in Saskatchewan who wants to purchase a home must first qualify for a mortgage at the prevailing interest rates, and after

that, they will qualify for the mortgage interest protection plan on the first 50,000 if the term of the mortgage is one year or longer. And even at the depressed housing prices that we now have in Saskatchewan, this is becoming more and more difficult.

In March of 1990, the Canadian Real Estate Association reported that the average house price on multiple listing in Regina was \$70,648. Assuming an 80 per cent mortgage at \$56,000 at a fourteen and one-half per cent interest, this would cost \$699.66 for a 20-year amortization period and \$677.57 a month for a 25-year amortization period. And if you assume a 30 per cent gross debt service ratio, this means that a yearly income of \$27,996 is required to qualify for the 20-year mortgage, and \$27,000 for a 25-year mortgage. If the interest rates were at 10 per cent on the same mortgage, it would cost \$532 for 20 years, and \$500 for 25 years. The corresponding income requirements would be 21,300 a year and 17,800 a year, respectively.

So we know what the average cost is and what the income requirements are. They don't however reflect the income realities in Saskatchewan. In 1988, the latest StatsCanada figures available which is based on tax data from Revenue Canada, indicate that the average weekly wage in the goods-producing sector in Saskatchewan was \$531 a week, and in the service sector, \$411 a week. That amounts to a salary of \$27,612 a year, if you work in the goods producing sector, and 21,372 if you work in the service sector.

And both of these are less than qualifying income levels for an average mortgage at fourteen and a half per cent, but they are above the qualifying income requirements for the 10 per cent mortgage of the same value. Four and a half per cent would make a difference to our economy and to housing in this province.

The problems, Madam Minister, get worse because of the tremendous growth in the employment in the service sector, and specifically in the lower-paying jobs within the service sector. Again according to Statistics Canada data, in the perspectives on labour and income, in Saskatchewan the poorest paid sector in the service industry is growing and the best paid has shrunk by 8,000 persons.

During the '80s, which was your government's term in office, employment in the higher-paying, goods-producing sector including agriculture, declined from 157,000 jobs to 146,000, while service sector jobs increased from 268,000 to 304,000.

And these figures, Madam Minister, while they're hard to grasp as I'm reading them out, I know, they speak eloquent condemnations of your government's economic policies and efforts to diversify the provincial economy. But they are more human and they're more eloquent than Moody's ratings, than Standard and Poor's, than the Dominion Bond Rating Service, and the Canadian Bond Rating Service. They're more human, they're more eloquent, and they tell the same story.

In the 1980s in Saskatchewan the fastest-growing jobs are the lowest paid.

The jobs that are declining are the best paid. And if you use the constant dollars as a measure of change in the weekly earnings, this points to a general drop in the economic well-being for almost all the workers in the province.

I want to underline that I've said almost all the workers, because I want to use this opportunity to again point out what many of my colleagues have pointed out on this side of the House, that there's hypocrisy and double standards in the government opposite.

You've reduced the home mortgage interest protection plan for Saskatchewan people. You've required them to pay higher interest after you've signed a five-year, no-cut contract with Chuck Childers worth more than \$3 million. You've reduced the home mortgage interest protection plan within weeks of providing very lucrative jobs for Bob Andrew and Graham Taylor. You've reduced the protection for families at the same time as you're providing \$369 million to Cargill. And I say, Madam Minister, that you have a problem with this government, a problem of your own making, and you and your government have been singularly inept in dealing with it.

But with the housing corporation, I believe that you have a tool at your disposal to enable you to move towards a solution. Your estimates this year are no greater than 1985-86 and yet there's so much more you could do and you can do and you should do with housing in Saskatchewan. So I'd like to hear from you, Madam Minister, how you envision the corporation's role in the economic strategy of your government, and how you intend to make housing more affordable to the average Canadian taxpayer reeling under the debt and mismanagement you have inflicted, and reeling under the lower salaries that are now available to us here in Saskatchewan.

Hon. Mrs. Smith: -- Mr. Chairman, in listening to the member, we've covered a lot of topics. I'm glad we ended up with a question on housing because that's the estimates that we are into tonight. I want to state, before getting into our estimates and after listening, in particular, to some political statements, I can only suggest to the hon. member that some day the line that is used by the opposition in here on this government and what they pay Chuck Childers will backfire, as did the myth on the closure of five hospitals in Assiniboia-Gravelbourg. Mr. Chairman, I want that on the record, and then let's get on to housing.

I want to touch on a few areas on housing that you raised earlier in your remarks, and I don't know that I have them in the proper order that you had stated but I'm going to give it a try.

In talking about Sask Housing, and this will also come in with your last question, I think that the policies of housing have not changed much under this government. And I, for a minute, don't believe, when you are into public housing, that it will in fact change a whole lot under any stripe of government because the basic need for public housing goes to those in greatest need, those areas where indeed there is a bona fide need, whether it may be senior citizens, to do with institutions, nursing homes, or single parents, group homes for the disabled you touched upon, or others. And I think the record in fact stands fairly good in this province. I

think you should be aware that Saskatchewan Housing covers approximately 18,000 rental subsidies in the province of Saskatchewan. That's 18,000, and those are to be targeted to those in need, from families to senior citizens to the disabled. I think if you take a good look right across the province, you will find . . . First of all you gave indication that there's been no increase in certain portions of the budget. While that may be true, I think one has to be realistic and they have to look at the statistics and the realities and the economy that's out there.

And the first reality is that in Saskatchewan we have a fairly high vacancy rate. The second reality with that is that Saskatchewan has probably, if not the most, one of the most affordable housing areas in the entire country. And that's acknowledged within the Canadian housing industry, within other provinces, and hopefully at home. So the question of affordability is not one that is the serious problem that it is, for example, in British Columbia or perhaps in Toronto or other parts of Ontario. Now that is not to say that there indeed are not people out there who find that they cannot afford what we classify as affordable housing. That indeed is recognized.

I would like to think that they are not as great in numbers as what they used to be. I think the member spoke about some of the housing units that people live in and what a disaster it is. While Saskatchewan Housing is in partnership between the local community, the federal government and the provincial government, when it comes to the grants that go out to the communities, I also believe that the local communities indeed have a responsibility to ensure a quality-of-life factor within their communities.

And I think, for example, about the city of Regina recently has been very aggressive in looking at the enforcement of its maintenance law to do with older homes. Homes that are rented out, that there is perhaps an absentee landlord or a landlord involved with them and there hasn't been a lot of upkeep over the years, and they have taken the position that indeed they are going to crack down.

I think most of the larger centres in Saskatchewan in fact have the maintenance by-laws in place, and I think it would be pleasing to in fact see all communities perhaps take a look at the enforcement of those maintenance by-laws.

The issue of rural . . . where you noted the drop in figures. I think vacancy rate in part has a lot to do with that, and I think you also have to recognize that there indeed has been, on the Department of Health side, the issue of the integrated facilities. So you may very well find some spaces for level 3 or level 4 that were not in that community before and they may not show up through Sask Housing as a senior citizens' enriched project would.

Mr. Chairman, the topic of the mortgage protection plan. I think that indeed, you know, you talked about the workers in Saskatoon being laid off and you talked about low income people. I want to talk about low income people too and I want to talk about working people, working women, single parents, families, families that work at low income, both people in the

family are working. And I think the question of housing is a very critical question for many of these people.

And I believe you, you've already recognized that. The issue of mortgage protection for those who work very hard and will save for a period of time in order to be able to own their own home is of key importance. And if you want to talk about the laid-off worker in Saskatoon, oftentimes that mortgage protection, it can mean the difference, \$30, \$50 a month, and will mean a difference if they are on a very tight budget.

The interest rates going high as they have been, and could very well do so on the long term for a period of time, I think, in fact, gives people protection and some stability. And I think that overall stability can only be a plus in the overall economy. The corporation, in looking at the year ahead of us, we will be looking at the issue of family housing, native housing, senior citizen housing, and continuing to target where we can and where the need is greatest within those communities that are looking at group homes either through the Department of Health or the Department of Social Services.

(2115)

Ms. Smart: -- Madam Minister, I have some specific questions to ask you about different programs in your department, but I do have to reply to some of the things you said.

I was talking about the state of the economy in Saskatchewan. I was talking about the jobs. I was talking about the salary levels of people in Saskatchewan, and the cost of housing. And when you stood up, you said that you didn't think I'd said much about housing until the very end. And that's one of the problems I have with the way your government approaches the whole question of government. Because you don't integrate these things.

You don't integrate these things. You don't integrate economic policy and social policy. You don't see the connection between people having low salaries and being laid off work, and their access to housing and their access to homes, and the state of the family and the health of the family and the health of communities. You've got to look at that whole picture. You can't just say that you want to talk about housing, and housing is over here and jobs are over there. They're very much connected.

