

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
March 29, 1995

The Assembly met at 1:30 p.m.

Prayers

ROUTINE PROCEEDINGS

PRESENTING PETITIONS

Mr. Goohsen: — Thank you, Mr. Speaker. I'm happy today to present petitions on behalf of Dr. T.S.B. Crawshaw from Maple Creek, and I'll read the prayer:

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

As in duty bound, your petitioners will ever pray.

These petitions come from the town of Maple Creek and the surrounding area, and I'm happy to present them today, Mr. Speaker.

Mr. D'Autremont: — Thank you, Mr. Speaker. I too have a petition to present today. The prayer reads:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to support Bill 31, An Act to amend The Saskatchewan Human Rights Code (Property Rights), which will benefit all property owners in Saskatchewan and specifically firearms owners, in order to halt the federal Liberal government from infringing upon the rights of Saskatchewan people.

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

These petitions come from the Carlyle, Manor, Lampman, Storthoaks area of Saskatchewan, Mr. Speaker. I so present.

Mr. Toth: — Thank you, Mr. Speaker. Mr. Speaker, I too have a petition and would like to read the prayer for you:

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

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

And this petition is signed by individuals from the Maple Creek, Richmond areas, and Fox Valley, of this province.

Mr. Britton: — Thank you, Mr. Speaker. I too have some

petitions to present today on the same subject. I will just read the prayer:

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

As in duty bound, your petitioner will ever pray.

Mr. Speaker, these also come from the area of Maple Creek, Tompkins, Richmond, all along the highway — Walsh, Golden Prairie, and on down through Consul. Quite an extended area, Mr. Speaker. I am pleased to table these now.

Mr. Devine: — Thank you, Mr. Speaker. I have petitions about highway construction as well.

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

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

And these petitions are from the Maple Creek area, Mr. Speaker.

Mr. Swenson: — Thank you, Mr. Speaker. I also have petitions today from Saskatchewan citizens. And I'll read the prayer:

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

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

Mr. Speaker, and today I have citizens from the communities of Maple Creek; Tompkins, Saskatchewan; Maple Creek; many others.

Mr. Neudorf: — I too, Mr. Speaker, would like to add the weight of these citizens of Saskatchewan to this project:

Wherefore your petitioners humbly pray that your Hon. Assembly may be pleased to allocate adequate funding

dedicated toward the double-laning of Highway No. 1; and further, that the Government of Saskatchewan direct any monies available from the federal infrastructure program toward double-laning Highway No. 1, rather than allocating these funds toward capital construction projects in the province.

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

Mr. Speaker, these folks come from areas like Golden Prairie, Maple Creek, Fox Valley, Regina, and Saskatoon. It's my pleasure to present them today.

Mr. Martens: — Thank you, Mr. Speaker. I too have petitions, and the prayer says:

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

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

These petitioners are from Maple Creek, Piapot, Consul, Golden Prairie, Tompkins, and throughout the south-west part of the province. I so submit.

Mr. Boyd: — Thank you, Mr. Speaker. I have petitions as well to present this afternoon to the Assembly. And the prayer is as follows:

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

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

Mr. Speaker, these petitions come from the Maple Creek, Eastend, Consul, Shaunavon areas of the province. And I'm pleased to present them to the Assembly today.

READING AND RECEIVING PETITIONS

Clerk: — According to order the following petitions have been reviewed, and pursuant to rule 11(7) they are hereby read and received.

Of citizens of the province petitioning the Assembly to oppose changes to federal legislation regarding firearm ownership.

And of citizens petitioning the Assembly to allocate

funding toward the double-laning of Highway No. 1.

INTRODUCTION OF GUESTS

Ms. Hamilton: — Thank you, Mr. Speaker. It's my pleasure to introduce to you and through you to all members of the Assembly, 26 grade 8 students from Wilfred Hunt School that are seated in your gallery, Mr. Speaker. They are accompanied today by their teacher Bryan Hicks.

I'm looking forward to meeting with them after question period for a photo and to have a visit with them in room 218.

I'm sure all members will want to conduct themselves accordingly as the school group watches on and so that I won't have to answer as many questions as I might have to if the proceedings get fairly emotional. I know that they'll have a lot of good questions ready for me following the question period today.

And I'd like to ask all members to join with me in welcoming them here this afternoon.

Hon. Members: Hear, hear!

Mr. Goohsen: — Thank you, Mr. Speaker. I'm happy today to introduce to you and through you to the Assembly, two gentlemen that are seated in your Speaker's gallery, Mr. Speaker. We have from the Saskatchewan road builders association, Mr. Leonard Wellings, who is the past president, and we have Mr. Bruce Drake, who is the present president of the association. And we're happy to have them here today to watch the proceedings, and I would ask all members to join with me in welcoming them here today.

Hon. Members: Hear, hear!

Hon. Mr. Renaud: — Thank you, Mr. Speaker. I would like to join with the member from Maple Creek in welcoming the two members from the road builders association — Bruce Drake, the current president of the Saskatchewan road builders, and Leonard Wellings, the past president. And they're gathered in Regina this week, Mr. Speaker, for their annual spring meetings and I wish them good deliberations. Please join with me in welcoming them here today.

STATEMENTS BY MEMBERS

Saskatchewan Council for International Co-operation

Mr. Cline: — Thank you, Mr. Speaker. Today I would like to pay tribute to Saskatchewan people working for international development. And I'm referring to the Saskatchewan Council for International Co-operation, which is a coalition of 33 agencies. Its goals are to enhance the dignity and self-determination of all people, environmental protection, and promotion of global understanding, cooperation, peace and justice.

Members will recall that SCIC (Saskatchewan Council for International Co-operation) was here last Thursday and put on a

display for us in room 218. They undertake many overseas development projects, Mr. Speaker, providing staff, training, resources, and coordination.

Last Thursday was their 20th anniversary. The next day they learned that the federal government is cutting off their funding completely. So it's a very challenging time for Saskatchewan people working on world development. And we wish them well and our thoughts in this Chamber are with them.

I'm pleased, Mr. Speaker, that the Saskatchewan government was able to increase SCIC's . . .

The Speaker: — Order, order. There's . . . I didn't quite get what the member was stating but I wish the member . . . I'm not going to take off the time from his talk but I'd like to hear what the member has to say.

Mr. Cline: — I was saying, Mr. Speaker, that I'm very pleased that the Saskatchewan government was able to increase SCIC's funding this year. It marks the first time in 10 years that the organization has seen an increase. And for the 20 years of service of these people and their organizations and their continuing role in enhancing life here and abroad, I wish to congratulate SCIC, its staff, and its member agencies. Thank you.

Some Hon. Members: Hear, hear!

Television Report on SaskPower

Mr. Muirhead: — Thank you, Mr. Speaker. Mr. Speaker, usually members' statements relate to happenings or events in their constituency. The event that I want to relate to has not happened yet and involves all Saskatchewan and TV listeners from all over Canada.

Mr. Goldhawk has recently come out to Saskatchewan and interviewed a constituent of mine, Mr. Ray Derald of Outlook, Saskatchewan, and interviewed SaskPower relating to a SaskPower problem on the Derald farm.

Mr. Speaker, I invite all members of this Assembly to listen to Mr. Goldhawk's remarks pertaining to SaskPower and Mr. Derald on CTV (Canadian Television Network) and BBS (Baton Broadcasting System) on national news tonight at 11 p.m.

Thank you, Mr. Speaker.

Yorkton Regional Science Fair

Mr. Serby: — Thank you very much, Mr. Speaker. This past weekend, Mr. Speaker, I had the privilege of attending the Yorkton Regional Science Fair. The Yorkton Regional Science Fair is one of nine fairs sponsored by SaskEnergy along with local supporters and corporate foundations. This year's fair, which is the 4th annual, saw 54 projects from the region which included schools in the area from Theodore, Pelly, Langenburg, Foam Lake, and Yorkton. Science fair set as their objective, opportunities which encourage students to promote their

experimental skills, promote the opportunity for young people to explore science, and to support discovery and innovation of science and technology.

Displays included many projects such as on the greenhouse effect, acid rain, the water cycle, mystery of DNA (deoxyribonucleic acid), and one important one on whether you're right- or left-brained. I suggested to the students that this would be a most revealing exercise for us to experiment in this environment. The response was that we would really need to expand the options of choice.

Mr. Speaker, the overall winner of the regional science fair receives \$1,000 plus a trip this year to Whitehorse where Saskatchewan regional winners compete against students from across Canada. This year the Yorkton Regional Fair winner was Mr. Robin Blazeiko from Foam Lake on a project entitled: "How and why did the Titanic sink".

Mr. Speaker, I want to take this opportunity to congratulate Mr. Robin Blazeiko and all students who participated in the science fair in Yorkton, and to wish Robin and all of our Saskatchewan students the very best at the national competitions in Whitehorse. Thank you.

Some Hon. Members: Hear, hear!

Livestock Breeders' Spring Season

Mr. Toth: — Thank you, Mr. Speaker. Mr. Speaker, I'd like to acknowledge the hard work and dedication of a group of individuals across this province as they enter the spring season. And I'm talking about the cattlemen and especially the purebred livestock breeders in our province. Certainly in our neck of the woods, if you will, the south-east part of the province, the last two or three weeks have been difficult in the calving process because of the weather conditions and the wetness that we have received. However no one is complaining because moisture is always welcome.

At the same time, Mr. Speaker, there are many breeders in my corner of the province, in the south-east, who are presently involved in bull sales.

We've just experienced a bull sale here in Regina this past weekend, or the previous weekend. And I would like to acknowledge their hard work, dedication, and wish them well as they enter this season of bull sales around the province, not only in the area, the constituency, I represent, but right across this province.

If I were to try and list the purebred breeders in the cattle sales, it would just take too much time, unfortunately. So I'll just give a blanket good luck in your bull sales this spring.

Some Hon. Members: Hear, hear!

Pilot Butte Skating Club's Spring Carnival

Ms. Hamilton: — Thank you, Mr. Speaker. Last Sunday I enjoyed being present at the Pilot Butte skating club's annual

spring carnival. I hasten to add that I came as an enthusiastic spectator and not as a participant. For those of us who remember being members of the Barbara Ann Scott fan club, we gave up our figure 8's a few years ago.

My appreciation of skating, however, has continued. And as I said the other day, Mr. Speaker, my admiration is very strong for communities that work to create a pleasant environment for all its citizens, especially its children. Pilot Butte is such a community.

This event took place at the community centre which houses the library, senior centre, town offices, and rink. The Pilot Butte Lion's Club paid the expenses so the skating club could put on the show.

There were several volunteers who worked in many capacities, from assistant coaches to ticket takers. There was a very capable MC (master of ceremonies), the current MLA (Member of the Legislative Assembly) from Qu'Appelle-Lumsden, who lives in Pilot Butte.

And, Mr. Speaker, it appeared that every young skating enthusiast in Pilot Butte and several from elsewhere took part in the show.

I comment on this particular afternoon because it's a specific example of what many communities across our province do to make living more attractive and to recognize the accomplishments of their youth. In a time when so much attention is focused on the bottom-line issues, it's refreshing to note that another part of our life is not being ignored.

I congratulate all members of the Pilot Butte skating club for a successful spring carnival. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

CAA Award of Excellence

Ms. Stanger: — Thank you, Mr. Speaker. Today I would like to recognize a business in my riding which has won an award for providing excellent service to the motoring public. This business in Lashburn, called Lash-Berg Paint & Body, is one of eight Saskatchewan businesses to win a Canadian Automobile Association award of excellence.

This firm provides 24-hour emergency road and towing service, accidental retrieval, and other services which are critical to the motoring public — something which I appreciate and respect because of all the highway driving I do in Saskatchewan.

In order to be considered for this award of excellence, a CAA (Canadian Automobile Association) contractor must provide prompt, efficient, courteous emergency road service in the region regardless of the season or time of day or night. Mr. Speaker, only 8 out of a total of 240 CAA emergency road service firms receive this award each year. This kind of service is critical for motorists because of our Saskatchewan winter weather.

I would like to congratulate Terry Berg, who is the owner and operator of Lash-Berg Paint & Body, and his staff for winning this award and providing professional service to the motoring public. Thank you.

Some Hon. Members: Hear, hear!

Cable TV Award

Mr. Carlson: — Thank you, Mr. Speaker. I would like to congratulate a media personality in my riding who has received special recognition for his professional work in the broadcasting field.

Wade Walz is the host of a weekly cable TV program in Melville which focuses on the Melville Millionaires of the Saskatchewan Junior Hockey League. This half-hour show includes locker room interviews with players and coaches, game highlights, a game of the week, and post-game interviews. The program, called *Money Talk*, was judged the best sports program in the western region by Canadian Cable Television Association, the organization that presents the award.

This sports program, which is produced by North Eastern Cablevision Ltd., will now be forwarded for the national competition. Wade is also a sports reporter with the *Melville Advance* community newspaper and also does SJHL (Saskatchewan Junior Hockey League) hockey play-by-play.

Mr. Speaker, this award comes at a good time because this year the Millionaires hockey organization will be holding a reunion. It will be held August 4, 5, and 6 at the Melville stadium. The reunion includes players, coaches, trainers, and anyone who has been involved in the hockey organization since 1969.

Congratulations to the Millionaires and to Wade Walz. Thank you.

Some Hon. Members: Hear, hear!

ORAL QUESTIONS

Municipal Tax Increases

Mr. Boyd: — Thank you, Mr. Speaker. Mr. Speaker, today we see another example of the NDP (New Democratic Party) tax machine kicking into high gear. Saskatchewan's cities and towns and villages are preparing their budgets, and as a direct result of the NDP offloading, Saskatchewan families will be faced with further tax increases.

In Regina, residents will see 3.3 per cent increase in education taxes, a 2 per cent increase in the library levy, and a 6 per cent increase in utility charges. In Saskatoon, Mr. Speaker, water and sewage rates went up 8 per cent in January and last night a proposal for a 2.7 per cent increase in education taxes was tabled at city council. This is on top of massive tax and utility increases imposed by the NDP Premier and his government MLAs.

My question is to the Premier: your offloading has been the

anvil on which municipal tax increases have been forged. You and your Finance minister have the gall to stand in this House and claim that your budget contained no tax increases.

Mr. Premier, will you now admit that these taxes are a direct consequence of your government's ill-advised policies?

Some Hon. Members: Hear, hear!

Hon. Ms. Atkinson: — Thank you very much, Mr. Speaker. I want to thank the member for his question. As the member probably knows, last year we indicated to school boards across the province that there would be no funding increase in the 1995-96 budget cycle.

We have done this for some time, giving school boards advance notice of what funding they can expect to receive. This year we've announced that for the budget cycle of '96-97 school boards can expect to receive a 2 per cent increase. We do this to allow school boards and third parties to plan for their own budget cycle.

I am pleased to report to the member that because we have successfully balanced our budget in 1994-95 and will successfully balance our budget in '95-96 and because we have a balanced-budget plan for the next several years, school boards and third parties across this province can expect to see a more reasonable level of funding because we finally have gotten the mess you people left us under control.

Some Hon. Members: Hear, hear!

Mr. Boyd: — Thank you, Mr. Speaker. Mr. Speaker, I address my question not to the Minister of Education but to the Premier of the province. Mr. Premier, this scenario has been played out all around Saskatchewan. Municipalities are having to increase fees and taxes because of your budget and you continue to arrogantly wash your hands of it.

