

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Fifth Session — Sixteenth Legislature
25th Day

Monday, March 22, 1971

The Assembly met at 2:30 o'clock p.m.
On the Orders of the Day.

Correction in Leader-Post

Hon. L.P. Coderre: (Minister of Public Works) — Mr. Speaker, before the Orders of the Day are proceeded with I should like to make a correction of a press report in the Leader-Post dated March 20, 1971 under the heading of "Labor Court System Urged by Liberal MLA." This is a statement made by me outside the Legislature that nursing assistants take the same course as nurses and that under The Registered Nurses Association, because she had the same course of study, she was entitled to join the professional association. What I meant to say was that the Canadian Nurses' Association are certified under The Saskatchewan Registered Nurses' Act; they have their own associations, and in view of the fact that they have their own professional association, I believe they are entitled to join that particular association for purposes of collective bargaining. The reporter who solicited the above information is not responsible for the misstatement, I was.

ANNOUNCEMENTS

Provincial Amateur "A" Hockey Championship Won By Rosetown

Mr. G.F. Loken: (Rosetown) — Mr. Speaker, it gives me great pleasure today to inform you that the Rosetown Redwing Hockey Team has again won the Provincial Amateur "A" Hockey Championship, defeating North Battleford in a three-game series, two games straight and the best out of five series. I know all Members will join with me in extending congratulations to the Rosetown team and best wishes in the next series when they meet the winners of Alberta and British Columbia.

Hon. Members: — Hear, hear!

Provincial Championship Won By Weyburn Pee Wees

Mr. J.A. Pepper: (Weyburn) — Mr. Speaker, I should like to draw to your attention, Mr. Speaker, and through you to the Members of the Legislature, the Provincial Hockey Championship that was played over the weekend in Swift Current, in which Weyburn Young Fellows Pee Wee Hockey Club won the Provincial Championship by defeating Saskatoon and Prince Albert and they tied with Swift Current. The Weyburn All Star Pee Wee Club is managed by Grant Marinos and their coach is Jim Nedelcov. I am sure all Members join with me in extending congratulations to Weyburn in this Provincial Championship victory.

Hon. Members: — Hear, hear!

Welcome Back To Larochelle And Romanow

Mr. G.T. Snyder: (Moose Jaw North) — Mr. Speaker, I just want to take a very brief moment to welcome back to the House the Whip on the other side of the House. I know he has been off for a rather extended period of time.

Hon. Members: — Hear, hear!

Hon. D.V. Heald: (Attorney General) — Mr. Speaker, the Member for Moose Jaw North beat me to it. I was going to welcome back not only the Member for Shaunavon (Mr. Larochelle) but, perhaps belatedly a day or two, the Member for Riversdale (Mr. Romanow). They both fell victim to the same bug. The Member for Riversdale being a very young fellow got back a little sooner, but I know we are delighted to have them both back in the House after their flu bug.

THIRD READING

Hon. D.V. Heald (Attorney General) moved third reading of **Bill No. 12 — An Act respecting The Elections Act 1971** be now read a third time.

Mr. R. Romanow: (Saskatoon-Riversdale) — Mr. Speaker, I should like to very briefly say a few words about Bill No. 12, which is the Election Act Bill before us in third reading. In essence what I want to say, Mr. Speaker, is that we on this side regret very much that the Elections Act Bill has, in fact, fallen short of the expectations that we had on this side for it, especially when the initial committee was struck last year to look at all aspects of the election law of Saskatchewan. It makes no mention with respect to the revelation of election funds, and thirdly, that it makes no provision for the financing of election campaigns in a way other than we have traditionally known them to be financed. In other words, Mr. Speaker, some provision to move it to be financed more and more out of the public purse.

Secondly, we are concerned in this Bill that rather than opening up the opportunities for the opinions of voters through their ballots, this Bill has in fact cut down that opportunity. The elimination of absentee ballots, the question of cutting down the ability of a candidate having access to an apartment building or some other similar structure, is something to be regretted by those of us who have served on the Committee.

In short, Mr. Speaker, may I say this. The Committee presented this House a wonderful opportunity really to have the Magna Carta with respect to election law in Saskatchewan and in Canada. The Committee met faithfully. Some of the recommendations, I think, were a step in the right direction. We on this side very much regret that the recommendations of the majority of the Committee — some major basic ones — were not implemented by the Government opposite and those recommendations advocated by Members on this side were totally ignored by the Government of the day.

I must say in conclusion that we feel that any election act, in order to be a proper elections act, must be tied to an independent electoral boundaries commission. We feel that no elections act, amendments or review can be totally complete until such time as we can make sure that there is actually representation by population, that in fact the voice of the people . . .

Some Hon. Members: — Hear, hear!

Mr. I.H. MacDougall: (Souris-Estevan) — Mr. Speaker, he is discussing something that doesn't belong to this Act at all.

Mr. Speaker: — I think the point of order is well taken. I don't think electoral boundaries were any part of the principle of this particular Bill we are debating on third reading.

Mr. Romanow: — Mr. Speaker, I'll abide with the ruling of course and just say that we say any elections act must be tied up part and parcel with an independent electoral boundaries commission, especially where the electoral boundaries are drawn by this Government opposite.

Mr. Speaker, may I say in conclusion that, by and large, this entire Bill has shown that it is simply a tinkering with the old election law, that it falls far short of what we were expecting for an elections Bill. We are very disappointed that the Government has not seen fit to provide the leadership that it had the opportunity to do so.

Some Hon. Members: — Hear, hear!

Motion agreed to and Bill read a third time.

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. D.G. Steuart that **Bill No. 36 — An Act to assist Athabasca Forest Industries Ltd. in establishing a Pulp Mill in Saskatchewan** be now read a second time.

Hon. W.R. Thatcher: (Premier) — Mr. Speaker, there are only two or three items which I want to mention this evening. During the debate a few days ago, I indicated that it was the intention of the Government to require the company to hire a certain percentage of natives. In the Prince Albert pulp mill this was done on a voluntary basis and it hasn't worked as we should have liked it to. The Leader of the Opposition (Mr. Blakeney) pointed out that there was only a vague reference to the matter in the agreements. Now upon checking the matter, I find that the clause could be more specific. I have asked our lawyers to change the contract to make this requirement more definite. It is certainly the intention of the Government to include a clause which will require about 20 per cent of the employees in the mills and the woods to be natives. After all, one of the great benefits that this pulp mill will bring to Saskatchewan is the fact that it is being built in an area where there are great numbers of native people. Most of these have been on social welfare much of their lives. They haven't had the opportunity for employment. So we are going to make very certain before this debate is finished there will be a specific change made in this regard.

I also want to say a word about the Federal Guarantee fee. It has been suggested by some Hon. Members opposite — I forget whether it was in the House or out of the House — that perhaps

Ottawa really wasn't going to come through with that \$12 million. It was also suggested that we should have made formal application a long time ago. May I tell the House that we have an assurance from the Federal authorities that they accept this agreement in principle. The final approval, of course, particularly as to the amount, must be made by the Federal Cabinet. The Government believes that there is no doubt that we shall get this \$12 million, because a similar grant was made for a pulp mill in Alberta only recently. Why would the Federal authorities treat Saskatchewan in any different manner than it is treating other provinces? I am quite sure that Ottawa is just as interested in finding jobs for our people as anyone else.

I wrote to Mr. Marchand and talked to him on the phone a few days ago. I asked him if he would clarify the position because we were having this debate in the Legislature. I should like to read herein a telegram which I received from the Minister of Regional Economic Expansion on March 8th:

Premier Thatcher:

This refers to our discussions during the past month while you have been preparing the pulp mill project in the Meadow Lake special area. As you know I fully share your enthusiasm for the benefits of employment that this project would bring, particularly for people who have no practical alternative source of adequate earnings. As you also know, a decision by the Federal Government about an incentive for a major project of this kind has to be based on details which can only now be developed precisely. These relate particularly to the financial projections, the marketing considerations particularly as they affect other employment prospects, and the public costs related to environmental considerations which are of special concern to other Federal Ministers as well as to your Government. Obtaining of the necessary detailed information on these factors is bound to take a few weeks. You can be assured, however, that I will be putting the proposal to the Federal Cabinet as quickly as possible. I am sure we all hope that its great potential benefits for the people of northern Saskatchewan can be brought to fruition.