And while we have lower-priced housing in Saskatchewan than we have in other parts of the country, thank God for that because people's incomes have dropped dramatically and people are still not able to afford good housing. I have families in my constituency that are very poor and living in apartment buildings and never will be able to save up for the down payment for a home. They are in very difficult conditions. And you're putting some responsibility on the local communities for the quality of life there. Well you've got to make your transfer payments to the municipal government strong enough so that the local governments can afford to improve the quality of life.

You've got to realize that the mortgage interest protection plan does give some stability to families, but when you increase the rate as you've done, as people's salaries are going down they get caught, and that \$30 can mean the difference between keeping a home and not having a home. And so that's the conditions that we're in in Saskatchewan right now. That's what I wanted to underline in my opening remarks.

Madam Minister, obviously we have to talk this evening about the home improvement plan, because that was a very major part of your corporation in the past and was the program that was axed in March of this year. And I have some specific questions I want to ask you about that and comments to make on it. In the Crown corporations meeting, Madam Minister, you were asked if the Sask Housing Corporation had discussed the termination of the home improvement loan and the home improvement grant in 1989. And you said that you had been:

. . . informed that the board did review in total the home program area in 1989 and with rising costs, had opted to look at perhaps some other initiatives. But if you were going to be looking at those initiatives, then you would have to give consideration to doing the home program, terminating it because it's for sure the dollars weren't there to do both. So yes, it was discussed.

I'm quoting from page 198 of the May 29 Crown corporations meeting.

My colleague, the member from Regina North, asked you if the board recommended termination of the program in '89, and you believed that was the recommendation. And cabinet did not accept that recommendation in '89. In fact in November 29, 1989, cabinet came out with some new regulations regarding the home improvement program. They actually amended the regulations at the end of November and then they terminated it in the new year, very quickly. And that left a number of people, particularly the people I've been talking about, that I'm expressing concern about -- the lower income people -- without the ability to access that program.

Madam Minister, I want to ask you specifically: who initiated the cancellation of the home improvement program? Was it cabinet, was it treasury board, or was it the housing corporation board?

Hon. Mrs. Smith: -- In response to the hon. member's question, I don't know if she has the minutes that came out of the Crown corporation, but basically the answers are there in terms of the discussion, which I did acknowledge in Crown corporations, that in fact the board indeed had taken a look at it and made a recommendation.

That had gone on further to cabinet and cabinet did not accept the recommendation at that time. Several months went by . . . or whatever they were, and Finance was into a review, plus there were some circumstances of other events that were beginning to take place, and of course there was further discussions with the Department of Finance, and from that flowed a recommendation from Finance and of course cabinet being asked to further review it and then to make a decision.

The decision was in fact to terminate the home program. And in terms of the initiation of that, I'm not sure who we would say did what and when at this point, considering that it had been reviewed and talked about with the board some time before cabinet discussed it.

Ms. Smart: -- Well it was exactly three months from the time cabinet brought in new regulations to the time that cabinet canned the whole thing, and it seems to me that that reflects the kind of scrambled government that Dyou've been into for the last few years, where you start up something and then you whip it out from under people.

Madam Minister, I want to know what the alternative initiatives were that were examined by the housing corporation, and are there initiatives currently under consideration, new initiatives, for the housing corporation?

Hon. Mrs. Smith: -- Mr. Chairman, I wonder if I could have the member repeat the question.

Ms. Smart: -- You referred in the Crown Corporations Committee meeting to alternative initiatives that were being examined and I'd like to know: are there initiatives currently under consideration and what are they?

Hon. Mrs. Smith: -- I think the initiatives that I was talking about at that time in fact were the initiatives that are often discussed: ideas, options to be looked at, asking the corporation for some feedback in terms of statistics and need. It could be one of many things. In terms of the specific items that they would have looked at, I am not at liberty to lay that out. That remains within the confidence of the board. And none of them have been accepted, but other things have been discussed within the board.

Ms. Smart: -- Madam Minister, in these estimates you've got \$32.4 million set aside for the home program. At this stage how much do you forecast spending of that money, and are any of these savings being recycled into other programs, and how much will actually be saved to reduce this year's deficit?

Hon. Mrs. Smith: -- The estimated savings for 1990 and 1991 is 41.4 million and over the life of the program it will be \$105 million. Where has the money gone? Does it go in to pay the debt? I think if you take a look at the budget and you acknowledge the 9 or the 10 per cent increase that has gone into the Department of Health and the 6 or 7 per cent that has gone into the Department of Education that basically tells you the story of where the severest pressures are for expenditures within government.

Ms. Smart: -- Madam Minister, are you saying then that the 32.4 million that's set aside for the home program in this year's budget is for the grants that were approved up until the March 1?

Hon. Mrs. Smith: -- Mr. Chairman, that figure includes both the grants and loans.

Ms. Smart: -- Madam Minister, the sudden termination of the home program affected many small businesses as well as many people on lower incomes who had been trying to save up their money to apply for the home improvement grant. And you axed that program even before the income tax rebates had come in that people were hoping to put towards that grant, showing again your lack of sensitivity to people on lower incomes and their need to take advantage of a program which had been in place for a couple of years, and had been available to people who had money all ready saved up but not for people who had to save up that money to apply.

But I also want to talk to you about the April 30 deadline for spending that home improvement grant, that you brought in. When you brought in that deadline of April 30, money had already been approved for spending and the April 30 deadline was arbitrary. You weren't saving any money by putting that April 30 deadline in, and it very much affected people who had wanted to do seasonal work like driveways and foundations on their homes; work that couldn't be completed before April 30. And the response from the housing corporation was to tell people that they should change to a program that could be done in the winter and the early spring. They were told that they could go to building a rec room in their basement, rather than build their driveway. And that was unacceptable to a lot of people who had very basic work that they needed to have done.

So I want to know what possible difference it could have made to the taxpayer's cost of this program if a person had been allowed to go ahead past the April 30 deadline on work that was already approved, and get in their foundations and their driveways and the work that they wanted to do when the weather was better. What difference could it have made to the program to extend that deadline?

Hon. Mrs. Smith: -- Mr. Chairman, I want the hon. member to know that no one has been insensitive, as it relates to perhaps seniors that might have had applications pending or work to be done. The low income -- we had lengthy discussion about that. No matter what we looked at and what area we were sensitive to it became extremely difficult. Given that this was being done for some financial reasons, it became extremely difficult to find where that line was that you finally set the criteria. Whether it is on seniors, as I said, or low income. At what level of income do you put that? So it is not a matter of being insensitive to the financial situation that people would find themselves in, or the planning schedule that many would find themselves in.

In regards to your question, there would have been approximately 10,000 applications; and if you take what the average loan was, it was about 940 or \$942. That's the average across the province. Figure it out based on that 10,000, and that gives you an indication of the savings or if it had gone on, the higher expenditure.

(2130)

Ms. Smart: -- That wasn't the question I asked you, Madam Minister. I asked you about the April 30 deadline, the arbitrary deadline that you brought in, where people who had already had their grants approved for a

foundation or a driveway were told that they couldn't do that; they were to do some other work that they could get completed before April 30.

Now the reason I'm asking you that question, Madam Minister, is because that was such an arbitrary decision. It made no sense, in terms of the taxpayers' money was already spent, that money was already committed. It made no sense to put the onus on people to change the nature of the work they wanted to have done. The grants had been approved and yet they weren't allowed to do what they needed to do because it all had to be completed by April 30.

And it just, for me anyway, Madam Minister, if you don't want to answer the question, it's a very clear illustration of the kind of management of the corporation and of the government opposite. And perhaps it's the member from Regina South that's caused you all this trouble because he certainly has caused a lot of problems for the people of Saskatchewan. Perhaps it's not your responsibility at all, having just taken over this portfolio. But I'd like to know what the rationale was for having an arbitrary decision of April 30.

Hon. Mrs. Smith: -- Well I did understand your question. The 10,000 would have been what was outstanding when the deadline was put in. So you take that 10,000, and if you give the average of \$942, multiplied by 10,000, it will give you an indication of the dollars that we're talking about.

Now we talked about putting the deadline on May 30, June 30. We had some pressures, financial pressures, in terms of what was taking place with less money coming on the federal payments. And all of that was given consideration, and it was felt when these outstanding requests had been looked at, that indeed the cement work and a few things like that would be at a minimum compared to some of the others.

Ms. Smart: -- Well that's no comfort to the people who wanted to get that work done and then had to deal with the dictates of that housing corporation in saying they couldn't do it.

Madam Minister, I asked you earlier about the \$32.4 million in the home program in this year's budget. And I heard you to say that that money included the home improvement loan program, the outstanding money that still has to be paid on the \$10,000 at 6 per cent interest rate, which is continuing because people have that loan over a number of years. And the subsidies that you have to pay on that loan, the difference between the 6 per cent and the going rate that you owe to the banks in subsidizing those loans, was \$28.8 million in 1989. These payments are continuing, as I've said.