It's not working, Mr. Premier. Every time a taxpayer pays his income tax, every time a home-owner pays a utility bill or property assessment, it's your name on the cheque — pay to the order of the member from Riversdale it should say on all cheques.

That's what Regina councillors are saying. The paper said today that trustees were quick to blame the need for tax increases on the provincial government. That's you, Mr. Premier, that's you they're speaking about.

Mr. Premier, instead of you and your ministers firing up your blame thrower, why not recognize that municipal tax increases are your responsibility? And maybe you'd like to stand up and take a bow for the people of Saskatchewan with regard to tax increases in this province.

Some Hon. Members: Hear, hear!

Hon. Ms. Atkinson: — Thank you very much, Mr. Speaker. I want to once again thank the member for the question.

What I want to say to the member is that if you look at the way

we fund education in the province of Saskatchewan, we have a formula that has been agreed to by school divisions across the province. The formula relies primarily upon school enrolment.

And in the case of Regina, the trustees have acknowledged that their grant reduction is attributable largely to an enrolment decline of some 260 students over last year. In the case of the Regina Catholic school system, in fact their grant went up because they have seen enrolment increases in their system.

So I guess I would just like to say to the member, as I said previously, we have given school boards and third parties across the province advanced warning of what they can expect to receive in the next budget cycle. We have said because we finally have this mess that was created by the previous administration — of whom that member is now the leader of — that we have this mess under control, we successfully balanced the budget for the first time in this province since those . . . since we were last in office, and so I can report to the member that we anticipate a funding increase in '96-97 of 2 per cent.

Some Hon. Members: Hear, hear!

Mr. Boyd: — Thank you, Mr. Speaker. Mr. Speaker, again I address, again I address my question to the Premier, the man sitting right directly opposite from me here.

Mr. Premier, you're going to have to press the down button on your elevator in the ivory tower. Come out from behind your desk and see what your taxes are doing to the real people of this province, because your usual arrogance is beginning to cloud your vision once again.

Mr. Premier, the Saskatoon and Regina municipal tax increases are just a few examples, and they may get worse. Regina has taken \$3.4 million out of their reserve fund since you took office to minimize the tax increases you are forcing on them. It may even get worse next year.

This is happening all over the province, Mr. Premier, and you had choices — you had choices, Mr. Premier. You could have reduced spending. You could have started with your own million dollar pension and the pensions of your colleagues in the cabinet, Mr. Speaker. Perhaps taxpayers should write on their cheques: pay to the order of the member from Riversdale, the Premier's pension fund. That's maybe what they should be writing on their cheques.

Mr. Premier, when are you going to get it? When are you going to realize what the people of this province want with respect to taxation? When are you going to do something about your own million dollar pension?

Some Hon. Members: Hear, hear!

Hon. Ms. Atkinson: — Thank you very much, to the member, for the question. I guess I too want to talk about choices. Your party had choices in the 1980s. It was your choice to spend \$5 million on GigaText. It was your choice to spend hundreds of millions of dollars on Rafferty-Alameda. It was your choice to waste hundreds of millions of dollars. And because you made

the choices that your party made, we were stuck with a \$15 billion deficit.

Now, Mr. Member, when you're stuck with a deficit of . . . or a debt of those proportions, you obviously begin to look at deficits and interest on that debt. And because of the choices you made in the 1980s, we had no alternative but to get our fiscal house in order. And because we have our fiscal house in order, we can say to third parties like school boards, you could expect a 2 per cent increase in 1996-97, au contraire to what provinces are doing across the country.

Mr. Boyd: — Thank you, Mr. Speaker. Again I address my question to the Premier of the province, not the Minister of Education.

Mr. Premier, please answer the question that's directed at you this afternoon. The taxpayers of the province would like to know what your thoughts are on these issues. Mr. Premier, you've said everybody made sacrifices — that's what you've said. You raised every tax imaginable, dreamt up a few new ones, raised every utility tax, offloaded onto the cities and towns, villages, such that they have to raise taxes. And you keep your own million-dollar pension because, as your deputy said, you work so hard.

Yesterday, Mr. Premier, we brought forward a resolution to remove, to remove your obscene pension. You and your colleagues voted to retain that arrangement, helped out — helped out, I might add — by none other than the Liberal leader. What roller-coaster of logic she is riding these days, I can't figure out and I don't think the people of this province can either.

But you, Mr. Premier — you, Mr. Premier, were not there to vote on that piece of . . . that resolution.

The Speaker: — Order, order. Order, order. I would draw the Leader of the Opposition's attention to two things: one, he's going on much too long and he should be asking his question. Secondly — order, order, order — and secondly, the member is not to refer to the presence or absence of members in this House. I want the member to put his question.

Mr. Boyd: — Thank you, Mr. Premier. The people of this province want to know your thoughts on this resolution that was brought forward yesterday, Mr. Premier. Today, Mr. Premier, maybe you'd like to tell us: would you void your million dollar pension, your million dollar pension to show the taxpayers that you're robbing today that you are willing to start at the top and reduce your own pension rather than just simply asking for taxpayers to pay more all of the time, Mr. Premier?

Some Hon. Members: Hear, hear!

Hon. Mr. Tchorzewski: — Thank you, Mr. Speaker. I would like to respond to the question and the speech made by the member from Kindersley, the Leader of the Opposition.

He makes reference to the position of the Liberal leader in the House on this issue, and he makes reference to the debate that

took place here yesterday. And because that's part of the question, Mr. Speaker, I have to respond to what he raised.

I want to say that in this House yesterday this matter was dealt with and members voted on the question. And it is true that some people in the House voted to reaffirm the province's commitment to honour its pension obligations to all those who contributed in good faith to the formula-based plans.

This was in 1978-79, Mr. Speaker, when the pension systems of this province were reformed well ahead of anywhere else in North America, and certainly well ahead of Canada.

Now why did members of the House support this resolution? Because it is a logical resolution based on the knowledge . . . the Liberal leader supported it and so did one of her colleagues support it. But it's based on the knowledge that in 1979 pensions were negotiated with a wide sector of people — teachers, public service people, people who work for Crown corporations. And it was decided at that time . . . there was something like 8,000 people involved here who were in the old plan, some of whom are receiving benefits. And it was decided then that it had to be reformed. It was reformed. We have a money purchase plan since then. People who were in the old plan are still in the old plan, and that's the appropriate way for it to be, Mr. Speaker.

Some Hon. Members: Hear, hear!

Newspaper's Young Offenders Act Conviction

Mr. Toth: — Thank you, Mr. Speaker. Mr. Speaker, my question is to the Premier. Mr. Premier, an open letter to you appears in today's *Battleford Telegraph*. *The Telegraph's* editor is calling on you to conduct a thorough inquiry into *The Telegraph* case.

The letter says, and I quote:

Our newspaper finds itself in an almost identical situation as Mr. Mitchell. The results of these two cases, however similar in nature, have had dramatically different conclusions.

It also says:

. . . an extremely unfair playing field is being created because of the exoneration of (Bob) Mitchell.

. . . Mr. Mitchell is being protected, but others . . . do not fall under the same umbrella of respect.

I call for your intervention on the basis that all people in Saskatchewan are equal under the law — including both the Saskatchewan Justice Minister and *The Telegraph*.

Mr. Premier, will you conduct a review of *The Telegraph* case to ensure that all Saskatchewan people are indeed being treated equally?

Some Hon. Members: Hear, hear!

Hon. Mr. Shillington: — Mr. Speaker, the Legislative Assembly of Saskatchewan is not a fit and proper place to determine whether or not a person should be prosecuted. No civilized society does this, and I'm a little surprised that members opposite want politicians to determine prosecutions.

The public prosecutions branch, who are independent — in spite of the best efforts of members opposite to politicize it — public prosecutions branch look at each set of facts individually. They determine whether or not a prosecution should proceed, and it is best left there.

This is not the place to determine whether or not someone should be prosecuted.

Some Hon. Members: Hear, hear!

Mr. Toth: — Mr. Speaker, to the minister. Prosecutors don't make the laws; this Assembly makes the laws. We have heard that no public interest would be served by prosecuting the former minister. Well, Mr. Minister, the *Battleford Telegraph* wants to know, and I quote:

What public good has been carried out as a result of our conviction?

We have heard the minister and a Crown prosecutor say the cases are different. The editors of *The Telegraph* say, and I quote again:

... if you investigated the differences in these two cases, you would find few.

Mr. Minister, can you answer these questions — how are the two cases different; and what public good was served by the conviction of the *Battleford Telegraph* — as they are asking you to do?

Some Hon. Members: Hear, hear!

Hon. Mr. Shillington: — I am not sure what end the opposition think they're serving by attempting to politicize the justice system. It really does escape me. But it's precisely what you're trying to do. We have had an independent public prosecutions branch. To your credit, that remained largely the case when you people were in opposition, and that's the way it should stay. And I suggest to members opposite, leave the justice system independent and let it do its work.

Some Hon. Members: Hear, hear!

Investigation of Phoenix Advertising

Mr. Toth: — Mr. Speaker, I have a further question to the Minister of Justice. Hopefully the minister will answer this question a little more straightforward than the last two. Mr. Minister, yesterday you named the independent prosecutor who will review the Phoenix case. Unlike the McIntyre investigation, you failed to release the letter which provides the prosecutor with his mandate. But judging from the news

release, the mandate seems to be very, very narrow.

Mr. Minister, if the prosecutor finds irregularities in any aspect of the case outside of this narrow mandate, he will not be able or allowed to investigate further. Are you actually putting a strait-jacket on the independent prosecutor before he begins his work?

Mr. Minister, will you make the independent prosecutor truly independent by removing the strait-jacket you have placed on him so he is free to investigate any irregularities he may find.

Some Hon. Members: Hear, hear!

Hon. Mr. Shillington: — The prosecutor isn't under any ... isn't in any strait ... the special adviser isn't in any strait-jacket. He has precisely the same information the prosecutors have, and the special adviser is going to have the same material and will advise us on the decision. He's going to review the very thing that you people put in issue, which was the prosecutor's decision. That's what you put in issue. That's what we're going to review.

I can well understand why members opposite are becoming uncomfortable with your allegations. I can see you're becoming uncomfortable with them, but that is what he's going to review. He's going to review what you asked for.

There was a request made yesterday for the letter. At the time the request was made, Mr. Martin was not in his office; he had not received it. It seemed only common courtesy to let him have the letter before we release it to the media and members opposite.

Apart from such simply courtesy, there's no reason why the letter can't be released. And when Mr. Martin has had a chance to review it, it will be released.

Some Hon. Members: Hear, hear!

Provincial Taxation

Ms. Haverstock: — Thank you very much, Mr. Speaker. It's become very apparent from the lack of response from the Premier earlier today that perhaps he just doesn't get it. Saskatchewan families have lower average incomes than families in neighbouring provinces, but our tax rates in this province are higher. That means taxes are much tougher on Saskatchewan people, Mr. Speaker.

After paying annual taxes, a Saskatchewan family of four has almost \$6,000 less to live on than a family in Manitoba and almost \$10,000 less than a family in Alberta. The only defence that the government offers to its unfair taxation is that housing prices are cheaper here.

My question is to the Premier: Mr. Premier, will you admit that Saskatchewan housing prices stay low due to one fact, and that is that people do not care to move to the province of Saskatchewan — the province of high taxation and low average incomes, which make it profoundly difficult for people to have

any money left in their pockets at all on which to live?

Hon. Mr. Tchorzewski: — Thank you, Mr. Speaker. I am more than happy to respond to the Leader of the Liberal Party who I would suggest if she were to spread less gloom and doom in the province of Saskatchewan with the approach that she takes, I think the whole province would be better off. The other day I was listening to the member talk about her defence of the federal government, and I was really thinking to myself, this is truly the member for Ottawa-Parliament Hill rather than the Liberal leader of the province of Saskatchewan.

Today I listened to the Liberal member, and it's clearly a case of the member in charge of misinformation because here is what the correct information is, Mr. Speaker. Using the same criteria as other provinces use, when you take a look at the cost of living in Saskatchewan, including taxes and utility rates and automobile insurance — and I'm going to use the example of her own city of Saskatoon — in Saskatoon the costs to a 25,000 income earner is \$5,877 a year. In Calgary it's \$7,738 a year, and in Winnipeg it's \$6,706, and in good old Saint John, Liberal New Brunswick, it's \$8,142 a year.

Now let's be honest, Mr. Speaker, and use all of the facts instead of flip-flopping around from misinformation to misinformation in order to try to make a political point.

Some Hon. Members: Hear, hear!

Ms. Haverstock: — Thank you very much, Mr. Speaker. It is very, very interesting indeed how selective they are with their statistics. What in fact they are not doing, Mr. Speaker, is dealing with overall provincial levies, overall taxation — both direct and indirect — and including all of the different kind of facts because indeed objective information proves them wrong.

Mr. Speaker, every day individuals and families in Saskatchewan face the reality of trying to stretch their pay cheques further to make ends meet, and obviously they don't relate to the average citizen in Saskatchewan. Reginans this morning stood up and looked in their wallets and said, oops, \$32 more is missing.

This government has launched an unpredictable but sustained attack on family budgets, and I remind the Premier that ordinary working people did not have the luxury of the \$1,347 raise in pay that he gave to the average member of his personal staff of 88 to ease the pain of his NDP tax policies.

My question to the Premier: why should ordinary people make a sacrifice when your double-standard government keeps spending more on itself?

Hon. Mr. Tchorzewski: — Mr. Speaker, let me just respond to the Liberal leader this way. Who is she to speak about not relating to the Saskatchewan taxpayer when she is the leader of a political party in the province that chooses to run around the province at the expense of the taxpayer, because of the travel expense of a Liberal senator, in the back seat of a limousine and try to pretend she knows how to relate to the Saskatchewan taxpayer.

And the other point I want to make, Mr. Speaker, this is the only politician in this legislature, this is the only politician in this legislature who received a massive increase in her own personal pay, a major increase in her own personal office, without even blinking an eye, by inviting into her caucus someone who used to sit on this side of the House. And that was for one simple reason: to get this major injection of money for which she did not even blink or blush, Mr. Speaker. She is hardly the one to be talking about being in tune with the Saskatchewan taxpayer with that kind of a double standard which she brings to this Assembly.

Some Hon. Members: Hear, hear!

Ms. Haverstock: — Mr. Speaker, the king of hypocrisy has just spoken, Mr. Speaker. The king of hypocrisy has now spoken. For 20 years these were the people who put in the rules of this legislature. If they didn't like them, they had an opportunity, with the Conservatives, to be able to change the rules of this legislature.

It's the Premier of this province and every minister on the front benches that has a car provided by the taxpayers of this province, which the gas are paid for, Mr. Speaker. Every day the people see a bigger cheque . . .

The Speaker: — Order, order. Order.

Ms. Haverstock: — Thank you very much, Mr. Speaker. We shall try this again. Every single pay-day, Mr. Speaker, the people see a bigger chunk of their income being sent to government. They see taxes, utilities, licence fees; they've all gone up. People pay more, and they get less from government. They get less health care, less education, less insurance coverage. But today, after all the sacrifices that the people have coped with, they wake up to the news that the government needs more money. Today school boards say that they'll pass on the costs of their increased utilities and gasoline and wages to — guess who? — the taxpayer.

Mr. Premier, once again, you were right in 1991 when you said that people cannot afford to pay more taxes. You were right. Will you please admit that your government's fixation with taxation is the wrong solution for the people of this province?