In other words, Mr. Speaker, I suggest to you tonight that the Federal Government is looking at this project with great sympathy. I am sure we have every reasonable prospect that they will within a few weeks approve of it.

I only remind Hon. Members opposite that we think we can get this mill started within two or two-and-one-half months once the Bill is passed. We can't begin to do the financing until the Legislature passes the Act. In view of the fact that this is the largest single economic project ever to come to Saskatchewan, in view of the fact that four or five thousand jobs are at stake, in view of the fact that we have some unemployment in this province, I hope hon. friends will vote for this Bill.

Some Hon. Members: — Hear, hear!

Mr. J. Messer: (Kelsey) — Mr. Speaker, I first of all want to say that we are glad the Premier made an attempt in clarifying some of the statements that he had made last Thursday. We shall certainly be awaiting with expectation the specific change that he said would be

forthcoming in regard to the hiring of native people. I was hoping that he had gone a little farther in correcting some of the inaccurate statements that he made last Thursday, the statements that not only were an attempt to mislead this Legislative Assembly, but also the people of Saskatchewan.

Some Hon. Members: — Hear, hear!

Mr. Messer: — If he did anything last Thursday, he certainly displayed his ability again at being able to widen the credibility gap of this Government.

Some Hon. Members: — Hear, hear!

Mr. Messer: — The Premier last Thursday made the statement, and I heard him again on a television program Saturday over station CKBI at Prince Albert, stating that he would hope that the New Democratic Party would not continue to hold up the legislation in regard to Athabasca Forest Products. I should like to remind him that to date we've only had the opportunity of one speaker, the Hon. Leader of the Opposition (Mr. Blakeney), and since that time the debate has been held in the Premier's name thereby not giving us the opportunity to debate it.

Some Hon. Members: — Hear, hear!

Mr. Messer: — I wish he would tell the people of Saskatchewan that this is the reason we have not been able to debate until now.

The Premier also made a reference, a statement in his speech last Thursday, that the Athabasca Forest Products would be using considerable amounts of gas and power and — if I recall correctly — that the mill would be using something in the neighborhood of \$2 million worth of natural gas. He then went on to say that it was only natural that a mill using this much natural gas would also be a large consumer of power in the Province of Saskatchewan.

I should like to bring to his attention a statement out of the Feasibility Report made to the Government by the Associated Consultants International in regard to that subject. I want to quote from that report:

As noted, the need for process steam in the bleached kraft pulp mill permits production of electrical power very cheaply. With low cost gas, substantial savings are possible over purchased electric power. In the isolated location, the elimination of the potential danger of power outage due to a long branch line is a real advantage.

I believe in other areas of the material that was tabled in this Legislature it points out that they will not be relying on power from the Power Corporation, thereby there will not be great amounts of money going to the Power Corporation in the Province of Saskatchewan from this development — another misleading statement in regard of the Premier in this Legislature made last Thursday.

He also brought to the attention of the Legislature what a magnificent success the Prince Albert pulp mill was. He did not

at that time though go on to mention to what extent that pulp mill was a success for the Province of Saskatchewan. I should like to refer the Premier to some of the statements he was making in regard to that field not all that long ago, in fact about one year ago. The Saskatoon Star Phoenix tells us in an article of March 18, 1970, and I quote:

Premier Thatcher said the New Democratic Party had constantly opposed the pulp mill throughout its process to date. Now that it is operating and making a good profit, the Government has no intention of endangering it by announcing the profits.

Other companies make it a practice not only to announce their profits on a yearly basis but quarterly. The Premier didn't think that that applied in the case of the Prince Albert pulp mill. However, some months later after we had made statements in regard to the Prince Albert pulp mill, the Premier stated in the Leader-Post on September 23rd, and I will only read you the headlines: "\$8 million profit in 1970, Premier's reply." He was trying again to mislead not only this Legislature but the people of Saskatchewan that the Prince Albert pulp mill had the potential of making an \$8 million profit in 1970. It was only a matter of days after that that a more reliable source came out stating what the profit of the Prince Albert pulp mill may be. I refer you again to a Leader-Post article dated October 3rd, only several days later. It states: "Prince Albert Mill Viable, Controlling Company Says." Parsons and Whittemore says, "First half net profit \$1.4 million." Now, Mr. Speaker, we know that the last half of the year did not gain the profits to the extent that the first half did. In fact, if we wanted to be generous and say that it did, it would only come to a \$2.8 million profit, or far, far less and by \$7 million than what the Premier was trying to lead the people of Saskatchewan to believe as profits to this province.

An Hon. Member: — What's a million!

Mr. Messer: — Yes, what's a million, as my colleague from Saskatoon Mayfair (Mr. Brockelbank) says. The fact of the matter is that any profits showed in that pulp mill are subsidized profits by the people of Saskatchewan.

Mr. Speaker, Bill No. 36, a Bill to assist Athabasca Forest Industries Limited in establishing a pulp mill in Saskatchewan is a Bill that many Members of this Assembly have been anxiously awaiting. It is a Bill that has since its announcement in the Provincial Treasurer's Budget, and even before that, been the topic of a good many conversations in this province, not only at the Government level or at the level of this Assembly, but by many people throughout this province. During a time when Canadians and, in particular, the people of Saskatchewan are concerned about pollution, forest management and utilization, such developments are of keen interest.

It rightly should be a topic of discussion when we have an excess of 15,000 unemployed in this province. It should be a topic of discussion when capital requirements for an industry to the tune of \$177 million is going to take place in the Province of Saskatchewan. It becomes even more interesting to the people of Saskatchewan when out of that \$177 million capital investment there will be \$130 million provided or guaranteed by the people

of Saskatchewan. Many people in the Province become more interested, and more confused when it is brought to their attention that even though the \$130 million is provided and guaranteed by the Government, they receive only a 30 per cent share, the remaining 70 per cent going to Athabasca Forest Industries.

In fact, Mr. Speaker, many people not only in this Legislative Assembly but in the Province of Saskatchewan think that this is an issue of significant and serious enough implications that a general election should be called . . .

Some Hon. Members: — Hear, hear!

Mr. Messer: — . . . so that the people of Saskatchewan have an opportunity to express through their vote how they feel about such a proposal. This may well be the proper thing to do, however it is not up to us as the Opposition nor do we have the power to call an election. We therefore suggest to the Government, if they feel this is a mandate of the people, they then should call an election.

Some Hon. Members: — Hear, hear!

Mr. Messer: — If they do, I know where I stand and why I stand there. I also know where the Members of the New Democratic Party in this Assembly stand and I know where the New Democratic Party in Saskatchewan stands in regard to this Bill. So if an election is called and one of the issues is Bill No. 36 in regard to Athabasca Forest Industry, we are not only prepared for it, but we know our stand is the right stand.

Some Hon. Members: — Hear, hear!

Mr. Messer: — When the Provincial Treasurer spoke on second reading to this Bill last week, the Leader of the Opposition stated that he, Mr. Steuart, had followed the same pattern as that of the introduction of the Bill in regard to assistance to the Prince Albert pulp mill. He then made some reference to the statements that Mr. Steuart made. I also want to make some references to the Provincial Treasurer's speech. The Provincial Treasurer has, on numerous occasions including his address last week, made reference to how we in the New Democratic Party have tried our hardest to build a pulp mill in the northern portion of this province. That may well be, Mr. Speaker. We have tried in the past and especially when we were in Government of the Province to encourage development of such a pulp mill. It is true that we did not establish a pulp mill and we have no regrets for not doing so. I say this, and it can be substantiated by documented evidence, that after consultation with many companies in regard to the establishment of a pulp mill, it always ended up in the net result that it was not feasible if we were to keep foremost in our minds our obligations as a concerned government in the administration of this province.

