

EVENING SITTING

PRIVATE MEMBERS' MOTIONS

Motion No. 2 — Development of Ethanol Industry

Mr. Elhard: — As I was saying, Mr. Speaker, when we broke a mere two hours ago, I wanted to get into a comparison of the announcement by the provincial government on the ethanol strategy that they would be pursuing and the ethanol announcement that the official opposition made some time before that.

I had brought both copies with me, and I was intending to go through the two press releases on a word-by-word basis so we could compare and contrast the two. But I think you would find, Mr. Speaker, there isn't a lot of difference between the announcements made by both sides of the House here. There are a few exceptions, and we'll maybe highlight them as we get on. But having taken on some sustenance and had a chance to catch my breath, we will do our best to carry this debate on just a little bit further, Mr. Speaker.

I just want to, for the sake of the record, refer to the press release of September 19 issued by the official opposition. That was September 19, 2001. And it says here that:

A Saskatchewan Party government would promote the expansion of the ethanol industry by introducing an environmental tax credit for ethanol blended gasoline and requiring all gasoline sold in the province to be 10 per cent ethanol blend.

"Saskatchewan has the opportunity to lead the way in the production and consumption of environmentally friendly ethanol," (according to Sask Party leader Elwin Hermanson). "Ethanol production has the potential to create new jobs, (to) diversify the struggling agricultural industry and (to) contribute to a cleaner environment but we must act now."

Hermanson also committed to cut the corporate capital tax in half on all new capital investment in the province.

"Lower taxes on capital investment will stimulate expansion of ethanol production right here in Saskatchewan using Saskatchewan-grown wheat, feed grains and straw."

(Now) Hermanson warned that Saskatchewan doesn't need another Crown corporation taking an ownership position in the financing, (the) construction or (the) operation of new ethanol facilities.

Hermanson said private sector construction and expansion of ethanol production facilities is good news for Saskatchewan . . .

I've heard that line somewhere before. Here are some of the reasons why it would be such good news:

Ethanol is an environmentally friendly substitute or additive for gasoline so (that) burning more ethanol as a

fuel means cleaner air and a cleaner environment for Saskatchewan families;

Ethanol production would create a new market for Saskatchewan grown wheat, feed grain and straw;

The construction and operation of ethanol production facilities would create hundreds of new jobs for Saskatchewan people.

(And) ethanol production creates several valuable by-products including high protein cattle feed that could be used as a key input in large feedlot operations; and

(finally) a significant increase in the number of feedlot operations could supply the . . . (meat slaughtering and meat-packing industries of this province.)

Now I wanted to read that into the record because it's very similar to the press release offered by the government on the same issue. And this particular press release came out on March 21, 2002 — not even a month ago, just barely three weeks ago — and called a plan to develop the ethanol industry. This is what the provincial government released as part of their strategy:

The provincial government has unveiled its plan to grow a vibrant ethanol industry in Saskatchewan.

The Greenprint for Ethanol Production in Saskatchewan was released today by the Energy and Mines Minister, Andrew Thomson. The strategy, which is the result of extensive consultations, outlines several key actions the government intends to take to create an environment for private sector development of an ethanol industry in the province. (And) these actions include:

effectively eliminating the provincial fuel tax on ethanol produced and consumed in the province by way of a rebate;

approving legislation to permit the mandating of ethanol-blended gasoline to be sold in Saskatchewan;

working with the federal and provincial governments to remove barriers on ethanol exports;

calling on the federal government to legislate a mandatory blending of ethanol gasoline in Canada;

working with ethanol producers to encourage the establishment of ethanol facilities in the province; and

working with wholesalers and retailers to develop a market for ethanol-blended fuel in Saskatchewan.

The press release goes on at substantial length. I don't want to read the whole thing. But as you can see, Mr. Speaker, the similarities are quite specific, and there isn't enough difference between the two press releases to draw any categorical distinction between the plan put forward by the government and our own plan, with one exception, and that is the reduction of

the corporate capital tax by reducing it to one-half of its current level.

Now we do know that there are other applications for these types of fuels and we do believe that the government needs to look at them. We've talked briefly about bio-diesel fuels in this House from time to time, and I think that that's another area that we really need to encourage activity in on behalf of the industry generally, but also on behalf of our producers in this province. Bio-diesel is another idea whose time has come given the Kyoto agreement and the limitations being put on greenhouse gas emissions. I think that diesel fuel blended with different agents and maybe the creation of a whole new fuel through bio-diesel might be very appropriate at this time, and this province could benefit significantly by the introduction of that type of industry as well.

You know, Mr. Speaker, the industry is being coached along slowly, but at least now we have the interest of several major manufacturers, organizations that do experimentation with these types of new fuels, and even the manufacturers. That's right — even the manufacturers of heavy-duty equipment are looking at alternative fuels as a means of propelling their engines in particular.

I know from my own experience in the farm machinery business that the manufacturer that I represented has spent many, many years using the variety of fuels available for different engines to fuel them in their applications on the farm.

Now I digress, I suppose just briefly, to mention the fact that it was John Deere that I worked for but I think that they were one of leading companies in terms of looking at alternative fuels for the application in farm machinery. I know that at one time the company had looked at the development of an engine that would burn any — any — fuel of any kind; anything short of water possibly or maybe in addition to water.

I know there was opportunity to test peanut oil, for instance — other types of blends of combustible fuels, sometimes with diesel, sometimes separate from diesel. But it takes a lot of effort and experimentation and development to create an engine that will work efficiently with all varieties of fuels.

And you don't want to, as a major manufacturer, rush to the market with a piece of equipment with an engine that could conceivably fail in a . . . or have too short a life when it's applied to specific needs, whether it's in the trucking industry, or the farm machinery industry, or industrial applications, whatever the case.

Companies that manufacture those machines need to be convinced that the engines and the products used to fuel those engines would stand up to the kind of use and requirement that the industry would want to put them to.

Nevertheless, having made a pitch now for bio-diesel as another option for this province, another type of product that we could produce in this province and benefit from and be a benefit to the producers of this province, I would like to draw my comments to a close.

In doing so, I would like to be sure to second the amendment

that was put forward earlier today by the member from Melfort-Tisdale. Thank you, Mr. Speaker.

Some Hon. Members: Hear, hear!

Hon. Ms. Lorjé: — Thank you very much, Mr. Speaker. It gives me a great deal of pleasure to enter into the debate at this time.

Mr. Speaker, as we enter the next millennium we are becoming increasingly aware of the interdependence of our world community. Indeed, recent events in Saskatoon at the Jewish synagogue drew all of our attention to the compelling situation that is unfolding in the Middle East. I cite that as an example of the increasing interdependence of our world community.

It is also interdependent at the environmental level, Mr. Speaker. Mr. Speaker, Canadians are expressing, increasingly, concern about risks associated with hazardous pollutants, global warming, and environmental degradation. One of the results of the increased concern of Canadians has been an increased demand for renewable fuels as alternatives to conventional fossil fuels and as oxygenates.

So it gives me a great deal of pleasure to rise in the House today to address the motion put forth by the government side. And I would like to point out that what we're seeing here is a rare confluence of ideas as we hear the Saskatchewan Party in such glowing terms endorsing this government's plan for ethanol. And I thank them for that.

Mr. Speaker, although the concept of ethanol as a fuel began as early as the first Model T car designed by Henry Ford, in point of fact American usage of ethanol-blended gasoline didn't begin until the late '70s. In Canada, air quality issues have taken on a higher profile on the public agenda and our attention is being increasingly drawn towards alternative fuels such as ethanol.

So that is why this debate this evening is so timely and so important and why I thank all members of the House for the opportunity for us to be able to turn our attention to the very important aspect of ethanol as an alternative fuel.

Mr. Speaker, much has been said in the House today and this evening about the provincial strategy for the production of ethanol in Saskatchewan. I want to say, Mr. Speaker, that that strategy was developed only after extensive and careful consultations with business, industry, and residents of the province.

On this side of the House, Mr. Speaker, we believe very strongly in community consultations. We do not believe in simply taking some idea off the shelf and presenting it as if it were our own.

Indeed, Mr. Speaker, a key cornerstone of our public policy development agenda is community consultations. So we went out, we consulted with business, with industry, with communities, and we developed what we know is a very sound ethanol policy.

Mr. Speaker, in our ethanol policy the private sector will play a

leading role in defining what this industry will look like and how it will operate. Government, of course, will establish the environment for the growth of the industry but, Mr. Speaker, it is key to note that it will be the private sector that will play the leading role in the development of the ethanol industry.

And what, you may ask, will the Government of Saskatchewan then do to help grow the ethanol industry? Well I'd like to tell you. First of all, we will effectively eliminate the fuel tax on ethanol that is produced and consumed in Saskatchewan. Secondly, we will establish the legal framework for Saskatchewan to become the very first jurisdiction in Canada to mandate the sale of ethanol-blended gasoline.

We're very proud of that, Mr. Speaker. We have been leaders. We have been pioneers in so many ventures. I point out medicare as an obvious one, the child action plan, and now, Mr. Speaker, we will be the first jurisdiction in Canada to mandate the sale of ethanol-blended gasoline.

Thirdly, Mr. Speaker, we realize that Saskatchewan is not an island unto itself, so we will be working with other governments in order to open up new markets for ethanol.

Mr. Speaker, our strategy will create jobs all across Saskatchewan. It will add value to the agricultural industry and it will create a healthier environment. It will foster, most importantly, Mr. Speaker, a climate favourable to investment in order to grow the industry.

Mr. Speaker, a vibrant ethanol industry in Saskatchewan will create meaningful job opportunities primarily for the province's rural residents and also for the province's First Nations residents. It will also create new marketing opportunities for Saskatchewan's grain producers and wood product companies.

Mr. Speaker, ethanol is very useful and will be very useful as an alternative fuel source for our vehicles, but ethanol also produces many useful co-products and by-products that I don't believe other members in this House have spoken about as yet. So I just want to briefly mention some useful products and co-products from ethanol will include packaging and coatings for food, a stain removal and stabilizing ingredient in laundry detergent, a moisturizing agent in cosmetics, and a component of biodegradable cat litter.

Well I have to say, Mr. Speaker, as a woman who does wear cosmetics, who does have cats, who does do laundry, and who does eat food on occasion, I am very pleased to know that there are that many by-products and useful by-products for ethanol.

(19:15)

Mr. Speaker, as Minister of the Environment, you would naturally expect me to stand before you this evening and talk about the environmental aspects of the ethanol industry. So I want to talk for a few moments about ethanol as an environmentally friendly compound.

And just how environmentally friendly is ethanol, Mr. Speaker? Well let me tell you. Environment Canada estimated in the late 1980s that the replacement of a litre of gasoline by a litre of ethanol means a 40 per cent reduction in net carbon dioxide

emissions — a 40 per cent reduction, Mr. Speaker. Just imagine that. In these days when we are so concerned about the greenhouse effect, it is really important for us to, as well as talking about the agricultural industry and the importance that our ethanol strategy will have on the agricultural industry, it is also important to focus on the carbon dioxide emission reduction.

Mr. Speaker, the high octane blending value of ethanol makes it an excellent alternative to other octane enhancers with known or suspected health dangers which are now widely used in Canadian gasoline. We have wonderful vehicles today, Mr. Speaker. We've come a long way since Henry Ford's Model T, but those vehicles would be as nothing if it were not for the high-octane gasoline that we put in them. And we need to have something that helps, that enhances that octane.

We know now that there are some that are used that are not entirely safe. For instance, I would refer to MMT (methylcyclopentadienyl manganese tricarbonyl). Now I know that in some quarters the verdict is still not in on MMT, but we on this side of the house are very concerned about the possible problems that may result from MMT or for other aromatic hydrocarbons, so we are very pleased about the octane enhancing capability for ethanol.

Now, Mr. Speaker, by further refining petroleum, the octane level of gasoline is raised but this requires major capital expenditures. So we know we could keep refining the gasoline over and over until we get a really pure product, but that requires a lot of retooling, and so rather than doing that, we think that instead of adding significantly to the cost of gasoline and adding significantly to our dependence on light crude and oil imports, that it is far better to go the more environmentally friendly strategy, the more environmentally friendly route, and to develop a strong ethanol strategy in Saskatchewan.

Carrying on just briefly about the environmentally friendly aspects of ethanol, just look at the cost, both financial and environmental, of megaprojects for enhancing Canadian domestic supplies of light crude oil. Fuel ethanol compares very, very favourably in both capital and operating costs of production to megaprojects such as Hibernia and the tar sands projects. Both projects, I would point out, have received major federal governmental assistance and investment. We would hope that the federal government would look very favourably upon our initiatives and our ventures in the ethanol industry.

Mr. Speaker, other speakers this evening have pointed out the abundant and the renewable supply of Canadian grain that is available for fuel ethanol production. Do you know that if the use of fuel ethanol were to increase so that ethanol was present in all Canadian gasoline at a 10 per cent concentration, Canada would still remain a leading grain exporter?

Let me talk about a few more environmental benefits of the effect of adding ethanol to gasoline on the environmental quality. These include reduced air toxins, reduced carbon monoxide, reduced ozone formation, and the potential to reduce net carbon dioxide emissions to the atmosphere. Mr. Speaker, there are many societal costs associated with petroleum energy such as respiratory and other health problems. There are crop yield losses and damage to vegetation, environmental disasters

such as we saw with the tanker mishap with the *Exxon Valdez*. These are not fully accounted for in the price of gasoline today, Mr. Speaker. By comparison, renewable ethanol produced by sustainable agricultural practices can stabilize farm income and reduce the need for government support payments to agriculture.

Mr. Speaker, I saw a rather interesting quote the other day from the California Environmental Policy Council, and I would like to just quote it at this time. They said:

Ethanol is a safe, biodegradable fuel that does not pose a threat to water, soil, or public health; and ethanol has been awarded a clean bill of health.

Obviously those are good, solid, practical reasons for us to enter into an ethanol strategy in this province. So I just want to review the environmental aspect of ethanol, Mr. Speaker. Ethanol is a renewable resource. When ethanol is mixed with gasoline it reduces the reliance on oil, which is a non-renewable resource. Ethanol burns cleaner than gasoline and ethanol reduces pollution and greenhouse gases. Solid reasons, Mr. Speaker, for us to be entering into a very aggressive and very successful ethanol strategy.

As you know, ethanol is a high-octane, water-free alcohol made from the fermented sugar or converted starch found in Saskatchewan's products such as wheat, straw, or wood by-products. It's a renewable resource that burns cleaner than gasoline. And when it is blended at 10 per cent with traditional fuels it can reduce greenhouse gas emissions by as much as 30 per cent.

The production of ethanol, Mr. Speaker, fits in very well with our government's plans to revitalize the rural economy. Saskatchewan, as we all know, is blessed with an abundance of the kind of raw materials needed for ethanol production. But in addition to having the right stuff, so to speak, we also have many other key ingredients that are needed to develop a dynamic ethanol industry.

We have many gifted and far-sighted developers and entrepreneurs in this province, Mr. Speaker. We have reasonably priced land. We have the transportation infrastructure needed to move ethanol to markets. We have good access to power and to water and we have a vast rural base which gives us quick access to goods and services.

You know, some scientists have touted ethanol as the fuel of the future. It can be blended with gasoline and diesel fuel for transportation. It may also be used to run power plants. In combination with fuel cell technology, Mr. Speaker, it may present an alternative to fossil fuels.

Saskatchewan farmers, scientists, business people, and our federal counterparts will help us determine — but I think we already know the answer — will help us determine the significant short- and long-term benefits for our rural economy in ethanol production. And we are determined, Mr. Speaker, that we will take advantage of these opportunities.

Mr. Speaker, I've tried very briefly this evening to outline some of the environmentally friendly aspects to ethanol. I want to just

close off by talking very quickly about the emission aspects of ethanol. I want to talk about ground-level ozone, the greenhouse effect, and emissions.

Now ground-level ozone, as we all know — though we in Saskatchewan I think are blessed compared to other jurisdictions that have smog inversions and so forth — but we all know that ground-level ozone causes human respiratory problems and it also damages many plants. But actually ground-level ozone does nothing to increase ozone concentration in the stratosphere that protects the earth from the sun's ultraviolet radiation.

Now there are many compounds that react with sunlight to form ground-level ozone, and these compounds, in combination with moisture and particulate matter, create the smog which is the most visible form of air pollution. These compounds include carbon monoxide, unburned hydrocarbons, benzene, and nitrogen oxides.

According to Environment Canada in a 1998 study, the benefit of reducing smog has been estimated at at least \$10 billion a year, Mr. Speaker — \$10 billion a year if we in this country can reduce smog. Ethanol in low level blends with gasoline results in a very definite overall decrease in ozone formation. So ethanol makes sense both environmentally and economically.