Some Hon. Members: Hear, hear!

Hon. Mr. Tchorzewski: — Mr. Speaker, this is an amazing day in this Assembly, as it has been for the last recent while, as we listen to the Liberal member from Greystone, happens to be the Leader of the Liberal Party. Yesterday she was in the House speaking about a resolution on pensions. She spoke against the resolution, and then she stood up in this House and voted for it.

Now that's a flip-flop which sort of runs on and on from issue to issue. Today the Liberal leader talks about her need for a car. Well I say, Mr. Speaker, I say, Mr. Speaker, I suppose for some people, getting accustomed to riding in the comfort of a limousine with a chauffeur, might find it very difficult to accept the fact that you have to drive an ordinary car.

Now, Mr. Speaker, and finally I want to this. I want to say this, and I want to say it with some clarity. When the Liberal member speaks of the opportunity to change the rules in the Board of Internal Economy, I want to say that's the height of hypocrisy that I have ever experienced in this Assembly because, Mr. Speaker, she does it on a very selective basis. Change the rules, she says, but not when they affect me. And I remind her she is on the Board of Internal Economy, and she did not propose that the amount of increase she got should be decreased. She never once proposed it.

Some Hon. Members: Hear, hear!

MINISTERIAL STATEMENTS

Upgrading of the Province's Credit Rating

Hon. Mr. Romanow: — Thank you very much, Mr. Speaker. Mr. Speaker, I'm very pleased to rise in this Assembly to inform my colleagues that Saskatchewan has today become the first province in the country to receive a credit rating upgrade by any agency in . . .

Some Hon. Members: Hear, hear!

Hon. Mr. Romanow: — DBRS, Dominion Bond Rating Service, has just announced that it's upgrading the province's credit rating to a BBB high, confirming Saskatchewan's economic and financial turnaround.

Members will know we started with a budget deficit of 842 million in 1991 and worked our way to a budget surplus of 119 million in 1995, a turnaround of almost \$1 billion in just three short years. It took hard work and some tough decisions and the ongoing support of Saskatchewan people, but the trend of the 1980s where Saskatchewan's credit rating fell from one of the highest among Canadian provinces to one of the lowest, has been finally turned around.

Mr. Speaker, as DBRS notes in its statement today, and I quote:

The rating increase was made due to the admirable strides which have been made to restore the fiscal health of the province.

In addition, DBRS cited the long-term improvement in the province's debt to GDP (gross domestic product) ratio, quote: good program expenditure controls, in the words of DBRS, and the commitment to maintain balanced budgets as positive indicators.

The firm also pointed out in its public statement that this upgrade is an isolated event, Mr. Speaker, among Canadian provinces. And that, unlike others, the agency continues to have fundamental concerns regarding the finances of other provinces but not the case of ours. In fact yesterday, Mr. Speaker, the Dominion Bond Rating Service revised its long-term outlook on the federal government's debt downwards from stable to negative.

While Saskatchewan's upgrade by DBRS today provides further confirmation of the view already held by investors that our credit worthiness has improved, this view has resulted as well in an immediate benefit of reduced borrowing costs to the province and the taxpayers of Saskatchewan.

Mr. Speaker, I close by saying this is a day of some pride for Saskatchewan people, as it is an important and independent confirmation of our province's economic and fiscal turnaround, which has been dramatic indeed.

Some Hon. Members: Hear, hear!

Mr. Boyd: — Thank you, Mr. Speaker. Mr. Speaker, while it is good news that a province receives a credit update — any time that happens it's good news — we have to wonder, and the taxpayers of this province, Mr. Speaker, wonder how it was done. The Premier of this province knows how he's done it. He's raised every tax, every conceivable levy in this province.

Every taxpayer in this province knows how it's been accomplished, Mr. Speaker, because they are digging deeper and deeper and deeper into their pocket every day to satisfy the needs of that Premier opposite. Even his personal need for a \$1.8 million pension is being satisfied by the people of this province out of their wallets each and every day.

Mr. Speaker, 3.3 per cent increase in education taxes; 2 per cent increase in library levies; 6 per cent increase in utility charges, just in Regina alone, Mr. Speaker. In Saskatoon, 8 per cent, water and sewage rates going up; 2.7 per cent increase in education taxes. And that's on top of all of the downloading this government has done to all other urban and municipal governments across this province, Mr. Speaker. Massive tax and utility rate increases are how it's been accomplished, Mr. Speaker — on the backs of Saskatchewan taxpayers.

A hundred and eighty-eight million dollars from the farm families of this province, Mr. Speaker, is one of the ways that you accomplished the balanced budget, Mr. Speaker. A hundred and fifteen million dollars next year from the farm families of this province are going into things like your pension plan, sir.

So don't tell the people of this province . . . and stand up and brag to all of the people who will listen, to the people of this province. You should be standing and apologizing for the levels of taxation you have hoisted on the people of this province, Mr. Speaker. Even Newfoundland has balanced its budget, Mr. Speaker, but they've done it without taxation, without increased taxes.

So while you're standing bragging, sir, about that, I would ask you to tell the people of this province the entire story with respect to taxation and what you have done with respect to that, sir.

Some Hon. Members: Hear, hear!

Ms. Haverstock: — Thank you very much, Mr. Speaker. Bond rating agencies are more or less in the moneylending business and governments are in the money-spending business, and

hopefully this will mean lower interest rates and more money being applied to the debt. I hope that the NDP does not see this as a licence to spend more money.

I think what is very, very interesting, Mr. Speaker, is how these people continue to applaud themselves without looking at some of the things that have come to Saskatchewan from other places. They always fail to acknowledge that \$125 million was put forward for the NewGrade upgrader; that \$58 million for infrastructure improvements which produced a total investment of another \$173 million in projects for this province from the federal government; an investment in technology, particularly agricultural technology, from the federal government to this particular government, which is 12 to \$15 million just in the past year alone.

Also, Mr. Speaker, what they've failed to acknowledge are the equalization payments that were fixed last year, bringing yet another \$60 million to the province of Saskatchewan. They don't talk about that anywhere as well.

They don't talk about the total more of \$864 million to the 17,360 different loans from FCC (Farm Credit Corporation) — that 25 per cent of all of those loans were to Saskatchewan farmers as a result of the federal government.

They don't talk about new lending instruments, the equity-building lease which was specifically tailored for this provincial . . . province's needs.

They don't talk about the family farm loan program for intergenerational transfer of land. They don't talk about all the assistance that was given to POS (protein/oil/starch) and so forth.

What they like to do, Mr. Speaker, is act as though somehow they themselves, and only they, have done this on their own.

What they've done is to raise taxes, have fat government, and what they've done, Mr. Speaker, is to gain revenues by promoting nothing but gambling, utility rate hikes, and every other kind of thing in the province of Saskatchewan.

(1430)

INTRODUCTION OF BILLS

Bill No. 56 — An Act to amend The Provincial Emblems and Honours Act

Hon. Mr. Tchorzewski: — Thank you, Mr. Speaker. I move first reading of a Bill to amend The Provincial Emblems and Honours Act.

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

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF THE WHOLE

Bill No. 8 — An Act to repeal The NewGrade Energy Inc. Protection Act

The Chair: — Before we proceed to consideration of clause 1, I would ask the minister to . . . Order . . . I would ask the minister to please introduce the officials who have joined us here this afternoon.

Hon. Mr. Tchorzewski: — Thank you, Mr. Chairman. I'm pleased to introduce the officials who are with me. On my right is Mr. Scott Banda; he's the associate general counsel with the Crown Investments Corporation. And immediately behind me is Mr. Peter Wyant; he's project manager with the Crown Investments Corporation as well.

Clause 1

Mr. Devine: — Thank you, Mr. Chairman. Mr. Minister, could you provide us with an update of how the upgrader is doing today, and how you see it operating; and generally the economic status, the financial status of the upgrader in the province; and perhaps give us a bit of a forecast on what you think that the upgrader will do, how it will do.

Hon. Mr. Tchorzewski: — Mr. Speaker, I want to respond to the member from Estevan to his question because it's I think a good question in light of the upgrader and other situations that we have. I can't be too precise because to some degree it would be crystal gazing, but I can give a little report on the present situation.

It is certainly not a case in which the NewGrade upgrader at this point is making money. It's not at this point making money. And I think it's well known that the first reason for this is that the differential between the price of heavy and light crude oil is still extremely low. I think the last time I looked it was below \$4 a barrel. And that's barely enough to cover the day-to-day operating costs of the enterprise.

And the second reason is that even after the debt repayment and the restructuring that took place recently, NewGrade still has about \$400 million worth of debt. And with this low differential between heavy crude and light crude, it's not earning enough to cover the cost of carrying this debt charge.

But the restructuring has had a significant difference because it has reduced the cost of interest by some \$20 million a year. And that helps the bottom line. And it is still our hope that, as more production in the heavy oil field is brought about and the exploration on the drilling continues, that the spreads between the two qualities of oil will increase and that some of the hoped for return will be there.

But at the present time, it's still not making money, and the main reason is because of the narrow spread in the differential.

Mr. Devine: — Well could the minister tell us what the loss would be on an annual basis under his restructuring? He said he's reduced the cost of interest by \$20 million, so what is the financial picture of the upgrader today?

Hon. Mr. Tchorzewski: — I can give the whole picture, Mr. Speaker, with the help of my officials who have given me this. In 1989 the loss at the upgrader was 59.6 million. In 1990 it was 102.7 million. In 1991 it was 79.5 million. In '92 it was 58.6 million; '93, 63.2 million. And in '94, which is the year in which it has just been completed, it's 69.8 million. And of course 1995 is just beginning.

It is anticipated that the loss will be less in 1995. I'm not sure I can project right now what it will be, but it will be less than it was, has been, in the last year, in 1994.

And then it is indicated that hopefully these losses will continue to decrease each year. And if the differential between light and heavy crude spreads out, then we'll be breaking even. But that is not anticipated to be able to happen in 1995.

Mr. Devine: — Could you break that \$50 million down that you forecast, or say \$65 million in '94 or 55 million in '95, can you break that out in terms of operating, interest, combinations of expenses? And maybe the minister, if he's got a breakdown there, he could send it over, or get a copy made if he's able to share that, so we could take a look at it.

Hon. Mr. Tchorzewski: — I'll give the member from Estevan, Mr. Chairman, a short summary and then we'll prepare some information and we'll give it to you in writing. Okay. I don't think what we have here would be useful, but I'll give you . . . because some of it is scribbly.

In 1994, which is the last year, the gross revenue was 381.8 million. The cost of goods sold was 288.4 million. This is the cost. Direct operating expenses were 61.5 million. Gross operations, 18.4 million. Third party interest expenses were 48.4 million.

And you had to subtract from that total . . . Then there's less total operating expenses, 128.3 million. The net operating margin was 34.9 million. There was other adjustments of 13.1 million, which was a negative. And depreciation, amortization, 48 million. Preaccrued interest earnings, 69.8 million, for a loss of . . . well that's 69.8 million for the loss.

But we'll make sure we put this together in understandable language and we'll get it to you. There's no problem.

Mr. Devine: — Okay. Would you . . . at the same time, could you give me a ballpark, what the differential was . . . I mean, you gave me the losses from '89 to '94 . . . ballpark what the differentials were?

And then secondly, under your restructuring, what would the differential have to be to break even?

Hon. Mr. Tchorzewski: — Yes, I can provide the member the answer to this question. The break even — not the break even — the differential that is needed in 1995, in 1995 needs to be \$4.07. That's the differential needed in 1995 for it to break even. And the company's projected differential or spread is at \$4 in their business plan for this year. But right now the spread

is \$3.50, today.

Now historically, the differentials have been: 1989, \$5.07; 1990, 6.57; '91, 8.52; '92, 6.06; '93, 5.59; and '94, 4.24. But we are told that in today's restructured operation a differential of \$4.07, where it's not right now, would break it even.

Mr. Devine: — Well I wonder if the minister could give me a breakdown of his restructuring. You said the restructuring is saving about \$20 million in interest a year. Could he give me a breakdown of who contributed what in that, and what that cost of that restructuring is?

Hon. Mr. Tchorzewski: — Yes. As the member from Estevan knows, there was fairly extensive negotiations that took place. And in the end, I think we could probably push the upper limits as to what we could do, but nevertheless there was an agreement.

And what happened is that the federal government agreed to contribute \$125 million, which they have done to CCRL (Consumers' Co-operative Refineries Ltd.). The Crown Investments Corporation contribution is 75 million, and CCRL's contribution is 75 million. And the money has been used to pay down NewGrade's \$635 million debt, bringing it down with that amount.

The other provision that is in the agreement that in the original agreements, there were no provisions for cash shortfalls. And as a result, the Crown Investments Corporation paid these and it basically did it in order to prevent a default on the guarantee debt.

The new agreement has a formula for these to be shared by both the Crown Investments Corporation and by the Co-op refinery.

And the third very important item that is in the agreement is that prior to the agreement, there was no workable method by which one could arbitrate disputes, and in many cases disputes just never were able to be resolved.

This has now been fixed by a provision in the agreement that will provide for the prompt arbitration of any disputes between the partners that may come about.

Mr. Devine: — So you're saying, Mr. Minister, that by the infusion — I think it's \$275 million, 125 and 75 and 75 — you have saved the upgrader itself \$20 million a year in interest. So that's the benefit to the operation of the upgrader.

Could you tell me, Mr. Minister, if we had \$6 differential, what kind of money would the upgrader be making?

(1445)

Hon. Mr. Tchorzewski: — Let me answer the latter question first. I'm told that by each \$1 change in the differential means an increase in both the income and cash flow, of \$17 million . . . 17 — one, seven. So for each dollar betterment in the differential, broadening of a spread or narrowing — either way, it could be positive or negative — for each dollar on both the income and the cash flow there is an impact of \$17 million.

I think the member also mentioned something about the benefit of the restructuring. The benefit simply was, and I think an important aspect of it was — simply was a reduction in the debt. The project was too highly in debt to ever be able to be in the position to make money. And so this was necessary over the long run for the project to be viable.

Quite frankly, in my personal opinion — and I shouldn't probably offer a personal opinion, but I think probably it would be supported by people who I guess one would call the experts — even less debt in this kind of an operation would be probably a bonus and a plus. But we're left with what we've got. We've got a certain hand of cards with which to play, and we've got to play them as best we can.

Mr. Devine: — Well just so I understand, Mr. Minister, it's just a little bit confusing. You said there's a \$65 million loss in 1994 and the differential was around 424; you expect a 50-some million dollar loss in '95, yet you've said it would break even at a differential of 407. And then you said, well \$1 increase in the differential only gives you \$17 million. Well, that's still far short of 55 million.

So how are you breaking even at 407, picking up \$55 million in cash to do it, and only get a \$17 million increase in cash flow with another dollar differential. There's a lot more than \$17 million than in a \$1 differential. Or else there's a lot more than \$20 million saving in your restructuring. How do you get from \$55 million in '95 to zero or a positive cash flow at a differential of \$4?

Hon. Mr. Tchorzewski: — Mr. Chairman, I guess I should have explained more, but let me try now.

The \$4.07 break even that I referred to is not a break even in income differential, it's a break even in the cash flow. That's before one considers the matter or excludes the annual charge for depreciation. When you apply that on top of this break even on the cash flow, then you come up with the projected loss that the operators indicate there still will be.