Some Hon. Members: — Hear, hear!

Mr. Messer: — We found, after studies and feasibility reports, that if we were to return a rightful share of the earnings to the people of Saskatchewan, along with forest management and pollution control, the venture was no longer economically feasible. However,

the Provincial Treasury distorts these endeavors by stating that we were misleading the people of Saskatchewan. Mr. Speaker, if anyone has been misleading the people of Saskatchewan, it has been the present Government of Saskatchewan. It is they who have made numerous announcements with regard to industries coming to this province, numerous industries that have never come. Industries such as heavy water, mining operations, automobile manufacturing plants, sawmills and yes, even pulp mills.

I want to remind the Members to your right, Mr. Speaker, of an article in the Star Phoenix, February 25, 1965. The headline of this article is: "Pulp Mill Deal Cancelled." I am certain that the Provincial Treasurer and the Hon. Premier and Members to your right will recall that they had, at one time with some considerable fanfare prior to 1965, assured the people of the Hudson Bay area that they would have a pulp mill constructed there. This article states, and I quote: "The agreement guaranteeing a pulp mill in the Hudson Bay area to be built by 1967 has been cancelled." There may well have been good reason for the Government cancelling the promised pulp mill for that area, the same as there was good reason for the former Government in not proceeding with the initial negotiations for pulp mills when we were the Government.

Now as I have mentioned the people in the province are concerned about a second pulp mill development. The reasons they are concerned is pollution, forest management and utilization, and the effect that it may have on our unemployed and the financing of that operation. I know that other speakers will be dealing in depth with these areas. I, however, want briefly to comment on several of them.

In the area of pollution the Government has given us little assurance that the second pulp mill will not contribute dangerously to our pure water area in the province, thereby not only hindering the wildlife and fishing potential of that area but also destroying tourist potential. We were assured during construction and early operation of the Prince Albert pulp mill that Saskatchewan's recreation resources of lake and stream would be rigorously guarded. We were assured by company engineers designing the project that the latest in effluent and odor control would be installed so that we should have no concern about pollution. In fact, it had been stated by a senior official of the mill that the water was cleaner when it left the mill than it was when it came in. We found that this was not the case as was pointed out by the Leader of the Opposition earlier in this Session. He proved that the coliform bacteria count in the Saskatchewan River is far in excess of what the waters can stand in order to maintain recreation, fish and wildlife. It was also pointed out several days ago by the Member for The Battlefords (Mr. Kramer) that the dissolved oxygen level is far below normal in the Saskatchewan River.

The fact that the Government, several weeks ago, announced a \$1,250,000 pollution control plant at Prince Albert and that they are now pumping oxygen into the river artificially so that they can bring the oxygen level up, shows that we have had a pollution problem in the past and that the Government is only now taking measures and showing concern about it because we are in all probability on the eve of an election. We have been given no assurance that the same situation will not be prevalent at the mill on Doré Lake.

In the area of forest management it was also pointed out by the Leader of the Opposition in this Assembly several weeks ago that there has been in excess of 50 square miles of timber cut at the Prince Albert area for the Prince Albert mill. This timber has been clear cut which, in itself, is a matter for serious concern. Even though such a vast area was clear cut, the Leader of the Opposition pointed out that less than two square miles had been replanted or reforested. We have evidence of abuse in regard to the clear cutting and the Government to your right, Mr. Speaker, is also aware of the abuses in the Prince Albert area.

Some Hon. Members: — Hear, hear!

Mr. Messer: — They have not only cut down to rivers but also to the edges of lakeshores, leaving the area open to soil erosion and serious depletion of fish and animal life. Areas which have been treated in this way and have not been reforested are now growing with weeds, poplar or aspen which makes it virtually impossible to plant spruce unless this land is scarified or burnt over so that transplanted seedlings will have a chance to survive. Such an operation puts the clear cut areas in danger of soil erosion.

Mr. Speaker, there are a number of people in the Province of Saskatchewan who are concerned about these practices. According to the Leader-Post of October 23rd, there was a meeting here at which Dr. Maureen Rever, a biologist at the University of Saskatchewan in Saskatoon said, and I quote:

There are many unknown factors still to be answered about the operations of the Prince Albert mills. People should have these answers before the second mill is proceeded with.

Mr. Speaker, the Government has brought forward no evidence to show that these problems are still not prevalent nor have they given the opportunity for the people to become better informed. This article goes on to say:

The people of Saskatchewan should demand a complete and thorough inventory of the sociological and economic implications of the Prince Albert mill.

Some Hon. Members: — Hear, hear!

Mr. Messer: — She further states:

Conservative estimates conclude that 4,000 seedlings per acre would be required to reforest the cleared area. This would mean that at least 6,000,000 seedlings would be needed to reseed the area cut in one year. Current indications are that 16,000 acres would have to be reforested per year. This would require close to 6,000,000 seedlings. At present the government foresters in this province can only produce about 1,000,000 seedlings a year and this must meet all provincial requirements.

She went on to say:

There was absolutely no experimentation on reseedling and producing the required seedlings before this pulp company received these vast rights to harvest our northern forests.

Mr. Speaker, not only do they have the opportunity to harvest

vast forests in the area of Prince Albert but this Government is going to give them vast areas in the Meadow Lake area also to harvest. We don't know and we don't have evidence available that will assure us that our forest will stand the exploitation that this Government is willing to allow. As we can only guess at what the regeneration time may be in the clear cut areas, we can't positively say that the 60 or 70 years allowed for reforested areas to reach maturity is an accurate one.

Mr. Speaker, I have had the opportunity to be in these areas. I have seen the clear cut areas and they are frightening and devastating. They are frightening and devastating because the entire area is cleared of all trees, save for a few small saplings sticking up, and those won't stand for long because they have no protection. All that one encounters when he looks over these areas is slash and rubble, the remains from the foresting operation. As I have said, there is no consideration given to staying away from the stream banks or from the lake shores so that some guarantee could be given in regard to our wildlife and our fisheries there.

Mr. Speaker, I have talked to a number of people, a good number of people in the Province of Saskatchewan who have made their living working in the bush or connected with mill operations. People who have lived there for the majority of their life are frightened in regard to the policy that this Government is encouraging in regard to clear cutting our timber. They can recall, Mr. Speaker, the problems that developed from the last time we had companies coming into the province and clear cutting. Companies such as The Pas Lumber Company, the B.F. Harris Company and American companies such as those coming from Michigan and Minnesota after they had virtually stripped the States clean of all forest products. These people know that irreparable damage was done by them in their clear cutting policies of that day. I want to remind the Members of this House that the clear cutting in that day was nowhere as devastating or as effective as clear cutting of bush is today.

These are the reasons why we and the people of Saskatchewan are concerned in regard to the policies that they propose which allows these companies to operate.

The Provincial Treasurer (Mr. Steuart) stated that priority should not necessarily be given to the desirability of safeguarding our natural resources but to the desirability of finding employment for our unemployed. We question whether this is the answer to the unemployment problem in Saskatchewan. We say this for a number of reasons. One of them being the credibility of this Government in regard to predicting employment in such undertakings and the actual employment given once they are in operation. The Premier has stated on numerous occasions that the Athabasca Forest Industries will employ 1,600 people when in operation, and 1,200 during the construction stage. We have some doubts in regard to these statements when we relate them to the statements that he and his colleagues were making during the initial stages of the Prince Albert mill. In the December 1965 issue of Saskatchewan Today, the Premier stated and I quote:

The development will mean employment for 5,000 people — 1,500 during construction, 500 in the mill when production begins and another 2,500 to 3,000 in the wood operations.

He wished he hadn't said it, I can assure Members opposite, after he made those statements. He went on to say, and I quote:

Every effort will be made to employ the maximum number of Indians and Metis.

And that rings a bell for something we have heard more recently.