I wanted to also very briefly talk about the greenhouse effect, Mr. Speaker. The greenhouse effect, of course, refers to the earth's atmosphere trapping the sun's radiation. It's a term that's often used synonymously with global warming, which refers to the increasing average global temperature arising from an increase in greenhouse gases coming from industrial and transportation activities and indeed from population growth. The use of ethanol fuels has been shown to reduce emissions that contribute to global warming by up to 35 per cent, Mr. Speaker — another good, solid environmental reason for entering into an ethanol strategy.

Finally, Mr. Speaker, I wanted to talk about emissions, both carbon monoxide and carbon dioxide. Mr. Speaker, by promoting a more complete combustion of the fuel, the use of a 10 per cent ethanol blend results in a reduction of carbon monoxide emissions of up to 25 to 30 per cent. And, Mr. Speaker, the use of ethanol can reduce net carbon dioxide emissions by up to 100 per cent on a full life cycle basis.

The use of 10 per cent ethanol-blended fuels results in a net reduction of carbon dioxide of between 6 and 10 per cent. The carbon dioxide released from ethanol production activities and inputs and its use is less than that absorbed by the plants used to produce ethanol and the soil organic mix. So, Mr. Speaker, we have a net win for our industry, for our agricultural producers, and for the environment.

Mr. Speaker, I want to close by just quickly delineating the advantages to using ethanol-blended fuels. First of all, biological renewability; second, a cleaner environment; third, improved air quality; fourth, cleaner burning engines; fifth, up to 30 per cent lower emissions of carbon monoxide.

Now I've run out of fingers on that one hand so I'll start on this hand. Sixth, reduced emissions of volatile organic compounds,

sulphur dioxide, and particulate matter; seventh, lower net carbon dioxide emissions; eighth, less dependence on imported light crude oil. Ninth, avoidance of environmental costs and risks associated with fossil fuel exploration and transportation. And finally, Mr. Speaker, the top, tenth reason for why our ethanol strategy is good: expanded market opportunities for Saskatchewan farmers, expanded economic opportunities for rural Saskatchewan.

For all those reasons, Mr. Speaker, for environmental reasons and for economic reasons, I am proud, Mr. Speaker, to support this government's motion with respect to our ethanol strategy. Thank you very much.

Some Hon. Members: Hear, hear!

(19:30)

Mr. Heppner: — Thank you, Mr. Speaker. I'm rather excited to join into this particular discussion on the ethanol debate, partly because there have been some good ideas that come from both sides of the House. I think this is something that's good for Saskatchewan. And even though there are some other little, unique nuances about how the government side has developed this, I think the end result is fairly good. There's a few things they could have done that are a little different, and we will bring those to your attention in a little bit, Mr. Speaker.

It's been a long time coming. There's nothing new about the ethanol. There's nothing new about different forms of fuel for internal combustion engines. You just have to go back to read some of our history books, and we'll find some of the old-timers talking about using fuel back in the '20s and '30s called skunk gas, which was basically made out of various kinds of materials and was essentially a predecessor of ethanol, which doesn't, thank goodness, have the name of being a skunk gas, but it was out there.

I believe also during World War II when some of the countries ran short on fuel, also made fuel out of straw and different types of material. So this is not a new technology, Mr. Speaker. It's not new at all, and I guess that's the part . . . it seems as if the government side of the House, the NDP (New Democratic Party) feel they got out of bed one morning a month or two ago and said, guess what? — ethanol exists. It's not quite the way it worked, Mr. Speaker; it's been around for a long time.

The member from Regina Qu'Appelle gave some credibility to the group from Rosthern that he had spoken to, and I believe they enlightened him quite well on ethanol because it's one of the first groups that he did speak to when he decided to go down the ethanol road. The group in Rosthern, Twin Rivers development, has been looking at ethanol for a long time. It's probably five or six years . . . (inaudible interjection) . . . we have the member from P.A. (Prince Albert) saying since '42. No, that's incorrect.

But they've looked at this for a long time. They tried in many different ways to get a project going and they ran into a lot of trouble and a good part of that trouble originated just across the floor from the government side. And I'm going to explain some of the difficulties that they created for this group, but very knowledgeable.

There are probably throughout the province, Mr. Speaker, some 10 to 15 different communities that have gone down this road to some extent and their development is at different stages. They've done some research work, they've done some studies, and they're starting to put this together.

Now one of the things that happened —, and I know this quite well from the group in Rosthern and the other groups have had the same experience — when they came to government and said, okay here's a process that we have; we're going to need a large cattle operation, we're going to need . . . and we're looking at doing an ethanol operation alongside. And they came to government.

There wasn't the possibility of meeting with one person from government and saying, okay, I'll handle this all for you. They would get shuffled from someone who is responsible for water. They'd get shuffled over to someone responsible for air. Then they'd get shuffled over to a SERM (Saskatchewan Environment and Resource Management) department. Then they'd get shuffled over to an Agriculture department.

Each one of these had a little group of authority, a little bit of authority that they had to fit into. And it became a very tedious process for these new companies who in many cases really had had not much to do with government at any time — a very frustrating time for them to sort of . . . They felt these were roadblocks because they didn't know how slow government worked and they thought they'd be able to talk to a minister, sit down; say, okay here's what's happening, here's what we'll do; they'd get the go-ahead and an hour or five later, maybe a week later, they'd be on the way. Found out that's not the way it happened and it really slowed down and frustrated the process.

I know on one or two occasions my group from Rosthern came and asked me to make a couple of phone calls to a few individuals from government to see if we could get some paperwork that was sort of bogged down on a desk, get it moved on a little further.

And in those few cases where I did make a phone call I will have to say that we did get some fairly quick results. In the one case we had the result in two hours and I think government needs credit for that. Unfortunately why did it have to sit there for a month or two before the phone call came through to get that speeded up?

I mentioned earlier on, Mr. Speaker, that the NDP seem to act as if they had suddenly come across this great discovery of ethanol and now they were going to push this thing through.

The member from Regina Qu'Appelle went on at length, and we remember it was about six hours ago in this particular place, and he used the first person pronoun as if the I had done this. I will help with this, I've done this, I met these people. Well I'm sure it was a much bigger procedure than just one particular individual doing that.

In fact is what is significant is when there was a major conference on ethanol in Minnesota about a year ago he wasn't even there — he wasn't even there. The only people from this House who were there were Saskatchewan Party people — were Saskatchewan Party people. That minister from Regina

Qu'Appelle wasn't even aware of it — wasn't even aware of it. And now he acts as if he dreamt this up and figured this whole thing out in his basement laboratory. That's not how it happened at all.

In the beginning of his dissertation, the member from Regina Qu'Appelle made a short statement that was quite frightening. He came up with the idea that government wasn't quite sure where to put their money; they haven't decided where to put their money. Well I'm not sure that the people out there are that excited about having government put a lot of money into it because this NDP government's money investment track record, Mr. Speaker, is not very good. Potatoes — potatoes should bring that to mind. Potatoes should keep them all quiet just as they contemplate how well they did in that particular situation.

I think we have to come up with something a little more recent, very recent, and it shows exactly how this NDP government thinks when they start getting involved in a business venture. And it also involves energy, and it also involves a clean environment — something that the ethanol process and the direction that ethanol's going is a very big plus for our province, for our country, basically for our whole world.

But as you know, Mr. Speaker, when you travel to Alberta down the No. 1, you'll see a number of big wind chargers out there. They're working right now, they're turning — it looks fairly slowly — but they're producing electricity. That's good.

Those were put there by private enterprise — without money from this government — working just fine, producing great electricity. They found their own market for it; they're doing quite well.

Then along comes the NDP government and says, I think we want to get in on this game — we want to get in on this game too. So they're going to build some more. Well that in itself is not a bad idea. It would be nice if we could provide all of the electricity in this particular province from wind generators.

However now that they've made that commitment, when private interests came into Saskatchewan and said, we would like to build some more, the NDP's business system said, I'm sorry; you can't do it. We're not going to let you do it. You can't send that electricity down our government power lines.

That's scary. I would have hoped they would have embraced it and said, anything that makes our air cleaner, that protects our environment, we're going to go with. But this government didn't do that . . . (inaudible interjection) . . . The member from Prince Albert is playing his little woo-witchy thing again. Well it is scary. It's very scary that someone would want to come in here and do an investment and then suddenly find that this government is going to oppose it, in some cases even want to stop it — especially, Mr. Speaker, when it's something as good as wind generating.

Now here's the carry-over where this links in with the ethanol. All of these companies are somewhat concerned. Where will this NDP government go if they move down the road toward ethanol? At what point, at what point will this government suddenly decide that they're going to take over the system or

they're going to shut down that system?

We've seen it happen, as I said, right now in this last year with wind generating. They will probably go do the same sort of thing in the ethanol. And that's the scary part. And it's by far the unfortunate part because as someone . . . and I've had a little experience with a situation where a lot of ethanol would have been good.

Those of you that travel to Vancouver from time to time will notice what used to be a beautiful lower valley area, sometimes called the lower mainland of British Columbia. A very scenic place nicknamed the lotus land by many individuals, now has a brown haze over it that moves from Vancouver up through Hope and then just gets trapped in the valley area over there. Now when you look at that, when we breathe that, I dislike that part of the country now because it doesn't even feel healthy. We can do a lot to eliminate being contributors to that sort of an environment with the ethanol here in Saskatchewan. So I'm excited about what's happening.

I'm glad to support many of the aspects that we've had. The Saskatchewan Party released its plan in September, quite some time ago. And we remember this government at that point making fun of it. They said, oh that doesn't work; you can't mandate use of ethanol in gasoline. How do you know how much you're going to do with it? And the big fuel companies aren't going to allow you to do that, and we're going to lose all this tax money. And there was just no end of fearmongering over there, no end of fearmongering. And that was spoken by every single NDP on that side, and all you had to do was look at the articles they put in their newspapers on a weekly basis as they ridiculed that program.

Now they've picked up almost all aspects of that program, Mr. Speaker, almost all aspects. They picked up, first of all, the fact that it's a good idea. Then they've picked up on the fact that if you're actually going to have these developments throughout our province, there's a need for them to have a market.

And I know that was one of the things that was always a difficulty for the development that was looking at this in my home community. They had the location for the feedlots. They had the people who could run that. The technology for the ethanol on the side was there. To find the people to run that was no problem. The feed was no problem. Communities were excited about the jobs. They had done their environmental work as far as the water was concerned, as far as the waste was concerned.

And then they said, now we've got this great idea, we can produce this ethanol, and where are we going to sell it? And then we found out by doing some of the research . . . and I think Pound-Maker has just been an excellent example of private enterprise doing a lot of hard work. They've had to go all over North America to find markets for their ethanol. Right now they've managed to find more markets than they can probably supply at this particular point. But it hasn't been easy for them. And so when another feedlot ethanol plant was looking at the markets, they didn't seem to be there.

But they could have been here, in our Saskatchewan, had this government four or five years ago said, okay, those individuals,

those groups who want to raise money locally — and as you know, Mr. Speaker, there was much more money available locally five years ago than there is right now in rural Saskatchewan — we will guarantee you a market by having a certain percentage of our fuel in ethanol. That's what this government has now said they would do, and that's probably one of the key things in the plan, is to sort of guarantee a market for all these ethanol plants.

I remember when we proposed that they laughed at it. And then suddenly someone woke up and said, oh that's a good idea. So they adopted it, and that's fine. We support that; it's a good idea. It's a good idea wherever they get it from.

(19:45)

And the other part that came into it . . . and I just mentioned it a little earlier on the statement made by an NDP that they were wondering where to put their money. Well maybe if they changed some of the tax structure somewhat and looked at removing some of the taxes that are there, probably some of the capital taxes which, as we know, in Saskatchewan are fairly high. If we just took that right off the ethanol component . . . in fact, Mr. Speaker, we should probably take it off of all of business and this whole province would be better off. But if we took it off that ethanol component, the amount of private money around Canada would say, here's a chance for investment without that onerous tax there which means our chance to go ahead and receive some benefit called profit.

I know the NDP don't like that word, but it's a great word because if no one made any profit there wouldn't be any taxes to run all the programs that we have in our province. We could have had money come in from all over Canada, particularly western Canada — Manitoba, Alberta, where the knowledge of ethanol is there, the abilities are there, the skills are there — coming into Saskatchewan to build those. But now we have this government saying, well I'm not sure where we'll have to put our money. And that as I said, Mr. Speaker, is a somewhat frightening concept, and it's also one of the things that keeps some of that investment from growing and developing as it ought to, Mr. Speaker.

What are all, some of all of the benefits that we can derive in this particular province from an ethanol procedure? Well I already mentioned to some extent it's very much an environmentally friendly substitute or additive for gasoline, and probably for diesel fuel as well. And my colleague from Cypress Hills discussed that part about putting it into the diesel fuel as well and how some of the agricultural developers of equipment have spent years trying to see how they can get that working properly in some of their engines.

Secondly, it can be manufactured from the very things that we're so good at in Saskatchewan: the growing of grains, the growing of straw, those sorts of things. That's what we do well in Saskatchewan, Mr. Speaker, but we need to be able to carry some of those things a little further than we do. They could use new markets. It would be just the greatest things if some of our farmers could go ahead and be able to sell their grain close at hand, save on the shipping, maybe get a higher price for it — also, having invested in some of the ethanol plants, get the benefit from those particular by-products as well; also the use

for the straw.

Third, if we can just feature the development of plants like we have at Pound-Maker, maybe if now we're looking at five, six, a dozen, but maybe at some point where we have two or three dozen of these across the province, the amount of manpower that would take to build those — and that's one thing this province needs is jobs — we could get some of those people back from other provinces that have been chased out by this NDP and their methods of governing this province since the middle 1940s.

Why hasn't our province grown? We're at the same number we were way back then. This group across is a group that's run this province for most of those years, and they haven't created any jobs. We could use those jobs.

Fourth, there are several valuable by-products. And as we run that grain and that straw through there, it isn't just the ethanol that comes off but there is many other uses that can come out of some of the other by-products that are there. And I think only as those things are developed . . . And I have the member from Saskatoon all excited about the fact that this includes makeup and lipstick and all sorts of other great things.

And I'm getting a lot of help on this from the NDP, and that's good to see because finally they know something about some of the topics that we're discussing in the House; they've done some research. Unfortunately, they're only about six to eight months into this whole plan and really don't know a whole lot about it.

The other thing is because the ethanol process requires it to be close to a feedlot situation, what we have then is a possibility of all the other spinoff operations that can develop because of the cattle. Instead of moving our cattle down to Alberta, moving our grain down there and our people down there to process, that can all stay here. And then we can take those cattle, we can slaughter, we can process them, all of that requiring jobs . . . providing jobs for us in Saskatchewan and providing an opportunity to export other things besides just trainloads full of grain and trainloads full of people following the grain to be processed someplace else.

Mr. Speaker, as I said earlier on, this is an exciting process. It is something that we have great hope for and, as we mentioned earlier on, this government needs to make some things very definite for the people that are hoping to develop that.

And sometimes I think that they don't plan big enough. They gave the size of their plant, what they were featuring or dreaming about, that they'd have a certain number of plants of a certain size across Saskatchewan.

Shortly after they announced that — I believe it was less than a week — someone from the northeast corner of the province there's a new development who's prepared to go ahead and make their operation many times larger than what the government's plans are because he said this would be a whole lot more efficient.

If they're going to build it, let's build it big enough so it's efficient and we get the economies of scale, and we can make

some profit on that. All sorts of exciting things about this, Mr. Speaker — the jobs, the development, the taxes, the revenues — all of those things will be good for Saskatchewan.

And as we've discussed it today, Mr. Speaker, I'm prepared to support the amendment as the Saskatchewan Party has put it before the House. Thank you.

Mr. Van Mulligen: — Thank you, Mr. Speaker. Mr. Speaker, at the outset I should like to just deal with some fundamental questions that the people of Saskatchewan may be having about ethanol, such as what is ethanol and what will ethanol do for us.

And I want to refer people to an excellent booklet called *Questions and Answers about Ethanol*, which I believe has been published by the Minnesota Department of Agriculture in conjunction with the Minnesota Corn Growers association, so that some of the questions and answers about ethanol are Minnesota specific. Nevertheless we can make some assumptions about ethanol and what it means and how it works in our case.

And I would also refer people, Mr. Speaker, members or others who may be watching this, to Web sites that contain a great deal of information about ethanol. And the first would be Web site www.greenfuels.org to provide an overview of ethanol. People may also want to refer to the Web site run by the state of Minnesota, www.mda.state.mn.us\Ethanol, with a capital E, Mr. Speaker. So that's www.greenfuels.org and www.mda.state.mn.us\Ethanol, with a capital E, Mr. Speaker.