I want to know where the amount appears in the 1990-91 budget? Is it in that home improvement grant, that 32.4 million? Is the subsidies that you're paying on the loans as well as the grants, the outstanding grants, the 10,000 grants.

Hon. Mrs. Smith: -- Yes.

Ms. Smart: -- Thank you. Madam Minister, I've mentioned my interest in public housing. Let me ask you a couple of questions about that.

Over the past four years there have been only marginal increases in expenditures for non-profit housing, rural housing, and public housing. Gone from . . . in 1986 for non-profit housing you had 23 million in the budget, in 1989, 24 million. And these categories . . . and then rural 4.9 in '86, 5.3 in '89; public housing 17.4 and 24.1 in '89.

The categories of non-profit, rural, and public don't correspond to the program headings in the annual report where you've got seniors' housing, family housing, disabled, special purpose, northern housing. And I wondered if you could provide me with a listing of the seniors, the family, the northern, and the disabled, and special purpose housing -- the housing projects in 1989 classified in terms of non-profit, rural, and public housing as found in the financial statements? Can you provide me with that?

Hon. Mrs. Smith: -- If it's a list of units you want I can send those over to you. I don't have them here tonight, but I will endeavour to do that tomorrow.

Ms. Smart: -- And those units would be identified according to senior, family, northern, disabled/special purpose, and then within that which ones are non-profit, which ones are rural, and which ones are public. See, you're using two different categories and I'd like to get a sense of . . .

Hon. Mrs. Smith: -- I don't think that's a problem.

Ms. Smart: -- So again, struggling with these two different kinds of categories that you've got, you've got in your annual report for '89 that 55 per cent of the '89 housing delivery was for seniors, 22.5 per cent for families, and 22.5 per cent for disabled/special purpose. And I wonder how these figures compare with the needs identified by the corporation and what forecasts have you prepared or were you working under when you came up with the 1990 budget. Is it still 55 per cent for seniors, 22 for families, and 22 for disabled and special purpose, or are you doing something different this year?

Hon. Mrs. Smith: -- The percentages being allocated are based on what they call statistical need, and it is done in conjunction with the federal level and within our own group. Within government it will be done with the Department of Social Services and the Department of Health. We might very well have some discussions with, for example, Urban Affairs or perhaps another department where the issue of housing has been raised. But for the most part, it's CMHC and Social Services and the Department of Health.

Ms. Smart: -- Madam Minister, unfortunately I have some more questions but our time is getting tight here. I wanted to ask you about the innovative housing units. Does the housing corporation purchase the units that are subsidized or does it pay an agreed on rent per month?

Now I understand how you pay the subsidy, based on the income that people

have, but I'm interested in the actual unit itself, within the innovative housing units, where individual people on a life-lease purchase own the units and then a certain number of them are subsidized and are available to people on low income who cannot afford to buy those units.

Does the housing corporation buy those units from the people who have put up the building and then pay . . . do you pay a solid amount for that unit and then pay the subsidy on the person who's living there? Or what's the arrangement with the people that build the building for the total cost of that subsidized unit?

Hon. Mrs. Smith: -- The innovative housing program is done by the private sector non-profit group. It can be community organizations; it could be a community that gets together, forms a non-profit and looks at a housing project. It could also, I suppose, be a construction firm if they wanted to put this into non-profit in looking at some development of properties. It is owned and operated by the group or person that's going to be putting it up, and it is financed 100 per cent by the banks; we do not own and nor do we give a grant on it. What we do agree to, before they get into this if their project is going to get approval from us, and that is the subsidization of units. It could be 75 per cent of a particular project, it might be five units of a particular project, but that is the extent of our involvement on the subsidy end per unit.

Ms. Smart: -- If a non-profit group cannot get clients into their units to take up all the units that are designated for life-lease ownership, does the housing corporation step in to help that innovative housing program by increasing the number of subsidized units?

Hon. Mrs. Smith: -- If the group involved were to apply to the corporation, they may receive approval for added units. But they would have to apply first.

Ms. Smart: -- Well I understand that that has been happening, Madam Minister, as some of the units have not been able to be filled. And obviously, the corporation will have to budget for that sort of thing along with everything else.

Just looking briefly at the overall housing corporation budget for public housing, can you tell me how much is now committed to rent subsidies in the innovative housing units? How much, in other words, of this \$18 million is for subsidies in the public housing units?

(2145)

Hon. Mrs. Smith: -- The cost for the innovative housing, it is all rolled into one budget and I think it's before you. It shows, for example, on the 1990-91, the \$18.07 million. And we do not have the breakdown of various categories. It's simply in there with it and that's all I can tell you tonight.

Ms. Smart: -- Can you provide that breakdown for me in the future?

Hon. Mrs. Smith: -- We will try and do that. And if upon getting the material, you need some clarification, then please let me know. But we will do our best.

Ms. Smart: -- Thank you, Madam Minister. I want to ask you quickly about something called super-enriched housing, specifically a project in Maryfield, Saskatchewan. I was surprised to discover this project and to see some publication from the housing corporation referring to super-enriched housing. There is no mention in the 1989 annual report of any development of super-enriched housing. Obviously, you've put out a booklet describing enriched housing and it's taken me a while to get that one cleared up, as to what you mean by that.

What is going on now with the super-enriched housing? Can you describe what's the basic, what's provided under basic super-enriched?

Hon. Mrs. Smith: -- The super-enriched housing is one of additional services. And the example that you put forward tonight, I believe, for example, that one of the services that is included in that housing project is housekeeping, which is not a service that you would find in enriched housing.

It has been suggested by some groups, some professionals, including senior citizens, that perhaps in order to address the issue of seniors living longer and, in fact, those that are in a disability capacity perhaps require greater services. And this was one option that came forward in terms of being able to keep these people out of the institutions until absolutely necessary. And so the idea of the super-enriched housing was brought forward. And it is one of additional services that you do not find in the enriched housing projects.

Ms. Smart: -- Madam Minister, quickly, you said in the Crown corporations meeting that you thought it was a good question regarding co-operative housing. Obviously the government is not supporting co-operative housing in any fundamental, real way. You have admitted that and said that, well the opportunity's there for people to get together and build houses co-operatively.

But we're going to find out if there was anyone doing any kind of promotion or educational work on co-operatives as a way of building housing for families. Have you got any information on that at all?

Hon. Mrs. Smith: -- No, I do not have that information yet, and I believe it was the member from Regina North or North West that . . .

An Hon. Member: -- North.

Hon. Mrs. Smith: -- Thank you. Regina North, that had asked the question in Crown Corporations Committee. And I had also stated, I believe at that time, that we do not have a program in place that would create a financial incentive. But I do believe that the record in terms of co-operative stands on its own, and whether it's to do with housing or business ventures, to day cares, to other matters, you will find that the record

indeed is good.

But there is no program in dealing with a financial incentive in terms of co-operative housing.

Ms. Smart: -- Well, Madam Minister, the co-operative housing program was another way of helping people on lower incomes to be able to afford their own homes, and it is with deep regret that we realize that for some time now that program has been scrapped, along with now the home improvement program. The interest mortgage protection has gone up and makes the availability of mortgages less for people on lower incomes. We've had cut-backs in the amount of money that's available or no increase for public housing.

And we have many families that really need housing, and if they had better housing at affordable prices, they would have money to feed and clothe their children. And I think it would go a long way to alleviating the problems of poverty in this province if people had access to affordable shelter, which they don't have given the low incomes that people are now getting in this province with the economy as shattered as it is under your government.

Madam Minister, I have other questions but I will not have the time to ask you those this evening. I just want to close by urging you to take the importance of this portfolio seriously, and get on with the business of providing good housing to people.

My final plea with you is to look very seriously at the impact of the goods and services tax on the housing corporation, and on housing in general, and to listen when people are saying that the goods and services tax is a rotten tax in this province. It's going to hurt housing. The housing industry has told you that. The people of Saskatchewan have told you that. I'm sure it's going to impact on every program that you do in the housing corporation. And it's another example in your failure to oppose that tax, of your unwillingness to look at what's happening to people on lower incomes, particularly in this province.

Madam Minister, that's the extent of my questions on the housing corporation.

Some Hon. Members: mHear, hear!

Item 1 agreed to.

Items 2 to 6 inclusive agreed to.

Vote 51 agreed to.

Supplementary Estimates 1990  
Consolidated Fund Budgetary Expenditure  
Saskatchewan Housing Corporation  
Ordinary Expenditure -- Vote 51

Item 1 agreed to.

Vote 51 agreed to.

Mr. Chairman: -- I'd like to thank the minister and her officials.

Hon. Mrs. Smith: -- Thank you. Mr. Chairman, I, too, would like to add my thank you to the officials and in particular to all the employees of Sask Housing for their dedication and their co-operation in getting the job done.

I want to thank the hon. member for her co-operation tonight; it was a very amiable discussion.

Ms. Smart: -- Of course, Madam Minister, I'm always amiable.