Mr. Devine: — Well, Mr. Minister, you haven't quite cleared that up. I asked you what differential is necessary to break even. And a break-even analysis will include break even so that there's a positive balance sheet. And you said a break-even differential in 1995 is 407; now you're telling me but that doesn't include depreciation. Well that's not quite typical.

What most accountants will put forward from my understanding, is a break-even analysis will include your operating costs and your fixed costs including depreciation and then you'll know what it is. What I'm trying to find out is what is the differential necessary to break even, and what is a dollar worth in differential to the cash flow? I think that's . . . yes.

Hon. Mr. Tchorzewski: — Mr. Chairman, I'm glad to have the opportunity to explain further because this is important. At the \$4.07 differential, the reason why I use that number is because, once again, that's the cash flow break even.

The reason I use that is because it is the cash flow situation that determines whether either of the partners — the taxpayer or CCRL — is on the hook for making a contribution because of a shortfall in the operation. At \$4.07 differential, there is no requirement for the taxpayer through the Crown Investments Corporation or for CCRL to make a contribution. The thing operates and there is no shortfall there.

In order for all of the considerations to be taken into account — and this first one is the one I explained is particularly important because that's the one that we've been particularly concerned about — that they should be able to operate without taxpayers having to continue to pump money into it; hopefully also CCRL doesn't have to continue to pump money into it.

But in order for it to break even on the basis of everything — depreciation, all things taken into consideration — you would have to have a differential of \$7.60. But the \$4.07 for the time being is satisfactory because the \$4.07 differential means we don't have to poke out any money, of taxpayers' money, to keep the thing viable; it's able to operate.

Mr. Devine: — Well, Mr. Chairman, at 4.07, how much is the upgrader losing?

Hon. Mr. Tchorzewski: — Okay. Mr. Speaker . . . Mr. Chairman — I don't want to promote you just yet. Mr. Chairman, at the \$4.07 cash break-even price differential, the income loss would be approximately \$55 million. Now, Mr. Speaker, Mr. Chairman, the rest of it would be made up by the depreciation.

Now I want to remind the member again that our main interest at this time is to make sure we don't have to keep pumping money into the upgrader. At a \$4.07 basis, we do not have to pump money into it on an annual basis. That's our main interest right now. That does not account for the depreciation which you would have to add on there in order for the thing to actually run at a profit.

Mr. Devine: — What's the depreciation on an annual basis?

Hon. Mr. Tchorzewski: — Let me get the right column here. Depreciation . . . Here we are. Depreciation in 1994 was 48 million; 1993 was 48.6. I don't need to go through all of them. It is, in 1995, 32.1 million.

Mr. Devine: — So at 4.07 the income loss is \$55 million and the depreciation on top of that would be \$40 million, so you're looking at a \$95 million loss at 4.07.

Hon. Mr. Tchorzewski: — I think we have it. Mr. Chairman, at the 4.07 differential, the net-earnings loss would be \$55 million, which I have been speaking to earlier — 32.1 million of that would be depreciation. The remaining 23 million would be the net operating loss in 1995. I'm now in 1995.

So let me just clarify that again — 4.07 differential, 55 million net-earnings loss; 32.1 million would be depreciation, and the remaining would be the net loss.

(1500)

Mr. Devine: — The minister says that the depreciation is declining, right? The depreciation is going down to 32 in '95 and probably what? Down to 20-something in '96-97 . . . (inaudible interjection) . . . Yes, 32.5. No, it dropped from 38 or something to 32 — '94 was 38, 39; '95 is 32. Is it forecasted to decline? Is it a declining depreciation balance?

Hon. Mr. Tchorzewski: — Yes, normally that would be the case, and it does decline, but not for a while. The 1995 depreciation, which I have alluded to, is 32.1. It is said that 1996 is 32.5; 1997, 32.5; 1998, 32.8; and it doesn't decline substantially until about 2004. At that time it declines to something like 20.2 million, and then it really declines in a hurry.

So we're still stuck with that high level of depreciation for at the least the next 1, 2, 3, 4, 5, 6, 7, 8, 9 . . . at least 10 years.

Mr. Devine: — With that \$23 million net-operating loss as 4.07, who picks that up? You said that the taxpayer doesn't have to contribute that 4.07. Could you describe that? Who picks up that loss? Why is it at 4.07? Could you just elaborate on that? Does anybody pick it up other than the upgrader itself, or is this the feds, the province? Who . . .

Hon. Mr. Tchorzewski: — Mr. Chairman, each of the partners, CCRL and CIC (Crown Investments Corporation of Saskatchewan), which is the government, the taxpayer, contributes equally \$10 million, one time, as part of the \$75 million contribution, which is there to be used for any shortfalls to which we have to contribute. And then there is a line of credit that is in existence as well, to which CCRL could go to for any other shortfalls.

So that's the way the fund is established to cover for any shortfalls that may be there.

Mr. Devine: — Mr. Minister, you'd have to explain that in a little bit more detail. You say the \$75 million that you put in, you haven't really put in yet? They can draw on it up to \$10 million a crack; is that what you're saying? And then on top of that there's a shortfall line of credit?

So there's two provisions here. One is the 75 million that you put in and CCRL put in, and the feds put in 125. Has that all been dumped in and paid down the debt, or is that something you draw on? You mentioned \$10 million at a crack.

Secondly, the line of credit, where is that from? And how does that access?

And number three, of the \$20 million net operating loss at 4.07, who picks that up? You said the taxpayer isn't involved if the differential is over 4.07. So if it's under 4.07, it is involved, and I want to know how they're involved. And at 4.07, who picks it up?

Hon. Mr. Tchorzewski: — Mr. Chairman, initially, right up front, each of the two partners — putting aside the federal government contribution; we'll set that aside — but each of the

other two partners has put in \$50 million each, which went to the debt. Then each of the two partners, CCRL and CIC, have a remaining \$25 million that they will match which will look after shortfalls.

This year, 1995, each of the partners will be contributing, out of that \$25 million, \$10 million each, to go to the needs for servicing whatever shortfall there is. That sort of accounts for all the money which I've referred to in my initial comments.

Mr. Devine: — And the federal money, they just put in 125 against the debt. Is that correct?

Hon. Mr. Tchorzewski: — Yes.

Mr. Devine: — All right. So the \$23 million shortfall this year in operating will be picked up 10 million by Co-op and 10 million by the province, which is \$20 million, give some change, or 11 million a piece or something. And that picks up that operating.

And the depreciation, what do you do — do you just accumulate that and try to pick it up later? Who picks up the 55 million, and how's that broken out?

Hon. Mr. Tchorzewski: — Mr. Chairman, there is a provision by which there is an equal contribution by each of the parties to cover the shortfall. If that equal contribution does not fall short of that, then the parties or the CCRL will then take the remaining requirement out of their line of credit. That's how it will function.

Mr. Devine: — Mr. Minister, has the upgrader carried forward its depreciation? In other words, you haven't been making enough money to pay it off so you probably can carry it forward. Like most accounting principles and practices, you can carry forward that depreciation, stack it a bit. If you're making some money, you can start applying that depreciation against some of your operating profits.

In other words, the bearing of this accumulation of depreciation is a paper figure, probably carried by the upgrader itself, can be applied against profits when in fact it might turn a profit. Or put it another way, more simply — have you been paying cash and accumulating cash for depreciation? I doubt it.

So it's been accumulating. So really what we're looking at is the accumulation and, if you will, the stacking of the depreciation. The real numbers are on the operating side which this year you forecast to be \$23 million. Is that accurate?

Hon. Mr. Tchorzewski: — I'm told the answer is yes.

Mr. Devine: — Okay, so if it's \$23 million, a dollar and a half on the differential would pick that up. Is that correct?

Hon. Mr. Tchorzewski: — That's right.

Mr. Devine: — Okay, so if we were looking at typical differentials over the last 10 years, we're looking at 5.50, \$6, 8.52, 6.06, 5.59, 4.24; we're looking at five and a half, \$6

differential, which is interesting.

If in fact you're running at about a \$23 million loss at a 4.07 differential, then we're getting closer and closer to where this thing could be kicking in some . . . enough money to make it look like a reasonable operation as far as the upgrader itself is concerned. Is that correct?

Hon. Mr. Tchorzewski: — Clearly the answer is correct, thanks to the restructuring. I mean the restructuring that took place was very important to bring the upgrader to the position where I could agree with what the member has just said, and the answer to your question is yes.

If all of those assumptions are met, then we would be in a reasonable position. But without the restructuring which took down the debt fairly considerably, I think I would not then be able to agree with the numbers and the outcome as the member from Estevan projects.

Mr. Devine: — Okay, what's the restructuring cost CIC?

Hon. Mr. Tchorzewski: — Fifty million dollars immediately when the deal was done. And I think that's already in October of '94. And the remaining 25 over a period of two years for the total of 75.

Mr. Devine: — It's \$50 million out of pocket, right, and then \$25 million to match shortfalls as they're needed. So really what you're looking at is interest on \$50 million — is that correct? — which would be the cash outlay and then any interest on parts of the 25 that might be there. At the outside, you're looking at interest on \$75 million — is that correct?

(1515)

Hon. Mr. Tchorzewski: — Well yes, if we only want to look at the \$50 million that was put up front on which there's interest, but there will be interest on the remaining 25 as it is advanced. That's also borrowed money. But there's also the interest on the original debt, which is very significant. So that when you account for all of the interest, it's a significant amount of money.

Mr. Devine: — I'm trying to get at your restructuring, Mr. Minister. You put up \$50 million. Let's assume it's going to be 75 by the time it washes out. I'm trying to get at what that cost you and cost the taxpayer . . . would be interest on — say — \$75 million at — what? — 8, 9 per cent. Pick a number. At 10 per cent would be seven and a half million. We're probably looking at 9 . . . you're looking at 6 or 7 million. Okay? That's what you're looking at? All right. To confirm, the federal government put \$125 million — the whole thing — against the debt? Is that accurate?

Hon. Mr. Tchorzewski: — Yes.

Mr. Devine: — The debt went from . . . you're telling me it went from \$635 million . . . It dropped by \$175 million with 125 from the feds and 50 by you and 50 from the Co-op. That's

\$225 million. And then the other 25 and 25 kicks in as they might need it. But initially it dropped . . . 125 plus 100 is \$225 million off of 635 so that's \$410 million debt. Okay?

Mr. Minister, could you tell me how many people are employed at the upgrader?

Hon. Mr. Tchorzewski: — If you include the refinery staff . . . excuse me, exclude the refinery staff, it employs, I am told, about 180 personnel.

Mr. Devine: — And I thought of just one more question, going back to the upgrader. That \$50 million that you contribute, is that a loan or is that equity?

Hon. Mr. Tchorzewski: — It's equity.

Mr. Devine: — So you've invested equity, as we have in the past; and the feds, have they considered they're too equity, I would imagine, and the Co-op thinks it's equity. Could you describe who's got equity and who's got loans in there?

Hon. Mr. Tchorzewski: — The provincial contribution is equity — out of the restructuring, \$50 million. The fed contribution was an outright grant. There's no equity by the federal government. And the CCRL's \$50 million was an asset purchase.

Mr. Devine: — So could you tell me what other equity you have in the project? the people have? the CIC has?

Hon. Mr. Tchorzewski: — Because of the nature of the project, all of the equity other than the \$50 million which was put in in October has been written off. So our total equity is \$50 million.

Mr. Devine: — So on the operations of the upgrader, from a day-to-day basis, there's no . . . Could you tell me, in terms of equity participants, what they are today, and the breakdown between the Co-op and the provincial government and the feds, and the combination. So that when you put it together — and you gave me a budget here that had so much in terms of operating, so much in depreciation, and so much in terms of debt, and so much in terms of typical expenses of the partners in there — who has equity and how much, and break that out in terms of your normal yearly operations.

Hon. Mr. Tchorzewski: — We should move the feds, the federal government, out of this equation because the federal government has no equity in the NewGrade at the present time; has no longer any equity in the NewGrade upgrader. The province has \$50 million worth of equity. The CCRL has \$50 million of an asset purchase, which on their books is not shown as an equity, it's shown as an asset purchase. But it's 50/50.

Basically I guess you can say the province has 50 million and NewGrade . . . CCRL has 50 million in NewGrade.

Mr. Devine: — In terms of equity, you have 50, the Co-op has 50, and there's a \$400 million debt. So that's the game.

So you're equal partners in equity and have jointly shared in the debt, because you're picking up the responsibility at least for . . . oh well, up to 25 million a piece . . . (inaudible interjection) . . . Yes, okay.

Can you tell me that . . . there's something like 180 people work at the upgrader?

An Hon. Member: — Yes.

Mr. Devine: — And the refinery?

An Hon. Member: — No. Just the upgrader.

Mr. Devine: — Just the upgrader. How many people work at the refinery? Can you just give me a ballpark of that?

Hon. Mr. Tchorzewski: — We don't have that precisely here. We'll give you an estimate. It's probably about 150, but don't hold me to that because we don't . . . we're not sure of that. Obviously that's not what we're dealing with here today. But it's about 150, somewhere in there.

Mr. Devine: — So we've got in the neighbourhood of 330 people working in the upgrader and the refinery; that should be about ballpark.

I understand the refinery's profitable? Is that . . .

Hon. Mr. Tchorzewski: — Yes.

Mr. Devine: — Mr. Minister, could you tell me how much oil the upgrader uses, heavy oil that the upgrader uses on a regular basis and what it pays for that oil, ballpark, what it's paying for now?

Hon. Mr. Tchorzewski: — Eighteen million barrels of oil per year — 18 million barrels of oil per year.

Mr. Devine: — Eighteen million barrels?

Hon. Mr. Tchorzewski: — Yes. And I am told — we will have to check this again — but I am told in 1994 the price, the cost of the oil was \$288.4 million.

Mr. Devine: — Mr. Minister, could you give me the royalties that the province would pick up on 18 million barrels of oil?

Hon. Mr. Tchorzewski: — No, I cannot because the CIC sort of does not deal with that. I don't know what the royalties are. You'll have to ask the Department of Energy and Mines, where you probably will be able to get that.

An Hon. Member: — He told me to ask you. He said to ask you.

Hon. Mr. Tchorzewski: — Well I'll remind him that he's supposed to give you the answer. No, we don't have that information.

Mr. Devine: — Well, Mr. Minister, pretty important to the financing for the province of the upgrader, wouldn't you agree?

Hon. Mr. Tchorzewski: — I'm sorry?

Mr. Devine: — Don't you think it's rather important in financing the upgrader to know how much money that the province is making on 18 million barrels of oil that it uses every year to put into the upgrader? Isn't that relevant to the financial picture of the Government of Saskatchewan who's financing the upgrader?

Hon. Mr. Tchorzewski: — Well every time one looks at revenues and expenditures, it's all relevant. But from the point of view of what we're dealing with here, the Crown Investments Corporation dealing with the financial arrangement in the NewGrade upgrader, our basic concern has to be to protect the investment of the taxpayers' money that's there; to lessen the amount, if not eliminate the amount, that we have to keep pumping into the operation each year, and therefore we had to go and negotiate with the federal government, some extensive negotiations. We had to go and negotiate with CCRL — also some extensive and sometimes difficult negotiations. But in the end there was an agreement to which everybody is quite satisfied to be a part of.

We have now put the upgrader in a position where, depending on the differential between heavy and light crude, and mainly that, it's in a sound financial position. But whether it's in a sound financial position as an entity has nothing to do with how much royalties the province of Saskatchewan gets from the production of heavy oil. So we do not have that information here because that's not a responsibility of the Crown Investments Corporation.