So for those people who are watching this at home and want to get, if you like, background information about ethanol more than can be supplied here during the course of debate on the floor of the Legislative Assembly, I would certainly refer people to those Web sites and I think they will find a great deal of information to assist them in their understanding of this gasoline additive which has been explained in the House as simply being a form of alcohol which is distilled from grain, Mr. Speaker.

But the people who are watching, and especially consumers, will have a great number of questions because the Government of Saskatchewan has indicated that it would be worthwhile to move forward to establish, at some point, targets for the use of ethanol as a blend with gasoline in Saskatchewan so that all motorists who fill up their tanks will have to use a blend of ethanol with their gasoline.

Some customers or some drivers in Saskatchewan are doing that now and certainly people in many other jurisdictions — in Minnesota notably — will be used to using ethanol. People in I believe it is Brazil, will be very used to driving with a blend of ethanol or methanol, as the case might be in Brazil, and I think it will raise a number of questions for people who are watching and who are interested in this about the impact on automotive engines.

As an example, will the use of ethanol, for example, void my car's warranty? And certainly not. It won't do that. Most automobile manufacturers didn't address this issue back in the '70s but as soon as each manufacturer tested their vehicles with a 10 per cent blend, they approved the use of a 10 per cent

ethanol blend. So using a 10 per cent ethanol blend in your vehicle will not void any warranty, Mr. Speaker.

Will ethanol work in fuel-injected engines? Absolutely, Mr. Speaker, it will work in fuel-injected engines. Ethanol never, never contributes to burning or fouling of port fuel injectors, Mr. Speaker. It's a very clean additive or blend for our gasoline, Mr. Speaker.

If I use ethanol — now here is a good question for people in Saskatchewan — if I use ethanol, do I need a gas line antifreeze? Well no, no you don't, Mr. Speaker, because gas line antifreeze is alcohol, usually methanol, ethanol, or isopropyl. And so inasmuch as an ethanol blend contains up to 10 per cent ethanol, it is able to absorb more water than a small bottle of methanol or isopropyl alcohol, therefore eliminating the need and expense of adding a gas line antifreeze, Mr. Speaker. So this would be welcome news for some of us who at some point in the past have had to deal with cars at minus 40 that were seizing up.

Ethanol won't burn valves. Many people who drive an older vehicle, they will ask will ethanol hurt my older engine, designed for leaded gas? The answer is no, it will not do that.

Does ethanol lead to plugged fuel filters? Well, Mr. Speaker, ethanol can loosen contaminants and residues that have been deposited by previous gasoline fills. These can collect in the fuel filter. This problem has happened occasionally in older cars and can easily be corrected by changing fuel filters, something that people should do from time to time in any event, Mr. Speaker.

Now they go on to the symptoms of a plugged fuel filter, but I don't want to go into that, Mr. Speaker.

So there are many questions that people will have about the use of ethanol. And I would certainly encourage people to check the Web sites, as I've mentioned, to answer some of the detailed questions they may have, because this will be an issue of concern for the people of Saskatchewan, and I think increasingly so will be a matter that people will discuss. And information, reliable information, accurate information is important for the people of Saskatchewan as they enter into a debate about ethanol and the use of ethanol in Saskatchewan, Mr. Speaker.

(20:00)

So again I would certainly refer people to the state of Minnesota, to those Web sites. If people don't have access to a computer and they want me to send them a copy of this *Questions and Answers about Ethanol* or any other information that I can obtain for them, I'll be more than pleased to provide them with that information. And all they need do, Mr. Speaker, is to call my office at the Legislative Building at 787-1900; that's 787-1900 and we'll be more than pleased to provide them with that information, Mr. Speaker.

They can also write me, that is the member for Regina Victoria, the member for Regina Victoria, 105 Legislative Building, 105 Legislative Building, Regina, S4S 0B3, I believe it is, Mr. Speaker. So that's the member for Regina Victoria, 105

Legislative Building, Regina, S4S 0B3, Mr. Speaker.

This will be, as I've indicated, an issue of significant debate. The automobile is a very important part of our economy. It is a very important part indeed of our social life, and changes that are going to affect everyone who drives an automobile in terms of what it is that they put in the tank will, I am sure, engender a great deal of discussion and debate about the advisability of it, why we're doing it, what it might do, what it won't do.

So again I encourage people to get as much factual information as they can so that they're well informed and can inform others around them about how ethanol has worked in other jurisdictions, what the impacts may be — or more appropriately will not be — in terms of their own vehicle, and generally inform themselves about this change that is going to occur in Saskatchewan and is likely going to occur in many jurisdictions of the world, Mr. Speaker.

Now why ethanol and why is there so much debate in Saskatchewan about ethanol? Some of the previous speakers have alluded to the why, Mr. Speaker. And I would just briefly — just briefly — like to touch on why it is that ethanol is so important to Saskatchewan at this point in time.

One has to do with the environment and this is a recognition that of course has happened in other jurisdictions — Minnesota notably, Brazil, as I've mentioned, other jurisdictions too. You have to remember that ethanol is a growing phenomenon in the United States, which is a huge market, and people are switching to ethanol because of environmental concerns.

Car companies are also beginning to developing . . . to develop alternative fuel vehicles. This is a publication of the Ford Motor Company. And Ford Motor Company says that Ford had been developing alternative fuel vehicles for more than three decades. Their flexible-fuel lineup includes the popular Taurus and other additions. And they trumpet the use of ethanol, Mr. Speaker.

So this is one car manufacturer that has recognized the need — the market, I suppose is more accurate, because this is a business and there are interests in supplying a market. But they recognize the nascent market that is there for clean fuel or cleaner fuel vehicles that do less pollution of the environment.

Then we should not underestimate that. And again I would highlight or underline the comments that previous speakers have made in this respect, with the environmental impact that will accrue if we make the switch to blended gasoline — that is blended with ethanol — and the impact that it will have in reducing, reducing, Mr. Speaker, the carbon dioxide emissions.

Which is something that we in Saskatchewan, other provinces, Canada, other countries in the world, are trying to grapple with: the issue of carbon dioxide emissions — to lower those emissions. Because there seems to be fairly clear science that the increase in carbon dioxide emissions over time has led to greenhouse gas emissions, which is leading to horrendous environmental problems and that if we don't check it, will lead to even further environmental problems in the future, Mr. Speaker.

Just by reducing our gasoline consumption by 10 per cent, because we make the switch to ethanol which burns cleanly, we can have a significant impact on any target that might be established, whether it's the Kyoto targets that Canada has not signed on to yet — but if we were to adopt those, would have a significant impact on those Kyoto targets, certainly would take care of all of the targets that we need to meet in the transportation sector, and would go a long way to meeting our overall targets for reducing carbon dioxide as envisioned in the Kyoto accord.

Many people have spoken this evening about the environmental impact, Mr. Speaker. I would just like to quote from two people. One was a quote from December of the year 2000 when an NDP leadership candidate said:

Replacing 10 per cent of our hydrocarbon fuels with ethanol will help Saskatchewan people go a long way towards meeting our commitment to reduce greenhouse gas emissions.

So that's to show that this is something that's shared by both sides of the House. Here is one person from the government side, who at that point was a leadership candidate, saying that replacing our hydrocarbons with 10 per cent ethanol would go a long way towards our commitment to reduce greenhouse gas emissions.

On the other side we've had the Leader of the Opposition, nine months later approximately in . . . yes, on September 19, 2001, nine months later, say that:

Burning more ethanol as a fuel means cleaner air and a cleaner environment for Saskatchewan families, and it will go a long way.

Hey what the heck, Mr. Speaker. Well they're saying the same thing here. Well now, Mr. Speaker, can you believe it? Well, Mr. Speaker, I just don't understand.

An Hon. Member: — What don't you understand?

Mr. Van Mulligen: — The member says, what is it that I don't understand. And what I don't understand is that we put forward a motion on this side of the House with respect to ethanol, and it's a motion that seems acceptable to all. And then the members opposite put forward an amendment because they take the point of view that although they agree generally with the direction that we take with respect to ethanol, they say that they need to make an amendment and make specific mention of something that their leader said in September 2001 because they said, we're the first ones to articulate anything of this nature in Saskatchewan, Mr. Speaker. Well that's what they said, Mr. Speaker. So that's why they need the amendment.

Well I may be wrong, Mr. Speaker, but people are welcome to check *Hansard*, but it seems to me that's what the members have been saying, that their leader, the Leader of the Opposition — and may he be the Leader of the Opposition for a long time, Mr. Speaker — the Leader of the Opposition said, they said he articulated, he articulated as a Saskatchewan political leader the very first time an ethanol plan for Saskatchewan. That is what they said, Mr. Speaker.

And including . . . Their speaker said that what we need to do is that we need to set a target. And I'm looking at the speech of the Leader of the Opposition that he delivered in the year . . . well the Leader of the Opposition said in September that what we need to do is that we need to set a 10 per cent ethanol component for gasoline. That's what the Leader of the Opposition is saying, that we need to have a 10 per cent target.

But now I'm looking here. This leadership candidate nine months earlier said exactly the same thing, or I guess you might say, publicly he said it first. But these members say their leader said it first. I don't know if the words phony-baloney are parliamentary, Mr. Speaker, and if not I would certainly withdraw them . . . (inaudible interjection) . . . well someone said that phony-baloney describes the opposition, Mr. Speaker, but that may not be parliamentary, and I would certainly withdraw that.

But, Mr. Speaker, you know I'm getting a little distracted here, Mr. Speaker, about what I perceive to be a lack of originality on the part of the members opposite, a lack of originality, Mr. Speaker. This . . . someone else's plagiarism, Mr. Speaker, I wouldn't want to go so far. I mean just because someone one month says you go a long way towards meeting, and then nine months later somebody says it will go a long way in achieving. Well, there are in fact only a limited number of words in the English language, Mr. Speaker, so maybe it's a coincidence; maybe it's not plagiarism.

But I tell you one thing. When they say that their leader and that their party was the first to articulate publicly some vision, some goal as to what we should be doing with ethanol, Mr. Speaker, they were not. In fact, they were nine months after the first time this was articulated publicly, Mr. Speaker. So someone else, someone else, someone else gave birth to their policy pronouncement, Mr. Speaker.

In fact, now that I remember . . . now that I remember, now that I remember, Mr. Speaker, one month, one month after this NDP leadership candidate made this announcement about ethanol, I attended a reception, along with members of the opposition, and they expressed their admiration for what it is that this leadership candidate had to say about ethanol, Mr. Speaker. And now they have the gall to come into the House and say, well you know, we were the first ones there.

Well no one would ever accuse them of originality, Mr. Speaker, not from the day that their party was formed when they had to think of a discredited Progressive Conservative Party in Saskatchewan and what to call themselves.

Well what they did was they looked to the Yukon, where the Yukon Progressive Conservative Party had the same problem, same issue, totally discredited. So what did they do? They called themselves the Yukon Party. And that group, they said, we're totally discredited; we'll call ourselves the Saskatchewan Party.

Their birth, Mr. Speaker, their birth wasn't exactly characterized by originality, Mr. Speaker. Their ideas . . . similarly, Mr. Speaker, now we see with respect to ethanol, no one can accuse them of originality. In fact, I don't think they've had a new idea since the 19th century, Mr. Speaker.

Can anyone think of any new ideas that they've come up with? What are the new ideas that they've come up with? Nothing, Mr. Speaker. Nothing, Mr. Speaker.

You know, there is one time, only one time can I think of where someone said something kindly about their originality. And when I checked on that, they . . .

The Speaker: — Order. I would remind the member that the topic here is dealing with ethanol and ethanol policy, and I would ask him to kind of bring his remarks around to that topic.

(20:15)

Mr. Van Mulligen: — Well, Mr. Speaker, I'm going to get back on the topic here but sometime . . . Mr. Speaker, before I do that I should like to table with the Legislative Assembly, if I might, a copy of a news release that I see was drafted on December 28 of the year 2000 by an NDP leadership candidate, Mr. Speaker, which talks about legislation that would require all gasoline sold in Saskatchewan by the year 2007 to contain 10 per cent ethanol, Mr. Speaker.

And I should like to table that in the House and forever quell any notions that people might have that any originality on this topic comes from the members opposite.

Some Hon. Members: Hear, hear!

Mr. Van Mulligen: — Mr. Speaker, there's nothing very original about ethanol. On our side we've done a great deal of study about what it is that other people in parts of the world have done in terms of promoting ethanol, the use of ethanol, the technology of ethanol. We've had the Saskatchewan Research Council in Saskatchewan do an exhaustive study on ethanol, Mr. Speaker, that's been around for some time since April 1999.

And I would refer people to *Saskatchewan and the Ethanol Energy Economy: A Strategic Background Study to Support R&D Proposals on Ethanol and Fuel Cells* by K. Hutchence of the process development branch of the Saskatchewan Research Council, Mr. Speaker.

So ethanol is nothing very new and for any group in this Assembly to claim that somehow they have the ownership rights or that they're the vanguard of some new technology or some new economic innovation, Mr. Speaker, is just a bunch of malarkey, Mr. Speaker.

This is something that has been talked about by many people for many years but you know the defining issue here is, the defining issue is not what it is that you say about ethanol, Mr. Speaker, but what it is that a government is prepared to do, Mr. Speaker. And that is the defining difference in this case, Mr. Speaker.

There on opposition they talk, and sometimes in ways that don't lend themselves to a quick understanding of the actual situation. And then you have governments that actually act, Mr. Speaker.

I should like to table this document, if I may, with the Legislative Assembly, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Van Mulligen: — Mr. Speaker, I've dealt with the environmental issues that underline why there's an interest in ethanol, that ethanol . . . a gasoline that's blended with ethanol will help to significantly reduce carbon dioxide emissions and therefore help us to meet our targets, whether these are formal targets that are adopted at some point by virtue of the Kyoto accord or whether we establish some other target. It won't lessen the need, Mr. Speaker, for us all as a society to look for ways to reduce carbon dioxide emissions, to reduce these pollutants and to ensure a future for our children that has a clean environment, Mr. Speaker.

Mr. Speaker, there is also other compelling reasons that we want to . . . want to press ahead with ethanol development and that has to do with economic reasons. And it may sound contradictory that on the one hand that an industry offers so much hope, you know, in reducing greenhouse gas emissions, in being such a positive force in terms of improving the environment, but at the same time we say that this is a positive economic force as well. Well it is because it has the . . . it offers the hope to provide alternate markets for grain producers in Saskatchewan.

There is a widespread belief, Mr. Speaker, that as the world's population increases — and the world's population these days is about 6 billion people — and people believe that the world's population will continue to increase, and therefore there will always be an increased need for grain products that are grown in Saskatchewan, and therefore Saskatchewan farmers will always have an opportunity for increased exports of grain from Saskatchewan to other parts of the world.

But that is something that's not really borne out by expert analysis. People point out that even though the world population today is 6 billion, it's likely to rise to a maximum of about 7.7 billion by the year 2040, and that's from a *Time* magazine article in June 29 of 1998.

I believe *The Globe and Mail* also a week or two ago had a rather substantial article on population trends worldwide and what was happening in various parts of the world, and where it is that fertility rates were decreasing, and pointing out examples such as the country of Japan that if the Japanese did not increase their fertility or have more children, that by 75 years or 90 years, the Japanese population would shrink to three or four people because fewer children were being born than people were dying, Mr. Speaker, of natural causes.

So what is happening is that projections that have been made over the years about how the world's population will increase are now being ratcheted down to smaller and smaller increases all the time and, in fact, people are projecting that after about the year 2040, the population worldwide will decrease to 3.6 billion people by the middle of this century, Mr. Speaker.

The Saskatchewan Research Council, who did some research on this topic, they state that if Saskatchewan food is in chronic surplus with a global population of 6 billion, then it would be in painful surplus with a global population of 3.6 billion, Mr. Speaker. So in a very broad way, they're painting a picture of, if we are overproducing today, if there is a glut in the world's

market today, then in the long run we should be concerned about our ability to export what it is that we grow.

And the reasons for that . . . many members of the House can speak far more knowledgeable than I can about why it is that we have increasing grain production. We had over time developed much better varieties and strains of wheat that can be grown in many more places of the world than was ever possible 20 or 30 years ago; that countries such as Algeria that 20 years ago might have been a net exporter of grains is now a net exporter of grains, I believe, and that other countries are turning in the same direction. They have far less reliance on the grain exports that we desire to sell to others, Mr. Speaker.

The Research Council, too, showed that although the exports by the world's grain exporting countries, the five major exporters — Argentina, Australia, Canada, Europe, and the United States — although these grain exports were trending up . . . and it's always a series of peaks and valleys. Nevertheless, these grain exports by these five major exporters trended up until about 1980. And since 1980, although we still have a series of peaks and valleys in net exports by these countries, overall the trend line is flat, Mr. Speaker.