I want to thank your officials, too, for being here and providing me with the resources tonight, and thank you for the discussion.

Consolidated Fund Budgetary Expenditure  
Saskatchewan Property Management Corporation  
Ordinary Expenditure -- Vote 53

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

Hon. Mr. Wolfe: -- Thank you, Mr. Chairman. I'd like to introduce my officials present here with me here tonight. On my left is president Ron Dedman; seated behind me is Shirley Raab, vice-president of financial services; and Norm Drummond, controller . . . or Les Handford, director of financial planning.

Item 1

Mr. Tchorzewski: -- Thank you, Mr. Chairman. Mr. Minister, I understand that the Saskatchewan Property Management Corporation provides services to the Northern Lights School Division, in that it purchases school supplies -- either solicits bids or in the tradition of this government doesn't solicit bids, just buys them from some favourite supplier. But it buys all the supplies, it ships them to Prince Albert to the office there, and then that office in Prince Albert distributes these school supplies to that northern school division for a price. Can you explain why that is done and how it's done, Mr. Minister?

Hon. Mr. Wolfe: -- Yes, Mr. Chairman. Material management in Prince Albert, at the request of Northern Lights School Division, to purchase on behalf of Northern Lights School Division certain supplies and ship them out to different schools. So they do that purchasing on behalf of Northern Lights School Division.

Mr. Tchorzewski: -- Mr. Minister, is this done at the request of the Northern Lights School Division, or is it done because of the difficulties that the Northern Lights School Division had several years ago -- the difficulties which no longer exist -- and therefore was done at the

initiative of the government because of a certain report that the government received?

Hon. Mr. Wolfe: -- It's my understanding, Mr. Chairman, that it's done at Northern Lights School Division's request.

Mr. Tchorzewski: -- Mr. Minister, when this transaction takes place, what is the mark-up? SPMC (Saskatchewan Property Management Corporation) buys the supplies, takes them to Prince Albert, retails them to the Northern Lights School Division. What is the fee arrangements, or the mark-up? Because I understand that SPMC has to either make a profit on this transaction or at least break even. So what is the mark-up, over the price that SPMC pays for the products?

(2200)

Hon. Mr. Wolfe: -- Mr. Chairman, it's my understanding that the mark-up is in the order of 5 to 15 per cent. And that's to cover costs of transportation, warehousing, and distribution. But I'd just like to bring to the attention of the committee that there's savings because of bulk purchases that property management does. And those savings, because of the bulk purchases, are in the order of 25 to 40 per cent.

Mr. Tchorzewski: -- This mark-up, Mr. Minister, actually covers the cost of transportation and servicing, or is there a profit that's made out of it?

Hon. Mr. Wolfe: -- Mr. Chairman, it's my understanding that there's a minimal profit that's made. But there is a saving to the school division because of the bulk purchases. So the bulk purchases allow for savings on the initial purchases of the order of 25 to 40 per cent. There's mark-ups that do occur to cover transportation, warehousing, and distribution that are in the order of 5 to 15 per cent. But there would be a saving, as I understand it, to the school division that is greater than if they were to do the purchasing on their own.

Mr. Tchorzewski: -- I see, Mr. Minister, so there is a minimal profit. My concern here is, and it's shared by school suppliers in the province who I have spoken to, that the Saskatchewan Property Management Corporation is now in the retail business as a competitor to school suppliers in the province of Saskatchewan.

I want to say, Mr. Minister, that that's wrong. That is not the mandate of Saskatchewan Property Management Corporation. I have further heard and been told that it is going beyond supplying to the northern school division, that in fact other schools or bigger school jurisdictions have been shown a manual offering to supply to them through the Saskatchewan Property Management Corporation school supplies in competition with Saskatchewan-based school suppliers, Mr. Minister. Can you explain why that would be happening, when that is not the mandate of the property management corporation?

Hon. Mr. Wolfe: -- Mr. Chairman, it's my understanding that the Department of Education has been working with Buy Saskatchewan, and Buy Saskatchewan

has been trying to encourage school boards to purchase in bulk to save money. I'm not sure what manual the opposition member is referring to, but . . . (inaudible interjection) . . . Pardon?

Mr. Chairman: -- Order, order. I'd ask members to make their comments from their feet so they're put on the Hansard rather than chatting back and forth. I've asked members to rise so their comments are recorded.

Hon. Mr. Wolfe: -- Thank you, Mr. Chairman. I'm not familiar with the binder that the member refers to, but at any rate it's my understanding that Education has been working with the school boards to encourage them to bulk buy to save money. And as you're aware, Buy Saskatchewan encourages the use of Saskatchewan suppliers. And they may have made some information available to those school boards so that they know which suppliers are available within Saskatchewan to encourage the use of those suppliers.

Mr. Tchorzewski: -- Well, Mr. Minister, let me just conclude by saying that there is a lot of concern that is being expressed by school suppliers -- I won't name them all; your officials will know who they are. The member from Qu'Appelle-Lumsden knows who they are because they've been to see him expressing that concern and have been getting no satisfaction -- concern that the Buy Saskatchewan approach, as a style that is being proposed by your government, is not meant to help the Saskatchewan suppliers.

The Buy Saskatchewan approach which is being proposed is actually at the expense of Saskatchewan-established suppliers, because a supplier from Quebec or Ontario or the United States, what they're doing is they're coming to Saskatchewan, they're taking out an office with a desk and a telephone and then are claimed to be Saskatchewan-based businesses. They produce nothing here. They add nothing to the economy, and in some cases, when they happen to be friends of the government, they are given preference. And that's a fact. They are given preference in the supplying because no longer is there a tendering system through the Saskatchewan Property Management Corporation or in the government.

Mr. Minister, on behalf of the suppliers, I'm telling you that there is a deep concern about the Saskatchewan Property Management Corporation being in the retail business when it comes to the supplying of school supplies, and I agree with them, and I bring that to your attention and I urge you to change that.

And secondly, there is a concern that your Buy Saskatchewan approach is being done at the expense of long-standing Saskatchewan suppliers because some favouritism from time to time is being given by those who come in here, contribute very little, but simply set up an office and take the orders.

I ask you, Mr. Minister: will you look into that? Will you see what the problem is? Will you meet with these school suppliers so that they can . . . . And I'd like you to give me that undertaking today, so that they can express their concerns to you, so that you can then figure out how you might be able to rectify this problem.

Hon. Mr. Wolfe: -- Mr. Chairman, I'm not aware of any school suppliers that have those concerns, but I would gladly meet with them at any time.

The member did talk about Buy Saskatchewan, and just in fairness to the program and the initiatives that have been started by Buy Saskatchewan, there are an awful lot of success stories that are out there as a result of Buy Saskatchewan promotion of Saskatchewan-based suppliers and services.

Just to bring to the member's attention, I'd just like to run a couple of them off. Babcock & Wilcox in Melville; Phillips Cables in Moose Jaw; Hitachi in Saskatoon; Montrose Metals of Donavon; Northern Reel, Moose Jaw; Venables Machine Works, Saskatoon; Inventronics, Moose Jaw; Partner Technologies of Regina; the list goes on and on. There has been an awful lot of success stories. If there are concerns, I'd gladly look into them.

An Hon. Member: -- Will you meet with them?

Hon. Mr. Wolfe: -- I'd gladly meet with them if they're brought to my attention.

Mr. Rolfes: -- Thank you, Mr. Chairman. Mr. Minister, I'm sure that you are aware, some time ago I asked some questions in the question period in regards to SIAST (Saskatchewan Institute of Applied Science and Technology). I'm interested in finding out what properties SPMC has secured for SIAST, where they are located, and what the costs were for the rent and the furnishings for these buildings.

Can you tell me first of all -- the properties in Regina, are there any additional properties that you have secured for SIAST other than Sask Place? I believe Sask Place now is pretty well empty, what SIAST had before. Do you have any other people occupying that space right now? What space have you in Saskatoon for SIAST, anything other than Innovation Place? And I'd like to have the costs involved in SIAST moving into Sask Place and Innovation Place.

Hon. Mr. Wolfe: -- Mr. Chairman, just for simplicity's sake, it might be best, if it's all right with the hon. member, if we were to pass the information to him. And if we could maybe pass that on to him tomorrow? I've got some of it, but it's not broken down appropriately.

Mr. Rolfes: -- Well that would be all right. I'm not certain that I will be getting all the information that I want. Can you tell me what were the cost to SIAST in refurbishing Sask Place, number one? What were the cost to SIAST for renovations in Sask Place, number two? Similarly, I'd like to have those questions answered for Innovation Place. I'm sure the minister can tell me now because I have some other questions. Are there any other buildings that you have acquired for SIAST, either in Regina or Saskatoon, other than Sask. Place and Innovation Place?

Hon. Mr. Wolfe: -- Mr. Chairman, just for clarification. You're mainly interested in the head office space, correct?

An Hon. Member: -- No. No.

Hon. Mr. Wolfe: -- You would like all of the facilities and all the spaces that are rental?

