

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
Third Session — Seventeenth Legislature
49th day

Tuesday, April 3, 1973.

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

WELCOME TO STUDENTS

Mr. H. H. Rolfes: (Saskatoon Nutana South) — Mr. Speaker, I should like to introduce a group of 80 students from Prince Philip School in Saskatoon. These students are seated in the west gallery and I will be meeting with them later on today around 3:30. Mr. Speaker, the students are accompanied by their teachers, Mr. Nicol, Mrs. Erma Beatty, and their principal Mr. Epp. I would hope that their trip to Regina and to this House is a worthwhile experience and that when they go back to deliberate in their classroom that they will come to the conclusion that their stay in the House was worthwhile. I hope all members will join me and welcome them to Regina.

Hon. Members: — Hear, hear!

Mr. J. G. Richards: (Saskatoon University) — Mr. Speaker, I join with my colleague from Saskatoon in welcoming these students — in this case from Greystone Heights School and the people accompanying them, Mr. Schmitz, Mr. Sherwood and Mr. Ralph.

Hon. Members: — Hear, hear!

ROYAL ASSENT

At 2:45 o'clock p.m. His Honour the Lieutenant Governor having entered the Chamber, took his seat upon the Throne and give Royal Assent to Bill No. 84: An Act for granting to Her Majesty certain sums of Money for the Public Service of the Fiscal Year ending the Thirty-first day of March, 1974.

ANNOUNCEMENTS

Rosetown Hockey Champions

Mr. G. F. Loken: (Rosetown) — Mr. Speaker, before the Orders of the Day I should like to make a hockey announcement. This year Rosetown has three provincial championships; our PeeWee team, our Bantams and also the Rosetown Redwings Intermediate A, winning the provincial championship for the fourth consecutive year, defeating Kindersley Clippers in three straight games in the best of five series. They now advance to the Western Canada semi-finals. I know the Assembly will join with me in extending congratulations to these three teams and wish the Redwings every success along the playoff trail.

Hon. Members: — Hear, hear!

QUESTIONS

Control to University of Saskatchewan Regents

Mr. C. P. MacDonald: (Milestone) — Mr. Speaker, before the Orders of the Day I should like to direct a question to the Minister of Education. I have in my hand yesterday's copy of the Star-Phoenix with the headline, "Plan gives Regents U. of S. Control but no Introduction Date". Once again everyone in Saskatchewan knows about this Government's intention to take over education services before Members of the Legislature. Shock waves are still reverberating through both campuses, Mr. Speaker, concern and dismay by many people dedicated to this University.

Mr. Speaker: — Will the Member please put the question.

Mr. MacDonald: — Yes, Mr. Speaker. Could the Minister tell me and the Members of the House when he intends to table this Bill so that these concerns and the dismay of these people in the universities can be satisfied and at least they will have the opportunity of seeing the official Bill?

Hon. G. MacMurchy: (Minister of Education) — In reply to the question from the Member from Milestone, may I say that the legislation will be put forward in the House very, very shortly, certainly in time for ample debate during this Session. With respect to this commentary on the article that appeared in the Star-Phoenix, this legislation is the result of consultation with the senate and with the Board of Governors and with faculty members, and I think that we are pleased that we are able to have this kind of consultation in terms of legislation that we are putting forward on the University, which is an important area of this province. While the former government might not have done do, we feel we have provided the opportunity for consultation. We are prepared to provide it and are in fact doing it.

Some Hon. Members: — Hear, hear!

Mr. MacDonald: — Mr. Speaker, a supplementary question. That's nice to know because nobody on the University campuses agrees that the Minister has consulted them. It's a fact when this became public on Saturday.

Is it the Minister's intention to give the public of the Province of Saskatchewan an opportunity to consult on changes in the University which remove autonomy and independence and give them an opportunity for public representation before this Bill is introduced in the House?

Mr. MacMurchy: — There will be ample opportunity later and certainly there has been already with respect to the university people, as obviously appears, the proposals we put forward to the University are now open to the public for their input. I don't think there is any suggestion from even these proposals that there can be a suggestion that we are doing away with

autonomy for the University. That is certainly not the case.

Mr. J. C. McIsaac: (Wilkie) — Mr. Speaker, in view of the fact that the Minister over the last year or two has set up a variety of committees to study many phases of education; I think of the Toombs Committee on Bargaining, the Faris Committee on Community Colleges, he even had a great committee touring the province on hearings on kindergartens, now surely he must be giving consideration to an establishment of a similar kind of committee to study and hear public representation on this very vital matter insofar as the future of the University is concerned.

Mr. MacMurchy: — Mr. Speaker, if the Member for Wilkie is suggesting that a committee should be established we will take that suggestion and then consider it.

Mr. McIsaac: — I take it, Mr. Speaker, he has no plans for public study.

Mr. MacMurchy: — Mr. Speaker, surely the member for Wilkie has been following what's been happening with the University itself. There has been concern in the University about organization and about structure and the University did establish a committee headed up by Dr. Riddell to look into this. A year ago I met with the senate in Saskatoon and we looked at the proposals coming forward from that committee and certainly part of their considerations are contained in the proposals that were put forward to the University bodies.

ANNOUNCEMENTS

Mr. John Green General Manager of SGIO

Hon. R. Romanow: (Attorney General) — Mr. Speaker, before the Orders of the Day, I should like to make a brief announcement to the House. I should like to announce that the Saskatchewan Government Insurance Office has appointed Mr. John Green of Regina as the General Manager of SGIO. The appointment is to be effective on April 15th, 1973.

Mr. Green has served as general counsel for SGIO and he replaced Mr. J. O. Dutton who, as Members know, resigned late last fall to become General Manager of the Manitoba Public Insurance Corporation. Mr. William Fox has served very well as Acting Manager of SGIO filling in until the new successor has been appointed. Mr. Fox will remain with SGIO as a senior executive officer. Mr. Green is certainly one of the most knowledgeable men in Canada if not North America, on the matter of the AAIA and the activities of SGIO. He holds a Bachelor of Arts degree with great distinction, majoring in economics and political science. He holds a Bachelor of Laws degree from the University of California at Berkeley. He is extremely active in community efforts and I am sure that all members will agree with me that this is indeed a very fortunate thing for SGIO to have a man of the calibre and ability of Mr. John Green as the new General Manager.

Some Hon. Members: — Hear, hear!

Mr. D. Boldt: (Rosthern) — Mr. Speaker, I am pleased to hear that the Saskatchewan Government Insurance Office has finally appointed a man and that they did not have to go out of the province to get one. I have known Mr. Green for the years that I was responsible for the office and I, too, can say that Mr. Green is very highly respected. He is a very capable lawyer, he has written the Act, he knows all about Government Insurance, particularly automobile accident insurance. I certainly want to express my wish that Mr. Green will be very, very successful in the operation of SGIO.

Some Hon. Members: — Hear, hear!

Northern Electric Limited

Hon. K. Thorson: (Minister of Industry) — Mr. Speaker, before the Orders of the Day I should like to draw the attention of the House to an announcement which is being made by Northern Electric Limited. Northern Electric is a large corporation which has sales offices all over the world manufacturing primarily telephone equipment. It also has a factory in Regina which started production of telephones in the summer of 1971. The company officials were to see me yesterday and they are announcing today that they are expanding their production so instead of employing about 17 people they will employ about 45 people. They have further plans which they hope they will be able to announce in due course.

Some Hon. Members: — Hear, hear!

MOTIONS FOR RETURNS

Return No. 251

Mr. D. G. Steuart: (Leader of the Opposition) — moved that an Order of the Assembly do issue for Return No. 251 showing:

A copy of any agreement or agreements entered into between the Government of Saskatchewan, SEDCO, or any other government agency, with Intercontinental Packers regarding the purchase of 45 per cent of shares of the said company.