According to the Leader-Post of October 1, 1967, in the midst of the construction of the Prince Albert pulp mill, we find they state there were only 1,000 men employed on the construction site. Not 1,500, Mr. Speaker, but 1,000. A significant reduction from what was originally estimated to be employed during construction, as stated by the Premier. No doubt, due to the fact that the Premier was out approximately 35 per cent in his original estimate of construction employment, he readjusted, as only the Premier can, by increasing the number of bush operators by 500.

I refer you to a Star Phoenix statement August 31, 1968, in an article called "Full Mill Production to Involve Jobs for 4,000". This article states and I quote:

The Prince Albert pulp mill which will be officially opened on October 10th will employ about 500 persons at the mill when it reaches full production, with another 3,500 men working in the woodcutting operations, the Premier's office stated today.

Now this is not the case today, because if we go to a document entitled, "The Pulp Mill Story", a document which was researched and printed by the Liberal Party of Saskatchewan, we find that they state that the mill employs today 419 people. The bush operations have not 3,500, not 3,000, nor 2,500 or even 2,000, but the bush operations have 500 people.

The Premier's estimate of employment at the mill is out by well over 15 per cent which in itself is bad, but when you compare it to the 500 men working in the bush operations in comparison to his original estimate of 3,500, it is preposterous, Mr. Speaker. This is 3,000 less than he estimated. That is only 15 per cent of the actual working force that he left the impression would be working in the bust. Reason enough, I say again, Mr. Speaker, to question the credibility of this Government.

Some Hon. Members: — Hear, hear!

Mr. Messer: — Just for politics, in spite of the Premier and his Government trying to leave the impression that a good many of the workers are native people, we find that there are only a few in the plant and less than 10 per cent working in the bush operations. In fact out of total bush operators some 65 per cent are non-Saskatchewan people. These are some of the reasons why we question such an enterprise which they say will significantly reduce the unemployment in the Province of Saskatchewan. If we are to use figures that the Premier has predicated as employed in the Athabasca Forest Industry Project, and if they are no more accurate than those he used in regard to the Prince Albert pulp mill, we find that we shall indeed have far fewer people employed than the number he is now leaving the impression with the people of Saskatchewan.

Some Hon. Members: — Hear, hear!

Mr. Messer: — In fact, Mr. Speaker, if the

Government wants to be honest about the employment of the mill operations for the new mill, they should have stated that approximately two-thirds of the people employed in the mill would have to be highly skilled in regard to pulping processes. As there are no such personnel in the province other than at Prince Albert, who are needed at that mill, they know that they will have to import two-thirds of the labor force which will greatly take away from the employment advantages that would be created for those who are unemployed in the Province of Saskatchewan today.

When you add this number to the bush operators who will be replaced or absorbed into the operation, the employment figure drops further. For these reasons we are doubtful whether there is going to be significant additional employment encouraged by the construction of such a pulp mill.

We are also concerned that in the net result there will be little labor provided for our native people if it follows along the guidelines of the Prince Albert operation.

Now as I stated earlier, Mr. Speaker, the Premier states that there will be 1,600 people employed at the Athabasca Forest Industry pulp mill. I again want to refer Members to your right to the Associated Consultants International Feasibility Research and see what they have to say in regard to labor. They state and I quote:

The estimated number of personnel in labor rates proposed are based on Prince Albert's experience and it should be fairly close to actual staff and rates at Athabasca. Plans are to use a single production line at Athabasca as at Prince Albert, but with larger equipment. This means that the number of employees in the two mills will be nearly the same. A few positions will need extra help where the operator is involved in handling the material, for example, fork lift operators to handle bailed pulp. Certainly between the logging and the mill operation there will be jobs for approximately 1,000 people.

Not 1,600, Mr. Speaker, but 1,000 people, again showing the credibility of the Premier and the Government to your right.

Some Hon. Members: — Hear, hear!

Mr. Messer: — Mr. Speaker, I am not saying that our forest products in the Province of Saskatchewan should not be utilized. What I am saying is that we, and especially the Government to your right, Mr. Speaker, should be honest in their proposals for development. There is a great deal of reason to be concerned in regard to the development of this pulp mill and the Government's honesty. We do not really have the assurance that the forests of the area will provide the timber that this pulp mill is going to be in need of. There is no real conclusive evidence that we shall not have problems in controlling pollution from this pulp mill.

We are concerned about finding jobs for our unemployed, but we seriously question whether the pulp mill is going to provide the number of jobs, not only that the Premier suggests, but that are needed in the Province of Saskatchewan today to reduce our unemployment figure.

There are certainly many other areas where jobs could be found if there was some sort of encouragement provided by the Provincial Government. Certainly economic encouragement to the overall province, to the extent that the financial commitment is being made to Athabasca Forest Industries, would be more beneficial.

In the farming industry in the Province of Saskatchewan, in spite of a high level of unemployment, farmers are unable to hire the qualified personnel that they now need on farms. With the specialized operations that we have in the Province of Saskatchewan today, with the diversification program and the specialization that has come into the livestock industry, farmers no longer can hire people who are poorly educated or lack initiative. They need qualified, ambitious personnel, but due to the present economic conditions in agriculture farmers are unable to hire the type of personnel that they need. Even though the unemployed has, in its mass, the type of people that farmers are looking for. But because farmers are not able to pay decent wages which would be able to provide these people with a decent standard of living, both groups will continue with hardships that they are now confronted with.

This Government could well have been seeking and providing means and encouragement for job placement in the farming industry. This Government could well have been doing something similar to its sister province to the east of us — Manitoba. In that province the government, realizing the serious repercussions that a lagging and dragging agricultural economy can have on the overall economy of a province, provided acreage payments to the extent of \$4 million so that some meaningful assistance would be given directly to farmers.

Some Hon. Members: — Hear, hear!

Mr. Messer: — But the Government of Saskatchewan does no such thing. They can loan and guarantee \$130 million for a single industry in one area of the province, but they cannot provide any real or meaningful assistance to the overall population of the province.

Some Hon. Members: — Hear, hear!

Mr. Messer: — There is certainly room for industrial development in this province but it should be done on a level that will spread and establish industry, not in one area of the province, but in as many areas as possible.

Certainly industries can be established that would be able to utilize our forest products but with priority in their utilization that would keep harmony with our environment. There are other unlimited industries that would be able to absorb the unemployed that we have now, secondary industries, manufacturing, industries manufacturing farm equipment, the expansion and the encouragement of oil crushing plants, feed concentration plants, alfalfa dehydration plants and the encouragement of broader tourist industry potential in this province. But because agriculture is still our primary industry in this province we should be giving some priority in regard to that industry. This Government has not done that.

Some Hon. Members: — Hear, hear!

Mr. Messer: — Farmers throughout this province will receive little benefit from the pulp mill development and this is wrong.

Mr. W.A. Forsyth: (Saskatoon Nutana South) — On a point of order. The Member is really delivering the agricultural speech which he should have delivered earlier in this Session. He is not discussing . . .

Mr. Speaker: — Order, order! I must agree that the House is debating construction of a pulp mill, if I understand this Bill correctly, called an Act to Assist Athabasca Forest Industries in Establishing a Pulp Mill in Saskatchewan.

Mr. Messer: — Mr. Speaker, I think that one of the criteria that the Members opposite are saying is that a pulp mill, if built, will absorb the unemployed in this province. I seriously doubt whether a mill is going to do that and I say a more practical alternative would have been to provide jobs in the farming industry which is seeking employment for their operations. I am only making reference to that. If the Hon. Member for Saskatoon (Mr. Forsyth) wants to tell the farmers that we should not be discussing the farming problems in Saskatchewan and it is unrelated to a \$177 million expenditure in the Province of Saskatchewan, he can jolly well hop to it.

Some Hon. Members: — Hear, hear!

Mr. A.E. Blakeney (Leader of the Opposition): — Mr. Speaker, on a point of order. I think that it is worthwhile pointing out that the fundamental element in this Bill is the guarantee of money and alternative uses for money is certainly relevant.