So what we see happening is that even though the world population is increasing, we see many countries of the world that hitherto had not been able to grow sufficient grains to meet their domestic needs are now in a position to grow the grains that they need to meet their domestic demand. And some are even in the position to do exports themselves, Mr. Speaker. So that if you're in the grain exporting business the outlook is not a very favourable one, Mr. Speaker.

So it then raises some questions that if you can't sell what it is that you grow to external markets, are there markets that you can generate internally that might be able to pick up some of the grain that is being produced? And one of the answers for that is ethanol, because ethanol can use grain to produce the product, and therefore you provide an alternate market for grain producers in Saskatchewan. And I think that is one of the reasons that so many people in rural Saskatchewan have met the government's proposals with enthusiasm because they do see it as a glimmer of hope in what otherwise appears to be a fairly gloomy forecast when it comes to grain exports, Mr. Speaker. So they're encouraged by that.

And that is a good reason for us, Mr. Speaker, to develop this ethanol industry because it does provide alternate markets for our grain producers in Saskatchewan, Mr. Speaker, and grain producers are very important. The provincial symbol is still the wheat sheaf, Mr. Speaker, and we need to understand the importance of that industry and that market for our people, Mr. Speaker.

Another reason that both members of the House are very interested in seeing this ethanol industry develop in Saskatchewan is because — and other economic reasons — is that not only does it create markets for farmers that are producing in Saskatchewan, it also has the potential to create jobs in Saskatchewan because ethanol in short needs a major distilling operation so that you can distill the ethanol.

Some estimates point out that in Saskatchewan, if we were to

mandate a 10 per cent ethanol component for all gasoline, we would need to produce in the vicinity of 150 million litres, I believe it is, Mr. Speaker. To produce 150 million litres some estimates would suggest that you would need an industry in Saskatchewan of 2 to 300 people. Now that by itself . . . that by itself may not be all that significant, although it certainly isn't insignificant, Mr. Speaker. But in the overall context and overall number of jobs in Saskatchewan, it may not be seen to be that significant. But I think the significant point here is that if we are able to ramp up an industry, to develop an industry internally in Saskatchewan that is able to meet our own domestic demand, meet our own needs in Saskatchewan, Mr. Speaker, then we are well positioned, well positioned to do the work that we need to do, to look for exports for ethanol that is produced in Saskatchewan.

Because certainly we don't have any shortage of grain in Saskatchewan with which to produce ethanol, and certainly we don't have any shortage of people that would like to have jobs to work in rural Saskatchewan because that is still a preferred lifestyle for many people in Saskatchewan, Mr. Speaker, and for very good reasons because Saskatchewan is a beautiful province, Mr. Speaker.

But that is the reason that both members of the House are, if you like, agreed even if we disagree on some of the rhetoric and trying to take credit for this. And I don't think anyone should take credit for this, Mr. Speaker. The credit should go to the people of Saskatchewan, and we should wish them well in the development of this industry, Mr. Speaker.

But if we are successful in developing a industry in Saskatchewan that can meet our demand here, some estimates of demand in other parts of North America would suggest a phenomenal demand of so many millions of litres or billions of litres that might ultimately result in the creation of 7,000 jobs in Saskatchewan, Mr. Speaker. And that is not insignificant by anyone's standard.

And it's jobs in rural Saskatchewan, Mr. Speaker, which are badly needed because increasingly, increasingly our agricultural producers are relying on off-farm, off-farm wages and salaries to supplement the income that they derive from their farm. Some estimates suggest that on average as much as one-half of the income of farm families, the household income, comes from off-farm sources, Mr. Speaker.

So we need to always be looking for ways to grow the rural economy and to provide jobs and opportunities for people in rural Saskatchewan. Even if they can't find full employment on the farm, that we can find full employment for rural people in rural Saskatchewan so that rural Saskatchewan can, in the long run, remain strong and vibrant and a place of healthy, strong communities that provides hope and opportunity for many young people for many years to come, Mr. Speaker. And that is, I think, in part what motivates both sides of the House in this debate and both sides of the House, I think, being agreed to move this industry forward, Mr. Speaker.

(20:30)

Mr. Speaker, I don't think that ethanol will be necessarily an economic panacea. There are many powerful trends — and I've

talked about this before — many powerful trends that affect Saskatchewan, that affect other parts of North America where agriculture is a very important part of the economy and where we don't have large urban centres. Because the urban centres, Regina and Saskatoon, although they may seem large to some people in Saskatchewan, are not large in comparison to many other urban centres in North America that . . . where you have large agricultural areas. These areas are being affected by powerful trends, and some of them I talked about in terms of food production and global population changes and so on, Mr. Speaker. So ethanol production, I think we have to be realistic that it may not be an economic panacea, but it may position us, as I've indicated, it may position us to supply external markets and create very significant job opportunities in Saskatchewan, Mr. Speaker. And that's one of the reasons I think that both sides of the House want to pursue this particular strategy, Mr. Speaker.

Questions will be raised by those in the environmental movement and others who have an interest in this about the amount of energy that it takes to create, including subsidies, the amount of energy that it takes to create a bushel of grain and the amount of energy that it then takes to transform that bushel of grain into a litre of ethanol and what the savings may be, in however they measure these things, I think in British thermal units. I'm not an engineer, Mr. Speaker, but I think that's how they measure these things. And people will have comments about whether or not the BTUs in are less than the BTUs out and all those kinds of questions, Mr. Speaker. And fair enough. And I think that's one of the areas too that we need to be cognizant of that.

And I think that if we develop an industry, even if this is an industry that's based on grains that are grown in Saskatchewan, we will have an industry that will at least provide us with some base to do further research on ethanol and maybe the use of cellulose or straw, if you like, to convert that into ethanol. Some science has been done on that. A lot more needs to be done on that to make that economical which, in the long run, would be a far superior solution than to using grains as the feedstock for ethanol.

So there's a lot of work that has to be done. I want to be realistic about this, but at the same point, Mr. Speaker, we as a people in Saskatchewan, we cannot stand still. We must not stand still. We must move forward. This is an area where both sides of the House agree that we should and can move forward. And, Mr. Speaker, this government will move forward. Thank you very much, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. D'Autremont: — Thank you, Mr. Speaker. Well, Mr. Speaker, the debate on ethanol is very interesting, and I think after listening to the member from Regina Victoria speak, I can say that, Mr. Speaker, yes, both sides of the House are in general agreement on the idea that there is a need, Mr. Speaker, for ethanol production in Saskatchewan. In fact, Mr. Speaker, we do indeed have a news release out last September, agreeing with the idea and promoting the idea, Mr. Speaker, for the need for ethanol production in Saskatchewan. So in that sense, Mr. Speaker, we're both on the same page in the House, Mr. Speaker.

But there are some slight differences as to where we're all at on this particular issue, Mr. Speaker. And I think it really comes down to how to proceed with the development of ethanol in Saskatchewan.

Now we've heard a lot of comments, Mr. Speaker, about the need, indeed the benefit of ethanol production in this province, how it would help our agricultural sector by providing an alternative market for the agricultural products. And not just grain, Mr. Speaker, not just grain, but even straw is a potential source for a ethanol plant to develop into ethanol and as a by-product as well, the biomass from the straw that would be utilized in development of ethanol. We're all in agreement on that.

We're all in agreement, Mr. Speaker, that ethanol would be beneficial to our environment in the reduction of CO₂ emissions which, according to the federal government, Saskatchewan is a large contributor to the production of CO₂ in Canada, both from our coal-fired electrical plants owned by SaskPower, some of which, Mr. Speaker, do not have CO₂ scrubbers on them, as well as from our agriculture and trucking industries because, Mr. Speaker, in agriculture we burn a lot of fossil fuels in production, in putting seed in the ground, in putting grain, pulse crops, various types of agricultural commodities in the ground, in maintaining the soil in a proper condition, Mr. Speaker. And in harvesting we burn a lot of fuel. That creates CO₂, Mr. Speaker.

We also have a fairly extensive cattle industry, Mr. Speaker, which is accused by some people of quite a CO₂ production. I'm told, Mr. Speaker, though that if you want to look at animal-type production of methanes — CO₂ — that it's actually termites that are the largest producer of methane gases, CO₂, Mr. Speaker, not livestock industry.

Now that's not a well-known fact perhaps by those who wish to promote the idea that the cattle industry is not a positive thing to be in, Mr. Speaker, but it's the production . . . the decomposition of cellulose wood by termites that is one of the major contributors, Mr. Speaker. And I don't think any one of us would be suggesting that we go out on a campaign to eradicate termites because termites, Mr. Speaker, are somewhat along the line of the cockroach — are survivors, Mr. Speaker.

They have been here not for just a few decades, Mr. Speaker, not even just for a few thousands of years, Mr. Speaker. They have been here on earth for hundreds of millions of years, Mr. Speaker. So I don't think our best efforts, Mr. Speaker, would accomplish a whole lot when it comes to the elimination of the termite, Mr. Speaker.

Now, Mr. Speaker, I know that a number of people are wondering as to how this equates to the production of ethanol, Mr. Speaker. But ethanol is produced from cellulose fibre. Termites eat cellulose fibre. So perhaps if we were to get into a serious, serious ethanol industry, Mr. Speaker, we might be able to starve them out. But I think though that we are not going to be in a position to consume enough ethanol in this province to make a serious dent on the termite population.

Mr. Speaker, when it comes to development of ethanol in our province, the big question is, is how do you proceed? What vein

do you take? What mechanism do you use to develop the ethanol industry? Well the government opposite has clearly shown how they believe government should proceed in the development of the economy, in the development of industry and business in this province. And clearly to them there is one way, Mr. Speaker. That's to own it.

Well, Mr. Speaker, that idea is, as far as the NDP government is concerned, is almost as old as the termite; but, Mr. Speaker, not nearly as successful. While the termite has managed to survive for hundreds of millions of years, Mr. Speaker, the concept by the NDP of complete government ownership has failed wherever it has been tried. It has failed in Russia. It has even failed in China, Mr. Speaker. And, Mr. Speaker, it even failed in Albania. So I'm hoping, Mr. Speaker, that the members opposite will surrender on the idea that the ethanol industry should be government owned, Mr. Speaker.

What we need in this province though, Mr. Speaker, is entrepreneurs and an entrepreneurial spirit in the development of the ethanol industry. The government, the government's role should be to provide the environment — just as the earth has provided the environment for the termite to survive — the environment, Mr. Speaker, for entrepreneurial spirit to survive in Saskatchewan and not be trod upon by government.

Although, Mr. Speaker, in Saskatchewan under the NDP regimes in the past, entrepreneurs have sort of been considered in a negative vein in the same way that termites and cockroaches have — you have to get rid of them, Mr. Speaker. But, Mr. Speaker, that's the wrong attitude. That's the wrong attitude, Mr. Speaker.

We need to encourage entrepreneurs in this province. We don't need another Crown corporation, Mr. Speaker, acting like a huge can of Raid on our entrepreneurs, Mr. Speaker. We need to encourage them.

We need to create an economic environment through the reduction of the tax load, Mr. Speaker, through the elimination of the corporate capital tax, to encourage people to come in and develop the ethanol industry in Saskatchewan.

Mr. Speaker, the ethanol industry is not a new one in North America. It may very well be a relatively new industry in Saskatchewan. We've had two plants, to the best of my knowledge, that have tried and been somewhat successful, one more so than the other. It was a plant, Mr. Speaker, out in the Kindersley/Eston/Kerrobert area, Kerrobert I believe, back in the '70s and '80s that was producing some ethanol. It was not a terribly efficient plant, Mr. Speaker, but it did manage to produce ethanol and showed that there was possibilities on the prairies for the development.

The second plant, Mr. Speaker, is at Pound-Maker. Now the Pound-Maker plant came in the mid-1980s, is tied in conjunction with a large cattle operation, a feedlot operation, Mr. Speaker, and has been quite successful. And it continues to be successful, Mr. Speaker.

But one of the impediments that has always faced the ethanol industry is that it is not a cheap product to make. Depending on the price of grain, depending on the price of oil — its natural

competitor, Mr. Speaker — there are times when there needs to be proactive government intervention. More so than participating in the actual production, Mr. Speaker, it's to create the environment to allow ethanol to be produced. And you do that, Mr. Speaker, through tax management. You need to provide, as I said earlier, a tax environment that would allow the investors to realize that there is a profit to be made here, Mr. Speaker, that there is a reason to proceed to develop ethanol in our region.

We have the natural products necessary, Mr. Speaker, to develop the ethanol industry. We have grain. We have cellulose, Mr. Deputy Speaker . . . Mr. Deputy Chair. Mr. Deputy Chair, we have cellulose from wood fibres. We have . . . If you look across, particularly the eastern half of the province, Mr. Speaker . . . they never developed the trees in the western part of the province, but on the eastern side of the province, Mr. Speaker, we can get in there ahead of the termites and get, Mr. Speaker, that cellulose from trees to develop it into ethanol. We can use grain from our farms. We can use straw from the grain production. We can use cellulose, Mr. Speaker, from the tree pulp to develop ethanol. It's only a matter of providing the economic environment, Mr. Speaker, that would allow that to happen.

Now if you're going to develop an ethanol industry in this province, there's another half of the equation that you need to work with. You need to have a market, Mr. Speaker, a market for the ethanol. Now in Saskatchewan because we're such huge distances, because we're such an agricultural province, we burn a lot of fossil fuels. We can use, Mr. Speaker, a percentage of our consumption of gasoline and diesel . . . not so much diesel because you don't mix ethanol with diesel. But with the gasolines, mixing ethanol and that will give us a natural market for our product, Mr. Speaker. Once you have developed our own natural market and we can produce what is needed here in Saskatchewan, then we can look, Mr. Speaker, at exporting.

And the fact is, the Pound-Maker plant that's already in production exports virtually all, if not all, of their product to Alberta. So the market potential is there, Mr. Speaker. We simply need to take advantage of it, which we have not done so to the extent that is necessary.

(20:45)

Now the minister of Economic Development talks about economic development in this province, creation of 30,000 new jobs. Not going to happen, Mr. Speaker. Now if he was talking of 30,000 new termites he would be on, but he's not, Mr. Speaker; he's talking about real jobs in Saskatchewan and it isn't going to happen.

But if the minister was to encourage and promote and put into place the necessary economic environment and tax structure, he could go part of the way, Mr. Speaker, to developing the ethanol industry in this province.

The member from Saskatoon Nutana says, how do you do that? Well you have to look, Mr. Speaker, at what does it take to get businesses to move to Saskatchewan. They need to have the ability, Mr. Speaker, to generate a profit, a return on investment. But first what you have to do is entice people with

capital to invest in Saskatchewan. They invest in Saskatchewan . . .

The Acting Speaker (Mr. Harper): — Why is the member on her feet?

Hon. Ms. Lorjé: — To introduce guests.

Leave granted.

INTRODUCTION OF GUESTS

Hon. Ms. Lorjé: — Thank you very much, Mr. Deputy Speaker. I'm afraid from the position where I sit in the legislature that I can only see a few people, but I did see Peter Gerrard come in. And I know that he is an excellent representative of the credit union system in Saskatchewan and I would like all members to welcome Mr. Gerrard and all the other guests who have come.

We would have liked to have been over at the credit union reception, Mr. Deputy Speaker, but circumstances and our important recognition of our duty here kept us here so I would like to ask the members to welcome the credit union representatives.

Hon. Members: Hear, hear!

PRIVATE MEMBERS' MOTIONS

Motion No. 2 — Development of Ethanol Industry (continued)

Mr. D'Autremont: — Thank you, Mr. Deputy Chair. Mr. Speaker, as I was talking earlier, there is a need to develop an economic environment in Saskatchewan that would promote the development of an ethanol industry.

What we need in this province to develop that ethanol industry is not government interference, but rather the creation of an economic environment. We need to bring capital, Mr. Speaker, into this province. People who will be prepared to invest their capital in this province need some assurances, Mr. Speaker. They need some assurances that they are not going to be nationalized by the government, they need some assurance that they're not going to be put into a position of competing against tax dollars, Mr. Speaker, and I'd like to use an example. I'd like to use an example, Mr. Speaker, of exactly what I'm talking about.

Out at Gull Lake, Mr. Speaker, private enterprise put up some windmills to generate electricity, sell that electricity, Mr. Speaker, to SaskPower. Mr. Speaker, it's not a large operation but it was the beginnings, Mr. Speaker, of wind generation in this province. As private owners, Mr. Speaker, they paid property taxes on their wind chargers. Well, this looks like an interesting project, Mr. Speaker, so what does the government do? Do they encourage this private entrepreneur to develop more of a wind charger technology, Mr. Speaker? No. They go in, Mr. Speaker, and start to compete against it.