Mr. Rolfes: -- Mr. Chairman, exempt Kelsey institute, okay, I assume you're going to exempt that. We all know about that. Exempt Wascana institute and exempt the other campus that you have here in Regina on Winnipeg Street. I'm not interested in that. I am interested in space that you have acquired for SIAST other than for teaching purposes. Okay. My understanding is that you have some space that you had held for SIAST (Saskatchewan Institute of Applied Science and Technology) in CN towers in Saskatoon. I want to know whether or not, that is, that SIAST did have some space in CN towers? What were the costs? I'm also given to understand that that space stood empty for a long time; that now another department has moved into that space.

I would like to know what costs were involved in furnishing the offices at Sask Place here and Innovation Place. I don't want articles about, you know, \$5 . . . anything a \$100 or over. So that I would like to know what the costs were involved in the movement from Wascana and from Kelsey into Sask Place, into Innovation Place. And my understanding is there isn't sufficient space in Innovation Place and SIAST is looking for additional space now. That's the kinds of things I'm interested in.

(2215)

Hon. Mr. Wolfe: -- Mr. Chairman, I think to properly answer the question, it would be best to supply that in written form to you in the next couple of days. The information that I have here includes all of the teaching spaces and it's difficult to sort that out from the head office locations and the spaces that you're interested in. But I could give you the reassurance that we'd do our best to provide that information to you over the next couple of days.

Mr. Rolfes: -- Mr. Chairman. Yes, Mr. Minister, that would be all right. I want to make absolutely certain that everything is included. You are well familiar that I referred to the cabinet document that we had. Expenditures somewhere in the neighbourhood of three hundred and, I believe, fifty-six thousand dollars just for the Regina office for renovations. That doesn't include furnishings. I also hear some very expensive furnishings was purchased in the Regina office. I'm also given to understand that furnishings were imported for Innovation Place. If that is the case, I want that all included. And also I'd like to make sure that you give me the information on CN Towers, okay?

Hon. Mr. Wolfe: -- Mr. Chairman, I'll do my very best to have that information provided in appropriate form over the next couple of days.

Mr. Anguish: -- Thank you, Mr. Chairman. Mr. Minister, I'm wondering if you could tell me what the total budget is for Saskatchewan Property Management Corporation for the 1990-91 fiscal year.

Hon. Mr. Wolfe: -- Mr. Chairman, the revenue figures for the budget are

\$335,400,000 and expenses are 246,500,000.

Mr. Anguish: -- Would I assume then, Mr. Minister, that the difference between the revenue and the expenses, which would be in the ballpark of about \$90 million, -- just rounding off the figures -- would be given back in participation credits, Mr. Minister?

Hon. Mr. Wolfe: -- The majority of that would be returned, as usual, in the form of participation credits to the various departments and agencies.

Mr. Anguish: -- And what about the balance that is not returned to the departments and agencies and participation credits? You said most of it would be. What's the other balance go to?

Hon. Mr. Wolfe: -- Mr. Chairman, as in the past, a majority of the profit has been returned to the various departments in the form of participation credits. Over and above that -- if there's been profit over the course of the year -- over and above the participation credits, there may be retained earnings. I think that the hon. member is aware of retained earnings in '87, '88, and '88-89, and the fact that in '88-89 a dividend was paid back to the Consolidated Fund to deal with some of those profits.

Mr. Anguish: -- Mr. Minister, I'm wondering if you could provide me with a copy of the budget for Saskatchewan Property Management Corporation. See, we have a little problem. I remember having a discussion with you in Crown corporations about how really it's not like a Crown; it's more like a government department, but you are a Crown. One of the problems though is that you can't determine where you spend your money or what you spend it on. We can determine where you get most of your revenue from because all the departments that are listed in the Public Accounts and in the budget state how much is actually paid in. But what's paid out, we just don't get that kind of information in any detail at all.

In fact when you look at the Public Accounts, there's one page that's four lines long, including the title, in the Public Accounts. And I'm sure it's a similar . . . I don't have the budget document here with me this evening that appropriates the expenditure from the government, but in the '88-89 fiscal year there was an appropriation under subvote 1 for \$6,762,700. But your budget, Mr. Minister, is \$330 million more than that this year, and so you can appreciate there's a lack of detail that comes to the Assembly and to the public about what happens within the Saskatchewan Property Management Corporation.

So based on that kind of information I have laid out to you, Mr. Minister, I'm wondering if you could possibly provide me with a copy of your budget for the current year and the last fiscal year, 1989-90?

Hon. Mr. Wolfe: -- As you're probably aware, there's an annual report for the 1989-1990 year, which should be made available shortly, which would document revenues and expenses. And I'm pleased to inform the hon. member opposite that there's actually a profit for that year.

As far as where the money goes, I think it's pretty well-known that we

provide an awful lot of accommodation, transportation services. We pay interest on our loans; we charge interest on our loans also. But those are the main categories. And I'm not sure what else, or what additional information the member would like, but that's the majority of the services that we do provide.

Mr. Anguish: -- Well I have read the annual reports of the Saskatchewan Property Management Corporation. The one you refer to yet isn't tabled. I'm so happy that you made a profit in that particular year, especially when the government departments and agencies that rent from you are hostage to whatever price you want to charge them. They have no option as to what they have to pay the property management corporation; it's set down in the budgetary process through this legislature. And so I'm sure that anyone who has some skill -- and you have many people with skill within Saskatchewan Property Management Corporation -- that anyone with skill could create a surplus budget to make a profit. It's not hard to do when almost all of your clients, except those few that are in commercial in some of the buildings like the Sturdy Stone centre in Saskatoon . . . With the exception of those few commercial clients, all your other clients are government departments and agencies. And so of course you can make a profit any time you want to make a profit.

What I'm asking you is not for an advance copy of the annual report. I'm asking you for a copy of the budget that you work from within the property management corporation.

I'd refer to the auditor's report ending for the fiscal year March 31, 1989, page 99, referring to the Saskatchewan Property Management Corporation, item 32.09, and I quote: "There is no evidence that the Board approved a budget for the corporation."

So, Mr. Minister, I'm wondering if you work from a budget. If you won't provide me with a copy of the budget here this evening, would you tell me what date and the board minute number for the fiscal year ending March 31, 1989 did the board actually approve a budget? Could you tell me the date and the minute number of the board?

Hon. Mr. Wolfe: -- Mr. Chairman, just for clarification, and I think it has been clarified before that a preliminary budget was prepared, approved by the board in the year that was under review that's referred to in the Provincial Auditor's report -- it was prepared, approved by the board -- and was approved by treasury board. Okay? It was approved by treasury board.

So treasury board approved that budget and a meeting following that for final board approval didn't occur. But treasury board did approve it.

We've been working with the Provincial Auditor to alleviate his concerns about that so that those kinds of things don't happen again. But I want to make it very clear: the treasury board approved that budget and the board approved it preliminary before it went to treasury board

Mr. Anguish: -- Well why can't you provide us with a copy of that budget?

It used to be itemized in minute detail when we had the department of supply and service as to what was expended from that particular government department. Now that you're a Crown corporation we get none of that detail.

So why can't you provide us with a copy of your budget? That's all we're asking, and if you're not going to provide that to us, tell us the date that your board and subsequent to that, the treasury board approved your budget, and what is the minute number from the board meeting?

Hon. Mr. Wolfe: -- Mr. Chairman, I don't have that information with me, but we can gladly provide the dates and possibly even the times that those meetings occurred.

One thing that I want to make clear to the member opposite: he talks a lot about profits, and I know that profits raise some concerns, you know, to members opposite, but property management has been able to do a very, very good service. And part of what they've been able to do is a result of transfer of a large number of assets from supply and services into property management corporation.

A lot of the assets . . . Take, for example, this very building, you know, and the type of accommodations that are available here to people like Executive Council were transferred. T.C. Douglas Building is another one that was transferred. In the past, before property management existed, there was no rent as such that was paid.

What has happened is that those assets have been transferred into property management. There's an across-the-board, I would call it, levying of rents that accommodate the rents of the properties that were transferred into property management, plus new places that are rented out -- places that didn't pay rent before. Such things as Executive Council now pay rent.

That's part of the reason why property management can turn a profit. And it's sort of in line with our thinking that departments and agencies should know what rents cost. It's part of our thinking that people in the civil service should know just what things cost, Mr. Chairman.

Mr. Anguish: -- Well if you keep answering questions like that, you're going to be here for a long time tonight.

I asked you for a copy of your budget. You go into some tirade about this very building we're in. This building was built over 50 years ago, maybe closer to a hundred years ago. Why would we be wanting to pay rent on something that's already paid for?

You revolve money around and make it flow through the Saskatchewan Property Management Corporation, but there's no detail as to what you do with it. Just answer us yes or no, and we'll go on to something else. Will you provide us with a copy of your budget so we can scrutinize your expenditures within the property management corporation?