Mr. Speaker: — Order, order! When you debate second reading of a Bill, you are really debating the question of whether or not this thing shall be done. Shall this thing or shall it not be done. When you move into Committee you are debating how it shall be done and when you move into third reading you debate the Bill as the Committee has decided that it shall be done.

Now the question before the House is that Bill No. 36, an Act to Assist Athabasca Forest Industry in Establishing a Pulp Mill in Saskatchewan, be now read a second time. What is contained in the Bill, what is before the House is shall there be a pulp mill or shall there not be a pulp mill . . .

Mr. Blakeney: — No, sir!

Mr. Speaker: — Order, order! . . . assisted by the Government. Now that

is the principle of this Bill that is before the House. I suggest, and with all deference to my importunate friend, the Leader of the Opposition, I suggest in all sincerity that if Members wish to debate agriculture they should launch a proper motion in connection with agriculture.

Mr. W.S. Lloyd: (Biggar) — Mr. Speaker, may I ask a question. Did I hear you use the phrase, my unfortunate friend, the Leader of the Opposition?

Mr. Speaker: — I said importunate. I will get the definition for the word if you require it.

Mr. Lloyd: — Thank you, Mr. Speaker, I appreciate your help. May I just repeat the emphasis which my friend the Leader of the Opposition has given. We are debating in large part the use of public funds. What my colleague from Kelsey (Mr. Messer) is saying is that an intricate part of this argument is whether or not this is the wisest use of those funds. I suggest that he is entitled to develop that argument.

Some Hon. Members: — Hear, hear!

Mr. Speaker: — I accept the argument of the former Leader of the Opposition that the House is debating the use of public funds, but if the House is to debate all the alternative purposes for which they can be used, it could argue that they should be used for health, for industry, for anything under the sun and there would be another Throne Speech Debate going. Members are debating now whether these funds should be used for the Athabasca pulp mill. I ask the Members to relate their words to the particular subject. I don't think that that is asking too much.

Mr. Messer: — Mr. Speaker, I was endeavoring to relate it to the Athabasca pulp mill industry in relation to opportunities and other industries in the province, in relation to expenditures in other areas that I thought would be far better, more beneficial to the people of this province . . .

Some Hon. Members: — Hear, hear!

Mr. Messer: — . . . and which the people of this province also think would probably be far more beneficial to them than one single industry in the northwestern part of the province.

I stated that farmers throughout this province would be receiving little benefit from a pulp mill development. We on this side of the Legislature say that this is wrong.

Some Hon. Members: — Hear, hear!

Mr. Messer: — The Government fails to recognize the priority and to establish means of correcting the assistance in regard to that need and because they try to create a single issue which they hope will be able to divert the attention from these other needs, such as the Athabasca Forest Industry. We in the New Democratic Party cannot support that promotion.

Athabasca Forest Industry in all probability will not reduce the unemployment in this province, nor will it have an improving effect on the overall economy of this province. But what the Government's commitment to the Athabasca Forest Industry will do is increase the debt commitment of the people of Saskatchewan and they have the right to voice alternatives, Mr. Speaker.

Some Hon. Members: — Hear, hear!

Mr. Messer: — But what Athabasca Forest Industries will do is to put a \$130 million commitment on the shoulders of our primary industry, agriculture. It will increase the individual debt load of farmers in Saskatchewan by a sum of some \$2,000 per farmer.

Some Hon. Members: — Hear, hear!

Mr. Messer: — Mr. Speaker, I ask the Members of this Assembly and I ask the Member for Bengough (Mr. Mitchell) if the farmers in his constituency can stand an increased \$2,000 debt. I ask the Member for Nipawin (Mr. Radloff), who is not in his seat this evening, if the farmers in his constituency can stand an additional \$2,000 debt. The fact of the matter is that not only can farmers not carry any more debt, but this industry is not going to contribute to or alleviate any of the economic problems that are being encountered by the people of Saskatchewan today.

The establishment of this industry in northwestern Saskatchewan is going to have very little effect in regard to the solving of the problems of my seatmate, Mr. Wood from Swift Current. The development of the industry will have little, if any, effect on the people of the city of Regina. It will have little relief for the problems confronting the people who live in the city of Saskatoon and in the constituency the Hon. Deputy Leader, Roy Romanow, represents. It will have little effect, if any, in regard to alleviating the problems of the people in my constituency.

Because this Bill does not provide assistance to our primary industries which need a bolstering effect so that the overall economy in the Province of Saskatchewan can be turned into an upswing and because they have not answered the seven criteria that we in the New Democratic Party said should be answered before any major complex such as this is developed in the province, and because they have not answered the seven criteria that the people of Saskatchewan are also asking to have answered, we, on the New Democratic side of this House and myself in particular, cannot support this Bill.

Some Hon. Members: — Hear, hear!

Hon. C.P. MacDonald: (Minister of Welfare) — Mr. Speaker, in rising to take part in this debate I do so with great enthusiasm, to support a Bill which will bring to Saskatchewan the largest industrial complex in the history of our province.

Before I start I cannot help but comment on some of the comments of Happy Jack the Roaming Ranger from Kelsey. You know, Mr. Speaker, we have been listening in this province for three

years, ever since the establishment of the Prince Albert pulp mill, to the Leader of the Opposition and to every Member of the NDP going around this province saying, "That's a poor financial deal. We cannot support that." And then Happy Jack comes out and tells us that in one year this Prince Albert pulp mill is going to make \$2.8 million, and we have only put in an equity of \$3 million. If that is a poor financial deal I should like to know what it is.

It was rather funny to listen to him talk about unemployment, Mr. Speaker. He only referred to the direct employment in the mill but you know, Mr. Speaker, he didn't talk about the uplift to the whole northwestern part of Saskatchewan, about the number of people who will be employed in building the railroad, in building roads, in building houses for 4,000 people in the community, about the hotels and the cafes and the garages and the hospitals and the schools. No, Mr. Speaker, he didn't bother with that.

And then the most interesting comment he made was, and I quote: "You know, why the CCF could have established a mill but we decided against it." "Oh," he said, "but we decided against it because of the wisdom of the NDP, of the CCF." "This was our wisdom," he said, "for the good of the people of Saskatchewan." Isn't it too bad he didn't tell them that just before the election when they announced in paper after paper across the Province of Saskatchewan that they were going to have one. And then he said they cancelled the pulp mill in Hudson Bay. Well, you know he comes from that area of the province and I invite him to look around because if there's any community in the Province of Saskatchewan that has received the benefit of industrial development by this Government it's Hudson Bay. MacMillan Bloedel took over that widely defunct Wisewood (Simpson Timber Company). And then, Mr. Speaker . . .

Mr. Brockelbank: — 60 cents on the dollar.

Hon. C.P. MacDonald: (Minister of Welfare) — Oh, you bet — look what it's worth today. And then he said, "You know, it's going to put a \$2,000 debt on every farmer in the Province of Saskatchewan." That, Mr. Speaker, is so ridiculous that it doesn't even warrant an answer. He doesn't even understand what a contingent liability is. However, Mr. Speaker, for Happy Jack (Mr. Messer) and others, I've got a few things to say.

Mr. Speaker, because of the complexity of the agreements and the complexity of the project I shall restrict my remarks to those observations concerning the financing aspects and leave my other colleagues the other vital and important subjects related to this project. I particularly want to comment on some of the comments of the Leader of the Opposition when he first introduced this subject.

Mr. Speaker, the importance of this project to northwestern Saskatchewan and to the province as a whole demands that all Members of the House examine carefully and objectively the totality of these agreements. I listened with complete and utter disbelief to the Leader of the Opposition's (Mr. Blakeney) remarks as he opened this debate on behalf of the Socialists.

Mr. Speaker, never have I heard more political dishonesty and oversimplification than in the remarks and the comments of

the Socialists in regard to this pulp mill.

Some Hon. Members: — Hear, hear!