Mr. Devine: — Well, Mr. Minister, the argument has certainly been used — and I want you to either confirm or deny it, but the argument is used — as you suck up and use heavy oil in the province, it contributes royalties to the province of Saskatchewan. Obviously you know that that's the case, and 18 million barrels on one upgrader and obviously probably 9 or 10 million barrels on another upgrader, according to the Minister of Energy who was here, the Minister of Energy has admitted that, got about 25 million barrels coming in because of upgraders.

But we'll stick to this upgrader — 18 million barrels. Certainly I believe when I was minister of Energy and negotiating some of the benefits and costs of upgrading, I looked at what would that do to the province in terms of royalties. So if I have 18 million barrels being pumped out of the ground going into an upgrader, I include that in my calculation.

Now do you agree with the Co-op, for example, when they say that is a benefit? That demand, new demand for heavy oil and medium oil going into an upgrader to be sold as synthetic crude, that that demand and use and market for 18 million barrels generate some royalties?

And we can find the number, and the Minister of Energy says he can get me . . . or you should get me the number and you say

he should get me the number. But what's the royalty on a barrel of heavy oil? Somebody over there must know that; I mean you're in the business of upgrading oil and you know what oil costs. You must know what . . . an idea of what you make on a barrel of oil.

Hon. Mr. Tchorzewski: — I know what the member from Estevan is trying to get at, but I want to say again that within the context of CIC it is legitimate to be concerned about the economics of NewGrade as a project.

The economics of NewGrade as a project — we can get into that debate. I have no desire to rehash old debates. I'm now interested in whether . . . and neither are you. And I'm quite happy to accept that. We want to be looking at where NewGrade is today and where hopefully it will be tomorrow and into the years ahead.

(1530)

So CIC's responsibility is to be concerned about the economics of NewGrade. The economics of NewGrade as it was before the restructuring meant that it was never going to succeed. That's well documented; we won't need to discuss that.

The restructuring helps put it in the position where it might, likely will, succeed. And that's okay. But that's got nothing to do with what the province gets in the form of royalties because even if there's a massive amount of new royalties which the Department of Energy and Mines has to tell you about, that still doesn't make NewGrade, as a commercial entity, sound financially and economically if it is not restructured. It doesn't.

I know the member might argue, well that's fine; we can continue to lose money in NewGrade and continue pumping money . . . of losses into it because we're getting it in royalties. I'm sorry; I don't accept that economics. And we can decide to disagree on that right now because I don't think that anybody doing business on a project, a commercial project, would do business using that kind of rationale. There may be some benefits under royalties, and I accept that. But that doesn't mean that we should not make sure that the NewGrade entity as a commercial project should not be able to operate economically and financially in a sound way.

Mr. Devine: — Mr. Minister, I mean obviously we will disagree. But I want to just run the concept by you and maybe a little bit of different . . . perhaps the reasons that you never built either one of the upgraders. It's fine that you can play with them afterward. But to think about it, you as a cabinet sit around and make the final decision on investing in Crown Life or investing in an upgrader or investing in Cargill or investing in something else. And you look at jobs, and you look at the economic spin-offs. I think in your announcements on projects, you mentioned jobs several times. You're happy to do that, and you're happy to say it generates income or it generates royalties or it generates some other things.

Now I understand perfectly well why you don't want to talk about it in this upgrader. But I think the public at least deserves to know the whole picture. And one of the reasons obviously

that people are encouraged to build upgraders — the Co-op was and I was and my cabinet was and others — is it generates substantial amounts of jobs in the oil patch, royalties coming into the province of Saskatchewan, and it has some really interesting possibilities once you get by the start-up costs and in differentials at 6 or 7 or \$8. And you don't want to acknowledge that.

So I say, it would be only fair to say, in the kinds of investments that you are making — combinations of things that I've just mentioned — that aren't jobs important and aren't royalties important and aren't spin-offs important in terms of drilling and exploration; the interest in that kind of economic activity generally make a difference to the province of Saskatchewan.

Now, Mr. Minister, all I'm asking is, can you give me the amount of royalty we make on a barrel of oil? And we can disagree about it, but at least we'll have the numbers. Can you give me the royalty on a barrel of oil that goes into the upgrader, what you make? And then we'll take it from there.

Hon. Mr. Tchorzewski: — Well, Mr. Chairman, this is an interesting debate because the member opposite says you should not consider a project on the basis of its financial soundness. Well you did because you said you had to take all of these other things into consideration, and you take the whole picture.

Then even though . . . what the member from Estevan is saying, that even though NewGrade under the previous arrangement would not have made any money, of anywhere near to making money until the year 2025, that that's okay. Well you did. Well if you didn't, then I want to make it clear what my position is.

My position is that the NewGrade upgrader, as it was, would not have made any money until the year 2025 as a commercial entity. And I say to you, on that basis it's a bad investment. It had to be repaired. And it was repaired with the negotiations between CCRL and contribution from the federal government. That's why it had to be done.

Now whether the NewGrade in existence has got 180 jobs, that's good and positive. We accept that. Whether the 60 per cent of the oil, heavy oil which NewGrade uses out of Saskatchewan — because the other 40 per cent comes out of Alberta, not Saskatchewan — whether all of those things are things that are happening because of it doesn't make the fact that the NewGrade was not in the position to do anything but suck taxpayers' money out of it . . . was still a bad situation. And we have now rectified that.

Now that's the responsibility of a Crown Investments Corporation, and the Crown Investments Corporation has dealt with that. It's not the responsibility of the Crown Investments Corporation to deal with the question of oil royalties. That is a question that the Department of Energy and Mines deals with and you're going to have to ask your question there, because we don't have that information here because that's not within the responsibility of the Crown Investments Corporation.

Mr. Devine: — Mr. Minister, I'm just asking . . . Mr. Minister, you may not like the arguments but at least we could get some

numbers. I just want the number. How much money do we make on a barrel of oil? I want the royalties on a barrel of oil. We are upgrading oil — you can tell me the price of oil but you can't tell me the royalties you make on a barrel of oil.

Now you can tell me that, and your officials can get that. You could make a phone call and get the royalties we make on a barrel of oil, so that in fact we can determine what kind of economic consequences there are in building an upgrader in the province of Saskatchewan. Then we can talk about refinancing.

But I am hard pressed to let you off the hook without giving us what the province makes on a barrel of oil because that upgrader is sucking up 18 million barrels of oil a year. And that means a significant contribution to the economy here. And that generator of 18 million barrels of oil is called an upgrader.

You don't want to talk about that. Fair enough, we'll agree to disagree. But at least I'd like it on the record what 18 million barrels of oil means to us, so that we can discuss the jobs, the drilling, the exploration, the revenue, the royalties, and the refinery, and 180 jobs at the upgrader. What that means — and the research benefit — what that means to the province of Saskatchewan investing in an upgrader.

Now that's what I would like to know and certainly the public would like to know. I can tell you the Co-op knows, that I certainly don't agree with the way you treated the Co-op; we'll get into that. I'm just talking numbers; I'm not talking politics here. Just give me some numbers on royalties on 18 million barrels of oil.

Hon. Mr. Tchorzewski: — Mr. Chairman, the issues that the member opposite raises are really quite irrelevant to the economics of this project. We're talking about the economics of the NewGrade upgrader. All of the stuff that the member talks about has nothing to do with the economics of the upgrader itself. Nothing.

Now you can't say how much royalty there is raised per barrel because the member is a member for Estevan in which there is oil production, and therefore he ought to know that it depends on a lot of things. It depends on whether it's light oil or whether it's heavy oil, where it might be produced, the kinds of production rates per well — a whole range of variables. So there is no one amount of dollar per barrel.

If you want to know what the royalty structures are, that is not a responsibility of CIC, and CIC is not in a position to be able to know that or provide that information here. That is information that can be provided quite easily and quite simply by the Department of Energy and Mines which has not completed its estimates in the House and will be more than happy to provide you with the royalty structure, because quite frankly, that information is already available in the public because it's by regulation and public policy and has been published. Nothing secret about it; it's all available.

Mr. Swenson: — Well, Minister, the problem is that the Minister of Energy says, oh I can't possibly break it down to what the upgraders are using; I just deal in general numbers.

And you know what? The Energy minister is probably closer to the truth than you are, probably closer to the truth than you are because I've been the Energy minister, and I know how that shop works. Okay? And I've had to sit around the board over at your operation a few times too, and I understand how it works a little bit too. Okay?

Now you gave the member from Estevan some numbers here that I think are a little erroneous. And I'd like you to tell me that price that you quoted, okay, on heavy oil. You said it cost . . . there was \$288 million for the oil on 18 million barrels. Would you tell me what time frame that's associated with, please?

Hon. Mr. Tchorzewski: — Well it's right here — 1994. They call it the cost of goods sold. That's the cost for the oil, heavy oil — \$228.4 million. That's what the NewGrade people gave us. I'm sure that they're giving us the right information. And that's what the cost was.

Mr. Swenson: — Well my arithmetic then says that if you divide 18 million barrels into 288, you'd get \$16. Okay? Sixteen dollars.

Now my information is, Minister, that — and this is since October 1994 — that your prices have been ranging, and I have them in both U.S. (United States) funds and Canadian funds, but approximately between \$21.50 to a high of 23.80, which is a Bow River price. And depending on where they're accessing product from, IPL (Interprovincial Pipe Line Co.) have had some problems with supplying and that's probably why your ratio on 60/40 is the ways it is, but whether they're pulling south Saskatchewan or they're pulling out of Fosterton or they're pulling out of the North, that those prices have been in effect for that period of time.

So that tells me . . . well you can shake your head. I did a whole lot of industry research before we came in here today to get the numbers. That tells me that they must have been paying a whole lot less than 16 for the majority of 1994. Is that correct? Can you give me those numbers?

Give me the monthly averages of what they were paying for crude. And you, as a partner, should have that.

Hon. Mr. Tchorzewski: — Let me try to assist, Mr. Chairman. Just to make sure that we are clear what I said, because it's on the record and I will repeat it because it's accurate.

NewGrade uses about 18 million barrels of heavy crude. Their cost of that in 1994 was \$288.4 million. Now what the cost . . . what it might be . . . what the average might be per barrel is readily available, and we have no trouble providing you. My staff tell me they don't have it here, but that's public knowledge and we can get it to you if that's what you want. And I'm quite prepared to provide it to you, but we don't have it in hand at the present time.

But there's nothing secretive about it. It's public information and we'll be quite happy to give it to you.

Mr. Swenson: — Well that's good, Minister. Now we're getting

somewhere. I want the monthly volumes and average price basis 22 gravity, which is the blend that that upgrader has used basically since day one, okay, for the year 1994. And I would think that you would probably be able to get me those also for January and February of '95. There shouldn't be any problem with that at all.

Because if I am not wrong on my prices — and I don't think that I am — of what heavy oil is selling for today . . . because I checked the Chicago market and I checked a few other places today. Okay? And basis those prices for that gravity blend . . .

An Hon. Member: — Why that gravity blend?

(1545)

Mr. Swenson: — Because that's why that thing works the best on. If you go up to 24, it doesn't work as good, Minister. That's why. Okay? That's where it works best at. That's where they get the best end-use product to put into the refinery in order to refine it and bring on the syncrude product that they use. Okay?

At those prices, I would like you to tell me what the royalty figure is on a barrel of oil today in the province of Saskatchewan. And I don't want it from a particular field — I'll give you the courtesy of using a field average. Okay? So that means it's conventional production and horizontal production, enhanced production — either water flood or fire flood or whatever they happen to be using. You can get a number very easily, I would think, on what a field average would be for that gravity of oil of production, basis those prices today.

Hon. Mr. Tchorzewski: — Just so that we don't have a misunderstanding, we will get for you the monthly average price and volume on the heavy oil that the NewGrade actually uses. And you're talking about blends and all this kind of thing . . . I mean if what you're saying is what NewGrade uses, those are the prices we'll get for you. Because I think that's the only way you can accurately reflect of the kinds of things we're talking about. So I'll undertake to get that for you and there's no problem with that.

Mr. Swenson: — Okay. Because as you can appreciate, Minister, the input cost of the product has a factor associated to the profitability of the operation over there. The more you pay for your product in conventional upgrading, or in conventional production, means that your end product has to retail at a higher price. The higher the price that you pay for your heavy oil, probably the shorter the differential is — correct? The more you pay for heavy oil versus conventional oil, the shorter the differential. The problem with the upgrader has always been, the shorter the differential, the more it costs to run the upgrader. Okay.

An Hon. Member: — The more it costs the taxpayer.

Mr. Swenson: — Right, the more it costs the taxpayer.

And that's why we want to know, Minister, what the province of Saskatchewan is making from the use of heavy oil, Saskatchewan heavy oil. And you can attach any percentage you want. If it's only 60 per cent, that's fine. If it be 18 million

barrels, then we're only getting about 10 million of that production out of Saskatchewan. And that's fair.

And on that 10 million or 11 million barrels of oil that is being produced today at an average price of \$22 Canadian, we would like to know what economic factor there is for the province of Saskatchewan so that we can assess, we can assess on a very tight differential, a small differential, how well you're doing with your project. Because you've told us the economic viability of this thing is directly tied to this criteria.

And I think the only way that we as taxpayers and as legislators can really look at this thing is, say that if your differential right now is only \$4 and we would like 5.75, which would probably cover off your cash flow, if you were just working on your cash flow costs right now, and interest, if you add in depreciation, you're probably looking at 6.75. But if the magic number for us is 5.75, which would handle your cash flow, if you need that for a differential, then I think it's fair for us to assess the economic impact of the 11 million barrels of Saskatchewan production going in versus the cost that we the taxpayer having to bear in order to finance this operation because we're a buck seventy-five different than where we want to be.

That to me is a totally logical process for me as a legislator to go through in assessing how well we're doing. And I don't know why you're so reluctant to give us the kind of figures that we need in order to do that assessment. It just seems logical that you'd want to do that assessment. There's no skin off your nose in this whole thing. You've already said if there's any blame to be placed, it's on the former government.

And it helps everyone out there understand the impact and the presence of this upgrader in our province, and how it works. Because this thing isn't going to go away; it's going to be with us for the next 30 years.

So all I'm saying is, if our goal is 5.75, which would basically take us off the hook on a cash flow basis — we've only got 4 for a differential — then we want to know at basis \$22 Canadian, what the impact is of those 11 million barrels of oil on this upgrader. And I think you should be prepared to provide that.

Hon. Mr. Tchorzewski: — Well, Mr. Chairman, I certainly . . . I know that the Department of Energy and Mines will be able to provide you with that information, and there's no problem with that. The Crown Investments Corporation cannot provide you with that information. I will certainly speak to the minister in charge and see to it that he is able to provide you information on royalties because that is a responsibility of that department. What the Crown Investments Corporation responsibility is, is to deal with the financial and economic viability of the project. In this case, it happens to be NewGrade upgrader. And I have given you all of the information that is necessary in order to tell you where NewGrade was, what happened in the restructuring through the negotiations with all of the parties that were involved, and where NewGrade is today.

We've given you that because that's pertinent and relevant to the debate of NewGrade.

Now how much royalties the province gets from heavy oil or medium crude or light crude and all of the kinds of oils that are out there is in no way a reflection on the viability of NewGrade as a standing entity . . . (inaudible interjection) . . . No, it's not. Well, Mr. Member from Estevan, maybe it's that kind of logic that got this project into trouble in the first place.