He said: — Mr. Speaker, before I move this motion which asks for certain information from the Government pertaining to the purchase by the Government, through SEDCO or directly, of 45 per cent of the shares of Intercontinental Packers, I should like to review for a few minutes some of the events that have happened, some of the statements that have been made regarding the Government's purchase of these shares and our attempts to receive from the Government information in regard to this transaction.

Members probably remember it was February 28th when Premier Blakeney announced in Saskatoon that the Government had become a major shareholder, not the major shareholder, but a major shareholder of Intercontinental Packers, with a plant in Saskatoon, a small one in Regina, plants in Red Deer and in

British Columbia. I think it was a day or two later that another announcement was forthcoming, the Government had paid \$10,237,500 for a 45 per cent share in the Intercontinental Packers. They would obtain three Directors out of a total of 10 Directors of that company. Today it is April 3rd, over a month later, and we have yet to receive any more information from the Government about this transaction. We have moved Order after Order, we have been promised some small bits of information but most of the information upon which anyone, the Opposition or the public, could judge the value and the worth of this deal has been denied to us and the public by the Government.

As more information comes from other sources, it becomes apparent, Mr. Speaker, why the Government is hiding this information, why the Government is withholding this information from the public. Now from almost the day that this deal was announced I said that we didn't agree with the philosophy of the deal. We didn't agree with the Government investing \$10 million in an on-going company in this province that wouldn't in itself produce one new job, would not in itself produce one new cent of revenue for the people of this province and caused a serious twinge of suspicion and doubt throughout the agricultural industry as to what was the real meaning behind the Government's move into the packing house business. I also said that I thought it was a bad financial deal and I based this on some knowledge. I was the treasurer of this province for a few years, during that time through the Saskatchewan Economic Development Corporation we made a loan to Intercontinental Packers and as a result had some knowledge of their financial standing, or their profit and loss picture, and of their assets and liabilities. And from that memory I said I did not believe that 45 per cent of the assets of this company were worth anywhere near \$10.2 million because what the Premier said when he made this deal was that he valued the company at something around \$23 million. If you pay \$10.2 million for 45 per cent of something, then 100 per cent of it must be worth about \$23 million.

Subsequent to that I brought into this House a copy of a Dun and Bradstreet Report. Dun and Bradstreet are a well-known and respectable and reputable firm, their principal form of enterprise is the gauging, judging and measuring of the value and the worth of all kinds of businesses, large and small throughout this country. Upon their calculations of the worth of corporations millions of dollars are loaned or withheld. I pointed out that this report had been taken in February, 1972 and it showed the net worth of Intercontinental Packers as between \$4, \$5 possibly \$5.5 million. What they indicate in this report is that 100 per cent of that company was worth around \$5 or \$5.5 million, not just the 45 per cent that Mr. Blakeney bought on behalf of the people of Saskatchewan and paid \$10 million but 100 per of its worth about \$5 or \$5.5 million. The discrepancy here was unbelievable. I said at the time that there must be more to it, that the Government must have bought more than Dun and Bradstreet were reporting on in this report. Again we ask the Premier to give us the facts, to list exactly what they bought, to give us a list of the assets and their value, to give us a list of the liabilities, to give us a profit and loss statement so that this evaluation by Dun and Bradstreet could be proven or disproven. The government denied, as did members of the firm of Intercontinental Packers, that this report had any accuracy. They denied it and

it was based on calculation and not on any examination of the company records. As a matter of fact, it was Mr. A. Gedge, the controller and vice-president of Intercontinental Packers who put forth the statement on behalf of this company. At the same time it was indicated publicly that Mr. Gedge, while serving as vice-president and as a member of the Board of Directors of Intercontinental Packers had for some reason been put on the Board of Directors of the Saskatchewan industrial bank, SEDCO. So we raised the question at that time: Was this more than a coincidence, what part did this man play, who was both on the side of the seller and the buyer? All we got for our trouble was to be told by Members opposite not to smear this man. I want to make it very clear, we have not then, and we are not now, smearing this man. We asked a question and we haven't been given a satisfactory answer.

Shortly after that, we received information through the Financial Post, Canada's leading financial journal . . .

Mr. Romanow: — Don't trust that writer.

Mr. Steuart: — Yes, I remember him. I remember you people quoting from him.

Mr. Romanow: — You said you could trust him.

Mr. Steuart: — I said then, he didn't have all the facts and didn't. But I'll tell you this, 90 per cent . . .

Mr. Romanow: — . . . all the facts.

Mr. Steuart: — Well, we'll wait and see if he had all the facts. The big difference then, Mr. Romanow, and now is that we laid all the facts on the table for the public to look at and anybody could judge . . . including Mr. Phillip Mathias. Mr. Phillip Mathias had every agreement we had, every calculation we had about the pulp mill deal upon which to base his article. I said he made an error in fact and he did.

Now he makes a statement concerning the Government's purchase of Intercontinental Packers. What he says in effect is that you 'boobed', that you got taken. That by every yardstick anyone will recognize you paid far too much for 45 per cent of this company. He estimates that their net profit probably was in the range of \$500,000 or \$600,000 a year. He points out that it is well known and well recognized that if you want a fair return on your money one of the ways to judge the value of a business or a corporation is to use the multiplier 8 to 10 times annual earnings, especially for a packing house business such as Intercontinental. So if you multiply even by 10 times, if you are charitable, a net profit that he suggested they made based on information he had, you get a value of \$6 million for the entire company. So we have Dun and Bradstreet, \$5, \$5.5 million, Financial Post \$6 million.

He went on to point out where some of the negotiations took place, who took part in those negotiations. He also dealt with the fact that Mr. Gedge came out publicly and said we have calculated the worth of our company in a different manner. We have taken a report regarding our insurance that estimates our

assets are worth about \$25 million. Then he adds on some other receivables and other assets he has, takes off some long term debt and comes up with a figure of about \$23 million, obviously the figure that the Blakeney NDP Government accepted, the figure they used, the value they used to pay out \$10.3 million of the taxpayers' money for 45 per cent.

He pointed out in this article and again it is a fact that it is fine to say we will take the assessment of these buildings and say the land is worth so much money, the buildings — while some of them were built 40 years ago — they have increased in value. The sausage making machinery, the meat cutting machinery and the facilities are fairly modern, they are worth so much, replacement value. He calculated the replacement value of this company. I am sure also within that calculation was an amount of money for interruption insurance, but whatever he calculated on he didn't give us any record. He just said, we have had our experts or some experts say that our assets are worth \$25 million, he didn't say who did the calculation, he didn't make public what the assets were, he didn't make public how much they owe against those assets, in other words the liabilities. We just have his unsubstantiated word that using this method of calculation the company was worth what the Government paid for it. That's a little bit like saying somebody buys a truck for \$10,000, they use it for three or four years but they have got insurance on it; the truck by that time might only be worth \$6,000 or \$7,000, but they still have \$10,000 insurance on it. They say, or course, that this is what our truck is worth. You don't have to be a business genius to say this is nonsense. So they say we'll use another yardstick, we'll take our replacement value. The truck we bought for \$10,000 three years ago, if we bought the same truck tomorrow it would cost \$12,000 so that's another yardstick, None of these yardsticks mean absolutely anything. When you value a corporation you are buying it to do what? You are buying it for a great many reasons, but one of the yardsticks you have to look at is what kind of profit does it make. What kind of earnings will it make on our investment? You also have to look at when you buy half of somebody's share how much is that share worth? Using these yardsticks the Financial Post said that you paid far too much. In fact, it pointed out that in their opinion based on information they received here and in Eastern Canada that the worth of the Company was probably \$6, \$7, maybe as high as \$8 million but nowhere near \$23 million.