Now entrepreneurs are not afraid of competition, Mr. Speaker. Mr. Speaker, they only want to have a stable environment, they

want to have a fair, level playing field and, Mr. Speaker, the ability to make a profit.

Well when SaskPower went in, they changed the equation, Mr. Speaker, because SaskPower does not pay any property taxes to the local municipalities, unlike, Mr. Speaker, the private entrepreneur had to. So now all of a sudden the cost equation has changed. There is a competitor in the market who does not have the same cost structure, does not play on a level playing field, Mr. Speaker; who pays neither property taxes nor income taxes, which are always a cost if you're going to make a profit, Mr. Speaker.

That is what capital worries about in Saskatchewan, Mr. Speaker: (a) that they invest in the province and are nationalized like the potash industry was or (b) are forced to compete against government tax dollars. So, Mr. Speaker, those capital investors need an assurance from the government that those things are not going to happen.

Unfortunately, part of the musings and the tummy rumblings from the members opposite at the development of their ethanol strategy was the potential to have government intervention and ownership, Mr. Speaker. And the fact is the government still has not given any assurance, Mr. Speaker, that they will not be competing against any private entrepreneurs that enter into this field, that the tax dollars will not be going there, Mr. Speaker.

And we have seen a number of proposals come forward, Mr. Speaker, that are said to be part of the government's proposals where the government will take a major share in the ethanol plant, will hold 49 per cent of any livestock industry that develops alongside of the ethanol plant, and will hold a 50 per cent or greater share, Mr. Speaker, of the cattle held in that plant. So anyone else looking at going into the field is going to be competing, Mr. Deputy Chair, against tax dollars.

That simply prevents and drives entrepreneurs out of the province, Mr. Speaker, and clearly this government is not prepared to step forward and say that will not be happening.

We saw another piece of evidence today that SGI (Saskatchewan Government Insurance) is now buying up independent insurance brokers, Mr. Speaker. So when you look at capital investment in an ethanol industry, they still have the fear that they're going to be working against their own tax dollars, Mr. Speaker, working against their own tax dollars.

And you notice, Mr. Deputy Chair, how the members opposite react to that. They react negatively, but they won't say that it won't be happening. Because they believe in their heart of hearts, Mr. Speaker, that the government is the only ones who should be involved in business in Saskatchewan, Mr. Speaker.

There's another part to the ethanol industry, Mr. Deputy Speaker. It's not exactly ethanol, but it's a cousin to that, and that's the bio-diesel issue, Mr. Speaker. Bio-diesel does for diesel fuel what ethanol does for gasoline, Mr. Speaker. It's an additive. And fact is, I'm told that you could run your diesels on 100 percent bio-diesel. It becomes much more efficient though, Mr. Speaker, if you run a percentage. It takes only about 2 per cent to improve the BTU power, the productivity of your unit of diesel fuel by adding bio-diesel.

In this province bio-diesel, Mr. Speaker, would be developed from our oilseed production, mainly from canola, Mr. Speaker, mainly from canola. And we still have the canola meal to be utilized in the feed industry, Mr. Speaker, still have that available, Mr. Speaker, to be utilized in the cattle industry. If we were to utilize and take out of the marketplace a portion of our canola production, that would not only, Mr. Speaker, provide for a safer and cleaner environment, it would help to drive up the price for the remaining canola that's available to be made into vegetable oil, that could be made into canola meals, that would be utilized in the various livestock industries, Mr. Speaker.

So bio-diesel is not that difficult to make, and as my colleague from Cypress Hills was talking about, the large equipment manufacturers are already developing the engines necessary to utilize bio-diesel. We can utilize it today, but they're making the engines that much more efficient for use of bio-diesel, Mr. Speaker.

There's a number of jurisdictions where bio-diesel is being used, Mr. Speaker. I happen to have a magazine here that is *The Farm Industry News*, Mr. Speaker, the September issue, last year. It's a publication from the US (United States), Mr. Speaker, where they are starting to use bio-diesel to a greater degree. They're already utilizing ethanol, Mr. Speaker, to quite a degree. In fact there's the one little article in here is called "Ethanol Market Grows," Mr. Speaker. I'd like to read a few quotes from it:

When you pulled into a gas station back in the 1980s, you may have been greeted by a skull-and-crossbones-stamped, "No alcohol in gas" sign.

But this evil visage no longer exists. Instead, most service stations in the Midwest offer a kinder, gentler, "super-unleaded" 10% ethanol blend.

And, Mr. Speaker, we need to develop that kind of an attitude towards ethanol in this province — not that it's harmful to your engine, not that it's harmful to the environment, but rather that it's a friend to the environment. And this deals, Mr. Speaker, with all engines. And I know that there is a concern amongst the public how this affects snowmobile engines, but, Mr. Speaker, it even works well in the snowmobile engines. So, Mr. Speaker, to those people who enjoy the snow and the winter recreation using their snowmobiles, they can safely use ethanol-blended fuels in their machines all winter long, Mr. Speaker.

Farmers are ethanol's biggest user. A recent survey conducted by the Iowa Corn Promotion Board confirmed that 91 per cent of Iowa's corn growers regularly use ethanol. When combined with use by other customers, ethanol consumption totalled 1.6 billion gallons in 2000 in the US; in 2001, use is expected to increase to 1.9 billion gallons.

That's an awful lot of ethanol, Mr. Speaker — an awful lot of ethanol, Mr. Speaker, and we're missing out on the market. There is a market there, Mr. Speaker. We don't even have to look to the US for the market. There is a huge market in Canada waiting to be tapped and we just have to get on the ball, Mr. Speaker, and be a part of it.

We're talking, Mr. Speaker . . . While we're talking here, Manitoba and Alberta are already investigating it and getting ready to proceed. They're getting the capital investment, Mr. Speaker. In Saskatchewan we need to create the environment by the government, Mr. Speaker, to encourage people to invest in the industry in Saskatchewan.

In doing that what they have to do is give those investors the confidence that they will be allowed to proceed, not unrestricted, Mr. Speaker, but on a level, fair playing field without having to compete against the government and their own tax dollars.

"Throughout the Midwest, ethanol is widely available," says Trev Guthmiller, executive director of the American Coalition for Ethanol . . . But outside the Midwest, it's spotty."

That likely will change, he adds. The Bush Administration recently denied California's waiver to exclude ethanol-based fuels. This will open a huge market for ethanol. Plus, legislation that establishes a national renewable fuel standard may triple ethanol use in the next decade, Guthmiller said.

Well, Mr. Speaker, it looks like the American jurisdictions are moving towards a national policy on ethanol. We need to do the same in Saskatchewan. And I don't know, and I haven't heard, of any initiatives by the government to approach our neighbouring provinces, to approach the federal government to move ahead on a national ethanol strategy.

If we could get the federal government on side, Mr. Speaker, because they are the ones that are promoting the Kyoto accord, the reduction of CO₂ emissions, so they should come on-board, Mr. Speaker, to use ethanol as one of those means to reduce our CO₂ emissions from our fuels that are burned. So we need access, Mr. Speaker, to the Ontario, to the British Columbia, to the Quebec markets to do this, Mr. Speaker. And to do that we need federal government co-operation, the setting of a national standard for ethanol usage, and the promotion, Mr. Speaker, of ethanol.

(21:00)

Now we like to blame the provincial government, Mr. Speaker, for all of the taxes on fuel. And while I would like to say they deserve that reputation, Mr. Speaker, I can't do so because while the provincial government charges 25 cents a litre . . . excuse me, 15 cents out of the 25 on fuel, the remaining 10 cents a litre is charged by the federal government. So we need to have federal government co-operation, Mr. Speaker, on this.

Now the provincial government is talking that they're prepared to develop the industry; that's good. Now they need to co-operate in allowing that fuel to enter the marketplace. We also need to have federal involvement, Mr. Speaker, to allow that fuel to enter the marketplace in other jurisdictions. Both, Mr. Speaker, need to reduce the taxes on ethanol-blended fuels.

When you look at it, Mr. Speaker, you're going to approach someone who is retailing gasoline. Let's use the co-op as an example. You're going to approach the co-op and say, we want

you to sell ethanol-blended fuel. That's a mix of, let's say 10 per cent — 10 per cent ethanol versus 90 per cent gasoline. Well, Mr. Speaker, the co-op doesn't produce ethanol. The co-op produces, at their refinery, gasoline. So naturally they want to market gasoline, not ethanol. So there needs to be some sort of an encouragement in there, Mr. Speaker, to give them a reason to market ethanol in their gasoline. A reduction in the fuel tax — fuel excise tax — is that reason, Mr. Speaker.

The same with someone who produces oil. Now I don't know for sure . . . I know the co-op was involved at one time in oil production. I don't know that they still are; they may well be. But for a company who is producing oil, refining the oil, marketing the oil, Mr. Speaker, again there's no incentive for them to sell ethanol. They're in the business of selling — producing, refining, selling — gasoline so they need to have that incentive, Mr. Speaker, to sell blended fuels, to sell the ethanol.

Part of that incentive, Mr. Speaker, has to come from involvement by the provincial government, part of it has to come through involvement by the federal government, Mr. Speaker. We need both jurisdictions, as is happening in the US in development of the ethanol industry, Mr. Speaker.

Fuels like, Mr. Speaker, again to quote, fuels like E85. Now I've never heard of E85 before, Mr. Speaker, so I'd like to explain a little bit about what E85 is. E85 is 85 per cent ethanol and a 15 per cent gasoline mix. Now that's not what we're talking about producing in Saskatchewan, Mr. Speaker, or selling.

But however, Mr. Speaker, more and more stations in the US are selling E85 every year. More automobiles and more pickups are also available for its use. And as the magazine points out, this is an industry still in its infancy, a fuel still in its infancy, Mr. Speaker, but it does move away from the majority consumption of gasoline and the emissions related to that, Mr. Speaker.

Mr. Speaker, other ethanol backers are working with the automobile and pickup manufacturers to include more vehicles that burn E85. Currently consumers can buy these vehicles in 16 states.

Mr. Speaker, if you live in an area that still doesn't offer ethanol — this is what the magazine says — you don't have to accept it. And the people of Saskatchewan, Mr. Speaker, don't have to accept that we do not have ethanol in all of our gasoline. Guthmiller says, go to fuel dealers and ask them to make ethanol available. Let people know where there is a desire for it to be sold. That's what we had to do in the Midwest for the last 10 to 15 years.

So, Mr. Speaker, it's taken a while for that industry to develop there. If you go to Minnesota right now, indeed that industry is a fairly strong and vibrant industry because the state of Minnesota put in place the economic environment that allowed that industry to grow to development and to provide a very worthwhile economic generator in that province, Mr. Speaker.

So, Mr. Speaker, ethanol development in this province has a good future. But it only has that future if we allow it to happen.

Mr. Speaker, the Saskatchewan Party has a plan on how to do that. By putting in place the economic environment that would allow the capital investment, the generation of the products and the sale, Mr. Speaker.

And we're glad to see that our plan is in agreement now with the plan being put forward with the government. It's not exactly the same thing, but it's pretty close, Mr. Speaker, pretty close. The only question is who owns it?

And again I've gone over that, Mr. Speaker. On our side we believe that private industry, private investors . . . the co-ops as an example, they have refineries. There's no reason they also couldn't be involved in the generation of ethanol.

Mr. Speaker, all of those, all of those areas, Mr. Speaker, are available . . . (inaudible interjection) . . . And I hear the member from Saskatoon Southeast talking about credit unions. Indeed credit unions, Mr. Speaker, could invest, could be one of the capital resources that would help develop the ethanol industry. Mr. Speaker, when I was the president of my local credit union, we looked for opportunities such as this. My local credit union wasn't big enough, Mr. Speaker, to be able to provide the capital funding for an ethanol plant, but we would certainly have been very interested in being a partner in that kind of development along with other credit unions and other investors in our area, Mr. Speaker.

So there is a role to be played by the co-ops. There is a role to be played by the credit unions, Mr. Speaker, but there is one group that needs to keep their fingers out of that pot, Mr. Speaker, and that's the government. The government's role is to create the economic environment, not to be the owner, Mr. Speaker.

So, Mr. Speaker, there is also the cattle industry component to this very issue. Ethanol is only one part of it. You need to develop . . . it takes one part of the plant of the biomass that you're using. You need to utilize the rest of it, Mr. Speaker, and that's where the cattle industry comes in. You take, Mr. Speaker, that biomass that remains, and you feed it to cattle, Mr. Speaker. And this would be another area in which would be of benefit to Saskatchewan.

As my colleague from Cypress Hills was pointing out that right now, Mr. Speaker, we ship our grain to Alberta. Our grain follows the cattle we ship to Alberta, and we ship our kids to feed that grain to those cattle, Mr. Speaker. And we need to break that cycle, keep those cattle, that grain, and those kids here, Mr. Speaker; creating a development in Saskatchewan, paying taxes in Saskatchewan. And we all benefit, Mr. Speaker.

So, Mr. Speaker, I believe this is an industry that is well worthwhile, that we need to do all that we can to encourage, Mr. Speaker, and that encouragement needs to be done in view of an economic environment, not as government ownership.

Mr. Speaker, at this time I would like to move that we adjourn debate.

Motion negatived.

Hon. Mr. Serby: — Thank you very much. I am very pleased

this evening to have the opportunity to enter into the debate as it relates to the development and the growth of the ethanol industry in our province.

I want to say first and foremost, Mr. Speaker, that throughout the course of the last decade or so we've seen a great deal of work that's gone forward in putting together a ethanol strategy in Saskatchewan.

I can remember some years back in our part of the province, in the community of Grenfell, where a economic development group got together and tried to build an ethanol industry in our area. However, Mr. Speaker, I think with all of the initiatives and the incentives that were attempted to be provided by the community and the local investment, that challenge, Mr. Speaker, was very difficult for them to achieve.

And so by and large, through the course of the past year, a year and a half, Mr. Speaker, we've been working very closely through our office, through the Rural Revitalization office, with people who have had a great deal of expertise in the work around the development of ethanol in Saskatchewan.

And I heard, Mr. Speaker, on a couple of occasions today, from speakers opposite, on this side of the House, talking about the success of the Pound-Maker plant in Lanigan. And we should be reminded, Mr. Speaker, that the Pound-Maker plant in Lanigan really had a lot of its origins through a group of investors, Mr. Speaker.

The Pound-Maker plant required investment from private citizens of the area. It required investment, Mr. Speaker, from the Saskatchewan Wheat Pool. And it had some investment, Mr. Speaker, I should tell you, from the provincial government as well. And so through the course of the development of the Lanigan plant, Mr. Speaker, it had a variety of number of players in putting that project together.

And I was interested, Mr. Speaker, on a number of occasions today where members opposite talk about, and in the inclusion of the motion this evening of where we both support, Mr. Speaker, the importance of this industry to Saskatchewan, but how in fact the opposition, Mr. Speaker, talks about how you can't develop an ethanol industry in Saskatchewan and only need to use private sector dollars to do that.

And I want to say first and foremost, Mr. Speaker, that when I review and read some of the recommendations of the ACRE (Action Committee on the Rural Economy) committee . . . And the ACRE committee now, Mr. Speaker, has on its committee the individual by the name of Brad Wildemen, who others have referred to here this evening as well. And Mr. Wildemen, Mr. Speaker, has been leading the campaign in Saskatchewan in terms of growing and building the ethanol industry. And one of the things that Mr. Wildemen would tell you, and the ACRE committee would tell you, that one of the most difficult tasks today in developing an ethanol industry in Saskatchewan is to find significant capital dollars to do that. And the ACRE committee has enunciated that on a number of fronts, Mr. Speaker.

And so what we should pay attention to in terms of the development of the ethanol industry, Mr. Speaker, is how in

fact it will be financed and capitalized over the next while. And ACRE will tell you, Mr. Speaker, that you can't build an ethanol industry, by and large, Mr. Speaker, in this province unless we start looking at how the provincial government might, or through CIC (Crown Investments Corporation of Saskatchewan), or how public investment might be associated with some of that development, Mr. Speaker.

And so I say to the members opposite that when they talk about the development of the ethanol industry in Saskatchewan, they should not rule out holus-bolus the need for investment of public money to build the industry.

I want to talk a little bit, Mr. Speaker, this evening about the visions that a number of people in Saskatchewan have about building this industry. We have, I think, today somewhere in the neighbourhood of 35 to 40 communities across Saskatchewan who have said, Mr. Speaker, that they want to see an ethanol plant in their community. And the reality, Mr. Speaker, is that when you take a look at the kind of development that's required in building the ethanol industry in Saskatchewan and the kinds of resources that we have in our province today and the kind of capital that's required and the access to the domestic market, in all likelihood, Mr. Speaker, the development of 30 to 40 plants in Saskatchewan is not likely.