But I'm telling you that NewGrade . . . we're here responsible for NewGrade; we're not here responsible for the royalty structure because that's a responsibility of the minister and the Department of Energy and Mines. They will provide you with that information.

The information that we're responsible for, we have provided for you. And if you want any more information specifically related to NewGrade, we'll even provide that for you as well.

Mr. Devine: — Mr. Minister, let me try it this way. You said that the upgrader buys 18 million barrels of oil. If it didn't . . . and when it pays that, at 16 or \$18 a barrel, it pays for, let's say, 3 or \$4 a barrel in royalties to — guess who? — the owner of the oil royalty package: you, the province of Saskatchewan. And you buy it from the producer. That royalty is built in there. And that royalty comes to you, the equity participant in the upgrader. See, you have access to the royalties on one hand, and you have access to equity of the upgrader.

Mr. Minister, I want to get your attention here. You have access to the royalty on the oil because you set that level. And you have equity in the upgrader. You can make money in the upgrader, and you can make money in the royalty. You could make money in both as an equity participant. You set the royalties in oil, and you have equity in NewGrade.

So let's take, as you pointed out, a cash flow differential that would make it break even. You make money on the royalties, and you break even on the upgrader. Now is that reasonable? That's kind of nice for you, the player on both sides. It's like a farmer having a seed plant, and he owns the land, and he also owns the seed mill. And he makes money selling the seed, and he gets something going back to his land because he grows the seed. And as a farmer he'd make that decision because it's an integrated decision. But you don't want to acknowledge it.

And I can understand why you don't want to acknowledge it. I understand why you don't want to talk about 18 million barrels a day . . . or barrels a year going into the upgrader, where the upgrader has to pay the royalty because it has to buy it from the producer, who pays you the royalty. And you don't want to talk about it.

Well if you take a couple of upgraders and you take 50,000 . . . 100,000 barrels a day coming into the province of Saskatchewan, you're looking at . . . in even a half of it, you're looking at 50,000 barrels a day in heavy oil that you're paying a royalty on which is probably in the neighbourhood of 20 to 25 million barrels. And let's say you're paying 2 to \$3 a barrel. You're looking at an awful lot of money coming into the province of Saskatchewan — a lot of money.

And the minister says it's a weird argument. He's making 25, 35, 45, 50 million dollars more than he would have without an upgrader, and he doesn't want to talk about the value. Well, Mr. Minister, I can understand why you don't want to talk about it. All I want you to do is acknowledge that there is a royalty.

Let me back up. Mr. Minister, is there a royalty on heavy oil that the upgrader buys, and is that royalty in the neighbourhood of \$350 a barrel? Ballpark average 1994, 1993, average heavy crude.

Now could we get into that to know what the upgrader . . . I want to know a breakdown of the upgrader's cost. The upgrader buys oil, and when it buys oil in Saskatchewan, what per cent of that oil is for the oil? What per cent is federal tax? What is provincial tax, and what is federal-provincial royalty so that I have an idea of where it's spending its money. Could you do that? That's part of an upgrading capacity.

Here's what I buy . . . is oil. Here's how much I pay in tax to one of my equity participants. The equity participant gets money in the royalties when I buy the oil — pretty logical question. What if we were making . . . let's say for example we make . . . 75, 80 per cent of the cost of oil was in royalties. We'd say, oh that's kind of relevant, pretty interesting. I got, you know, \$15 oil, and \$10 a barrel is coming right to me, and I'm an owner of the plant too.

That's what you got. That's the reason that upgraders are so good . . . is because they put lots of people to work in the oil patch. You get lots of royalties which you make money on. And you have the possibility of a reasonable differential to make some money in the plant as well.

Now that's all we want to talk about. Certainly the co-op talked to you about that. They did to me. Husky talked to you about that. They did to me because we're generating a hundred thousand barrels a day in oil coming into the province of Saskatchewan being upgraded, and you even have value added because you're making a synthetic crude which gives you more money, selling into the Chicago market or other markets, rather than just have heavy crude.

So, Mr. Minister, could you tell me, when you buy oil at the upgrader, what per cent of that oil is for oil? What per cent is for taxes, and what per cent is for royalties? Could you break that down for me?

Hon. Mr. Tchorzewski: — No, I am not going to do that because that's not what we're talking about here. And I know that the member from Estevan would like to get into that, and I invite him to get into that when the appropriate department is before the legislature, and that's the Department of Energy and Mines because that's the department who will give you that information.

But let me test the logic of the member from Estevan just a little bit. What the member from Estevan is standing and saying is that he owns two stores, two shoe stores. He owns one shoe store that's draining money, and he owns another one that makes money, and therefore that's okay. We'll continue operating the one that's draining the money from the one that's

making money and somehow that makes good sound business sense. That's what he's saying here — same kind of logic if applied to this project. I don't think I could justify to the taxpayers of Saskatchewan.

I want the member from Estevan to listen. The NewGrade doesn't pay royalties because in the comments that he was making, he sounds like he's suggesting that NewGrade pays royalties. NewGrade does not pay any royalties. The producers who produce the oil pay the royalties to the province of Saskatchewan.

Now just because producers pay royalties to the province of Saskatchewan doesn't mean that we shouldn't try to make the NewGrade upgrader as a self-standing entity . . . become commercially viable. That's got nothing to do with the royalties; it has nothing to do with the royalties at all.

What has to do with the viability of NewGrade upgrader is the price differential, its financing which was bad originally and is now improved because of the new renegotiated deal. That's what we're here talking about. We're not here talking about royalties. If the member wants to talk about royalties, he's got to ask it in the right place.

(1600)

Mr. Devine: — Mr. Minister, I've just had it confirmed about what the oil royalty would be, and it's interesting that what the numbers we are talking about are fairly close. If you're using 18 million barrels a day or year, pardon me, 18 million barrels a year of oil, and then let's say 10 million comes out of Saskatchewan. Seventy per cent oil royalty runs you about, on \$22 oil, run you about 3.75. You're looking at \$41 million. And the Minister says so what, 41 million coming into the province of Saskatchewan in royalties as a result of heavy oil being purchased by an upgrader, by NewGrade. And the Minister said, oh that doesn't make any difference.

If, Mr. Minister, you could buy an upgrader again to generate \$40 million in new royalties to the province of Saskatchewan . . . and your latest refinancing I think it cost you \$7 million you said, \$7 million. Where did that come from, that come from the upgrader? No. Did it come from CIC? Did it come from the Consolidated Fund?

You restructured this, and you said that \$50 million at about 10 per cent is 5 million bucks. Even the 25, if we add that, is 6 or \$7 million. You're picking up \$40 million a year in royalty and you said, well, I've restructured it, and it might cost me 6 or \$7 million, and I've done a good deal.

Look, Mr. Minister, the bottom line of where I'm taking this is that those upgraders generate, if we're in the ballpark here of 3 to \$4 a barrel in oil in royalties, 75 to \$80 million to the province of Saskatchewan. In fact the Minister of Finance . . . the minister of oil royalties and Energy and Mines said the other day \$100 million, \$100 million into the province of Saskatchewan. And, Mr. Minister, you're picking up \$100 million because of the oil being pumped into upgraders, and you don't want to count that. You don't want to count that.

And my point will be, Mr. Minister, is you're picking up an awful lot of money that you wouldn't have been getting if you didn't have a couple of upgraders. And the reason that you never built two upgraders, Mr. Minister, is because you couldn't see the forest for the trees. You couldn't see the forest for the trees. You tried and tried and tried . . . you even had a cooperative refinery here which saves you \$700 million in building an upgrader because you can put an upgrader right beside the refinery and knit it into it. And you still wouldn't do it.

And you wouldn't build another one in Saskatchewan financed by Alberta, financed by the feds, financed by Husky. You wouldn't do that one either. You had a chance for years to do; you did neither one. But you are now experiencing, as a result of our investment in two upgraders, \$80 million in royalties plus at least a thousand jobs because you've got jobs at the upgraders, jobs in drilling, jobs in exploration, and jobs in the oil patch. Plus you've got the research arm of finding out how upgraders work, and you tell me you restructured, and it cost you \$7 million. You know, fair enough. I give you full marks for your 7 million that you put into it annually.

I want you to acknowledge what it's generating annually because if it's picking up 40 million and it's costing you 7, you wouldn't have had the difference of \$30-some million if you hadn't have built it to start with.

So, Mr. Minister, it's interesting that you won't acknowledge . . . and the Minister of Energy and Mines — I'll give him full credit — he said we're picking up \$520 million in royalties this year . . .

An Hon. Member: — So you know the answer. Why are you asking the question?

Mr. Devine: — I'm asking you to acknowledge and tell me the amount of oil that the upgrader uses and the amount of royalties that comes out of that oil. And you are . . . I mean it looks a little small, Minister, that you won't acknowledge what the royalty is on oil. You've been in cabinet more than once. You just won't acknowledge it. And that's pretty small.

Your colleague says we're picking up . . . you are picking up \$520 million in oil royalties coming out of the oil patch this year as a result of upgraders and oil and land sales.

An Hon. Member: — No.

Mr. Devine: — Well that's what he told me. And you said no. Well is that true?

An Hon. Member: — That's total royalty.

Mr. Devine: — All right. Well I'll ask him. If you want to comment on it . . . The Minister of Energy said we're picking up \$520 million in royalties and land sales coming out of the province of Saskatchewan. Is that true?

Hon. Mr. Tchorzewski: — If that's what the minister said — and I qualify, if that's what the minister said — then it would be

true. But I'm not here to debate that because I don't have that information. What I'm here to debate is NewGrade upgrader.

And I want to just respond to some of the rather peculiar comments made by the member from Estevan which reinforces for me why we are in this particular difficult situation which we face today.

The member from Estevan is saying in the House that because the NewGrade upgrader . . . because we get royalties from oil production, it's okay to build an upgrader and loses piles of money every year.

An Hon. Member: — Didn't say that.

Hon. Mr. Tchorzewski: — Well that's what your logic leads to.

The member from Estevan now, in his usual selective use of numbers, hangs his hat on the \$50 million that's been put into the restructuring and chooses to ignore the fact that \$240 million of taxpayers' money has had to be written off by the government because of the original bad deal that was there; that's costing the taxpayers interest because it's money that was borrowed. So you can add that to another liability of the taxpayers of the province of Saskatchewan.

So what I'm saying to the member opposite is that you cannot, if you have any small amount of knowledge of economics or business, say you can have royalties coming out of one other commodity which is a non-renewable resource which happens to be oil, and on the basis of that, justify soaking \$240 million of taxpayers' dollars into a project which cannot be viable. There is no possible way to explain that.

And I want to say to the member opposite that the royalties which are generated from heavy oil, the province of Saskatchewan would be able to get anyway, even without the upgrader, simply through the export. Because that's always been the case and could be the case today.

So that's another example of why the logic which you are using, sir, doesn't make any sense because basically — and I say it for the third time in this comment — you're saying because you make royalties, it's okay to build a project which is going to cost the taxpayers money year after year after year. I disagree with you; I will continue to disagree with you; this government disagrees with you; and more importantly, the taxpayers of Saskatchewan disagree with you.

Mr. Devine: — Well, Mr. Minister, let me ask you . . . change the slant on this to see if we can get you to admit that the upgraders make the province a lot of money . . . (inaudible interjection) . . . Well would you do the project now, Mr. Minister? As it is, would you do it, Mr. Minister?

Hon. Mr. Tchorzewski: — The member from Estevan wants me to rise in my place and admit that the upgrader is making the province a lot of money. I will not accept that.

And why the member from Estevan can say that in the face of

the following, I'm not sure. Because in 1989 the upgrader cost, besides the original investment on which interest has to be paid — the \$240 million which has had to be written off — in 1989 the taxpayer had to shell out \$59.6 million in losses. In 1990 the taxpayer had to shell out \$102.7 million in losses. In 1991 the taxpayer paid out another \$79.5 million in losses; in 1992, 58.6 million; in 1993, 63.2 million; in 1994, 69.8 million.

If that's how the upgrader makes money, Mr. Chairman, for the taxpayer of Saskatchewan, it is beyond me. But if that's the kind of financial business sense that I would apply to a business, I can tell you I would not survive very long.

The answer simply to the member opposite is, the upgrader as a commercial business enterprise loses money for the taxpayer of Saskatchewan; it doesn't make money.

Mr. Devine: — Mr. Minister, would you give me the amount of money in royalties from 1989 to 1994 as a result of the upgrader buying in the neighbourhood of 18 million barrels of oil a year?

Hon. Mr. Tchorzewski: — Well as I said before, I don't have the number that is made in terms of royalties. We're getting it for you. I told you that earlier. But whether there's royalties coming for oil or not, doesn't make the NewGrade make money. We're talking here the NewGrade upgrader. The NewGrade upgrader, every year since you created it, has been losing money.

Thanks to the initiative of the member from Swift Current, thanks to the work of the Crown Investments Corporation, and thanks for the leadership shown by this government as a whole, we have restructured the financing of NewGrade so that eventually it will be able to break even and take away the obligation of the Saskatchewan taxpayer on an annual basis, who has had to contribute more than handsomely in losses because of the losses of the upgrader.

There is royalties certainly coming from heavy oil, but that doesn't make the upgrader make money, and we're here talking about the upgrader.

Mr. Devine: — Mr. Minister, you stipulated that there was the losses — 59 million, 102, 75, 69 million. Those are split three ways. Those are split.

Mr. Minister, what I'm adding up is, as a result of the upgrader using 18 million barrels of oil a year, it can pick up in the neighbourhood of \$40 million in royalties. And your share of the loss in this investment — you had 40 million times 5, 6 years — is over \$200 million in royalties.

Well just give me the royalty on 18 million barrels of oil. I mean if you've got it, give it to me. If the Minister of Energy wants to respond, he can respond. He told me the other day it was \$100 million that comes in as a result of the upgraders, on an annual basis. That's what it's worth — \$100 million.

Well if you've got them operating from '89, '90, '91, '92, '93, '94, '95, '96, and you're picking up the royalties on 18 million barrels

of oil, that's a lot of money. That's what the Co-op said. Because you have both sides of the equation. You get the royalties going in and you're an equity partner coming out.

That doesn't say that you don't want to finance or refinance the best you can, but your refinancing has only cost you \$7 million — \$7 million. But all you've done is \$7 million. That's it — \$7 million you've contributed and you say you've restructured it all. And you're picking up 40 million a year in royalties in that upgrader. And you said, I restructured it; I'm putting 7 in, yahoo mountain dew.

The feds were the ones . . . Who was the minister of Energy federally when you did this? Who was the Minister of Energy that did this, finally? Do you remember?

So the federal Liberal government gave you \$125 million cash? Well you're an equity participant so they gave it to you as an equity person, is that right? You have equity in a plant and the federal Liberal government gave you \$125 million gift, is that right? What did they do? Who gave you that money?

An Hon. Member: — Take your seat if you want us to answer that.

Mr. Devine: — Well maybe the Minister of Justice wants to respond and the former minister of Energy wants to respond and the former CIC minister wants . . . I got them all interested here, Mr. Chairman.

An Hon. Member: — You don't want answers.

Mr. Devine: — Well I just asked them to answer. I'm asking them what is the royalty on 18 million barrels of oil, and you won't answer. And I give you an answer; you say it isn't right. What's 3 or \$4 a barrel? It's a lot of money; it's \$40 million a year. And you've just contributed 7 and you think of yourself as a hero. The Co-op doesn't think you're much of a hero; they think you're a pain.