What happened next? Again Mr. Gedge said No, and the Government said No. Again we said give us the real facts, give us all the facts. You say Dun and Bradstreet don't know what they are talking about. Our memory of what that company is worth you say is no good, we don't know what we are talking about. If you people know what you are talking about, then tell the public the truth, it's the public's money. Your own Member, the Member for Saskatoon University (Mr. Richards) reminded you that one of the reasons that you got elected according to him, and one of the promises you made to the people was that you would be an open government, you would not hide facts from them, that you had confidence in the public. You would say to the public, here are the facts, we have confidence in your common sense, you be the judge. But suddenly you are in Government now and we want to know what you paid for land through the Land Bank, can't find out, not in the public interest, We want to know what you did with \$10.2 million that many, many experts say is at least twice or three times too much. You

have a man on your board and a man on their board, and I would say it looks like a conflict of interest. You don't answer it, you just say, 'don't smear the man'. Again using your majority you absolutely refuse to give to the people of this province the facts or the truth behind this deal.

I have said this deal begins to smell, and I will tell you, every week it smells worse, and worse and worse.

We have another little piece of information, "Government Intercon price High," says meat packing executive. This is another man, Mr. Fred Schneider, chairman of the Board of J. M. Schneider of Kitchener, Ontario, the chairman of the Board of the third largest packing plant in Canada. He looked at this, he looked at Intercontinental with the idea that he might buy it about a year ago. What does he say publicly? He said the Government paid too much, they paid too much for this plant.

Mr. Romanow: — He didn't get it!

Mr. Steuart: — He didn't want it at that price, don't make any mistake. I'll tell you Barnum said there was a sucker born every minute, but he didn't have in mind the NDP because birds like you don't come along every minute — about once in a century.

Some Hon. Members: — Hear, hear!

Mr. Steuart: — What happened next? Now we have our memory — you say it is no good — Dun and Bradstreet, no good; Financial Post, no good; Mr. Schneider, respected businessman says publicly he looked at the assets of this company and says you paid too much. So we have said to you give us the truth, give the public the facts, everybody is out of step but my son John, everybody is wrong but the NDP. Those great business entrepreneurs are right, Mr. Schneider is wrong, Dun and Bradstreet are wrong, Financial Post is wrong, they are all wrong. Mr. Blakeney and his little bargainers are the only ones who know the facts but they are afraid to tell the facts. They won't tell the facts, why? Well I'll tell you in a minute why they won't tell the facts. Oh, they said if you want to come and look at the books Mr. Steuart, come and look at them. Of course we'll swear you to secrecy, you won't be able to tell anybody what you saw. I said, that's not very good, you're supposed to be an open government, you're supposed to tell the truth, you're handling the taxpayers' money but that's better than nothing. At least I'll go and said publicly if there is nothing wrong with the deal, they might have paid \$2 million more than I would have, I am not talking about that, I am talking about whether they paid \$5 million or \$6 million more than any normal person or any yardstick of business measuring that worth of a business enterprise. Then I would say it was a bad deal as I said then and I say now. But I wanted to take somebody else with me. I wanted to take someone who is a chartered accountant, someone who is recognized as a business expert and whose reputation and objectivity could be without question. They said, sure, have him come up and look over your shoulder. I want him to be able to stand up also and say this is a good deal or a bad deal. Mr. Gedge said No, Mr. Thorson said No. The fellow from SEDCO just about shook his head off saying No. He said we won't accept this, we won't accept one

man coming up and saying this is a good deal or that is a good deal. We won't accept that. Anyway we still haven't decided, I haven't decided whether we would go or not. I can tell you now I don't need to go because I have here today and I'll table it in this House, a statement of Intercontinental Packers. Here it is.

Mr. MacDonald: (Milestone) — What does it say?

Mr. Steuart: — Intercontinental Packers Limited and subsidiary companies consolidated balance sheet June 26, 1971, with comparative figures for 1970. This statement came about as a result of Intercontinental requesting through SEDCO to the Government for a loan in 1971. Negotiations for this loan began when we were the Government, they were carried on after we were the Government and the loan was subsequently approved, I presume by SEDCO and the Blakeney Cabinet.

When the Board of Directors of SEDCO were considering this loan, when the Cabinet was considering this loan the management of SEDCO prepared a series of recommendations, they put down their profit picture for Intercontinental Packers from 1966 to 1971. They made recommendations about the management, they made recommendations about the security and the collateral and they attached it to a balance sheet of their assets and their liabilities. I want to table a copy of this. I am going to read from it, because it is extremely interesting. I know, it is not hearsay by Dun and Bradstreet, it is not hearsay by the Financial Post, it is not hearsay by Mr. Schneider, or by Dave Steuart, it's their actual statement. It's the facts, I don't have to look at the books, the books are here. This tells the story.

Some Hon. Members: — Hear, hear!

Mr. Steuart: — The first thing it says, the earnings. The company has shown a significant growth in sales and profits over the years as indicated below. June 30, the end to their fiscal year, 1966 the sales were \$73 million; the net profit after taxes \$479,000. In 1967 they made \$739,000, almost doubled their profit. I wondered why that happened, I looked up their record . . .

I wonder just as a point of privilege and a Point of Order. When I tabled that document, I understand that's the Clerk's, it belongs to the Clerk. I think that document should be taken back and put on the table, right now! Would you please pick that document up. The document belongs to the Clerk. When the Clerk makes a copy of it then it's available.

Mr. Romanow: — Mr. Speaker, I was the one who asked for the copy of the report and I have on the document listed by Mr. Steuart, Motion for Returns, Debatable and listed. If Mr. Steuart wants it photocopied then get a photocopy, that's fine by me. I don't know what he is so touchy about . . .

Mr. Steuart: — I'm not touchy about it at all. I don't want you or the Premier or anyone else touching that until it has been photostated by the Clerk, and gone through the proper channels.

Mr. Blakeney: — Mr. Speaker, I rise on a Point of Order, I really get a little bit tired of this performance by the Leader of the Opposition. Ever since I have been in this House and I have been here longer than the Leader of the Opposition . . .

Mr. Steuart: — Not much!

Mr. Blakeney: — . . . Well, not much, but a little more, perhaps I learned fast in the early years, I don't know. But at least we have made a practice of having an opportunity to look at documents that are tabled. If we are to change this rule, let's change it now, and let's not have Members opposite asking to look at documents that are tabled until the copies are made. This fair enough with me, I am just saying we followed the practice that has been the invariable practice in this House since I have been here and I resent the suggestion by the Leader of the Opposition that somehow this document was going to be purloined.

Some Hon. Members: — Hear, hear!

Mr. A. R. Guy: (Athabasca) — On a Point of Order, I am sure the Premier recalls and I have been in this House as long as the Premier has, that he recalls that a statement was tabled by one of the Members of the Legislature when they were in Government. We did take that statement off the Clerk's table, we asked for it and we were severely chastised by the Premier of the day who was the Hon. T. C. Douglas at that time. We were told to put that statement back which we did and we admitted we were at fault at that time for requesting the statement until it had been taken to the Clerk's office, duly recorded and photostated and brought back. It is clear for those members that were in the House at that time and all we are asking today is that the identical practice be followed. If the Premier says let's start today by following a practice; this practice has always been followed in this House.

Mr. Romanow: — Mr. Speaker, on that Point of Order. I can't believe that when the Leader of the Opposition tables a document in the full sight of 60 MLAs, in the full sight of the Press gallery, and in sight of yourself, and then he has the audacity to get up and to impugn the integrity of the Premier of the province and the Attorney General of this province, then I say the entire argument and statements and actions of the Leader of the Opposition ought to be condemned by the people of this House, the people of this province.

Some Hon. Members: — Hear, hear!

Mr. Speaker: — I believe it has been (as far as I can recall) the custom in this House when a document is tabled, the Clerk initials and numbers it, but that document must not be removed from this Chamber. On one occasion a document was removed by a new Member and rightly so the Speaker of the day chastised the Member concerned.

Members have had the right as far as I can recall there's no rule governing it one way or the other, There are no written

rules on it. The Members have had the right to look at documents but they cannot remove them. The Clerk will make a copy for them for their use if they wish a copy. But it has been the custom the same as questions, motions for return, or so on, when they are laid on the Clerk's table they can be looked at here but they can't be removed until the Clerk has processed them.