And more likely, Mr. Speaker, what we'll see in this province at the end of the day is somewhere in the neighbourhood of a half a dozen to a dozen plants that will be functional in Saskatchewan and will be not only building the ethanol industry, but will be also building the subsidiaries of the livestock industry.

And I heard, Mr. Speaker, today that as a number of the members opposite stood in their places and talked, they talked about the value of this industry that it has to rural Saskatchewan. And there is no question, Mr. Speaker, about the value of what the ethanol industry has to our province or the commitment or the involvement and investment that it will make to our province.

(21:15)

Clearly, Mr. Speaker, when we build the ethanol plants in Saskatchewan — and build them we will — it has a tremendous impact on what happens with the grain industry in Saskatchewan, Mr. Speaker, on our grain industry. Because this will provide for us in Saskatchewan today, Mr. Speaker, an opportunity for us to market our grain yet to another venue, Mr. Speaker.

Secondly when you take a look for example of the Pound-Maker model of which I think, Mr. Speaker, we should be paying some attention to in this province, we see 28 of the investors today or 28 farmers who live in that area who actually invested in this plant and today own this plant outright, Mr. Speaker. Not only do they own the feedlot but they also own the ethanol plant. And throughout the course of their work and as we see this model developing we're hoping to see an association of a number of livestock venues around it, feedlots that will be surrounding the ethanol plants across the province.

Because, Mr. Speaker, it will allow for us to provide forage

growth and production in those areas of which the livestock can be fed with. It also provides a new opportunity for people who want to move or transition from the current growing of crops into livestock and provides a brand new avenue, Mr. Speaker, for a whole host of people who want to get into the business.

And secondly, Mr. Speaker, on this front what I hear often and what ACRE reports to me . . . or thirdly what I hear often, Mr. Speaker, from a number of people from across the province who talk about the ethanol development they say that they want to be also participants in the investment, Mr. Speaker. As they are in the Lanigan project. Today people want to add the value-added to their operations. And the way to add value to your operation, Mr. Speaker, is to have an investment in the ethanol plant today. And this is one of the ways in which I think we can grow the industry with private investment, Mr. Speaker.

I want to talk a little bit, Mr. Speaker, today a little bit about some of the offshoots that are also associated with the industry. Now I heard the member who just preceded me from Cannington speak about the importance of developing this industry only with private sector dollars and not putting any public money into this pool at all.

And I want to say to the members opposite because they're stuck on this piece, Mr. Speaker. We saw in the early . . . and throughout the course of the '80s how the private sector in this province works; because we had the members of the day, Mr. Speaker, the government of the day make all sorts of investments, Mr. Speaker, encourage the private sector in terms of developing and building the Saskatchewan economy.

And what did we get, Mr. Speaker, in this province? We got a huge, huge debt in Saskatchewan. A \$15 billion debt of which this province today, Mr. Speaker, struggles to work through in order to build our economy. And in this province today we've decided, Mr. Speaker, to make some public investment in primary sector growth. And we did that five years ago, Mr. Speaker, or four years ago, in the hog industry.

And in the hog industry, members opposite would say to me, we should leave the hog industry in the primary production to grow on its own. Well we did that, Mr. Speaker, for the better part of a hundred years in Saskatchewan. And what happened is that we stayed, Mr. Speaker, at about 800 or 900 hogs in Saskatchewan for the last ten years with very little or no growth. And then when we make a public investment, Mr. Speaker, in the growing of the hog industry in Saskatchewan five or six years ago, and today, Mr. Speaker, we can report that our hog industry has grown from a million hogs to two million hogs in that short space of time, Mr. Speaker, which is through the public investment that we've made with private sector entrepreneurs, Mr. Speaker.

And so when we take a look at what we want to do with the livestock industry in Saskatchewan and the ethanol industry in Saskatchewan, we should be able to look at the kind of model that we've developed with the hog industry and transplant some of that, Mr. Speaker, into what we want to do in the growing of the beef industry and the ethanol.

So I say to the members opposite that when the ACRE folks go about the province and speak with investors and speak with the

private sector and speak with communities and speak with the investment houses, they say to them that what we'll want to see in many fronts is that we have some public investment in this project. And so to build an economy of rural Saskatchewan today and to build an ethanol industry, we shouldn't discount, Mr. Speaker, the opportunity for involvement of public sector dollars to have that happen, Mr. Speaker.

In this province, as my colleague says, Mr. Speaker, we've grown our Saskatchewan economy on several fronts, and we've grown it because we've used the three engines of government to make it work, Mr. Speaker. We've used the engines of the private sector through the private-sector/public-sector partnerships of which we have many in Saskatchewan today. We've used the co-op model, Mr. Speaker, to help grow our economy in our province. And for sure, Mr. Speaker, we've from time to time used the public sector to grow the economy in Saskatchewan.

And so unlike our members opposite, Mr. Speaker, we have a different method and a different model of growing the Saskatchewan economy of which ethanol will be a part of today, and the livestock industry. It's to take all three engines, Mr. Speaker, and have those three engines work simultaneously and together to build a strong Saskatchewan economy using the co-ops, using the public sector, and using the private sector, Mr. Speaker, to move that along because we know throughout the course of the '80s the private sector model alone did not work in this province.

And we've experimented with it. We've seen it happen, and we're hearing today again, Mr. Speaker, from the members opposite. They'd like to go back to that piece again and give the Saskatchewan people and the Saskatchewan community the same kind of debt and financing that Saskatchewan people have been struggling with since the 1980s, to try and pay that off and leave it . . . and the debt that they've left for our children and our families and our communities across the province.

And I can tell you, Mr. Speaker, that on this side of the House we're not adopting that solace approach of the private sector development. We're not adopting that, Mr. Speaker, in which we're going to try to build an economy of which our community of Saskatchewan ends up with a huge growing public debt of which we've been trying to retire. That's not the model, Mr. Speaker, that we're going to be using on this side of the House.

I want to say, Mr. Speaker, that today, as we look at developing this industry, I want to talk a little bit about the four or five different key areas or issues that are important for us as we go to build this industry. And the member from Cypress Hills talked about need for a lockstep approach, and there is a need here for a lockstep approach to move this whole industry and this process forward.

First of all, we need to make some decisions about who in fact or what kind of models, Mr. Speaker, these new ventures are going to look like. Are these ventures going to be free-standing ethanol projects in Saskatchewan? Are they going to be free-standing facilities that are going to produce only ethanol in our province? Or are they going to have some other association that's going to be tied to them which is the livestock industry?

And I say, Mr. Speaker, if we're only interested in Saskatchewan today to develop an ethanol industry with free-standing ethanol plants which consume somewhere in the neighbourhood of 150 or 160 million litres of our domestic market, then we can do that probably with one or two plants. And somebody will come into our province and they'll invest fully in that plant and we'll have two operating ethanol plants in Saskatchewan which will employ somewhere in the neighbourhood of 40 to 50 jobs. We can do that, Mr. Speaker. That can be one of the models of which we choose.

And as I listen to the members opposite today speak from their places, this is what I hear most from them. That we should develop an ethanol industry today. We should let the private sector develop it. They can pick the locations across the province from which they want to do it. Bring in the public money . . . bring in their own investment money, and what they'll do, Mr. Speaker, is they'll create 40 or 50 jobs in Saskatchewan. They'll capture the 150 or 160 million litre market that we have in our province and that will be the economic development of which they drive. That's one of the models from which I hear the members opposite speak a great deal about.

Well I've got to tell you, Mr. Speaker, that if we're going to develop an ethanol industry in Saskatchewan in the way in which we want to do it, it should, Mr. Speaker, be tied to . . . it should be tied to the livestock industry. And it should be tied to the livestock industry in synch, because this is where the growth of our Saskatchewan community is going to be. And this is where the growth of our Saskatchewan community will come from, Mr. Speaker, because that's exactly where we want to take this. Now maybe some people talk about the second model, Mr. Speaker, about what comes first. Maybe the ethanol industry is the offshoot of the livestock industry, and it becomes part and parcel of what happens in that piece, Mr. Speaker.

And so what we can do I think, Mr. Speaker, is two things here. In my view this project or these developments across the province need to tie themselves to the livestock industry because this is where our potential for greatest growth in our province is today. We can take a million head of livestock that we have today, and we can grow that to two or three million over the next couple of years, and that's what my department and our targeted levels are at. And we can do that, Mr. Speaker, by tying them closely and associating them closely to the livestock industry, to the feedlot industry because that's the second model in my view that I think, Mr. Speaker, that we have a tremendous amount of potential.

Now some people will argue, and I've heard it on that side of the House again today, that most of the plants in Saskatchewan might look like the 70 or 80 or the . . . (inaudible) . . . litre operating plants in Saskatchewan and that will be our model. But I think, Mr. Speaker, we need to take a look at some of the models that we have like the Lanigan's which run at 20 or 30 million litres of which they have 30 and 40 . . . or 25 to 30,000 head that are tied to that particular plant. And that particular plant, Mr. Speaker, employs, that particular operation employs somewhere in the neighbourhood of 35 to 40 jobs in that particular area. And that's the kind of modelling, Mr. Speaker, that I think we want to see across the province as we build the industry.

Secondly, Mr. Speaker, I think we need to talk a little bit more about the lockstep process when we talk about what we're going to do with the producers because the producers in Saskatchewan are saying to us that they want to also be investors in the projects. They want to be tied to that. And so we want to ensure, Mr. Speaker, that as we build the ethanol industry, the producers across the province will have an opportunity to invest in it and get the kind of valued-added opportunities that today we have from diversifying a rural economy and diversifying our agricultural economy. And that, Mr. Speaker, will assist us in doing that.

Thirdly, Mr. Speaker, and I've talked at some length about the importance of the investments and from that perspective we'll be working closely with communities and are working closely with communities today to see what kind of local investment dollars are available. We'll be working closely with the industries of which . . . with the financial institutions who can provide some the funding for these kinds of projects. And clearly, Mr. Speaker, we'll be examining the kinds of participation that we need to have as it relates to the public investment because this is from the perspective of which ACRE is concerned in terms of being able to build the industry in our province.

And I was very interested as the members opposite spoke for some length today about the way in which the industry is going to, is going to develop itself and how and who were first, sort of, off the mark, Mr. Speaker, in terms of building and developing the industry in Saskatchewan.

And I was very pleased, Mr. Speaker, to see that the member from Victoria . . . Regina Victoria tabled the information that showed, Mr. Speaker, that through the course of the leadership campaign, early in . . . late in 2000 and early in 2001 were . . . Members who were involved in that leadership race, Mr. Speaker, travelled across Saskatchewan in a significant fashion to all parts and all sectors of rural and urban Saskatchewan, and talking about how in fact we could grow the rural economy in this province. And members who were involved in that leadership campaign, Mr. Speaker, talked about how, by developing the ethanol industry, by developing the livestock industry, that we would make a difference in growing our rural economies and growing rural Saskatchewan.

And so when the members opposite stand up in their places, Mr. Speaker, and say, well in September, September of this past year, our leader stood up and made a pronouncement about how important ethanol is to the future of Saskatchewan, and the credit that they're taking for being first off the mark on the ethanol piece, Mr. Speaker. But what happened is that they've been about a year behind the kinds of discussions that were being held, Mr. Speaker, in this province, in every part of Saskatchewan as our members were travelling the province and talking about this industry and the value of this industry in Saskatchewan.

So when we talk about, Mr. Speaker, who is it who's going to lead this industry, I have to say, Mr. Speaker, it will be members on this side of the House who brought this vision forward, Mr. Speaker, more than a year ago.

And I have, Mr. Speaker, here in front of me this evening, a

press release that was issued I think, because a number of members across were talking about the strength of the new agricultural critic and how, in fact, this critic has been the leader in terms of promoting the ethanol industry. And how the Leader of the Opposition . . . the Leader of the Opposition from Rosetown talks about the value of this individual and what she's done.

And I want to read parts of this, Mr. Speaker, because this is the important piece as the Leader of the Opposition speaks about his new critic. And he says this: well as the caucus is — and I quote, Mr. Speaker:

Well as the caucus is meeting this morning and I will be asking the (and he names the individual, Donna Harpauer who was the deputy critic of Agriculture and who is from the Watrous constituency) to take the position of the chief agricultural critic, at least until the end of the session when we're going to have or just consider the entire caucus restructuring and might have some of the changes by the provincial government structure overall. Donna is from the farm in the Lanigan area and is very familiar with the agricultural issues. I know that she will be a very competent and capable person for the industry. She recognizes the importance of agriculture because living and working on a farm and being part of the farming operation, and is very current with agricultural issues. And having been Bill Boyd's deputy critic for Agriculture, she has been working on a number of agricultural issues already.

(21:30)

And in fact, Mr. Speaker, he goes on to say:

In fact, Donna Harpauer was the key person in our caucus who put together our ethanol policy.

. . . is what the leader says.

But then he goes on to say:

Donna has a very high profile on the ethanol issue and is becoming well known throughout Saskatchewan because she has a vision for agriculture.

. . . Mr. Speaker, is what in fact the Leader of the Opposition says.

And then, Mr. Speaker, I was going through some of my literature, Mr. Speaker, as it relates to the member from Watrous, who is now the new Agricultural critic. And then the Agricultural critic said to *The Western Producer* one day, just at the end of last year, when she was asked by one of the reporters, and this is the question that the reporter asked. How would the ethanol production over the next three, four, five years and the increase in the industry solve any long- and short-term growth problems? What would it be, Mr. Speaker?

And Harpauer says this, and this is what it says, this is the quote from the member. She said: "I don't know". The ethanol production, I don't know. Like, we are looking at that as one point as to how we can look at the agriculture industry as a whole.

She doesn't know, doesn't know it, doesn't like it, and doesn't understand it, Mr. Speaker, is what this quote says. It says, the reporter says, how will the ethanol production over the next three, four, or five years increase in the industry solve any short- or long-term growth problems at all? The response by the member is it won't. It won't, Mr. Speaker, is what she said. Like, we are looking at that as one point as to how we can look at the agriculture industry as a whole.

Now, Mr. Speaker, I want to tell you, the opposition leader stands up and makes a long dissertation about how in fact this ethanol industry was developed by one of his key members today, sitting in this Legislative Assembly, who was talking about how in fact the ethanol industry is going to grow in Saskatchewan and she was the person who crafted it first, Mr. Speaker. And I can't hardly understand what she said about it, Mr. Speaker. I can't hardly understand.

And it says, she doesn't know how in fact it is going to help the province over the next two or three or four or five years. She doesn't know how it will help the Saskatchewan economy, Mr. Speaker, over the next three or five years.

And I say to the members opposite, you don't have a clue about how you're going to deal with the agricultural industry in the next couple of years. You don't have a clue about . . .

The Speaker: — Order. Order. I just remind the member to continue his speech through the Chair.

Hon. Mr. Serby: — Sorry, Mr. Speaker, I got a bit carried away. I'll look directly at you, Mr. Speaker, and I want to say, they don't have a clue about what we're going to do with the agricultural industry.

And I heard speaker after speaker today stand up and talk about how we're going to develop the ethanol industry in Saskatchewan and not one of them, Mr. Speaker, not one of them talked about how it would be developed in Saskatchewan. They wouldn't tell us about what the model is but they told us how they're going to . . . not to invest in it.

They told us how not to invest in it. They didn't talk about how the communities would be involved, didn't give us any ideas of the kind of modelling that we would see in Saskatchewan. You know why, Mr. Speaker? Because that party opposite has absolutely no understanding, no appreciation, and no belief in fact, Mr. Speaker, that we can grow rural Saskatchewan again anyway.

Don't believe it, Mr. Speaker. And we hear it on a regular basis from those members, Mr. Speaker. And today, Mr. Speaker, we hear it. Today we hear it from the member opposite, Mr. Speaker, who says . . . the agriculture critic has no understanding. She doesn't know what the ethanol industry will do in Saskatchewan over the next three or five years, Mr. Speaker, doesn't know it.

And then, Mr. Speaker, I listened to the member today from Cannington as he got up in his place and he talked at length about the investment within the private sector and he talked about Hi-Alta. And a number of people today are talking about Hi-Alta, Mr. Speaker, and how in fact that's going to impact

our provincial economy and our provincial operations of the insurance industry.

And I say to the members opposite, this is one of the most hypocritical arguments that they've made this week, Mr. Speaker. Because I heard the members opposite the other day say to me, when we de-insured the crop insurance, Mr. Speaker . . . We said in Saskatchewan we're not going to be in the crop insurance industry any longer. And what did the private sector say to us, Mr. Speaker? The private sector across the province wrote us and said, we very much appreciate that the Saskatchewan Crop Insurance agency today is no longer providing the spot loss hail.