And I remind you that you have revenues of \$335 million. You make

expenditures of 246.5 million, but there's no scrutiny of your expenditures because you won't let anybody else see the budget. Will you allow us to have a copy of the budget for the property management corporation, Mr. Minister?

(2230)

Hon. Mr. Wolfe: -- Mr. Chairman, we could provide for the hon. member, cost estimates. We could provide for the hon. member, cost estimates of all space that's required by the various government departments for the year that he's asking for. And I just asked the member opposite if that would be adequate.

Mr. Anguish: -- No it's not. We want a copy of the budget from the Saskatchewan Property Management Corporation. We want the working copy of the budget that your administrative staff must have to work from. I remind you again that it's called into question. I know what you talk about when you talk about efficiencies, realizing what you have to pay for accommodation and services in a government department or agency. But I would remind you, sir, that the first year that the property management corporation came into existence, the cost of running government escalated by 30 per cent. And that, I know, has been reduced since then.

But no, what you offer is not sufficient. I'm asking you if you'll provide us annually with a copy of your working papers that reflect the budget that you use internally for the Saskatchewan Property Management Corporation, so that you at least have some perception that you're accountable for the expenditure of just under a quarter of a billion dollars. That's how much money you and the board of directors are responsible for each year.

And I think when you're looking at a quarter billion dollars of taxpayers' money, you should be held to account for that. And the only way we can adequately hold you to account, Mr. Minister, is if you provide us with a copy of your budget annually so we can scrutinize the expenditure of a quarter billion dollars.

So will you provide us with a copy of your budget? I would think that you'd want to get off to a clean start as a new minister. Why would you want to be moved from the perception of Mr. Clean to the former ministers that are no longer in this Assembly that have been in charge of the property management corporation? I was hoping you would come clean with the taxpayers in the province of Saskatchewan and explain to them how you spend a quarter of a billion dollars annually. Will you provide us with a copy of your working budget, Mr. Minister?

Hon. Mr. Wolfe: -- Mr. Chairman, it amazes me that the member would think that we're hiding something. I'm just going to read off, for the members opposite -- which they could do on their own from the Estimates book -- because most of the information that the member is interested in, is provided . . . (inaudible interjection) . . . well, if the member would like, I could read off a few figures.

For 1990-91, New Careers, vote 59, subvote 1: \$100,700; Northern Affairs,

vote 48, subvote 2: \$80,000; Parks, vote 39, subvote 57: \$6,936,700. I can go on and on if the member would like to do that. But the majority of the information is available in the Estimates and I would hope that the member opposite has the Estimates for the current year. And he could take some time and go through it, or I could read it off if he'd like.

Mr. Anguish: -- I think, Mr. Minister, this would be the book, eh? And we've read the book, I've read the book. I've looked through the book. What you're talking about is money that flows into SPMC. We can figure that out. We can figure out pretty well how you get \$335 million flowing in.

What we have no details on is the money that flows out, that portion that's called expenditures. And you will spend, by your own admission this year, almost a quarter of a billion dollars and we have no detail on that. It's not the revenue side we're concerned about. It's the expenditure side that we're concerned about.

And I would refer to the Estimates, that you have just referred to, for the fiscal year '90-91, and the page 84 where it has Saskatchewan Property Management Corporation: one page, ordinary expenditures, one vote, details an estimated expenditure of \$4,282,400. So that's an expenditure from our pool of funds in government, the tax dollars, into your department as well. So even as an expenditure it's not something you expend, it's what the government expends on you -- what this Assembly appropriates to go in. We want to know what comes out. When you have a quarter billion dollars coming out, why don't you come clean with us and provide a budget?

It used to be under the government services, department of government services, you could find detailed items of expenditures, so everyone knew where the money was being spent. Now you spend a quarter of a billion dollars and you won't provide a list of those expenditures through the working papers that you use in your budgetary process. And I think that is just a flagrant lack of accountability on the part of your government.

So I ask you not to divert the issue. I'm asking you to tell us and provide us with details of your expenditures so someone other than your own political friends, your colleagues in the legislature, can scrutinize what you're doing. I mean, this is an abuse of taxpayers' rights. When taxpayers have a quarter billion of their dollars spent, I think and they think that there's a right to know where that quarter of a billion dollars goes to.

And so I ask you for a final time: will you provide us with your working budget that your property management corporation uses to expend \$246.5 million? Yes or no -- will you provide us with that or not?

Hon. Mr. Wolfe: -- Well, Mr. Chairman, I just . . . I know there's some philosophical differences about how we might think, but I think that civil servants, various departments, and agencies, have a right to know what things cost. I think that they have a right to know what the buildings that they use cost as far as rent. I think that it's appropriate that the people that use this building know what the operations costs for this

building are. I think that that's very, very important.

In the past, supply and services basically provided goods and services to various government departments and agencies, not on a user-fee basis. The departments didn't know, and now they do know, and that's part of why the votes and the subvotes are listed as they are in the estimates. They have the knowledge before them now to know what those goods and services are costing them and they can plan accordingly. And I would hope that the taxpayers' money is spent wiser when civil servants across government know what goods and services cost. And I think that the public is served well by having those civil servants well informed.

The member is quite interested in expenses and just to make it simple, or simpler for the member . . . I mean if he was to refer to one of the annual reports, he would see -- if I just take the '87-88 report here -- he would see that operations expenses for SPMC were in the order of about 30 per cent of the budget in that year, the lease was in the order of about 16 per cent, property management was about 22 per cent, interest was in the order of 22 per cent, and depreciation was in the order of about 9 per cent for the year '87-88.

So there's no magic. The public I think is very well served by having the civil service know what things cost, especially the buildings that they use. I think that they are served well, Mr. Chairman.

Mr. Anguish: -- I didn't say the public wasn't served well. What we want to do is have some scrutiny of your expenditures, and a pie graph from an annual report is no scrutiny of expenditures. I mean when you're dealing with a quarter of a billion dollars, there's a lot of room there for abuse. Even if there's not an accusation of abuse, I would think that if you were sitting in opposition you would be crying from the tallest tree to ask for a budget when there'd be an expenditure made of a quarter of a billion dollars. But forget it; you don't want to provide accountability. Just forget about the budget.

I want to ask you about your natural gas purchases. I want to know what has been paid for natural gas; and the cubic metres of natural gas used in each of the following years: '87-88, '88-89, '89-90; and what you project will be used and the amount paid in '90-91.

Hon. Mr. Wolfe: -- Mr. Chairman, we could probably provide numbers for energy use. Part of the problem is separation of SaskPower and SaskEnergy, and I would think that that's the natural gas that the hon. member is referring to.

Over and above that, I'm sure that the member is aware that property management provides various services to various departments. The information that he's requesting is quite complex and might take a little while to put together, but we'd do our very best to provide it to him.

Mr. Anguish: -- Well now all you have to do is just take your SaskEnergy bills and it tells you on there how much natural gas you used, I would imagine. I would have to assume that it wouldn't be a very difficult

process to do that. If you go back to the previous years that I mentioned, you take the SaskPower bills, and it breaks it down for electrical and natural gas, and if you'd add those up for each of the years, then you could give me the amount of natural gas used and how much you paid for it. But you see, you can't even provide that type of detailed expenditure to us here in this Assembly when I ask you about how much natural gas you used and how much you paid for it.

Going back to the last year, Mr. Minister, of supply and service, there were detailed expenditures, pages of them, what was paid out -- 1, 2, 3, 4, 5, 6 -- about 7 pages of details of where the expenditures were made. Now you can't even tell me how much you paid to SaskPower for natural gas. That's why we question your accountability.

Mr. Minister, I would ask you what the association of the Saskatchewan Property Management Corporation has been, in regard to natural gas, with Emsley & Associates, Inc., which I believe is a Regina company. At least the corporation documents reflect it as a Regina company. I want to know what the relationship is between this company, Emsley & Associates Inc., and the Saskatchewan Property Management Corporation in regard to natural gas. Could you tell me about that relationship, Mr. Minister.

(2245)

Hon. Mr. Wolfe: -- Well, Mr. Chairman, as you're probably aware, Sask Property Management is doing its part to try to increase efficiencies across the board and provide savings to the taxpayers. Property management has a lot of properties and buildings all over the province and as I understand it, Emsley & Associates Incorporated were hired to see if there would be some advantages or possible savings by changing the way in which property management purchase gas.

Mr. Anguish: -- When were they hired? And how much are they paid?

Hon. Mr. Wolfe: -- Mr. Chairman, it's my understanding that they were hired for the better part of a year and that they received something in the order of about \$38,000 for the work that they did.

Mr. Anguish: -- When did they start? When did they finish?

Hon. Mr. Wolfe: -- Mr. Chairman, I don't have the exact dates here but it's my understanding that they were hired towards the fall of 1989, and that they completed their work in the early part of 1990.