I think that has been the usual practice as far as I've any knowledge of and there are no written rules on it.

Mr. McIsaac: — Mr. Speaker, I am not sure of the rule in this particular issue, but it seems to me it would make sense if the rule went something as follows: Any document tabled should be noted or notarized as being received by the clerk, filed somewhere and a duplicate thereof back here to avoid any question or concern as the Attorney General raised that the Leader of the Opposition was criticizing or impugning the Premier. He wasn't criticizing him at all.

Mr. Romanow: — He sure as heck was.

Mr. McIsaac: — He certainly wasn't, Mr. Speaker. He certainly wasn't. But it would remove any possibility of any charge such as we heard from the Attorney General if the report was noted and then a duplicate copy filed here, then there would be no question. There would be no question.

Mr. Speaker: — I don't think we want to debate this point any further. As I understand — I haven't seen the document, but our lady Clerk has initialled this document tabled and made notation of it and it wasn't removed from the Chamber. If the House wishes a different rule on this than that they can be used within the Chamber, I would be pleased if the House would lay down a distinct ruling on it so that we would know. But it has been the custom in my experience that Members have looked at it from both sides of the House but it must not be removed.

Mr. Steuart: — Mr. Speaker, let me make it very clear. What I'm criticizing the Premier and the Attorney General, but mostly the Premier and that Government is that they have absolutely refused to give us that information. He says, 'do I trust them', and I say, "No, I don't trust them."

Some Hon. Members: — Hear, hear!

Mr. Steuart: — I don't trust them that far because they made a rotten deal. They have dished out \$5 or \$6 million of the taxpayer's money into the pockets of Mr. Fred Mendel. They have hidden the facts; they refused to give it to us and that's why I don't trust them.

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

Mr. Steuart: — I know what I'm talking about, it's you that doesn't know. Let's carry on. Let's take a look at this statement.

And I suggest that some of the Members opposite maybe take a look at this statement and then take a look at those front benchers with a little different look in their eyeballs.

Okay, 1968 they made \$478,000; in 1970 — \$458,00; in 1971 — \$632,000 (the second best year in their history). Taking the multiplier of ten times that makes the value of the corporation about \$6.3 million. Why should you take ten times the corporation's value? You want to invest your money, get 7 or 8 per cent, you can invest it in Canada Savings Bonds or something very, very safe, you don't have to risk it in any business. Don't tell me there's no risk in a packing house business.

What have they done? If you take the second best year on record for this company, we are entitled, as a people, to 45 per cent of those profits, which is a little less than \$300,000. So we invest \$10 million on the one hand to earn \$300,000 on the other hand, less than 3 per cent on our money. Less than 3 per cent return. So that's one yardstick. That yardstick says this corporation in total is only worth \$6.3 million.

Now take a look at the assets and liabilities, the assets come to a little over \$20 million. There are some interesting things in those assets and I'll deal with them later. The liabilities come to something like \$14 million. The last line of the consolidated balance sheet says the following:

Total shareholders' equity — \$6,358,792.

Total shareholders' equity, the total amount of value that belongs to the Mendel family, the only shareholders by their own statement. They value their shareholders by their own statement. 1971 by their own statement — \$6,358,000. Again, it's in line with what Dun and Bradstreet says. It's in line with what the Financial Post says. It's in line with what Mr. Schneider says. It's in line with what we've been saying and that is a fact, it's a fact of life, that's the proof.

Now there are some other things in this statement of liabilities and I'm going to seek some answers. For example, the assets — it indicated the Intercontinental Packers owes the F. Mendel Holdings Limited \$288,000; the F. Mendel Ranch — \$113,000; The Western Livestock — \$442,000; and they've lent them that money.

An Hon. Member: — Intercontinental loaned that money?

Mr. Steuart: — No, it's the other way round. Intercontinental loaned the money.

Mr. Blakeney: — That's not what you're saying.

Mr. Steuart: — There is some difference. They owe the money. Intercontinental lent the money.

Mr. Engel: — You wouldn't know the difference.

Mr. Steuart: — Oh, I know the difference.

I'm not sure you people do after the deal you made.

They also loaned to a shareholder to purchase a house. Intercontinental lent one of their shareholders \$50,000 to purchase a house. Now this doesn't matter when the Mendel family owned Intercontinental outright and they owned the Mendel Ranch outright (which they still do); the Western Livestock (which they still do) and they have Mendel Holdings. We want to see the deal. We want to see the contract; we want to know what kind of interest, because this money is now owing, not just to Intercontinental Packers, but part of it is owing to the people of Saskatchewan, since our Premier decided to buy 45 per cent of the Mendel interests.

But let's not miss the point. The total shareholders' equity — the value of the Mendel family holdings as of June, 1971 in this company is \$6,358,000 and Mr. Blakeney takes \$10 million of the taxpayers' money to buy 45 per cent of those holdings. In other words, we got \$3 million worth of assets, \$3 million worth of valued shares for \$10.2 million.

Now, some can stand up and say those assets are underestimated. There's land in there taken in at value a long time ago. The buildings have increased in value and that's true. If we were buying dirt, buildings, some of them 40 years old, sausage making machines, meat cutting machines, but we're not. We are buying a business. You could say goodwill is worth something. Some of those assets are underestimated. I don't think they would be underestimated when you go to get a loan. I never heard of a businessman going to get a loan to a bank, whether it's owned by the government or owned by a private interest, and underestimating their assets. But even saying the assets are exactly what they appear here, \$6,300,000 the shareholders' equity and the shareholders are the Mendels. The cheque, whenever you pay the full amount, whatever you paid now and whenever you pay the balance, will not go to the company, it will go to the Mendel family. So they got \$10 million plus for what it says on their own records is valued at \$6 million plus. Now give them a million or two million dollars for goodwill. Give them a million or two million for underestimating their assets. You're still up to what? Seven million, eight million, nine million, in fact, you can double their assets which brings them to \$12 million and what did we do? We estimated the value at \$23 million. We gave them over \$10 million and we didn't even get half of their assets.

Now I heard that the statement for the year ending June of 1972 shows profits were down. They would be lucky if they made \$400,000. I don't know. I've also heard they are having a good year this year. When the year ends this June, June, 1973 it could show a profit of around a million dollars and I hope this is true. But again, when you average out the net profit if they did make a million this year and made \$400,000 last year, their average net profit for the last seven or eight or nine years and it still comes to under \$600,000. That's a fact and you can't get away from that. You can't get away from the fact that you paid \$10.2 million for 45 per cent. So our share of the profit is 45 per cent and you've got an average of less than \$300,000. In other words, over the last ten years on the same investment, we would have shown the great return to the people of Saskatchewan of under 3 per cent.

It's a bad deal from that point of view. It's a bad deal for the amount of money you paid. You got taken — you got taken. No question about that.

Now the question has to come — why?

Why did they buy it; why did they pay that kind of money; why did they go off the deep end, and they boasted 'three weeks'? Well, no wonder. Three weeks (it didn't take long) and they obviously didn't look into it very closely. Why did they buy it? Can Mr. Blakeney read a balance sheet? Well, of course, he can read a balance sheet.

Mr. Owens: — You can't.

Mr. Steuart: — I can, Mr. Smart Alec. You come over and take a look at it. Maybe they should have used you. You may be the only one over there that can read the statement. Why did they do this to you? Well I say they did it because Mr. Blakeney was too anxious. He wanted to get into the meat packing business. He wanted to get into business some way. He didn't want to go through the old Crown corporations — that was a mess. He knew what happened when the NDP went into business for themselves. They usually ended up (unless they had a protected position) of going broke and losing hundreds and hundreds of thousands of dollars. He wanted to please the Wafflers, he wanted to please the people in his Party who believe in government enterprises, so he decided to buy into IPSCO (and I notice IPSCO shares are down — I don't know whether that's the delicate touch of the Government just being in the background or what) but at least they paid the going price. Not so in this case. They made the deal in three weeks.