Hon. C.P. MacDonald: (Minister of Welfare) — First, Mr. Speaker, he gave to the House and to the people of Saskatchewan not an economic evaluation but a political evaluation. He conveniently presented half-truths. He conveniently omitted important sections of the agreements. He conveniently combined different agreements to produce negative attitudes. He conveniently misrepresented the true meaning of other sections of the agreements. His whole argument was negative and political — not economic and not social.

Some Hon. Members: — Hear, hear!

Hon. C.P. MacDonald: (Minister of Welfare) — Let me illustrate, and I quote:

I say quite frankly that I haven't finished my analysis of the documents and I'm sure that other Members of the House have not yet had an opportunity to peruse them. I'm sure that no Member in this House would want to vote on this Bill until he had himself looked at these documents to see whether he was satisfied himself as to whether this was a good deal.

Mr. Steuart: — That's what you said, Al!

Hon. C.P. MacDonald: (Minister of Welfare) — In one breath he announced that he hadn't finished examining the documents and that no Member should vote on this until they had completed their examination and then in the next breath he stands up and he announces that he would vote against it even though he himself had not finished examining them.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — I am finished now and I was right the first time!

Hon. C.P. MacDonald: (Minister of Welfare) — That's right and it's very, very clear, Mr. Speaker, that he didn't read them very carefully. He didn't assess them very accurately and most of all, Mr. Speaker, he didn't understand them.

Mr. Steuart: — He needs a good lawyer!

Hon. C.P. MacDonald: (Minister of Welfare) — Why, Mr. Speaker? Because the Socialists had decided long ago that they would vote against this project for political, not economic or social reasons.

Some Hon. Members: — Hear, hear!

Hon. C.P. MacDonald: (Minister of Welfare) — They have convinced themselves that they cannot admit to the people of Saskatchewan that this is a good project. It will be another success story of the Liberal Government.

I charge them with political dishonesty. Let me examine some of his arguments that he used to justify this stand. First,

Mr. Speaker, his major premise was that this was a poor financial deal because the province got only 30 per cent of the equity for \$130 million of public funds — and he knows that's inaccurate. In one breath he referred to it as public funds and in another breath as cash and credit.

Mr. Speaker, on the one hand he stated that Parsons and Whittemore would have 70 per cent of the equity for \$20 million in total cash and exposure — let me quote:

In short, Mr. Speaker, Parsons and Whittemore will own 70 per cent of the equity of this \$177 million project. Their cash investment will not exceed \$16.8 million (and I'll have more to say about that in a moment). Their total exposure will not exceed \$20 million. The province on the other hand will have a 30 per cent interest. Our cash investment will exceed \$20 million substantially, our total exposure \$130 million.

Doesn't that sound great? But he neglected to mention a few clauses of the agreements and he didn't have his arithmetic very accurate.

A. First, let's examine the question of equity as contained in the Shareholders' Agreement. The total equity capital for the project is \$24 million. This will be subscribed on the basis of 70 per cent Parsons and Whittemore and 30 per cent of the Province of Saskatchewan. B. The equity will be paid simultaneously with and proportionate to each, drawn down from the long-term loan of \$107 million.

Mr. Blakeney stated:

This isn't an ordinary financing deal where the borrower puts his money in first and then the lender follows with his money. Parsons and Whittemore doesn't in fact have to put up its \$16.8 million — the last of that until the Province has put up the last of the \$107 million.

And the Province doesn't put up any of the \$107 million.

Well, Mr. Speaker, the fact that Mr. Blakeney forgot to mention is this — it is true that Parsons and Whittemore are not required to pay in their \$16.8 million equity capital in a lump sum basis. However, he failed to mention that the same is true for the Province of Saskatchewan. The Province does not have to contribute its \$7.2 million in a lump sum. Every time Parsons and Whittemore puts up \$7 of its equity money, the Province puts up \$3. Therefore, by the time all the funds under the \$107 million loan have been drawn down, Parsons and Whittemore will have paid \$16.8 million in equity payments. The Province will have paid \$7.2 million.

Why did Mr. Blakeney conveniently forget to mention this fact?

Mr. Steuart: — Oh dear, because he's a wiggler!

Hon. C.P. MacDonald: (Minister of Welfare) — C. Now let's turn to the Guarantee Agreement. Here is the place where the Leader of the Opposition really misrepresented the truth. What are the terms of this Agreement?

1. The Province of Saskatchewan will guarantee loans aggregating approximately \$107 million, as the Provincial Treasurer may approve, in long-term debts to Athabasca. No question.

2. Under Article IV of the Guarantee Agreement, the Province receives a guarantee fee of \$3.6 million which will be paid proportionately and simultaneously with the draw downs under the prime loan.

He said that much, Mr. Speaker, but then he stopped. Then he stopped, Mr. Speaker. How could a man read one portion of an Agreement, one clause of the same section, and then ignore the rest?

Therefore, by the time all of the funds under the \$107 million loan have been drawn down, Parsons and Whittemore will have paid \$16.8 million, the Province will have paid \$7.2 million, but will have received in return \$3.6 million.

3. The \$107 million loan which is guaranteed by the Province does not involve the outlay of public funds by the Province, no matter what the Member for Kelsey (Mr. Messer) and no matter what the Member for Regina Centre (Mr. Blakeney) says. It is a contingent liability under which the Province guarantees the payment of the loan. But the meat of the whole issue, what is the meat? What does the Province receive in return for the guarantee of \$107 million? Let me repeat — what does it receive, and this is what the Leader of the Opposition failed to mention. Not once, not once did he mention what the Province would receive, in his entire remarks.

1. A guarantee fee of \$3.6 million. 2. A first mortgage on all property owned or which may be owned by Athabasca Forest Industries . . .

Some Hon. Members: — Hear, hear!

Hon. C.P. MacDonald: (Minister of Welfare) — In other words, a first mortgage on the mill and the forest management license. 3. A first floating charge on all other assets of Athabasca.

Once again his memory conveniently omitted the most important section of the Guarantee Agreement.

Mr. Steuart: — Arthur, do you know what mortgages are?

Hon. C.P. MacDonald: (Minister of Welfare) — Now, the astounding part . . .

Some Hon. Members: — Hear, hear!

Hon. C.P. MacDonald: (Minister of Welfare) — . . . just a minute. The astounding part of the Socialist Leader's remarks is that not once in his entire speech, and I repeat, not once did he mention the first mortgage or the first floating charge on all other assets of Athabasca. That, Mr. Speaker, is the security for the guarantee of our \$107 million, not the 30 per cent equity.

Mr. Blakeney very conveniently left the impression with the Saskatchewan public that the 30 per cent equity was part and

parcel of the \$107 million guarantee. That is false and he knows it. This, Mr. Speaker, was not done by accident . . .

Some Hon. Members: — Hear, hear!

Hon. C.P. MacDonald: (Minister of Welfare) — . . . but by intent. Why didn't you mention it? This section is clearly enunciated in Article V of the Guarantee Agreement and is entitled, "Security for Provincial Guarantee." No one, Mr. Speaker, could have disassociated this section with the \$107 million except to deliberately misrepresent it. Mr. Blakeney knows that the only time that the Province's obligation under this guarantee would be enforced would be if Athabasca got into financial difficulties. Then, Mr. Speaker, if the Province . . .

Mr. Romanow: — . . . the mortgage?

Hon. C.P. MacDonald: (Minister of Welfare) — Just a minute!

Mr. Romanow: — . . . the mortgage?

Hon. C.P. MacDonald: (Minister of Welfare) — Because we get the \$107 million assets, that's what it's worth.

Some Hon. Members: — Hear, hear!

Hon. C.P. MacDonald: (Minister of Welfare) — Then, Mr. Speaker, oh you know, Mr. Speaker, it's bad enough that the Leader of the Opposition (Mr. Blakeney) can't read it — the agreements — but he wouldn't trust the Member for Saskatoon Riversdale (Mr. Romanow) to carry the agreements to the office.