I have a letter, Mr. Speaker, from the agencies of the crop insurance across the province thanking the Government of Saskatchewan from getting out of competing with the private sector. That's the letter that we got. And what does the opposite member say today, Mr. Speaker? The members opposite get up today in the House and say, you know what? You should not be competing with the private sector is what they say. And we get out of competing with the private sector, Mr. Speaker, and what do they say? You should be getting back in, Mr. Speaker. You should be still in there; you should be still in the crop insurance. And I don't know which it is, Mr. Speaker.

I'd like, in the next few days, Mr. Speaker, the member from Watrous to explain to me how it is that they don't support the government's decision to come out of the crop insurance program, Mr. Speaker. I'd like the member from Watrous to explain for us, Mr. Speaker. And I'd like the member opposite to explain to me how in fact in this province today we're going to build an ethanol industry where we don't have the group investment, Mr. Speaker, of the private sector, the corporate sector, and of the public sector, Mr. Speaker, along with the private sector individuals and the producers, Mr. Speaker. I'd be interested in learning that.

So today, Mr. Speaker, on this side of the House, our government, Mr. Speaker, will work collectively to build a strong agricultural industry. It will work to develop a strong ethanol industry in our province and we'll work closely with all of those communities, Mr. Speaker, who are currently on our page. And we'll be doing that, Mr. Speaker, in partnership, Mr. Speaker, we'll be doing that in partnership with our communities. Because that's the way on this side of the House we do our business, Mr. Speaker, and that's how we're going to grow our rural economy.

And that's how we're going to grow rural Saskatchewan, Mr. Speaker, because we have a vision for rural Saskatchewan in terms of rebuilding it, redesigning it through the kinds of work that we're putting in today, Mr. Speaker, through a variety of different fronts, through our CommunityNet programs, Mr. Speaker, and how we're building schools in rural Saskatchewan today, Mr. Speaker, and how we're supporting the infrastructure in Saskatchewan today, Mr. Speaker.

Those are the kinds of things that we're doing today. We're not going to adopt for a minute, Mr. Speaker, we're not going to adopt for a minute the kinds of practices and principles that we have of the people across the way from us. We're not going to adopt those, Mr. Speaker, because those models, Mr. Speaker,

we've had tested in Saskatchewan throughout the 1980s. We've seen what that works like, Mr. Speaker, on that side of the House from those kinds of people, from that kind of party philosophy, we've seen it, Mr. Speaker, in terms of what happens. And, Mr. Speaker, it didn't work — it didn't work — it didn't work in the 80s and it won't work again because Saskatchewan people, Mr. Speaker, will not tolerate that kind of . . . they will not tolerate that kind of policy, Mr. Speaker, will not tolerate that kind of philosophy, will not tolerate, Mr. Speaker, that kind of investment in our province any longer. Because that's not the approach the Saskatchewan people are prepared to have.

And so today, Mr. Speaker, I take . . . well I want to say, Mr. Speaker, I hear a noise from the Saltcoats constituency this evening, Mr. Speaker, because the member from the Saltcoats constituency continues to say, Mr. Speaker, that you shouldn't be investing in the public sector. He said the public sector, Mr. Speaker, should not be investing in the growing of the agricultural industry, Mr. Speaker.

And I say to the member from Saltcoats, Mr. Speaker, today in his riding, Mr. Speaker, today in his riding we're building hog barns. And we're building hog barns today with private sector and public sector investment.

But that's not what the member from Saltcoats wants, Mr. Speaker, the member from Saltcoats wants us not to build in his constituencies. He doesn't want us to build in rural ridings, Mr. Speaker. What he wants us to do, Mr. Speaker, well the member from Saltcoats . . . the member from Saltcoats wants to make . . . wants the private sector, Mr. Speaker, to do the work and the member from Saltcoats, Mr. Speaker, doesn't believe in public sector involvement to grow the industry.

Well on this side of the House, Mr. Speaker, we're going to grow the industry in Saltcoats, Saskatchewan. We're going to grow it in Canora, and we're going to grow it in Cypress Hills, Mr. Speaker, because we have a vision for Saskatchewan and those members have no idea, Mr. Speaker, no idea of growing Saskatchewan's economy.

Some Hon. Members: Hear, hear!

Hon. Mr. Serby: — I want to say, Mr. Speaker, that the building of the ethanol industry in Saskatchewan, Mr. Speaker, will cover off both fronts for us, Mr. Speaker. It will help us with the emergency strategy; it will grow us with our energy strategy in Saskatchewan, Mr. Speaker.

And I remember the . . . I listened carefully to the member from Sutherland when he talked about the importance of the work that we're doing today with wind power, Mr. Speaker. And how in fact wind power in Saskatchewan will assist us in meeting some of our green plan in the province. And the member from Greystone . . . (inaudible interjection) . . . the member from Greystone, thank you very much. I appreciate the correction. The member from Greystone. And the member from Greystone who talked about the ethanol piece and the importance of the energy and the green plan.

And I want to this evening, Mr. Speaker, pay my appreciation, and I know on this side of the House, to the member from

Qu'Appelle, from Regina Qu'Appelle, because through the course of the summer, Mr. Speaker, of the last summer, the member from Regina Qu'Appelle travelled the province, to all corners of the province, Mr. Speaker, met with industry, both in the oil and gas industry, met with producers, met with models of where the ethanol industry was being developed, Mr. Speaker, travelled outside of our province.

The member from Rosthern stood up today and said he was in a meeting in Minnesota and he was the only one who . . . he and a couple of his colleagues were the only ones who traveled outside of Saskatchewan to examine what's happening with the ethanol industry. Nobody else except he did it. And maybe the member from Watrous went, but if she did, didn't learn much at that exercise, Mr. Speaker.

But I want to say that the member from Regina Lumsden travelled, Mr. Speaker. He travelled the province, travelled outside of the province and prepared, Mr. Speaker, a very detailed report, Mr. Speaker. A very detailed report on what we should be doing from an economic perspective and development plan in terms of the strategy of growing the ethanol industry in Saskatchewan because, Mr. Speaker, on this side of the House, we understand the importance and the value of growing the industry, growing the ethanol industry in the province.

And so, Mr. Speaker, that's why we've done it. And tonight, Mr. Speaker, I want to pay tribute to the member who travelled the province because to a large degree he took the recommendations which were being provided by ACRE and built on those, provided some meat and potatoes onto the package, onto the structure of the ethanol piece, Mr. Speaker. And today, Mr. Speaker, what we have is we have an ethanol strategy that we're rolling out for Saskatchewan communities, Mr. Speaker. And we're going to do that, as I said, Mr. Speaker, because we understand the importance of growing rural Saskatchewan. We understand what that's about. And we know, Mr. Speaker, through our consult and through our discussions and through our deliberations, Mr. Speaker, and through our deliberations with Saskatchewan people, we've had the opportunity, Mr. Speaker, to understand what we need to do with the ethanol industry.

And I know, Mr. Speaker, and I hear again the member from Saltcoats who continues to talk about how he wished he could be on this side of the House. I know, Mr. Speaker, because . . . And I think that the member from Saltcoats will need to change parties two or three more times, Mr. Speaker, before he ends up on this side of the House because I know, Mr. Speaker, I know that he talks a lot about . . . he talks a lot about being on the transition team, Mr. Speaker. And if there is anybody who's been the captain of a transition team, we know who he is. It's the member from Saltcoats who has been the captain of a transition team because he's seen more people transitioned through this House, Mr. Speaker, and more leaders transitioned than we care to count. And so we know who the leader of that is, Mr. Speaker.

So tonight, Mr. Speaker, I want to . . . Mr. Speaker, tonight I want to attach my support, Mr. Speaker, to the work that we're doing in building the Saskatchewan economy around ethanol. I'm going to attach my support to it, Mr. Speaker. I know with

farm organizations and farm leaders, of which we meet on a regular basis, of which we meet through our investment council . . . we have an extension of our investment council where we have farm leaders and farm organizations who sit beside us. We're building, Mr. Speaker, a package for Saskatchewan.

We're building a strategy for Saskatchewan of which we're going to see an enhanced agricultural economy, which we're going to see growth in the agricultural industry, which we're going to see an enhanced livestock industry because of the work that we're going to do with ethanol. We're going to see stronger communities, we're going to see stronger infrastructure because, Mr. Speaker, we believe in rural Saskatchewan and we're working with rural Saskatchewan people to make a difference. And ethanol will be very much a part of that strategy, Mr. Speaker.

And tonight I attach myself in support of the work that we're doing, Mr. Speaker, to building the ethanol industry in Saskatchewan. Thank you very much, Mr. Speaker.

Some Hon. Members: Hear, hear!

(21:45)

Mr. Huyghebaert: — Thank you, Mr. Speaker. I'm very pleased to stand and enter into the debate on ethanol, as I think we're aware in this House that there is quite a movement in my constituency relating to ethanol. I would just like to make a couple of comments about the previous speaker's comments when he talked about our ag critic and our member from Watrous and made, I think, some disparaging remarks about it. I would suggest that the member from Watrous has better knowledge of the agricultural issues and has a better agricultural mind than all of those members on that side put together.

Some Hon. Members: Hear, hear!

Mr. Huyghebaert: — That's including the Minister of Agriculture because he's the only one that knows anything about agriculture on that side — and that's very, very limited.

Some Hon. Members: Hear, hear!

Mr. Huyghebaert: — Talk about the member from Watrous and her knowledge about ethanol. At least she had the intestinal fortitude to attend an ethanol conference and knows more about it than any member from that side, even though the minister claims that the members there travelled around the province. Did they get off the bus? They travelled around the province but did they get off the bus?

Mr. Speaker, Mr. Speaker, the way the minister was talking, I think the minister lost it. However, I have to say . . . I may have to retract that because I don't know whether he had it to start with.

Mr. Speaker, the minister talks about a vision for Saskatchewan. I would suggest that his vision for Saskatchewan has blinders on. Now, Mr. Speaker, I'd like to talk a little bit about the ethanol and the ethanol industry. I'm extremely supportive of the ethanol industry in this province. One of the

impediments that we have and I'm worried about still and I spoke about the other day, is government involvement in the industry.

Now the minister sits and talks about how the government is promoting private industry, and I think it was about five times in his speech he said, what we build — we being the government. Well our view is the government should get out of the road and let the ethanol industry go on its own — set a level playing field and get out of the road.

Now, Mr. Speaker, Mr. Speaker, we talk about the Crown involvement, and I'm still worried about Crown involvement in ethanol. It bothers me because if the government, which they used our ethanol policy, if they would've used the whole ethanol policy of the Saskatchewan Party I would've been very, very pleased because we stated in our policy that we would legislate an ethanol blend. And we would legislate it worded such that it's in advance — in advance. This would allow investors a guarantee that there would be a market for their product in this province.

What do the other side do? What does the government introduce? They said we will in the future, we will in the future legislate a blend. Well how does that attract an investor? How could anybody trust the government? How can an investor put money down on the auspices that we might, in the future, put an ethanol blend in the legislation? We had the intestinal fortitude to say we will do it up front. We will legislate a blend in ethanol, and some member foolishly stated on the other side that, well you're going to import ethanol; well let's not be ludicrous about this. We'll put an ethanol blend in that at a certain timeframe. It's there, rather than do it retroactively.

So my concern, Mr. Speaker, is if you don't put the ethanol blend in legislation at the start, you don't get investors, or you'll have a harder time getting investors. Now we hear the government suggest that, well if we don't get investors, we'll get CIC involved. That's the last thing we want to hear is have CIC involved in it. My goodness. Now what we'd have is another Crown corporation. Now the last thing we need in this province is another Crown corporation. I think we've done enough suffering through some of the Crown corporations. We don't need it anymore.

But I was just reading an article, I was just reading an article, and it just jumped out at me from this article, and I want to quote. It says, "The function of socialism is to raise suffering to higher level." So that's what they wish to do.

Now, Mr. Speaker, I would like to talk specifically about ethanol in my constituency. The minister gets up, the Minister of Agriculture gets up and says, oh we had talked about ethanol long before you did on your side of the House, long before. Well I'm not sure if the minister even knew how the spell the word when we were talking about it. We've talked about ethanol for years and years as a way to reduce gas emissions in this province and in the world.

However now we get into some planning of ethanol, and the minister talks about and the government talks about how happy they are. They've introduced this ethanol plan which was really ours to start with. But I would like to point out that the town of

Shaunavon on the 11th of September of 2001 had already had their meeting on ethanol. Now I wish the government could suggest that they were in advance of that, which would absolutely be ludicrous.

Now the town of Shaunavon and their regional economic development association have been extremely proactive in the development of ethanol. Their concern, as is mine, is government involvement.

I met with them again just this past weekend and the wording I get from the town of Shaunavon and the REDA (regional economic development authority) in that area is whatever you do, keep government out of our hair. And I want to repeat that — keep government out of our hair. So, Mr. Speaker, let's let private industry run with this program. And the minister . . .

The Speaker: — Order, please. Order. Order. I would just like to be able to hear the member.

Mr. Huyghebaert: — And the minister in his dissertation starts talking about, well we think we have a plan here, we have a vision, we're going to have four or five plants, Mr. Speaker. I believe that's about the way he put it. Well here we have again government involvement. Why would you restrict to four or five plants I ask? Why not let free enterprise run its course?

If we could have 20 plants in this province, would members on that side of the House say no, no, no, no, our Ag minister said four to five plants. That's all we want, that is our vision. I disagree with that. I totally disagree with that.

If we could have free enterprise into the ethanol industry in this province, let them decide how many plants there should be. We have discussed in Shaunavon 160 million litre plant, a 160 million litre plant. Right now as the dealings are going on they've got offshore sales for the whole production, right now. So why would we have a government that's even thinking about restricting to four or five plants?

The member from Cypress Hills touched on ethanol offshore sales. I know this is something totally alien to the government — offshore sales. They would rather spend money offshore but offshore sales . . . now all we have to do is look at places like Nevada, California, and look at the market, look at the market that we have. Why would we even consider looking at only four or five plants in this province?

Now the spinoff. And we've heard everybody talk about the spinoff. We look at the constituency of Wood River and the value of ethanol that it has in the Wood River constituency. We look at it tied to a cattle industry.

Well I want to digress just momentarily because the cattle industry and the ethanol industry do go hand in hand. And I do want to . . . when I say the ethanol industry and the cattle industry go hand in hand, and now we have members on the government side of the House said boy, this ethanol is our idea, I wonder how they could explain Pound-Maker being up and running and very successful.

And that is a very successful plant. And the yip from the other side says, government money, I don't know.

Mr. Speaker, I want to talk about the cattle industry. Now we want ethanol and the cattle industry melded together. We were — in spite of the government — we opened a feedlot in my constituency. The impediments to the operation and the opening of that feedlot was the Government of Saskatchewan. Every stumbling block to establish that feedlot was the Government of Saskatchewan.

So now, now if we want to put an ethanol plant in conjunction with the feedlot, can you imagine the problems that are going to exist, the problems coming from this government?

Mr. Speaker, in my constituency alone I have five organizations that have talked about, and they have talked to me about an ethanol plant with feedlots. Five in my constituency. And we have a Minister of Agriculture who gets up and said, we should have four or five in the whole province. Well give your head a shake.

Mr. Speaker, in a constituency like Wood River, if you have a feedlot and an ethanol plant, look at the spinoff businesses and industry that creates. And I know my colleague from Cypress Hills talked about it. If you have a 30,000 head feedlot, or two or three, and I can see in my constituency having 10 to 15, that might produce or be compatible with maybe three ethanol plants or four ethanol plants, I don't know, depending on the size. And we hear debate about, well a small plant is better, or a large plant is better. Mr. Speaker, again, let private industry decide which is the best size of plant. It's just like somebody saying, which is the best size of feedlot. Let private industry decide. Let's get out of the hair of private industry.

But now if you have private industry in a feedlot and an ethanol plant, the spinoff jobs are unlimited — meat packing, slaughter facilities.

But one of the things that's very, very interesting is the choices it gives to farmers. The choices it gives to farmers, not only in the marketing — and I know the people on that side of the House really, really support the Canadian Wheat Board — but this gives farmers a choice. It gives the farmers a choice in what to plant. It gives farmers a choice in where they can sell. The options to the farmers are totally, totally increased.