I think one of the reasons they were in so much of a hurry, they wanted to get into the business. I think they sent some boys on a man's job; they sent Mr. Messer; they sent Mr. Thorson and I understand they sent Mr. Messer's deputy — young Mr. McArthur; (if he handled this business deal and it looks as if he did, with the same touch that he's handling the Land Bank and The Hog Marketing Commission and the rest of it then God help us). I hope they keep him — they don't need him in agriculture. They had better not have him there long and they had better quit listening to him. What was he doing down in California doing some of the negotiating for the Government? I don't know what his background is. I don't know what kind of experience he has to make him an expert in buying this, but make no mistake — you sent the wrong horses, you sent the wrong people.

But there must be another reason, I'm sure there is, why they were in such a hurry. Three weeks they say they made this deal. Oh! they might come up and say 'somebody else is going to buy it'. Mr. Schneider was going to buy it and take it all over to Ontario. Nonsense — Mr. Schneider had no intention of buying it. There are going to be some Americans maybe come up and buy it and rush it out of the province. Again nonsense. Is there a danger that we will only have one packing house in this province? Well Burns are here, they are here to stay. They have an excellent plant making money in Prince Albert. I'm positive with the DREE grant they are going to rebuild their plant in Regina. Canada Packers are still negotiating for a DREE grant and I'm sure they are going to move to Moose Jaw.

So they say that maybe we had to do this to protect the farmer and it just doesn't hold water and if there was a buyer in the wings in the States, why haven't they named him? The reason they haven't named him, he doesn't exist.

There's another reason why they bought into this plant, I think. Mr. Messer said it, "Hog Commission — Packers seen in close co-operation". Speaking on this:

Intercontinental Packers Limited can operate in close co-operation with the Saskatchewan Hog Marketing Commission (a compulsory Hog Marketing Commission I might add) in pursuing the Commission's marketing objectives.

Agriculture Minister Messer said that in the Legislature on Thursday. That's another reason there was such a mad, mad rush. The great plan was to have the compulsory Hog Marketing Commission on April 1st. They haven't told us the details or anything yet; they would have the packing plant and the two would dove-tail nicely together. They could tell the farmers where to take their hogs. What next? Then they can tell them where to take the sheep.

Here is a letter from Mr. Messer to the Saskatchewan Sheep Producers, telling them that he has been asked to put in a compulsory Sheep Marketing and Wool Producers Market Commission. Well I got this letter and then some of the sheep over there are applauding. Well they had better go back and bleat a little bit to the real sheep producers and they are going to find out they are not all happy.

Mr. Messer: — Read it out loud.

Mr. Steuart: — Yes I'll read it all. What it says is — the opening line:

As you may know I have recently been asked to establish a sheep and wool producers market commission.

Now these people wrote and said they are members of the South county lamb producers, attended the meetings and they have not had a vote on the above mentioned commission and they are definitely not in favour of it.

I don't know whether the sheep people are in favour of a commission or not. If they are, that's their business. Give them a vote if they want it, more power to them. But I say this we've got the compulsory Hog Marketing as soon as you people ramroad that deal through, sheep are next and then cattlemen are next and this Intercontinental ties in with the whole deal.

Now, Mr. Speaker, I say in the face of this evidence, in the face of the mounting evidence, not just from here but from sources in this province and outside of this province, that it is time that Mr. Blakeney told the truth, It's time he told the public of Saskatchewan exactly what he bought; it's time he told them who, in fact, did the negotiations; it's time he told them, where the negotiations took place, when they took place, who was advising the Government and laid before the public all the agreements and the price and the background material. This statement doesn't leave in doubt any more that the Government paid far too much. What is in doubt is exactly

who did the negotiations and why they paid this much. I say it's either bad business dealing, stupidity, too much eagerness, the wrong people doing the negotiations and I say it is a scandal. Either one or the other. When the Government, by their own admission, goes out and within three weeks makes a deal for over \$10 million of the taxpayers' dollars and then refuses adamantly in the face of mounting opposition and mounting criticism in the Press, from their own party, across this province, refuses to give the facts, then I say you have to begin to believe that they've got something to hide. Let them quit hiding behind that majority, answer our questions. They don't need to wait, they have all this at their fingertips. They could table it today.

Now they said, "We don't want to give them this information because it will help the competition". What nonsense. To begin with, it's there, there's the net profit. All right, who are their competition? Mr. Schneider, Board Chairman, third largest meat packing plant. He already knows the situation. He negotiated to buy this company. He knows their statement, he saw their balance sheet, their profit and loss. It's not going to Mr. Schneider. What about Burns and Company? What about Mr. Art Child? He was the General Manager of this plant for years. Do you think he doesn't have an excellent idea of exactly what they do, where they do business, how much money they make? Don't kid yourself. So, that little excuse they hand out that they are not going to give this information now because it will harm the competitive position of Intercontinental Packers, is just absolute nonsense, hypocrisy and it's a lie. Every one of their competitors — Canada Packers, Burns and Company and Schneider's make their entire profit and loss statement public every year — they have to by the law of the land. This company you bought into is fourth, so their top three competitors already lay the facts in front of the public and Mr. Blakeney stands up and says, 'we don't want to harm the competitive position of this company' and already two of the competitors obviously know more about it than he knows or any of his Ministers.

You know, there is a very interesting picture in The Commonwealth. The Commonwealth is that sturdy little rag, that wretched little publication that stands up for socialism and the Wafflers and any radical movement and the one thing that comes through loud and clear is that The Commonwealth can't stand those big businessmen. If there is anything the Commonwealth can't stand it's a dirty capitalist. Especially the one that comes from the States or even goes to the States, I sometimes suspect. So we have a great picture in here, March 28th. There is the Premier and he is smiling and there is Mr. Thorson and he is smiling and Mr. Messer, he is smiling and there is Rolfes from the backbench over there, he is smiling; and Mr. Gedge is smiling; and Mr. Brockelbank is smiling. And there is another guy in the back who is smiling, I can't make out who he is. There is one little old gentleman in the front. He has got his hands folded — he's not smiling, he's laughing, laughing all the way to the bank and his name is Mr. Mendel.

Some Hon. Members: — Hear, hear!

Mr. Steuart: — I tell you take a look at it Mr. Premier, I am sure you have a copy of The Commonwealth. And he is standing there like this — he looks like the cat that swallowed a canary. Then I

said, no, he swallowed a whole cage full of NDP cuckoo birds; that was what they were when they bought this thing for \$10.2 million.

Some Hon. Members: — Hear, hear!

Mr. Steuart: — Now we've got another deal out there. It is an invitation to tour the people's piggery. Invitation to tour Intercontinental Packers. Who? The general public, that's who. What? An opportunity to see Canada's most modern meat packer in operation. I just don't think I will take advantage of this opportunity. I could end up in the sausages. Where? Intercontinental Packers. We are proud it says, 'we are proud'. They should be proud and nobody is prouder than Mr. Mendel. The last I heard Mr. Mendel had disappeared, he had been in California and he hadn't been back since and I don't blame him.

Well, Mr. Premier, I want to tell you this seriously. You can hide behind your majority and I have no doubt you will. I am sure your

Members — one of them was honest enough to feel a twinge of conscience. You can sweep this bad rotten deal under the rug. But I will tell you one thing, you won't get away with it. And I say to you today, have the courage and stand up and come clean. They might forgive your stupidity but they will never forgive this kind of a deal. Stand up and tell the people the facts.

What did you pay \$10.2 million for? What's the statement? Who did your negotiations? Why did you pay that much? What was behind it?

Mr. Speaker, with those few words I would move the Motion.

Some Hon. Members: — Hear, hear!