Then, Mr. Speaker, if the Province were called upon to meet payments on the prime loan, the Province would also have the right and the opportunity to take over a \$107 million mill and operate it or else bring in another operator.

In simple terms, if it were called upon to fulfil our guarantee, we should have 100 per cent — and I repeat, 100 per cent — of the assets and not 30 per cent of the equity as the Socialist Leader states.

Some Hon. Members: — Hear, hear!

Hon. C.P. MacDonald: (Minister of Welfare) — Now, Mr. Speaker, let me turn now to the Socialist Leader's comments on the financial exposure of Parsons and Whittemore and this was just supported by Happy Jack (Mr. Messer).

Mr. Blakeney has deliberately endeavored to obscure the issues concerning this mill and seems determined to confuse the people of the Province for cheap political advantage. He sneeringly refers to Parsons and Whittemore's exposure or risk in this mill as being less than \$20 million. Well, Mr. Speaker, I shall once again set out for the Leader of the Opposition the facts concerning this case. The Provincial Treasurer (Mr. Steuart) set them out, the Premier reiterated them. It is becoming abundantly clear that they not only need a good lawyer but they need a good financial expert.

Under the terms of the Shareholders' Agreement, Parsons and Whittemore are responsible for 70 per cent of the \$24 million

equity — that is \$16.8 million. They are responsible for the project and equipment financing under Article IV for the Guarantee Agreement to the extent of \$12 million. Read Article IV. He couldn't find this — a small item of \$12 million and yet he was going to vote against it.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — I read that with great care!

Mr. Steuart: — You didn't read it with much understanding, though!

Hon. C.P. MacDonald: (Minister of Welfare) — Under Article II of the Guarantee Agreement, Parsons and Whittemore are responsible for \$3 million of the \$6 million contingency loan for escalation. That, Mr. Speaker, does not come to \$20 million but \$31 million. This, Mr. Blakeney, is simple arithmetic.

In addition, Parsons and Whittemore have committed themselves to a turnkey price of \$117.7 million for the construction of the pulp mill. \$117.7 million!

Some Hon. Members: — Hear, hear!

Hon. C.P. MacDonald: (Minister of Welfare) — Mr. Blakeney scoffs at the idea of a turnkey contract. He scoffs at it. He suggests that this contract should have been let out for tender. Well, Mr. Speaker, this once again illustrates how little the Leader of the Opposition really knows about industrial projects.

How many companies in Saskatchewan, or indeed in Canada, have the experience or technical competence to build a pulp mill of this size?

Mr. Blakeney: — Lots of them!

Hon. C.P. MacDonald: (Minister of Welfare) — How many companies, if they did have the experience and the expertise, would be willing to take it on a turnkey contract? This is a measure of Parsons and Whittemore's willingness to take a risk . . .

Mr. Blakeney: — . . . all over Canada that way!

Hon. C.P. MacDonald: (Minister of Welfare) — Name one! But they have, in effect . . .

Mr. Steuart: — Did you build a steel mill that way?

Mr. MacDonald: — Yeah. Put the whole of Parsons and Whittemore's empire on the wire because they believe in the future of this mill.

Some Hon. Members: — Hear, hear!

Hon. C.P. MacDonald: (Minister of Welfare) — Yes, the steel mill out there was a turnkey contract. Yes,

same thing. But let no one be deceived, Mr. Speaker, Parsons and Whittemore are not impractical, improvident bunglers like the Socialist authors of the box factory or the woollen mill or the other Socialist enterprises. They are hard-headed businessmen. If they believe in the mill — and they have demonstrated their belief by the magnitude of this project and exposure — surely even the Leader of the Opposition must have been hard-pressed by his Waffler friends to stand up and say, “I will not support this mill.”

Some Hon. Members: — Hear, hear!

Hon. C.P. MacDonald: (Minister of Welfare) — Oh, the rumors are trickling out about there’s a little bit of dissention. The wise ones over there know the real truth.

Some Hon. Members: — Hear, hear!

Hon. C.P. MacDonald: (Minister of Welfare) — Let’s look at this turnkey price and the protection which the Government of Saskatchewan has on this deal. Let’s examine the protection.

Some Hon. Members: — Hear, hear!

Hon. C.P. MacDonald: (Minister of Welfare) — All right, just listen to the protection the Government’s got.

1. The Supply Agreement in Article IV (1) calls for a fixed price of \$74,950,000 for carrying out all of the obligations of the supplier under this Agreement. Right!
2. The Services Agreement in Article IV (1) calls for payment to the service company of \$42,750,000 for carrying out all of the obligations under this new Agreement.
3. Article V of the Supply Agreement contains a warranty that the machinery and the equipment will be designed and manufactured to be mechanically capable of producing 1,400 air-dry short tons per day of bleached craft pulp for 24 hours of continuous operation.
4. Article V (1) of the Services Agreement guarantees that within 12 months of startup, the mill will be capable of producing 700 tons of pulp per day and that within 24 months it will be capable of producing 1,400 air-dry short tons of bleached craft pulp for 24 hours of continuous operation.
5. The same article V (1) of the Services Agreement provides that if the service company does not succeed in making the mill fulfil such guarantees within six months after the specified date, the purchaser shall have the right or cause to be supplied any such additional machinery or equipment and to make any required repairs, replacements or improvements and to charge the service company the cost thereof. Is this not an exposure?

Mr. Blakeney: — But that’s Athabasca who require . . .

Hon. C.P. MacDonald: (Minister of Welfare) — No, no! Read the other Agreements. Article VI or Article IX of the Infra-Structure Agreement allows the Provincial Treasurer to appoint a consulting engineer to ensure that all of the obligations under the Supply and Services Agreements are fulfilled and that the mill when completed is capable of reaching full rated productive capacity. 6. And this is the most important one, Mr. Speaker, one item which the Leader of the

Opposition has completely ignored — under the Supply and Services Contracts Guarantee Agreement, Parsons and Whittemore, the parent company, unconditionally guarantees the full, prompt and complete performance by the supplier of all its obligations under the Supply Agreement. It also unconditionally guarantees the full, prompt and complete performance by the service company of all its obligations under the Service Agreement.

Mr. Blakeney: — Oh, really? Oh!

Hon. C.P. MacDonald: (Minister of Welfare) — Oh! In simple terms, this unconditional guarantee means that if the supply company or the service company fails to meet its obligations under these Agreements, the responsibility and financial undertaking rests not with Athabasca, not with the Government of Saskatchewan, but with Parsons and Whittemore Incorporated.

Some Hon. Members: — Hear, hear!

Hon. C.P. MacDonald: (Minister of Welfare) — This is spelled out in the Supply and Service Contract Agreement — Clauses I, II, III and IV.

Mr. Steuart: — You didn't read that, eh?

Hon. C.P. MacDonald: (Minister of Welfare) — In other words — in simple terms — if the engineering, design, machinery, process or any other aspect of the construction needs to be replaced, or if in fact in theory the whole mill had to be replaced, under the unconditional guarantee, complete financial responsibility would rest with Parsons and Whittemore.

Does Mr. Blakeney not consider that financial exposure?

Some Hon. Members: — Hear, hear!

Hon. C.P. MacDonald: (Minister of Welfare) — It should also be remembered that Parsons and Whittemore have large assets in Canada, including the Prince Albert pulp mill, to ensure that this unconditional guarantee will be fulfilled.

Mr. Blakeney: — Oh!

Hon. C.P. MacDonald: (Minister of Welfare) — I challenge the Leader of the Opposition to read this contract and refute these statements.

Mr. Steuart: — You don't know what you are talking about.

Mr. Blakeney: — I do indeed . . .