Mr. Anguish: -- Could you provide us with a copy of the work that they did for you? There must have been a document that they provided. I assume they did a study for comparison of purchasing natural gas through SaskEnergy versus the purchase of natural gas through direct suppliers. If that's not what the work was for, could you maybe tell me what they actually did for the property management corporation? And can you provide us with a copy of the report?

Hon. Mr. Wolfe: -- Mr. Chairman, if it's okay with the hon. member, we'll

have a document prepared for the hon. member over the next few days.

Mr. Anguish: -- What did you ascertain from the report? Did you decide to continue buying gas from SaskEnergy, or did you decide that maybe you should explore the opportunity of buying gas directly from a supplier?

Hon. Mr. Wolfe: -- Mr. Chairman, I believe it was the recommendation that we stay with SaskEnergy, and I believe that we've followed up on that recommendation based on some of the work that was done.

Mr. Anguish: -- I wanted to use another example. I think just what we've gone through, I don't know where we finally concluded in terms of the natural gas you've used and what you've paid for it, but I would still like that at some point in time. I'd like you to give me your undertaking that the question I asked regarding natural gas to your facilities and the prices you've paid will be provided. So I think there's one example of why we'd like to see a copy of your budget, your working budget.

Here's in the fiscal year, Mr. Minister, 1986-87 -- I think that that may have been the last full year for the department of supply and services under your government. I look here to . . . these other expenses are referred to, several pages of detailed expenditures. Here's one on page 445 of volume 3 of the Public Accounts, to the Chopstick Restaurant, \$32,394.72. No wonder, no wonder, Mr. Minister, you don't want to show us detailed expenditures. Can you tell me in the year that's just past and the year under review right now, how much money you plan on spending to the Chopstick Restaurant, Mr. Minister?

Hon. Mr. Wolfe: -- Mr. Chairman, there's one thing I want to make very clear to the member opposite and the public, is that the Chopstick Restaurant that the member refers to and the payments made to the Chopstick Restaurant were made for lease space. So I just want to make that clear to the public and I want to make that very clear to the member opposite. I know he wouldn't intend to mislead public or anything, but there are various restaurants, and I believe the member from Regina Centre has been involved in that business for some time and might hold real estate also; I'm not sure. But I would think that we all know about corporate names and how corporate names sometimes hold properties.

I can provide the information as far as the details in a . . . I don't have that here right now, and I don't believe that there was any for the year . . . there's none for the year '89-90.

Mr. Anguish: -- I made no assertion it wasn't for anything other than rent. All I asked you is what you had paid last year and this year to the Chopstick Restaurant.

I could also ask you what you paid to Dale's Electric Ltd. In this year you paid \$32,992. How about Drope Realty? Oh boy! In this year under review you paid \$1,564,339. Boy! First International Management Group Inc., \$743,980.58. That's why we want a copy of your budget, so we can see where you're spending the taxpayers' dollars.

It's not a matter of questioning motives or anything else. When you spend a quarter of a billion dollars of the taxpayers' money, they like to know where you're spending it. And you used to be able to see it, but did you come under too much scrutiny, when the department of supply and service was still around so you could see where the expenditures were made? Maybe it was too much scrutiny for you people to bear.

I'm wondering how much advertising, Mr. Minister, you place on behalf of government departments and agencies, or do they do that all themselves.

Hon. Mr. Wolfe: -- Mr. Chairman, the various government departments and agencies are responsible for their own advertising.

I just would like to say to the hon. member -- just so they wouldn't be trying to mislead the public or anything like that -- that if he wanted details on Dale's Electric for the year '89-90 or for '90-91, that we go through a process -- public accounts, Crown corporations -- and that's the traditional place for those kinds of information, you know, to be requested. And if they were requested, I'd just like to assure the hon. member and the public, that just as with the restaurant that held lease properties, we'd provide that information.

Mr. Anguish: -- Well I don't know what to ask about. I mean, I pointed to the year '86-87, there's six or eight pages of detailed expenditures. If you don't know the name of the company you're paying it to, how would you expect us to ask the question? Good old lack of accountability.

I want to go back to the natural gas and Emsley & Associates Inc. and a letter that was written from one Doug Emsley, who I'm sure you would know about. He was a ministerial assistant in the Department of Energy and Mines between September of '83 and at least up until July of '85 when the minister was Paul Schoenhals. So he had some knowledge in Energy and Mines about how your government works, and on April 10, '89 he writes to a Mr. Otto Cutts, president of the Saskatchewan Property Management Corporation:

Dear (it had Mr. Cutts, but then he stroked it out and put Dear) Otto: I apologize for the delay in putting on paper our understandings from our last meeting. We have incorporated into our report new information just recently released by Saskatchewan Energy and Mines which is particularly relevant to direct sales. I have enclosed a copy of the completed study we undertook for SPMC. More copies are available if you wish.

The study reviews the following four areas: section 1, Saskatchewan natural gas policy; section 2, Saskatchewan gas reserves; section 3, natural gas markets; section 4, direct sale option for natural gas; section 5, gas cost analysis.

In summary, our study indicates that the direct sale option is a very real option for SPMC. If you're able to achieve a gas price in the range of \$1.53 to \$1.66, Sask Property Management Corporation could reasonably reduce the annual gas costs by 15 to 20 per cent. This translates into savings of approximately \$400,000 annually for SPMC-owned and operated facilities and potentially an additional \$100,000 by altering billing

practices with Saskatchewan Power Corporation.

As per our discussion, Emsley & Associates Inc. will immediately begin to implement the direct sale process for SPMC. We have already had preliminary discussions with suppliers regarding an appropriate volume of gas to supply your facilities. I have also enclosed a draft letter for distribution to your client facilities; i.e., hospitals, schools, etc. which offers them an opportunity to participate in this cost-cutting exercise.

By copy of this letter I will also confirm with you that Emsley & Associates will contract to SPMC effective April 1, 1989 to November 1, 1989 to attempt to negotiate and put into place a direct sale for SPMC operations deemed appropriate for the program. Emsley & Associates will also undertake to include SPMC client facilities, if they so desire, into any direct sale (of) gas volume acquired. These facilities would share in any benefits achieved and would be billed accordingly by Emsley & Associates.

Ongoing administration, i.e. contract management, gas nominations and geological evaluation of producer supply, would be handled by Emsley & Associates for a fee of \$.05 per mcf (metric cubic foot) of contracted gas.

Otto, this summarizes my recollection of (that) chat at breakfast -- if you have any questions please advise. I will deal with your office as we put this together and schedule to brief you on a regular basis as we progress.

Now, Mr. Minister, if this jogs your memory at all -- and I know you're new to the department; that's why you have officials here to assist you -- if this has jogged your memory at all, then your relationship between Emsley & Associates, a former ministerial assistant in your government, and the Saskatchewan Property Management Corporation. And I would ask you, why did you not leap at the opportunity to save \$400,000 a year, Mr. Minister?

(2300)

Hon. Mr. Wolfe: -- Mr. Chairman, just some clarification with regards to Emsley and the work that was done. As I understand it, the things that the hon. member referred to, the things such as natural gas and markets and sales options and a cost analysis, and his mention of sales options based on certain gas purchases, were the basis for the recommendations that were made. Despite those ambitious options and recommendations, it is my understanding that those kinds of options couldn't be delivered as a result of discussions in the market-place. And as a result of that, property management chose not to follow through with them.

Mr. Anguish: -- It seems to me that this report that's referred to was concluded about the time you said it started, and maybe there were two reports. Did Emsley & Associates do two reports for you or one report? And is this the report that's referred to in the period of April 1, '89 to November 1, 1989? Is that in fact the date that Emsley & Associates were

paid some \$38,000 by Saskatchewan Property Management Corporation?

Hon. Mr. Wolfe: -- Mr. Chairman, as I said when I gave those dates, we weren't clear on the exact dates. I'd also like to make clear to the hon. member that we do have a new president that just came on stream in early '90, and he's not familiar with the exact dates and those sort of things. I don't have that information. The information that I had was in '88-89 something like \$38,000 was paid to Emsley. The document, as I understand it, that the member opposite is reading from, is a type of progress report. And as you're probably aware, Mr. Chairman, when it comes to consultants and progress reports, there's time lines. Sometimes those time lines don't get met and there's sometimes some confusion resulting as a result of that. But that's my understanding of the situation.

Mr. Anguish: -- Well it's a fair understanding, I guess. He refers in here, Doug Emsley refers to a letter that he prepared for Otto Cutts to be sent out to client facilities, he refers to them as. Do you think you could provide me with a copy of the letter that Otto Cutts sent out to the client facilities at the request of Emsley & Associates?

Hon. Mr. Wolfe: -- Mr. Chairman, I would just ask the hon. member to clarify what he's asking. I don't really understand what it is.

Mr. Anguish: -- Maybe if you have one of your staff, maybe, read Hansard tomorrow, it refers to a letter that I read into the record, and in one portion of this letter, Doug Emsley has prepared a draft letter for Otto Cutts, to be sent out. I'll just read the sentence:

I have also enclosed a draft letter for distribution to your client facilities, i.e. hospitals, schools, etc., which offers them an opportunity to participate in this cost-cutting exercise.