Hon. A. E. Mr. Blakeney: (Premier) — Mr. Speaker, after those few words of the Leader of the Opposition (Mr. Steuart) it seems to me that I should say a few words in answer.

One is hard pressed to know where to commence to answer a statement such as that. Since it ranged over such a wide area, raised so many questions which have already been answered, as if they hadn't been answered.

Now the Financial Post, on which he heaped scorn a year or two ago, has become the veritable gospel of financial truth.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — But let me take a few moments to try to answer one by one by one, painfully, some of the questions which he has asked.

Mr. Steuart: — I am sure you are going to table them after.

Mr. Blakeney: — That is right. It is so difficult to lay the truth on the table with the Leader of the Opposition. Because when he asks one question and that is answered then he moves to the next question and when that is answered he goes back to the first one and asserts that it wasn't answered.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — Now let's take the first question that I think he asked.

What part did Mr. Gedge play? Now I have heard the Member for Souris-Estevan (Mr. Thorson), the Minister of Industry, answer that twice but for the third time I will say with respect to the Government of Saskatchewan, Mr. Gedge played no part — absolutely none. And with respect to Intercontinental Packers, Mr. Gedge played an active part. Now I hope that that disposes of the question.

If the Leader of the Opposition wishes to ask just how active a part Mr. Gedge played on behalf of Intercontinental Packers I suggest he direct that question to the management of Intercontinental.

I say to him that so far as the Government is concerned or SEDCO is concerned or any agency of the Government of Saskatchewan is concerned, Mr. Gedge played no part whatsoever.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — With respect to the next question, about the Financial Post and Mr. Mathias, I recall very well that when I was using statements by Mr. Mathias in asking questions about the Prince Albert Pulp Company Limited, I was told by the now Member for Prince Albert West, the now Leader of the Opposition, that those facts stated by Mr. Mathias were all wrong.

Mr. Steuart: — I didn't say they were all wrong.

Mr. Blakeney: — All right, they weren't all wrong but he didn't have all the facts and he was giving the wrong picture. And yet today I hear the Leader of the Opposition say, we gave all the facts about Prince Albert Pulp Company Limited.

Mr. Mathias was making some of his statements in 1969 and 1970 and in this House in 1970 when we asked for, not the financial statements, but merely a statement of the profits of the Prince Albert Pulp Company Limited for the calendar year 1969, that was voted down by the Government in which the Member for Prince Albert West was a Minister. The Member for Prince Albert West said at that time:

I would ask the House that since this is a private company that this kind of information would be of great interest to the competitors of Prince Albert

Pulp Mill and I don't think that this is in the public interest and I would ask the House to defeat this Motion.

That is what he said. And this was not a question of even asking for the financial statement but merely for the profits.

And the Member for Morse, the then Premier, went on to say the same thing. He also said we should not give to this House the financial statements or even a statement of the net profit of the Prince Albert Pulp Company Limited. This was in 1970, five years after the company was established, and on the grounds that this information would help its competitors.

This was the position taken by the Members opposite and I hope that they consider it was a proper position. So it is pretty clear that in their judgement it was inappropriate to give the financial statements of a private company.

All I can say is that Mr. Mathias is entitled to his view, Members opposite are entitled to their view, but I think all of us know that the key question on the value of a company is its future earning potential.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — Anybody who buys a company on any other basis, if he is thinking only on business terms of anything — but future earning potential, he is making a wrong judgement. And all I can say is that you go down and look at any analysis of what shares are worth, you ask any broker and the analysis will be, what are the future prospects of this company?

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — That will be the question. Let's move on to a couple of the other points raised. I have heard all manner of hogwash expressed on this subject by Members opposite and I have heard talk about the Dun and Bradstreet value. I have heard talk about the equity. All that the equity, so-called, tells you is what that company is historically worth — what the assets cost and what they are now worth in their depreciated value. Let me tell you this, this company has been in business since 1940. I want you to find any farmer or any businessman who has been in business since 1940 and who has added to his assets over more than 30 years who would sell at his depreciated book value or who would sell at twice his depreciated book value.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — I would ask, let us say the Member for Lakeview (Mr. McPherson), I would ask him whether he would give me the financial statement of any one of his companies, of his farming company or of his merchandizing company and tell me whether he would sell at his financial statement book value or whether he would sell at twice that value?

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — I would ask the Member for Whitmore Park (Mr. Grant). He has been in business for years, he has been in business for 30 or 35 years, I would ask him to put his financial statement on the table and ask him quite bluntly whether he would sell at his book value or at twice your book value?

My family was in business. We were in business for a long time and we bought assets over the years and we depreciated them. In a year like 1973, if we were still in that business, I can tell you that we wouldn't sell for the book value and we wouldn't sell for twice the book value.

The Member for Morse, I am told, has a farm. I don't know when he got it but I would invite him to offer to me his depreciated book value. I suspect he would want twice the book value. They are busy quoting this financial statement which says clearly that the buildings and equipment are valued at cost less depreciation — at cost less depreciation. Some of that stuff was bought in the late 1940s and has been depreciated down to nothing and therefore, it stands on their books at next to nothing, as almost any asset bought in the late 1940s and depreciated over 20 years would. And the suggestion that they should sell that at depreciated book value is just too thick. I don't think people will believe it.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — Mr. Speaker, it may well be that the appraised value is only one way to determine the value of a company. Only one way to assess it. But I think in trying to assess the value of a company you can certainly look at the value of the asset, the replacement value of the assets, not the reproduction value but the replacement value. What would it cost to put into place assets which would produce the same amount? They don't have to be a replica of the assets which are there but having the same productive capacity. That is one way to judge but not the only way. Obviously the earnings trend and the future earnings is another. All of these you put together. About the last thing you look at is the historical financial statement. It is useful but that is about all. It is useful as a list of what the assets may be. But a historical financial statement of a company which has been in business for 30 or 35 years is a very limited value in assessing what the company is worth. I think everybody knows that. Certainly the Member for Prince Albert West knows it. Certainly the Member for Lakeview knows it. Certainly the Member for Whitmore Park knows it. And not one of them when they were in business would have sold at their depreciated book value.

Mr. Steuart: — It just came up first time today.

Mr. Blakeney: — That is right because you made it a debatable motion.

If you had made it a non-debatable one it would have been up more than a week ago. It would have been up the day after you put it on the Order Paper.

Mr. Speaker, I think that his whole debate reveals a little something else. It reveals a little something about where the Opposition stand and where we stand on some pretty fundamental questions in this province.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — It tells us just what their concept of developing the agricultural industry in this province is and what our concept of a development strategy is.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — Mr. Speaker, the previous Government took the steps to increase the number of cattle and increase the number of hogs and we agreed with those steps. And we are going to expand those programs. We want to see the number of cattle and the number of hogs produced in this province continue to expand. The effect of a major expansion in cattle and hogs could be very dramatic. An increase in annual hog production from something over a million head to over 3 million and an increase in the number of breeding cattle from the present 1.2 million to 1.9 million, would add \$280 million annually to farm cash receipts.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — Mr. Speaker, I believe that we can look for those objectives. Hog production in Alberta stands at 2 million, I don't see why we can't get up to 2 million and then up to 3 million.

In breeding cows all we need is an average increase of 75,000 head a year and we'll be up to the 1.9 million by 1980.

As I say if we think that these levels can be achieved we will add \$280 million a year to farm cash receipts. And that's double the value of all potash sales in 1971. It is 50 per cent more than the value of petroleum sales in 1971. And it is two-thirds the value of all minerals — potash, petroleum and all the others. And that, Mr. Speaker, is only primary production of cattle and hogs. If we can achieve a like growth in processing and that is what I am coming to, the effect will be doubled or tripled.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — The previous Government recognized a need to increase cattle and hog production. What they didn't realize and what they steadfastly stood against is any large-scale processing in this province.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — Year after year this province fell behind in processing. Year after year this province fell behind compared with Manitoba and Alberta. Let me just tell you how bad we are doing.