The money that the farmers will save in transportation costs, *à la* the Wheat Board which it costs them about a dollar twenty a bushel to ship to a port in Vancouver even though they wish to sell it to a pasta plant. And I should bring this in; why didn't our pasta plant or why are they not going? It's problems. It's problems created by an NDP government and the Wheat Board. But we have choices for farmers. And I'll use the example of a farmer in my constituency that baled his entire wheat crop — he baled it. He received, selling to a feedlot, \$85 a tonne. His crop went three tonnes per acre. Well I would like somebody on that side . . . somebody figure out on this side math for those people on that side. That makes a pretty good dollars per acre — 255 per acre on hard wheat, on hard wheat.

Now, Mr. Speaker, I would suggest that there's no where in this country that you can grow hard wheat and get \$255 an acre. So look at the possibilities it has for farmers throughout the province.

(22:00)

Also I would just like to touch base . . . again my colleague from Cypress Hills touched on it, and I've talked about this before . . . is providing a place for our feedlots in this province. From the feeders association, we ship 750,000 head of feeder cattle outside of this province. And we've talked about this. And I hope nobody on that side of the House is proud of it but we ship 750,000 head of feeder cattle outside of this province and they go to Alberta.

Along with them — and I don't hear any yipping from the other side because they know it's true — along with that we ship grain. We ship grain from this province to feed those same 750,000 head of cattle. And the very, very sad reality is, Mr. Speaker, we send our young men and women to feed Saskatchewan grain to Saskatchewan cattle in another province. Now how can anybody on that side of the House be proud of that?

I think it is absolutely terrible that we even accept that. So what causes this? Can anybody from government stand up and honestly tell me what caused this other than the socialist policies of this province over the last 50 years.

Some Hon. Members: Hear, hear!

Mr. Huyghebaert: — So, Mr. Speaker, putting ethanol plants in conjunction with feedlots back in this province, at least we can keep our feeder cattle here. Hopefully we can keep our feeder cattle here and that will provide some jobs. Maybe even the ones that left for Alberta will come back.

And the total spinoff industries are unlimited, well like I say, with meat-packing, slaughter facilities. And that, goodness gracious, that in itself might keep some youth in our schools in rural Saskatchewan.

Now we know the forecast . . . we know the forecast from members opposite is we're going to lose 35,000. What a forecast. They want to manage the downward spiral of the province, preparing to lose 35,000. Well, my goodness.

So if we had an ethanol plant and feedlots, we would keep young people in this province. We would have jobs for people in this province and that would in fact — terrible word — but we would have more taxpayers in this province and we might have to keep some more schools open. Wouldn't it be a problem for this government to have to open schools rather than close. If we could set up an ethanol plant and create a couple of hundred jobs in my constituency, for an example, we may have to open a school rather than close them.

Mr. Speaker, Mr. Speaker, my throat is getting sore so I'm going to end my comments here. As you can see, I'm very, very much in favour of the ethanol industry in this province.

I want to close by saying this ethanol industry in this province is . . . could be a boom and should be a boom as long as we keep the government out of the way of the whole program.

Some Hon. Members: Hear, hear!

Hon. Mr. Thomson: — Mr. Speaker, well I think I've just about heard it all tonight. I am almost convinced that there is nothing that ethanol can't do. It is going to open schools; it's going to have the rural economy rebuilt; it's going to have people moving into this province; we're going to have an eight billion litre industry; we're going to have the private sector booming; we're even going to get a good speech out of the member from Wood River.

I can hardly wait to the motion where we get to debate who invented the light bulb so the members opposite can try and take credit for that too. This is nonsense that we've heard today.

All we needed to do today was to stand up in the House; not fight over who was going to take credit; recognize the good work that had been done by the communities, by the investors, by the proponents, by the people that sent us here; and approve the simple motion that was in front of us to say that we agree with the government's policy and that we wanted the government to move forward. That's all we put forward today.

Nothing in the original motion, Mr. Speaker, calls on us to congratulate the NDP. Nothing calls on us to say that this was the responsibility of the member for Regina South or the member for Qu'Appelle. This simply said that this policy was a positive policy, that we should move forward with it, and that it was worth endorsing by this Assembly.

But member after member on that side has stood up to say oh no, we thought of this first. I've got a big surprise for everybody in this House. The idea didn't come from anybody in this House. The idea came from the people working in their constituencies. That's where the idea came from. And you know what? It didn't come in the last year or two years, it's 20 years — 20 years. That's where we're at.

And do you know why we're moving forward with this policy today? Because it makes more sense today. We've got a situation where oil prices are up so it makes sense that we can substitute in ethanol into the gasoline without inflating the price. You want to know why it makes sense today? It makes sense today because we can attract the kind of capital into the province to build these plants today. That's why it makes sense today.

You know why it also makes sense today, Mr. Speaker? It makes sense today because we've got communities focused on working together. That's why it makes sense today. And it makes sense today, Mr. Speaker, because we've got the technology which helps bring the price of this down.

Now I know the member from Wood River wants to take credit for this. And I'm very happy, I am very happy that there is a very good proposal coming forward from the constituents in his riding of Shaunavon, in the Shaunavon area of Wood River. I want to tell you that it was a very positive meeting that I had with them as they outlined to me what their views were on how we should move forward. And I think the member for Cypress Hills did a fairly articulate job, an eloquent job, of stating that earlier today. This was a positive proposal where the community was coming together. It was going to work with other communities. It was going to work with rail companies. It was going to build a good ethanol proposal.

This is similar to what the member for Melfort-Tisdale should've been standing up and talking about also. There is a good proposal potentially coming forward from the Tisdale area. There's a good proposal in Yorkton, in Melville. All across this province, there are good opportunities.

But instead 10 after 10 tonight, we're sitting here debating an opposition amendment because they want to take credit for it. We could have dispensed with this motion hours ago. We could've moved on with our additional business, and we could've shown a point of unity in this Assembly rather than sitting there and listening to speeches as to who said what first.

Mr. Speaker, it's certainly entertaining. I'm sure it makes for good television. I doubt anyone's begging us to go back to the shopping channel.

But it does kind of make you wonder when we have an opportunity to debate and to move a simple motion that says this Assembly supports the ethanol policy released by the government, a policy that'll create an environment for building a vibrant ethanol industry in Saskatchewan. I don't see anywhere in here the words, New Democratic Party. I don't see anywhere in here any reference to any of our leadership candidates. I don't see any reference to the Leader of the Opposition. I don't see anything partisan in this resolution.

Don't I wish I could say the same about the amendment. Don't I wish that we could go back to our constituents and talk about how tonight we talked about the opportunities in those ridings. It started out that way. I think we had that opportunity. And what we had the opportunity to do was to go forward and talk about building this industry in a sensible way — not in a wild-eyed kind of way. This is going to at best be a 400-million-litre industry on a grain-based industry.

Why? Because when you move beyond 400 million litres worth of production, you're starting to use more than a million tonnes of grain. When you start using more than a million tonnes of grain, the price of grain starts to move and changes the economics. That's why.

That's what this policy is based on. It's not based on the rhetoric of some opposition policy. It's not based on the rhetoric of some Web site somewhere. This is based on economic reality. This is based on what the economists are telling us work. This is based on what the scientists have told us to work. And do you know what? This is based on what every members' constituents have told us as we've been around the province.

Now why don't we go back to talking about what the original motion is and give credit to our constituents and give credit to our communities? Why don't we? Instead we've now got to deal with this amendment in front of us. An amendment of grandstanding and partisanship which is not necessary — not necessary.

It's been entertaining to watch the members try to outdo each other as to whose idea this was. The member from Wood River barely even talked about the proposal that his communities were putting forward. But we've got an opportunity now, I think, before 10:30 tonight, to dispense with these motions and to get on and to show that all the members on this Assembly are

agreeing with what the motion put forward by the member for Saskatoon Greystone said.

We have an opportunity to endorse a sensible policy that I hear every member trying to take credit for. Let's simply vote this motion off. Let's simply say that we agree. Let's get rid of this partisan amendment. And say that the Legislative Assembly supports the government's approach. It's a measured approach, it's a rational approach. It's not an approach that's going to cure the common cold. It's not going to cure every economic woe. But it will provide us with some of the basic building blocks to get an ethanol industry established here. What the size of the plants are isn't specified in the policy, it's not specified in the resolution. Who's participating as investors isn't specified in the resolution. It's not specified in the policy.

If there is room for private sector people to take up the . . . I have said time and again that that's what this policy is here for. It will be a private-sector driven policy. I hear investors tell me that some of them want to know that the government will be there with them because they're afraid of a change in policy. Well they know that they can take the word of people on this side of the Assembly.

Now what I ask is that the members opposite join with us voting for a moderate, rational, measured, motion, for a moderate, rational, measured, approach. And that we get past the politics. We vote for the motion, and we move on. That's what I'm asking for. I'm voting against the amendment if we get to vote before 10:30. And I will be voting in favour of this resolution put forward by the member for Greystone. Thank you very much

Some Hon. Members: Hear, hear!

Mr. Wakefield: — Thank you, Mr. Speaker.

The Speaker: — Order please. Order. Order, please. Order please.

Mr. Wakefield: — Thank you, Mr. Speaker. I think it's quite important that each of us have an opportunity to express an opinion on this very important topic.

The ethanol production in Saskatchewan is at a stage that is about ready to take off. There is a lot of positives. We've talked about the positives on both sides of the House all afternoon. And I really believe that we can add one or two more comments here that I think are quite important before we run out of time on this issue.

One of the things that I think has to be brought forward, Mr. Speaker, is the fact that when we want to put a value-added production in place in this particular province, there is always a problem in trying to attract the necessary interest of investors coming into this province. If you're going to put a project of this size in place, this is going to require a lot of incentives and a lot of confidence by these investors.

There is nothing that I can see that's happened in this province in the last number of years that gives any kind of confidence to investors to put that kind of a gamble of their money into Saskatchewan because it is the confidence of the investment

that is so important. If we can't get the confidence of investors up, then we're not going to get outside interest in putting these plants in place.

These are very expensive plants, and there is a real need for outside investment because it is outside investment, not Crown corporation or public money, that is going to make a success. The business plans that are going to be put together on a facility of this size really, really requires the expertise of the long-term investment community.

(22:15)

Now that investment community, why would they choose to come here?

Well is there an opportunity to make a return on investment? Potentially we would hope there would be. But you've got to remember that we're competing in an investment world that is in competition with other provinces and other regions.

We've seen the success of the ethanol industry in Minnesota. We've seen the investment success in other parts of the province. When I lived in Manitoba we noticed that in virtually all the rural communities there was investment placed in businesses and in production that we don't see in this province. And the reason for that is because there was a confidence by the investors, both outside investors and investors within the province itself.

From the experience that we've seen in this province, people are very reluctant to put large amounts of money forward. An example was brought up again today with the insurance company that we talked about in Hi-Alta. Here's a situation where an insurance company wants to do business in Saskatchewan and it is a real concern both to the insurance industry and also the investment industry that they're coming into this province.

And here we have found that there is taxpayers' money and Crown corporation money involved in that competition. That is not the example of confidence that we need for large amounts of capital that is needed in this particular . . . the ethanol industry at this time.

What we need is we need to stimulate those things that will draw the investors into our economy. We need to do things that we've outlined in our Grow Saskatchewan. We need to look at the corporate capital tax for instance. This is a major disincentive for investing in Saskatchewan particularly in a province that has very high corporate capital tax compared to the competition needed in other provinces, either in Manitoba or Saskatchewan.

We need to put those kinds of lower incentives in place and not to mandate the success of the projects such as ethanol. I don't think you can mandate it. I think you have to attract it and let the private enterprise decide whether they want to invest their capital to make it work, based on the fundamentals that are in place. And we need to put the proper fundamentals in place if we're going to, like I said, attract that kind of investment.

The question, Mr. Speaker, would be why are we pushing for an

ethanol industry at this particular time? The idea of ethanol I think is very favourable but is it because the price of crude oil is such that we need to mandate part of the gasoline and fuel consumption in this province? Is it the price of crude that is driving this? I don't think it is.

I know at one time the price of crude was even higher. Why wouldn't it have been the ideal opportunity at that time? Because after all ethanol is not a new science. Ethanol production has been around for a great number of years in other provinces, in Manitoba using the native grains that work best in that particular plant, certainly in Manitoba and ethanol production has been used here . . . is being produced here right in this province.

So I guess the question would be, why are we trying to all of a sudden determine that ethanol is going to be the dream that's going to solve all the problems in this particular province at this time? There is great advantage and we've acknowledged that. We just want to make sure that the fundamentals are correct and the project goes ahead on merits of business opportunity and return on investment and not on the basis of a mandated requirement that does not make sense.

The reason that that is so very important is we've fallen into this trap before in other industries and other ventures in this particular province, Mr. Speaker, whenever we want to think that in this province we can move ahead and we can develop some kind of industry based on a natural advantage that we have because of production.

For example, a pasta plant. One of the traps that we fall into is thinking that yes, we can grow good durum here. We have lots of durum. Therefore we should be able to make pasta and the world should come to us in order to buy our pasta supply.

The trap is twofold, Mr. Speaker. First of all, the trap becomes the fact that the marketing of the product is the . . . is the part of the equation that has to drive this whole business plan. It's the marketing, not the mandated amount that has to go in. If there is a business plan based on the marketing, then at least we're on the right track. Without the marketing aspect, the operation is destined to fail or it will have to be perceived to be bailed out by public money or a Crown corporation. Because it's established we don't want to lose it, but the fundamentals to put it in place becomes very critical.

And a good example again is the pasta plant that we've all heard about that was destined at one time for either Weyburn, maybe in Swift Current, or in North Dakota. Again, the same trap that we fell into in those discussions, a great business plan was put together, a whole vision for the industry was in place, there was great amounts of enthusiasm for the ability for farmers to be able to deliver the pasta . . .

The Speaker: — Order. Why is the member from Moose Jaw on his feet?

Hon. Mr. Hagel: — Mr. Speaker, on a point of order.

The Speaker: — Would the member state his point of order.

Hon. Mr. Hagel: — Mr. Speaker, I would ask that you would

call the quorum to determine whether there is sufficient number of members to conduct the business of the House.

The Speaker: — That is not a point of order. However, I am obliged at any time that a member raises a quorum, to call a quorum. I would ask at this time that the Sergeant-at-Arms file the doors and that the members take their seats.

At this time, I would ask the Clerk to take the count. In order to do so, I would ask all members to please rise.

Calvert	Atkinson	Hagel
Lautermilch	Serby	Melenchuk
Cline	Sonntag	Osika
Lorjé	Kasperski	Goulet
Van Mulligen	Prebble	Belanger
Crofford	Axworthy	Junor
Hamilton	Harper	Jones
Higgins	Trew	Wartman
Thomson	Yates	McCall
Kwiatkowski	Heppner	Draude
Bjornerud	Wakefield	Elhard
D'Autremont	Wall	Huyghebaert

The Speaker: — Order, order please, order.

Clerk Assistant: — Mr. Speaker . . . thirty-six.

The Speaker: — Order. There being . . . order. Members will come to order. Members will come to order. There being more than 15 members present, debate will proceed.

Mr. Wakefield: — Thank you. Mr. Speaker, I'll continue with the thought that I was, that I was putting forward at the time. And I was talking particularly about the marketing strategy of some of these major ventures that will certainly be a great advantage to us here in this province.

The mistake that we ran into, as I was alluding to, Mr. Speaker, was the fact that when we put a facility or plan to put a facility in place, we never think far enough along the road that we should be directing the plant at what the market is going to require and what the market demands rather than the other way around.

The other trap that we fall into as producers in this province would be the fact that the local and the regional investment into these projects — and certainly we're going to need a lot of local and regional investment. That investment that the local people are putting in should be based on the fact that they are going to get a return on their investment on the value-added part of this operation, not on their ability necessarily to sell more of their product to this facility. The value added is the large markup and in fact the large value producer in this chain. That is where the return should be and not in the increased opportunity of delivery although that should be included, and if it is it should be just a bonus.

There is other kinds of things that we should certainly be looking at in this province — ethanol happens to be the timely issue but there's other things that, why haven't they been looked at in this province as well?

If this government has a vision for agriculture certainly it's not hinged on one particular enterprise — ethanol. Why have we not heard about some of these other operations? For instance the pasta plant operation, where is that going? Is there any promotion on the part of this government?

Why are we not hearing things that maybe would make just as much or more sense? Why not for instance the prospect of a noodle production plant in Saskatchewan? Certainly we can grow large quantities of the kind and quality of grain that would fit extremely well into noodle production.

The fact is that the market for noodles is increasing at an exponential rate as we want in this province. We want to take advantage of every opportunity not only to diversify the production but also to take advantage of the value added that we can experience in these particular operations.

Now the value added . . .

The Speaker: — Order. Members of the Assembly it now being past the hour of 10:30 this House stands adjourned until tomorrow at 1:30 p.m.

The Assembly adjourned at 22:30.