Hon. C.P. MacDonald: (Minister of Welfare) — Here are the two main points to be considered. Read that section of the contract. 1. The Province has a complete guarantee that a pulp mill at a price of \$117 million will be built. This is backed by the assets of Parsons and Whittemore. 2. The Province in return for this guarantee of \$107 million loan has the first mortgage on the mill. If Athabasca or Parsons and Whittemore should default on payment of the prime

loan the province has a full right and title to 100 per cent ownership of this mill. Never have I heard the Socialists misrepresent the facts as they have in the exposure of Parsons and Whittemore and the Athabasca mill. The people of Saskatchewan have a right to know that when the Leader of the Socialists talks about Parsons and Whittemore's exposure of less than \$20 million he is talking absolute nonsense.

Let me recapitulate and perhaps he can take notes so he will remember: equity capital \$16.8 million; contingency loan \$3 million; project and equipment financing \$12 million; turnkey contract \$117.7 million. An exposure of \$149.5 million.

Now let's turn to a couple of other arguments of the Leader of the Opposition. He was very critical of the 3 per cent commission which Parsons and Whittemore would receive for selling pulp produced by Athabasca Forest Industries. He stated that Parsons and Whittemore could earn commissions of \$2 million annually under this contract. A \$2 million annual commission would mean gross sales of approximately \$67 million which at the current and estimated price of pulp represents full production of the mill. He conveniently calls the \$2 million commission profit. He conveniently forgets to mention that all or part of this commission could be a direct cost to sell the pulp. Mr. Blakeney says that Parsons and Whittemore will make a profit whether that Company makes a profit or not. This is false. Athabasca must make a profit before Parsons and Whittemore makes a cent, but the Province of Saskatchewan will make a very healthy profit whether Athabasca ever makes a cent — in wages, in housing, in railways, in taxes and other benefits an estimated \$45 million a year for a cash investment of \$6.6 million. As the Premier indicated, Mr. Blakeney is interested in dollars. We are interested in the development of this resource and in the people of this province.

What greater measure of success could you have than the largest pulp mill in Canada operating at full capacity with a market for its entire production. This would mean that we should have a town site of 4,000 people, we should have a railway, we should have a road, we should have hundreds of people working in northwestern Saskatchewan.

What are the alternatives that Mr. Blakeney suggests? Well, first of all, would he suggest establishing a sales force in Athabasca and does he suggest that a world-wide sales force could be established at 3 per cent of the volume of sales? Parsons and Whittemore are recognized as one of the world's largest paper pulp sales organizations. They have the contracts and outlets and they are experienced in the marketing of pulp produced from hardwood. The Athabasca mill will be using 50 per cent each of hardwood and softwood.

Now, Mr. Blakeney is also critical of the fact that under the supply and the services agreement Parsons and Whittemore Contractors Incorporated and Parsons and Whittemore Equipment Corporation would receive advance payments totalling \$17 million before they started any work and the payments therefore would be made on the basis of invoices for expenditures. But you know, Mr. Speaker, he neglected to mention a few other facts. First of all: 1. That there is an Advance and Progress Payment Bond executed by Parsons and Whittemore Equipment Corporation and Parsons and Whittemore Contractors Corporation in favor of Athabasca Forest Industries in the amount of \$20 million. And

there is no way, Mr. Speaker, that he could have missed that Bond because it was attached right to the contracts. It ensures that all the monies advanced shall be expended in the manner provided under the Supply and Service Agreements. In fact, Mr. Speaker, he didn't mention any of the bonds. 2. That progress payments will be made only upon submission of invoices certified by the independent auditing firm of the Supplier and Purchaser, namely Athabasca Forest Industries Limited. 3. That before any progress payment is made subsequently of the initial advance payment, documents must be submitted certifying expenditures of \$7 million under the Supply and Services Agreement. He didn't mention that. 4. That the Supply and Service Companies guarantee the performance of the mill at a guaranteed turnkey price and the Agreements provide that if the mill does not fulfil such guarantees, Athabasca shall have the right to take such steps as may be necessary to cause the mill to perform and the costs associated therewith will be charged to Parsons and Whittemore. 5. That under the Supply and Services Contracts Guarantee Agreement, Parsons and Whittemore Incorporated, the parent company, unconditionally guarantees the performance of Parsons and Whittemore Equipment Corporation and Parsons and Whittemore Contractors.

This means, Mr. Speaker, that the whole of Parsons and Whittemore is on the line and they know it.

Then, Mr. Speaker, we come to the really interesting part. Mr. Blakeney is critical, he said, because Karl F. Landegger is president of Parsons and Whittemore Incorporated and also Chairman of the Board of Athabasca Forest Industries. And you know he put on a great demonstration negotiating with Karl F. Landegger. But you know, Mr. Speaker, he didn't read the rest of the clauses. He omitted to read them, he conveniently forgot them. Here is what it says: (a) The Company (Athabasca) will have six directors, two of whom shall be nominated by the Provincial Treasurer. Why didn't you say that? (b) The affirmative vote of five out of six directors is required before any major decision is made including the execution, cancellation, renewal or amendments of contracts with Parsons and Whittemore or any of its affiliates. Therefore, the suggestion that the renewal of the Management Consultant and Technical Services Agreement or the Sales Agreement would be the result of Karl F. Landegger negotiating with himself is absurd.

Mr. Blakeney: — You are absurd.

Hon. C.P. MacDonald: (Minister of Welfare) — Oh no, because wherever a major decision is made, the Government not only has its normal rights as a shareholder, but actually has rights in excess of the 30 per cent equity since a negative vote by the two Government directors would operate as a veto. Why didn't you read and point that out?

Now, Mr. Speaker, the last point he raised was the question, "Why did the Government not table the feasibility study?" Surely this is a rather abrupt reversal from the stand which the Leader of the Opposition adopted during the debate on the Bill to provide assistance to the Prince Albert pulp mill. Let me quote. At that time (April 4, 1966) he stated:

The Minister advised that a study by a P & W affiliate had indicated that the project was feasible. With that I'm unimpressed. I believe the Government should have turned over the Parsons and Whittemore study to an

independent consultant for a comprehensive study. So far as I can see, they have not done that. On the basis of the information given to the House, the only comprehensive feasibility study which has been made as to the economic soundness of this project is the one done by the sponsor contractor.

I don't for a moment say that reliance should not have been placed on the P & W report as a start . . . but from that point the government should have engaged a first-class consultant . . . who should have checked out this report point by point.

That's what he said in 1966. Mr. Speaker, this is 1971 and we have done all the things which the Leader of the Opposition said we should do — just as we did them in 1966. We engaged Associated Consultants International Incorporated to do an exhaustive review of the Feasibility Study and the Agreements. We have tabled that report, a 34-page document, which comments on every aspect of the proposed mill, a document which concludes that the mill is viable and feasible. Now the Leader of the Opposition says that the document he needs is the Feasibility Study, one that he didn't want in 1966 . . .

Mr. Stuart: — He wouldn't read it anyway.

Hon. C.P. MacDonald: (Minister of Welfare) — . . . a document prepared by Parsons and Whittemore, a document which he previously scorned and dismissed as unconvincing and unimpressive.

To sum up, Mr. Speaker, and I should like to sum up, what has the province done, what has the province accomplished in this project? First of all we go to an area of the Province of Saskatchewan — northwestern Saskatchewan — an area which has no Precambrian Shield, no rocks for mining, where they have little or no agricultural land, where the only potential for employment and a decent life is in the timber industry, where the great majority of the people of that part of the province are Indian and Metis — 80 or 90 per cent of them — where the vast majority of those people, 90 per cent, are now receiving welfare; 90 per cent have never received anything but welfare. You can drive down the streets of some of those communities in the middle of the afternoon and see 200 or 300 men between 20 and 35 sitting in the road in the middle of the afternoon because they haven't got a job.

What are some of the benefits that will be received? We'll have a town, we'll have a railroad, we'll have a road, we'll have hotels, we'll have cafes, we'll have a project which will lift the whole of northwestern Saskatchewan. On top of that we shall have benefits estimated at \$45 million coming in.

Mr. Speaker, there are a few other things I want to say in this debate. I should therefore like to beg leave to adjourn the debate.

Debate adjourned.

The Assembly adjourned at 9:27 o'clock p.m.