In terms of livestock, for every 100 head of cattle there are in Saskatchewan there are only 140 in Alberta and there are only 42 in Manitoba.

With hogs for every hundred we have in Saskatchewan there are about 93 in Manitoba and 176 in Alberta.

Saskatchewan, with more than twice the cattle that Manitoba has and just about the same number of hogs, but has only half the processing. Under the previous government processing withered.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — And compared with Saskatchewan, Alberta has 40 per cent more cattle and 70 per cent more hogs, but it has nearly 285 per cent more processors.

Let me repeat — in terms of cattle Saskatchewan has more than twice the cattle that Manitoba has, yet Manitoba processes more than twice as much meat as Saskatchewan does. For every four head of cattle in Alberta there are three in Saskatchewan and yet Alberta processors process four times as much as Saskatchewan processes.

Only slightly more than one in three slaughter cattle are processed in this province. The other two-thirds are shipped out live, and with them we are shipping jobs out of this province. And for my part this trend has got to stop.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — Now turning to hogs. We are determined to see that hogs produced in this province are processed in this province. And we are taking steps to bring that about.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — Just a short two or three years ago, one hog in four that was produced in this province was shipped out live. 25 per cent of the hogs were shipped out live and we say that is not good enough. We propose a two-prong strategy, a strategy based upon the Hog Marketing Commission and a strategy based upon processing facilities here in Saskatchewan .

We propose, Mr. Speaker, that this 75 per of Saskatchewan hogs processed here can be 85 per cent, can be 90 per cent, can be 95 per cent in a very few years.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — Mr. Speaker, I want to remind this House that the meat packing industry is the largest single manufacturing employer in this province. The effect of increasing the total number of

hogs processed in this province, the effect of increasing, firstly the number of hogs that we produce and secondly the proportion of hogs that we process in this province, is going to mean jobs and many, many more jobs for Saskatchewan people.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — The effect of this policy will mean that meat packing companies in order to participate in processing in Saskatchewan are going to have to put their facilities in Saskatchewan.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — They will need to employ more people, rather than as in the past, shipping the cattle out to Winnipeg and Calgary.

Now this overall strategy is one which will be judged by the long-term effect on the livestock industry. You can laugh at the strategy and say, oh, it is short-run and you shouldn't have a Hog Marketing Commission, and you shouldn't get into the packing business, and you are being dictatorial and you are paying too much, but I tell you that the people of Saskatchewan will judge you by your performance.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — I think, Mr. Speaker, the people of Saskatchewan know what their strategy was. Their strategy was to ship live hogs out of this province; they attacked orderly marketing; they fought the hog marketing commission tooth and nail so that the hogs would continue to go out to Calgary and Winnipeg. And let's not kid the troops about this, all that chatter by the Members opposite about . . .

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — . . . all that chatter by the previous Government. They used to talk about their Government being a strong government insofar as freedom was concerned. That was the farthest thing from their minds. They have a legacy of Bill 2 and all the other restrictions. Now they have taken upon themselves the role of defending the farmers against orderly marketing.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — Well, all I can say is this: We all know that it has nothing to do with the farmers; we all know that it is a device so that hogs can keep going to Calgary and to Winnipeg where their friends are.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — Now I know that they will attack the Intercon purchase. They will demand the financial details of Intercon and all the rest of it. They will want all these facts and figures to be available to these same packers in Calgary and Winnipeg where

they want to continue to sell Saskatchewan hogs.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — That was the Liberal strategy and that continues to be the Liberal strategy. It was their strategy when they were in Government since they took no steps to see that these hogs and cattle were processed here, and it is their strategy now that they are in Opposition.

Mr. Speaker, our strategy is a different strategy. Our strategy is one of keeping hogs in Saskatchewan. Our strategy is one that we can make sure that these hogs produce jobs in Saskatchewan.

We propose to support Intercon. We are proposing to make sure that Intercon continues to operate and continues to operate as the largest packing plant in Saskatchewan. And we propose to keep Intercon operating as the largest packing plant in Saskatchewan for the benefit of Saskatchewan working people.

Those, Mr. Speaker, are the people that we are working for, just as the Liberal strategy helps the big packing companies in Calgary and Winnipeg, and now they are trying to get financial facts for those packing plants in Calgary and Winnipeg. Our strategy helps farmers and working people in this province.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — Let me say a little bit more about jobs. This province has all too often seen industrial plants limit their operations and even close, when these companies were purchased by big companies outside this province. The record is long and dismal. And some of the latest examples are the bread and baking industry, which slipped out of this province when those Members opposite were in Government. And another example is the oil industry where we have seen the closing of refineries at Moose Jaw and Saskatoon and threatened closure at Regina.

The Members opposite laugh. What is a few hundred jobs? What is a few hundred jobs to the lawyer from Lumsden? What is a few hundred jobs to the school teacher from Milestone? But all I can say is this that for the people who live in my constituency, jobs in packing plants are good jobs and we intend to keep them.

With much larger packing operations in Manitoba and Alberta we are under constant threat of our packing operations just fading away. I tell you that up to now we have not got firm commitments — as of a few months ago at least — not got firm commitments from any packing company to come in here and spend millions except Intercon.

If Members opposite think that during their seven years in office all the packing plants wanted to flock in, where are they? Why is the Burns plant in Regina an old plant? Why is Canada Packers in Moose Jaw an old plant? I will tell you, because there was nothing to suggest to them that they had to get into this province and put their bucks up if they wanted our cattle and hogs.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — I tell you this, we are now part of Intercon and I predict to this House that Canada Packers is going to come in here, and I predict that they are going to put up bucks.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — I have no grounds for saying so, but I suspect that other packing companies are going to come in here and they are going to put up their bucks and they are going to anchor themselves to this province and they are going to create jobs which will stay here decade after decade.

The Members opposite may suggest that all this could have happened otherwise, but I don't know why they didn't make it happen in their seven years if they think it could have happened.

I tell you, Mr. Speaker, and this House that our packing industry which was one-half the size of Manitoba and one-quarter the size of Alberta, is in constant danger of being bought up and just seeped away like so many other industries in this province. I say that as long as we are the Government, we are not willing to let that happen, Mr. Speaker.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — Mr. Speaker, we are faced with a situation where Intercon was controlled by Mr. Mendel, 84 years old and undoubtedly going to sell out his interests in the very near future. Mr. Mendel, at 84, was thinking of retirement. I think that situation was an absolutely classic case of buy out and close unless someone acted.

Mr. Speaker, we acted. The Members opposite can chuckle and laugh all they like but I tell you that industry is here and it is going to stay here.

Some Hon. Members: — Hear, hear!

Mr. Blakeney: — Intercon employs many hundreds of employees in Saskatoon. It is already announced that Intercon is going to build a plant in Regina. Our Government decided to act and save those jobs and to keep that industry, and to keep it not only for the jobs but also for the livestock producers.

Mr. Speaker, we believe that judged in the years ahead that it will be shown to be a wise decision and, Mr. Speaker, I am ready to stand on it.

Some Hon. Members: — Hear, hear!

Mr. C. P. MacDonald: (Milestone) — Mr. Speaker, I have been here for eight years and never have I seen the Premier perform as he performed this afternoon.

Mr. Speaker, never in my life have I seen the Premier as weak, never have I seen the Premier show his true colours. Never have I seen the Premier really give an outline of exactly what

he means, and I am going to tell you why. Because up until now, Mr. Speaker, there were two or three principles involved.

One was intrusion in private business and we objected to that. Most members of the business community object to the intrusion into the private business because we don't believe that they can do a good job in running it. We believe that private enterprise can do a better job.

The second principle was accountability. Are they accountable to the taxpayers of this province and to the electorate of this province for spending \$10 million? That is the question of the secrecy, the question of the value of the money. That was the second principle.