I guess what I'm asking you is, did Otto Cutts in fact send out that letter, and if he did, could I have a copy of the letter that was sent out to the client facilities?

Hon. Mr. Wolfe: -- Mr. Chairman, I would just like to give the reassurance to the hon. member that if the letter was sent out, we'd provide it to the hon. member. It's my understanding that we're not clear whether a letter was sent out or not, and I'd just like to mention to the hon. member that Hansard is having a problem with the transcripts and that's why I've asked for clarification, just so that we could facilitate that as easy as we can.

Mr. Anguish: -- Why is Hansard having a problem? I'm not speaking clearly enough . . . (inaudible interjection) . . . I understand.

Mr. Minister, has your purchasing agency advised SIAST that they're obligated and must in fact purchase their intravenous supplies from Canapharm?

Hon. Mr. Wolfe: -- Mr. Chairman, I'd just like to clarify that issue and I do believe that there has been a lot of clarification about it, but there was some confusion in the media. There's been previous news reports

alleging purchase without tender of Canapharm Incorporated for SIAST, and they're very misleading.

When product specifications and delivery requirements are delivered to SPMC, a tender is issued to all qualified suppliers listed with the purchasing agency. In this particular case, there can be only one such qualified supplier. Intravenous supplies are not interchangeable. Because Canapharm supplies are commonly used in Saskatchewan hospitals, SIAST requires this product to instruct students in the use of intravenous procedures.

In such circumstances, tenders are issued to one supplier only to confirm price and delivery for each other. They are known as single source tenders. Purchases by the purchasing agency of SPMC are made on behalf of government agencies accessing pre-deal spending of taxpayers' dollars. The centralized purchasing system allows for economies of scale and insures that all suppliers are treated fairly. So there are certain circumstances, especially with things like in intravenous solutions where the bags don't fit the materials that go with the bags, and that's the reason that that was done.

And I'd just like to quote too, from one of the officials where I believe the misunderstanding came from, and I believe the comment of the official was that he just wrote something and sent something off in haste. I think that that's just briefly what the comment was. And that's what resulted in the confusion about that whole process.

Mr. Anguish: -- Well I'm not going to pursue that. When you talked about some parts of the paraphernalia that goes with intravenous not fitting, it was Canapharm that started the not fitting, by the way, and I talked to many frustrated nurses in hospitals that tried to make their existing tubes and everything fit to the intravenous bags from Canapharm. They just didn't work. And I'm glad that that's kind of under control now. But it's certainly caused a great deal of stress in the cost of health care delivery itself by your government instructing that health care facilities in, in this case that I'm referring to, SIAST were obligated to use Canapharm products.

And the letter here says -- I just quote one sentence from it:

The purchasing agency has advised me that although we are obligated to purchase from Canapharm, we cannot disregard the tendering process.

So the tendering process means very little and I can appreciate all the answers you can give about that. But I want to move off Canapharm because that's not my main intent in being here this evening.

I want to ask the minister first off if there's any consideration given to you, at some point in this Assembly, bringing forward a Bill that would lay down very clearly the tendering practices of government and penalties attached to it for violation of tendering policies.

I'm asking the minister if you have any intention, as a new minister, of

stating very clearly and putting into law the process by which government must do their tendering.

Hon. Mr. Wolfe: -- Mr. Chairman, I'd just like to make it known to the hon. member that The Purchasing Act basically sets the guide-lines for the purchasing of goods. And it's been in place for some time.

The member opposite had some suggestions about amendments that might be made. You know, I would gladly take a look at them at any time. But the Act has been in place for a long time and, as I understand it, has served the public quite well. If the member has some suggestions, I'd gladly hear them.

Mr. Anguish: -- Well I was thinking more broad ranging. I would think that if there was tendering practice by statute in this Assembly, that we wouldn't have the controversy we have right over the STC (Saskatchewan Transportation Company) bus purchases from Brownsville, Texas. It seems to me that there's a legal quagmire where there seems, at least, to be a violation of tendering practice.

And yet we hear no word as to whether or not there's going to be prosecutions, or when we'll even hear a copy of the report. And I think that's the most blatant example I can see as to why your government needs a more clearly defined tendering policy put into law, that also has penalties attached to it.

And I don't have suggestions prepared here this evening, but if you would wish to pursue that, I think we could come up with a very good tendering practice for the province of Saskatchewan. I'm just not sure that your government would be willing to put it into place.

The next item that I want to pursue very briefly is to ask you what plans you have to purchase recycled paper for use by government departments and agencies. And if so, if you do have plans to do that, where will you be obtaining this recycled paper from?

(2315)

Hon. Mr. Wolfe: -- Mr. Chairman, just a little follow-up from previous questions. I will send the member opposite a copy of The Purchasing Act just so that he has it. And just so it's known, Crowns aren't bound by The Purchasing Act. So the issue that member raised aren't related to property management at all.

Another thing the member raised was recycling, and I'm not sure if the member's aware of it but our Health annual reports used recycled paper. We plan to use more recycled paper. The paper purchasing specifications will call for the following percentages of post-consumer fibre content: bathroom tissue, paper towels, business cards -- 100 per cent; minister's stationary, file folders, letter head, and envelopes in the order of 50 per cent. So we do intend to pursue the use of recycled paper.

As far as sources, Weyerhaeuser, as you may be aware, is a source of what

we call "environmentally friendly" paper. We've been able to use some of it. We're looking for other suppliers; there's a lot of demand in the market-place, but there isn't a whole lot of suppliers.

Mr. Anguish: -- Well, for office quality paper, I'm not sure there are any Canadian suppliers, and it sort of baffles my mind as to why you'd build a pulp mill at Meadow Lake with Millar Western when it would likely be more appropriate to put in a plant that could recycle office quality paper. I know when I purchased recycled paper for my own office operations it ended up that the supplier was an American firm, because there wasn't a Canadian supplier. There are Canadian wholesalers and retailers of office quality paper but you have to go either to the state of Texas or I believe the New England states to get office quality recycled paper.

Going back to the tendering that you referred to that The Purchasing Act did not apply to Crowns, so the question I asked about the buses was not applicable, I think that just puts into place an example of why there is a need to have strong legislation. And since you're the main tenderer of services to government then I would think that you should take the lead on getting that into place in this legislature. But if The Purchasing Act doesn't apply to Crowns, it doesn't apply to you either because you are a Crown corporation.

So I don't know how you can stand in your place as a minister responsible for a Crown corporation and say that you follow The Purchasing Act, but then in your next intervention, you say that The Purchasing Act does not apply to Crown corporations. So I think that also puts into place a need that you have something put through this Assembly as a law, to make sure that you follow a fair and open tendering practice, Mr. Minister.

Hon. Mr. Wolfe: -- Just for clarification, we are a treasury board Crown. So that's just some clarification for the member opposite. We do follow The Purchasing Act, and it's my understanding we have a very fair purchasing tender policy which I believe members of the business community have supported.

Mr. Anguish: -- Well, Mr. Minister, I'd like to tell you this has likely been a not very productive evening in terms of getting to the bottom of some of the things that we really wanted. One of the things I wanted from you was an assurance that you would provide us with a copy of your detailed budget papers so we can scrutinize the expenditures you make in the area of a quarter of a billion dollars a year. You're obviously not willing to do that.

So I think that at this point in time and being the hour of the evening that it is and the lack of information in terms of the budgetary process, I think that I would close off, and I'd also want to close off by thanking your officials for being here this evening and providing information. I know that we have other opportunities to question you; sometimes more productive, other times less productive, but we do have opportunities in public accounts and we have opportunities in the Crown management corporation, as well as this Assembly. So I'd like to thank you, you and your officials for at least being with us this evening. Thank you.

Item 1 agreed to.

Vote 53 agreed to.

Consolidated Fund Loans, Advances and Investments  
Saskatchewan Property Management Corporation  
Vote 168

Item 1 -- Statutory.

Saskatchewan Property Management Corporation  
1990-91 Capital Expenditure by Sector

Mr. Chairman: -- Page 126 of the main estimates. Any questions?

Supplementary Estimates 1990  
Consolidated Fund Budgetary Expenditure  
Saskatchewan Property Management Corporation  
Ordinary Expenditure -- Vote 53

Item 1 agreed to.

Vote 53 agreed to.

Mr. Chairman: -- I would like to thank the minister and his officials.

Hon. Mr. Wolfe: -- Mr. Chairman, I would just like to take this opportunity to thank my officials, the officials of Saskatchewan Property Management Corporation, and I'd like to take this opportunity to thank all the employees of Saskatchewan Property Management Corporation for all the good work that they do for all the various government departments and agencies, and for the public as a whole.

The committee reported progress.

The Assembly adjourned at 11:25 p.m.