An Hon. Member: — Oh, would you have liked them to blame us?

(1615)

Mr. Devine: — I didn't say that. I brought it in here and our cabinet brought it in here. We brought it in here and brought the other one in here. You can tinker around the outside like you do most everything else, but you've never built either one of them.

And you wouldn't acknowledge what the Co-op says, and the Co-op will say today in public, if you go ask them, the province was on both sides of the deal because we got royalties on one side and an equity position on another. And you only acknowledge half the equation. That's not fair. You always said the taxpayer's on the hook. Does the taxpayer get the royalty? Yes or no? Yes. Does the taxpayer get the equity? Yes. Minister of Agriculture laughs; it's way over his head, Mr. Chairman, way over his head.

But you don't seem to understand that. The Co-op understands

it, Co-op members understand it, that the province of Saskatchewan got the benefit of the jobs, of the exploration, of the drilling, of the oil royalties, of the upgrader, of research attaching it to a refinery — which is profitable. And now we have 350 or 30 people working, paying taxes and contributing to society. And you said: well we just fixed all that up, we put 7 million a year into it and it's all just hunky-dory; but oh, we happened to get a \$125 million gift from the Liberals federally. Well fair enough for the gift. I mean I'd take a gift like that too. I used to get in the neighbourhood of a billion dollars a year for farmers. Right, Mr. Minister?

So, Mr. Minister, what I want you to help me out with here is, is it true that in your restructuring what you've actually contributed, if you take the full \$75 million, is annually about 7 or \$8 million? Is that the outsize? That's what you've done to a project that might lose \$23 million, which you split, but obviously picks up net \$40 million in revenues. Is that what you're trying to tell me?

Hon. Mr. Tchorzewski: — Well, Mr. Chairman, what I'm trying to tell the House, and what I'm trying to tell the member opposite, is that had we applied as a government, the same kind of economics and business sense in the last three years as the member just tries to justify because he applied it in nine and a half years, I can tell you the taxpayers of Saskatchewan should never forgive us, as they will never forgive you.

Now I say, I say, Mr. Speaker, that this is a very . . . Mr. Chairman, a very fascinating debate. Because we're hearing from a former premier who, even though he has been soundly told by the people who support and live in this province that he sold them out and so did the member opposite there and all those who sat on the front benches here when they made these kind of deals . . . Sold them out because of this kind of weird, voodoo economics which the member opposite just describes.

I'm telling you, Mr. Chairman, I'm telling the member opposite, that I find it almost a sorrowful situation. Because if I thought that this former premier was standing here and doing what he's doing simply because of some sense of conscience, at least I could accept that.

But I'm standing here, Mr. Speaker, and know that he's doing it because he doesn't know any better. And I find that really quite sad — not for him, not for me, not for any of us in this House — I find it sad for the people of Saskatchewan because here's the benefit. Here is the benefit that you left them because of this kind of economics.

You left them the benefit of a \$15 billion debt . . .

An Hon. Member: — No, no. No.

Hon. Mr. Tchorzewski: — You didn't? Yes you did. You left them with the benefit of having to pay \$850 million of interest on that debt each and every year before they can find any money to put into health care or education or roads or anything else. That's the benefit you talked about.

Now you keep coming back now all of a sudden, in your

peculiar way, to the \$7 million in the restructuring, and conveniently you forget to say that in total so far this upgrader is costing the taxpayer \$315 million, \$240 million which has had to be written off because of your bad deal and \$50 million plus the 25 that will come because of the shortfalls when they come, which is \$75 million, because of the restructuring which makes the deal more sound.

But let's get honest here. Why don't you talk about the \$315 million as opposed to the \$7 million cost on the interest? Talk about that. And you can talk about the royalties all you want. It does not explain the \$315 million debt which the taxpayer is liable for, and there's no amount of royalties that can account for that, because on the face of it, we have to deal here with the financial feasibility of the NewGrade upgrader, and you're not prepared to talk about that.

All you want to talk about is the royalties that come from heavy oil. And I'm saying to you, the province of Saskatchewan would get those royalties even if the upgrader didn't exist because the market is there for the oil, and it would be exported and all of that revenue would come to the treasury anyway without having to pay the interest on the debt which you accumulated because of your so-called economics. And I understand you're supposed to be an economics professor, but boy, I really feel for the students who you may have taught if this is the kind of economics you taught them.

Mr. Devine: — Mr. Minister, I've done lots of projects, and in the province of Saskatchewan . . . (inaudible interjection) . . . If the minister wants to branch out, Mr. Chairman, and talk about them, we can expand and we can talk about fertilizer projects.

And the minister for CIC, maybe he could tell me how's the fertilizer project doing. What are the royalties we're picking up on the gas going into the fertilizer project? Is it good or bad? Is it positive or negative? Obviously, it's very positive. It's contributing to the province.

The minister wants to talk about the debt of projects. Mr. Minister, if you look at the summary statements from the Provincial Auditor, page 616, the projects, Mr. Minister, in the Crowns are contributing \$600 million net to the province of Saskatchewan, and that doesn't include royalties — \$600 million in projects.

And this says a combination of something like 5 to \$6 billion in debt that is contributing net \$600 million to the province of Saskatchewan. And if you look at the next page, it'll take all the projects, and the long-term investments are the \$1.2 billion and things like potash shares, Cameco shares, Saskferco, Millar Western contributing substantially to the province of Saskatchewan.

I think CIC can acknowledge . . . I think the fertilizer project is contributing something like 80 or \$90 million. That's net, coming out of that project. So, Mr. Minister, if you want to get into project by project and Crown by Crown, we can take the summary statement by the auditors. Now 40 per cent of the budget that you look at isn't even included in the things you want to talk about.

But the auditor obviously says if you look here at the investments in government enterprises, investments in government enterprises which I did most of — you didn't — it's \$600 million net coming into the province of Saskatchewan and \$500 million in royalties as the result of the royalty structure we put up.

And a good part of that, Mr. Minister, is the result of upgraders. So, Mr. Minister, you don't want to acknowledge the fact that there's 18 million barrels associated with one upgrader and 18 million barrels associated with another upgrader, and you make a royalty on those, and it's generating something in the neighbourhood of 75 to \$80 million a year.

And what you've contributed is \$7 million. And all of a sudden you think it's really something else. I want to say, Mr. Minister, the Co-op members that you browbeat, the Co-op members know the benefit to a province of generating oil as a result of an upgrader. Everybody on both sides of the House, on both sides of negotiations, said yes, if you take an extra 50,000 barrels of oil out of the ground and you put it through an upgrader, it helps you in several ways.

And you are reluctant to acknowledge it but I am going to go over it again. The Co-op people said it, and those negotiating. And I'm sure people on your side said yes, if you take 50,000 barrels of oil and you process it, you get money from the royalties, you get money from the drilling and exploration and all the work and jobs in there, sales tax, income tax, gasoline tax. You get money that comes in from having 330 people work in a refinery that's very profitable, and an upgrader. And on top of that you get the strength of research.

Now, Mr. Minister, the Co-op knows that's the case, and that's why they feel so bad about this Bill — because you won't acknowledge it. You had to go to that very, very terrible hammer over their head and play by this new set of rules. You didn't have to do that to negotiate, or renegotiate. You could have been fair to them and say, well frankly, we're going to ask the federal government for some more money; we can put in some more equity. We can change the numbers on the upgrader; we don't have to browbeat you.

And the Co-op said, just acknowledge what you're getting. What you are getting is hundreds and hundreds of millions of dollars in royalties over the life of this upgrader. And you won't acknowledge it. And so to play politics, you said we'll browbeat you; we'll bring in this Bill; we'll threaten to take you over; we'll threaten to run it. And you weren't fair.

And that's why you've got this terrible taste in the people of the co-op movement's mouth and a taste in the business community, because of your retroactive legislation — not only with farmers, not only with judges, but the co-op movement.

And finally, it's really interesting, Mr. Chairman, they bring in these Bills — Bills like this, and retroactive Bills — always on projects they couldn't do. Isn't that interesting? They tried for years to build one upgrader and couldn't do it. Couldn't do it. They were going to build one in Belle Plaine; they were going

to build one in Archerwill; they were going to build one in Moose Jaw; they were going to build one here and one there. They couldn't get it done.

They could nationalize some things. They could take it over. . . (inaudible interjection) . . . The Minister of Justice chirps from his seat — irresponsible. You took the responsibility of nationalizing potash mine. Was that a good idea?

An Hon. Member: — It made money.

Mr. Devine: — Oh and he says it made money. They made money by nationalizing the potash mines. We evaluated your nationalization of potash mines and it wasn't worth a fraction of what you paid for it. You paid it at the high. You borrowed money from your New York friends and we had to pay it all off. You know that. We inherited all that borrowed money from New York to buy . . . with an exchange rate that was opposite to what it is today.

Yes, I mean, imagine. Yes, they borrowed at \$1.05 U.S. \$400 million, bought mines that were already here, lost their shirt. Lost the election because they were doing those kinds of things. Couldn't build upgraders. It took them 10 years of promising to cut taxes to get back into power.

Imagine, 10 years. And do you know how they did it? Do you know how they did it? They said, gee, if you elect the NDP we'll cut taxes and we'll just fix things . . . everything up with no tax increases. Imagine, Mr. Chairman. Imagine this.

And he's talking about he's just contributed \$7.5 million and fixed the upgrader — \$7.5 million, and he's fixed it.

Well one, he didn't build it; two, he doesn't even acknowledge that he's picking up 40 million a year in royalties; and three, he doesn't even acknowledge all the work and all the sales tax and income tax and gas tax as a result of people working at the upgrader and working in the oil patch.

And then he didn't acknowledge the atmosphere associated with two upgraders that is causing something like \$500 million in royalties and land sales coming into the province this year. And then he doesn't acknowledge the auditor's report that says \$600 million from the Crown corporations is coming, and projects, coming net into the province of Saskatchewan.

Mr. Chairman, I mean it's amazing that this \$7.5 million refinancing is supposed to be good-knows-what's gift to the people and to the co-op movement. It's disgraceful that he would sit here and brag about it when he's got the fundamentals and the basis of the co-op and its refinery and the oil patch and the royalties and the rest of it contributing so substantially to the province of Saskatchewan. And this minister won't even acknowledge that he makes royalties on the project.

(1630)

He owns the oil royalty and he's got equity in the upgrader and be darned if we can get him to admit that he has both. He just won't do it. That tells you something about his mentality. He's

been campaigning for so long, been in politics so long he can't even admit the fact that there is 500-and-some million dollars in royalties and land sales coming into him as a result of something somebody else did. And he just fails to acknowledge it.

Well, Mr. Chairman, once again I'll ask the minister, if you've restructured and put 75 million into this and if you took interest rate at say 9 per cent, you've got say six to six and a half million dollars going into this restructuring. On the other hand, you've got 40 million coming in on oil royalties alone, and you've got probably another 25 million in gas tax, sales tax, income tax, as a result of people working at the upgrader and working out in the oil patch. Don't you think that that's a fairly reasonable project today?

And if I give you credit, if I give you credit and said, look, let's share this. You kicked in seven and a half; the royalties and other money is kicking in about 50 regularly — isn't that a pretty fair deal for the province of Saskatchewan, and particularly, Mr. Chairman, for the taxpayer?

Mr. Minister, would you acknowledge that the taxpayer is picking up a significant benefit as a result of the royalties and income and gas tax and sales tax and income tax coming in as a result of that upgrader and, to give you your credit, your refinancing where you contribute seven and a half million dollars a year?

Hon. Mr. Tchorzewski: — Well, Mr. Chairman, I think maybe it's important and maybe helpful in the debate to put the whole project into perspective, and I'm going to do that.

The member tries to always steer the debate away from what the project was all about. Well here's what the project was all about. Under the arrangement that was established prior to the government changing in November 1, 1991, over \$230 million has been written off because it's been put into the upgrader. That's an obligation to the taxpayer.

There was a liability, Mr. Chairman, of 300 — on top of that — \$360 million in loan guarantees, which is an obligation to the taxpayer, under the old agreement.

There was a further \$100 million that the province would have had to be responsible for of the federal government's guarantee because of the old agreement. So that's \$230 million written off; \$360 million loan guarantees the province was on the hook for; and \$100 million of federal government guarantees — 275 million. But we were obligated to pay off, pick up — well can you believe this, Mr. Chairman — \$100 million of the federal government's guarantee. That's the full picture of the NewGrade upgrader.

Prior to the arrangement to restructure the financial situation of NewGrade, it was on the verge of collapse and the provincial taxpayer would have had to pick up every single cent of those guarantees — federal, that portion of the provincial — and it's already picked up the \$230 million which it has written off.

Now, Mr. Chairman, there is no kind of argument based on how

much royalties the province gets that can possibly justify the economics of that kind of project.

Now I just heard the member from Estevan, who is not paying attention to any of this at all, I just heard him say that there would be \$500 million worth of royalties that the NewGrade upgrader generated. Even more interesting, I heard the member from Estevan and the member from Thunder Creek, which surprises me because I have a lot of respect from the member from Thunder Creek, say that when the Minister of Energy and Mines was here doing his estimates, that the Minister of Energy and Mines refused to provide information on the amount of oil royalty tax revenue that we got from the oilfield. That's what they said. That's what you said.

And I say, Mr. Chairman, that those were false statements in the House. Because I have here a letter . . . (inaudible interjection) . . . Well I know the member from Estevan may be somewhat embarrassed, but I'm not worried about his embarrassment.

I want to point out, Mr. Chairman, that dated March 15, the Minister of Energy and Mines, in response to questions asked in this House, provided to the member from Estevan a letter giving him all of the information on royalties from oil in the province of Saskatchewan for 1994-95 and estimated 1995-96.

So, Mr. Chairman, when the member from Estevan gets up and says, \$500 million of royalties from heavy oil because of the upgrader . . .

An Hon. Member: — I didn't say that.

Hon. Mr. Tchorzewski: — Yes, you did. Your last comment you said that, and you can check *Hansard*. He says that after having received this letter from the Minister of Energy and Mines in which he pointed out to the member from Estevan that from heavy oil, oil royalty and tax revenue for 1994-1995 was \$37.4 million.

Now even if you take all of the royalties from heavy oil, no matter where it is sold or where it's used, all of that does not make up for the interest that the province has to pay on the debt incurred on this project because of the deal which the member from Estevan negotiated.

So how in heaven's name can anybody using any kind of economic sense argue that it's okay to have a project which is bleeding money and may in the end cost you the 230 million written off, the \$360 million in loan guarantees the province was on the hook for, and the \$100 million that the federal loan guarantee the province was on the hook for. How \$337.4 million of royalties from heavy oil can justify that is beyond me. It's unexplainable. I shall not attempt to even try to explain that because I think it's unexplainable.

All I can do here is say that in the face of the difficulties which this government found, we did the responsible thing. We said, this deal needs to be renegotiated. We said it has to be renegotiated because it has a financial crisis on its hands. We said that while these negotiations are being carried on, in the event that they fail, we have to make sure that we are able to have a back-up so that the thing would not collapse financially.

And that's why this legislation was brought into the House.

Now I am very happy to say the legislation never had to be proclaimed. I'm very happy to say that, because the deal was renegotiated. But had we had to use the legislation because some parties may not have wanted to renegotiate the deal, it was here, and it was here for one purpose only — and that is to protect the taxpayer of Saskatchewan. And that should be the first and foremost responsibility of any government.

Some Hon. Members: Hear, hear!

Hon. Mr. Tchorzewski: — And I don't think, other than the three members of the Tory party who are in the House here this afternoon, anybody in the public would even question the fact that the Government of Saskatchewan had to do this because it was their interest that was at stake. And we're proud of the fact that I'm able to stand on my feet here — and we will do it all over this province when the time comes — to say we did the responsible thing, we did the right thing. It had to be done because the taxpayers' interest needed to be protected and we protected the taxpayers' interest.

Some Hon. Members: Hear, hear!

Mr. Devine: — Well, Mr. Minister, you have just misled the House because you said that all of the heavy oil royalties used by the upgrader or anything else are 37 to \$41 million. And you know the upgrader uses medium oil and heavy oil — a combination of the two. Medium oil and heavy oil themselves is in the neighbourhood of \$140 million, and you know it.

So the royalties that you contribute . . . The upgrader uses a combination and it doesn't get it all in the same place. In fact the minister gave me that the other day. The Minister of Energy and Mines says the upgrader uses a combination of heavy oil and medium heavy oil.

So I asked him for the royalties, which he was kind enough to give me — \$259 million for '94-95, \$278 million for '95-96. The land sales on top of that plus the gas royalties you're generating, as the minister pointed out, was \$520 million . . . (inaudible interjection) . . . The Minister of Energy doesn't seem to want to acknowledge what he gave me the other day.

What's the gas royalties, the heavy oil royalties, the medium oil royalties, and the light oil royalties, and the land sales in the province of Saskatchewan? Total \$500 million . . . (inaudible interjection) . . . Yes, the minister shook his head and the one over there said yes. Well that's the problem, Mr. Chairman. They're not honest with the people and they misled.

The minister in charge of CIC, the Deputy Premier, should listen to the Minister of Energy — \$520 million that he told me when we were in estimates. And I said I want it for the upgrader and he says wait until you get to CIC and then you can talk to the minister there. You're here. The total royalties that came in, oil and gas and land sales, was \$520 million. I just want to know what the royalty is on the oil used by the upgrader and you won't tell anybody. And that's just being small. That's being partisan.

So, Mr. Minister, I want you to tell me, if it's 18 million barrels of oil, what kind of oil it uses and what is the royalty on the oil? Upgraders in Lloydminster and upgraders here use something like a hundred thousand barrels a day of various kinds of oil. Tell us what the royalty is on the oil that they use coming from the province of Saskatchewan.

The minister the other day said, they use a combination of heavy oils, medium-heavy, heavy-heavy, and various kinds of viscosity. So you tell me what kind of oil that you use in the NewGrade upgrader and what the royalty structure is on that oil that contributes to the \$520 million that you're picking up this last year, 520 million . . . (inaudible interjection) . . . in the energy patch, my friend.

Your royalties are part of that \$520 million because the upgrader has to buy oil, or do you understand that? The upgrader buys oil; when you buy the oil it pays royalty — the royalty goes to you.

Mr. Minister, let me just change this a bit. This is fascinating, this is fascinating. Mr. Minister, listen to this. Mr. Minister, I want to give you an example. You want to isolate this to the entity, the upgrader. Right. Isolate it. Would you like to, Mr. Minister, would you like to isolate the money that you took out of Crop Insurance and GRIP (gross revenue insurance program) and put it into the Consolidated Fund? Would you like to explain to the people of Saskatchewan how you took . . .

The Chair: — Order. Order. I'll ask all members of the committee to come to order. If members have comments to make or questions to ask, there will be time to do that. I would ask all members to give their attention to the questions and responses that are before the House and the Committee of the Whole.

Mr. Devine: — Mr. Chairman, thank you very much.

The Chair: — Order. Now I also don't need to have the ruling of the Chair commented on, either, and if you'd just proceed.

(1645)

Mr. Devine: — Thank you, Mr. Chairman. Mr. Chairman, I wanted to leave the minister just a point of principle that he doesn't want to . . . or might want to acknowledge.

Mr. Minister, you want to confine your financial analysis to the upgrader. And you say we should just leave it on the upgrader and not talk about the money that comes into the province of Saskatchewan and the taxpayers' benefit, as a result of royalties. All right, Mr. Minister, would you justify then taking several hundred million dollars out of the Crop Insurance Corporation — money allocated to farmers through crop insurance in GRIP — taking the money out of there and putting it over to the general account for taxpayers.

How do you justify that, given the principle that you only want to talk about the entity under . . . in question. You used \$189 million of farmers' money in the Crop Insurance Corporation

and you took it over here and put it in the Consolidated Fund to balance the budget. And then when we come back and say, well you're picking up a bunch of royalties as a result of an upgrader, he said, oh it can't count those; they just went into the Consolidated Fund; that's extra money.

Well you were very, very quick to pick the farmers' pockets and take money out of this corporation and put it over there. So when it comes to this Bill and the upgrader operation, we want you to be just as open and say there is money coming to you from royalties and there's money coming to you from the unit called the upgrader. And until you acknowledge both of those, you're not going to get out of here by saying, well we only deal in that entity. Because you don't. That's not true. Don't mislead the House or mislead the public.

You take money out of the Crop Insurance and you put it over here. You take money out of this department. In fact, in fact the auditor will tell you, beware the transfers by the NDP government. Beware the transfers because they don't generate any income, they're just for smoke and mirrors. And you transfer money from here and transfer . . . (inaudible interjection) . . . well we can bring them in here if you want to talk about transfers.

The minister from Swift Current says, show me the page. I'll give him his lessons, okay. They come out and they give lessons on auditing. And he says, beware of transfers.

An Hon. Member: — Where does he say that?

Mr. Devine: — Well I'll read it to you. The minister wants . . . Watch for and understand transfers, says the auditor. This is his staff. This is what he teaches about the NDP administration, watch and understand transfers. You are in the business of transfers but you won't acknowledge it . . . (inaudible interjection) . . . Your transfers . . . (inaudible interjection) . . . no, no, this is your budget. This is his summary statement. And he says, the NDP are masters at transfers, the NDP administration in the province of Saskatchewan.

You are still the NDP, aren't you? Still socialist? Or what are you, Liberals now? What are you, johnny-come-lately right-wingers, left-wingers, voodooers or what is it? Does the member from Lloydminster want to comment on this? Mr. Chairman, I thought you got order in this place.

Mr. Minister, you get my point? Would you acknowledge that you took money out of an entity, a corporation, a legitimate corporation called the Crop Insurance Corporation, and you moved it over to general revenue. Therefore, that corporation wasn't as financially viable as it should have been because you took the money out of there and you used it for something else. In fact your Minister of Finance said we'll balance the budget with it.

And yet in this case you say, no we only can talk about the upgrader and not all the money it generates from revenue.

Now do you see the inconsistency there, Mr. Minister? If you don't, I'll talk more about it, because certainly the co-op

movement does, farmers do, and anybody with any degree of logic and understanding of any kind of finances — and certainly the auditor, because the auditor said, watch the transfers. Well you're masters at transfers, but we're starting to catch on.

So would you comment on the fairness of the principle you've just talked about of just talking about the upgrader and confining our discussions to that, when in fact you've taken \$189 million out of the Crop Insurance Corporation and went and played with it. In fact you probably took some of that money and put in your \$7 million in the upgrader, because you could use it any place you like.

Would the minister like to acknowledge that his principle is not on good grounds because he makes transfers in income to other, and from other, corporations every day in here?

Hon. Mr. Tchorzewski: — The answer to the member from Estevan is no. The last time I checked, and I have it here before me, is that we are dealing with an Act to confirm the repeal of The NewGrade Energy Inc. Protection Act. And that's what we're dealing with, Mr. Speaker.

Now the member from Estevan doesn't want to talk about that ... (inaudible interjection) ... No, he doesn't. Because he knows that the deal as it was originally structured is indefensible. And that's something that I think the world is well aware of.

And listen to the debate, listen to the talk of \$500 million of revenues, listen to the talk of royalties from oil. In 1994-95, the total amount of royalties that the province of Saskatchewan received from light oil, medium oil, and heavy oil was \$259.6 million; \$37.4 million of that was for heavy oil, some of which went to NewGrade, some of which went to Bi-Provincial upgrader, some of which went to export market — a lot of it went to the export market.

So it doesn't matter how you break that down, it does not even come close to paying the interest on the expense of this project. Now I don't know what more can be said about that.

Now the member wants to ask the question, has there been some benefit from the NewGrade upgrader? Certainly not on its financial side, there has been no benefit. There's 180 million people working there, and that's good ... (inaudible interjection) ... 180 people working there. And that's good. And there is oil activity out there.

But I say again, and I can say it a hundred times, that that heavy oil would have gotten us the same kind of revenue on the export market — if we want to just talk about revenues — as it does today. And a lot of it is exported; it's not all used in the upgraders in Saskatchewan.

So, Mr. Speaker, I don't know that there's any more to say, except this: prior to the reorganization of the NewGrade financing, the NewGrade upgrader was in severe jeopardy. It had been put in the position where the taxpayer of Saskatchewan was on the hook for \$240 million of written-off money which they're paying interest on, \$360 million of loan

guarantee which they would have had to pony up on and would have had to pay interest on, and \$100 million of guarantee of the federal guarantee which they would have had to pay interest on. That's \$700 million that the taxpayer was at risk of having to pay from taxpayers' pockets.

This deal has been renegotiated to protect the taxpayer because it makes it more financially sound. I am happy about that; the taxpayer is happy about that. I am also more than pleased that we did not ever have to use the Bill that is here, because in the end a deal was organized and structured and agreed upon, to which everybody signed on.

And that's the way we would have preferred to have it in the first place. But while those negotiations were going on, Mr. Chairman, we were not, as a responsible government, prepared not to protect the taxpayer in case the deal was not able to be put together. That's a responsible action; we don't apologize for it. The member from Estevan can debate all he wants. He cannot deny that one basic fact. And that's really what this debate is all about.

Mr. Devine: — Mr. Chairman, this debate is about why you thought you had to bring in legislation like this, which is Draconian, mean-spirited, to bully a local co-op that has enormous amount at risk, including operating an upgrader, including putting it together with a refinery. And you had to use this kind of legislation because you wouldn't acknowledge the immense benefits coming to the province of Saskatchewan.

What you'll hear from the Co-op today and what you'll hear from me is you could negotiate, renegotiate with them, but you didn't have to have this legislation.

Well let me put it this way. Is the Co-op happy today with what you did to them, Mr. Minister? Is the Co-op happy today? Do they like the way they were treated? Do they think that you acknowledged the contribution of the royalty and the economy and the oil drilling and the sales tax and income tax and gas tax that contributes to this province? Do you think that the Co-op is happy, the way you acknowledged all those benefits?

The fact that they put up a refinery which saved you \$700 million in building an upgrader. Do you think they're happy the way you acknowledged that? Do you think they're happy the way you treated them? Old allies, co-op people who built the refinery in the '30s for heaven's sake, had the courage to do it. And you drift into town after an election and say, oh, I'm going to contribute another seven and a half million; I'll redo this and I'll bring in some ugly legislation in case you don't pony up here; we'll just, as usual, retroactively take you over.

Mr. Minister, that's what they don't like. And it's the fact that even today you won't acknowledge the contribution that the Co-op made and that the royalty structure made and the upgrader are making. That's all we're asking you to do. You can renegotiate. But this piece of negotiation was not unlike what you did to farmers and you retroactively changed all the rules. You rewrote the history book.

People who had agreements with bankers to finance their farm,

were . . . the rug pulled right out from under them because you come in here and say, I will retroactively change your life. And that's what you did with the Co-op. Not negotiate — I'll tell you what it's going to be. That's what so offensive about this kind of legislation and offensive about socialists that do it.

You've no sense of integrity of an agreement. You did it with farmers and you did it with the upgrader. You did it with the co-op movement. You've done it even with the judges — you said here's a deal and then there's no deal. What's so offensive about this Bill is your attitude that you can run roughshod over the rights of people and a contract. You can openly negotiate and renegotiate. We do it every day. But not you; you retroactively change or you bring legislation in that absolutely takes away their rights. You can't even sue them after you get finished with the legislation in here, which is despicable. No rights at all.

That's the awful part of this. And you stand and defend it or try to defend it and then you say, well we didn't have any choice. No, you don't know how to negotiate. You didn't know how to negotiate with the farmers and you didn't know how to negotiate with the co-op movement.

So, Mr. Minister, all I'm asking you to do today is come half way with me. You put in another seven and a half million dollars. I'm just asking you, at 18 million barrels a year, and assume 10 million comes out of Saskatchewan, and if it's \$4 a barrel, that's \$40 million a year. Is that the kind of royalty you're picking up going into your coffers as a result of the upgrader?

And you can say no, it's not, it's 4.25 a barrel or 3.75 or whatever it is. What is the royalty benefit to the province of Saskatchewan as a result of you using 18 million barrels in the province of Saskatchewan, approximately 60 per cent from our ground; what's the benefit? What's the accumulated benefit of that kind of economic activity?

And granted, you've kicked in 7 million — you did 7, the Co-op did their share, the Liberals gave you evidently a \$125 million gift. Boy, you should send them a great big thank you, put it on a billboard: federal Liberals give NDP friends \$125 million. You like that, is that it? Why didn't they take equity? Was that part of some other agreement? Was it part of some other agreement? Why would the federal Liberals give you \$125 million unless you had something else going on?

You talk about renegotiating GRIP or what else is connected here. Hundreds of millions of dollars were trading hands. What you put up was \$7.5 million. That's it — 7.5. Seventy-five million dollars at 10 per cent is \$7.5 million. That's what it cost you. That's the interest on that money. You're picking up net \$40 million in the province of Saskatchewan as a result of that upgrader; 40 million from the other upgrader. That's \$80 million.

Plus obviously you'd get lots of benefit because of projects like the fertilizer plant that uses natural gas; you got land sales 100 to \$200 million a year. The Minister of Energy said \$520 million in this last year from the oil patch — gas, oil, land sales, light, medium, and crude, heavy.

Mr. Minister, all we're asking on behalf of co-op members is acknowledge their contribution to the provincial economy. Just . . . on behalf of co-op members. Co-op members all over would like to say, tell the minister, advise the minister to speak up and say co-op members have contributed to the province of Saskatchewan with this upgrader — royalties, income tax, sales tax, gas tax. Co-op members want the NDP to acknowledge the benefit of the refinery, the benefit of drilling, the benefit of exploration, and the benefit of all the royalties as a result of that upgrader.

And the minister, the former minister from Swift Current, says no, we won't acknowledge it. Well the co-op members tell us they'd like you to acknowledge it.

An Hon. Member: — You want to be satisfied.

Mr. Devine: — No, no. The co-op members want to be satisfied. The co-op members want to be satisfied. The co-op members in the province of Saskatchewan want to know that the NDP would like to acknowledge what their contribution to the province is.

That's why they're still upset. They feel just like the farmers — retroactive legislation, take hundreds of millions of dollars, force them into it. Well I'll tell you — the minister can shake his head. The member from Swift Current, the member from Indian Head can all shake their heads — co-op members will not forget what you did to them. And they're not going to forgive the fact you won't even acknowledge . . .

The Chair: — Order, order. Order. It now being near 5 o'clock, the Committee of the Whole will rise and report progress.

The committee reported progress.

The Assembly adjourned at 5:01 p.m.