Now, Mr. Speaker, a third one has come in and it is the competence of Premier Allan Blakeney that is in question. The competence and the competence of that whole front row benches of the Government. It is no longer a question of the fact that they are not going to provide any information, it is not a question of the fact any longer of whether or not they are going to put the facts on the table. With the release of these figures, Mr. Speaker, it shall question and challenge the very competence of Allan Blakeney and that entire Government.

Some Hon. Members: — Hear, hear!

Mr. MacDonald: — And that is the issue right now in the House and that is the issue in the Province of Saskatchewan. And that is why the Premier got up and never talked about Intercon. He never talked about the financial picture, he never talked about the good deal or the bad deal, what he talked about is agriculture. And it is just like mother love. The Minister of Agriculture could have gotten up and made that speech, talking about The Hog Marketing Commission or anything else. In fact, he is the man who probably wrote the speech.

Mr. Speaker, let me turn to a few of the arguments of the Premier to show it. He said, what part did Mr. Gedge play? Mr. Gedge played a great part on the part of Intercon. Let me tell you this. He said that the Financial Post, Mr. Gedge said, "Why I couldn't have had a conflict of interest, because it was the Cabinet that made the decision." But who, who was in California? The Chairman or the Executive Director of SEDCO, Mr. Gedge and the Deputy Minister of Agriculture. It wasn't the Cabinet that made the decision. They were sitting around a table together.

He talks about the Prince Albert Pulp Mill. Why didn't we give him that information? Because there was a bit of a basic difference. Here was a company already in operation that the people of Saskatchewan had gotten all the facts on the financial deal. It was not the moment of inception. But maybe we were wrong, but you people pointed out to us the importance of credibility, the importance of openness, the importance of being honest with the people of Saskatchewan, the importance of accountability. And yet, today, you have denied every word that you spoke at that time and on that occasion.

Now, Mr. Speaker, the funniest thing that the Premier said was, 'You know you evaluate it on future potential.' And if there was ever a moment when the farmers of Saskatchewan will

know what the Hog Marketing Commission means, it is when the Premier said that.

That is the end of it. Now we don't know, first of all, if it is a monopoly for Intercon — is the Hog Marketing Commission going to send all the farmers' hogs to Intercon? How can he look ahead and determine the future potential of that company?

You and I know, and every farmer now knows that every cow and every sheep and every hog that will be for the export market in this province will be forced to go to Intercon. That's where the future market availability comes.

Then he says, "A state abattoir." And then he talks about the historical value of a financial statement. It is only one of the things that you can use to evaluate a company. I want to ask the NDP if they can point to one company in Canada, in the last 20 years, that has ever purchased a company for 40 times its net earnings? Forty times its net earnings! That is exactly what they purchased Intercon for.

Well if you can point out one company, because I say if you look at the 1972 financial statement of net earnings in this House you will find that they have earned in 1972 about \$400,000 or less and 40 times the net earnings of that company is what you paid for. You try to find one company that has ever been purchased for that.

The best company might be 12 times, 10 times, 13 times, but don't suggest that there isn't a yardstick. That is without question the worst, the poorest financial deal ever made by this Government or any other government in Canada.

The Premier talks about replacement value. What are you buying? A bunch of buildings? Some of those buildings aren't worth 10 or 15 per cent of their value. Some of them are worth 75 and 80 per cent. Some of them are 30 and 40 years of age. Whoever heard of replacement value?

He talked about the increase in cattle and hogs and then he got into his agriculture speech. You know I think that if anybody attempted to increase the number of the cattle population or the hog population in Saskatchewan, it was the Liberal Government when they sat on that side of the House. All I can say is that of course, that is mother love. Everybody wants to increase production but that has nothing to do with the value of Intercontinental or the real objective as to why you bought it.

He said, you know you didn't increase processing by one single iota when you were the Government. Would somebody over there stand up and tell me how they have increased the processing capacity in the Province of Saskatchewan with the purchase of Intercon? That is the problem of the fallacies of socialism. They can never create anything of their own. When the Labour Government took over in England what did they do? They bought out the coal mines, they bought out the steel plants. You haven't increased processing in the Province of Saskatchewan, not by one iota. All you did was give Fred Mendel \$10 million for something that is worth about \$2½ million. That is all that you did.

That's all you did and this is why, Mr. Speaker, that this

has really changed the whole complexion of this debate. It is no longer a question of accountability or secrecy. The question right now is the competency of Premier Allan Blakeney and the competency of that Government. That's why I think if they want to save face — I should say the incompetence — if they want to demonstrate to the people of Saskatchewan that this was not a monstrous deal as the Leader of the Opposition has indicated and as this financial statement indicates. They have thrown away about \$6 million or \$7 million of the taxpayers' money in Saskatchewan. It is the most incompetent deal made by a bunch of rank amateurs, without any good business advice. It is incompetent and they admitted themselves that it wasn't SEDCO, SEDCO gave the technical advice, but the decision was made by Cabinet with Premier Allan Blakeney sitting in the chair. It shows incompetence, it shows the absolute incompetence of the whole Government and that is why they should put every ounce of information on the table.

Some Hon. Members: — Hear, hear!

Hon. K. Thorson: (Minister of Industry) — I thought it was significant, Mr. Speaker, when the Leader of the Opposition was speaking, he indicated that he wouldn't trust the personal integrity of anybody in the Government. He wouldn't even trust them to examine the document that he had tabled during the course of debate, while the examination was to take place in full view of all the Members of the House. Mr. Speaker, it has been my experience when people are so mistrustful it must arise out of their own experience. Otherwise, there is no need to impute such bad motives to your opponents.

Now the Leader of the Opposition has his point of view and he has made that very clear. He says that no matter what the Government paid to secure the meat packing industry in Saskatchewan they shouldn't have done it. That's his position plain and simple. There is nothing else that really counts as far as the Opposition is concerned. The Government shouldn't have done that. All of the talk about figures no matter from what source they are quoted really has nothing to do with the position of the Opposition in this debate. They just say simply the Government should stand by and do nothing about the meat packing industry in Saskatchewan, shouldn't spend a nickel on it, shouldn't do anything about it, except to increase the numbers of livestock produced in the province no matter where they are processed.

Some Hon. Members: — Hear, hear!

Mr. Thorson: — That's the issue with respect to the Government's investment in Intercontinental Packers Limited. There is no other issue of any significance whatever. I can see immediately if you take this sort of narrow-minded, private enterprise approach of the Liberal Party in Saskatchewan, then, of course, you couldn't expect the Government of Saskatchewan with that kind of advice to go out and invest in the meat packing industry in our own province. And indeed, Mr. Speaker, if you take this test that the Leader of the Opposition talks about, you should be able to be assured that you are going to get a return annually of eight to ten times your investment, then, Mr. Speaker, on

that advice there isn't any investor who would ever put a nickel into a packing plant in Saskatchewan and it wouldn't matter whether it was the Government or another company.

Mr. Steuart: — I said that?

Mr. Thorson: — Eight to ten times, he said.

Mr. Steuart: — Oh, I did not, I said the packing company should be eight to ten times the net earnings, the net earnings should be one-tenth . . .

Mr. Thorson: — What he is saying is that every eight to ten years you should recover what you put in, that you should get enough back so that you recovered over that period of time all that you have invested. Mr. Speaker, on that basis no one would invest in meat packing in Saskatchewan — not Burns, not Schneiders, not Canada Packers, nobody would invest in meat packing facilities in Saskatchewan. I think, Mr. Speaker, that it is just a very good thing that nobody is listening to the Liberal Party when they are giving this kind of advice on economic development in Saskatchewan. On that sort of advice they would tell other meat packers not to come to Saskatchewan. Mr. Speaker, that is not our position. That's the narrow, private enterprise Liberal position. Only a question of what you can get in terms of return on the dollar. That is all they care about, that is all they are concerned about. They are not concerned about the livestock industry in the province and they are not concerned about the meat processing industry in the province.

Now the Leader of the Opposition tries to leave the impression somehow that the money we have invested in Intercontinental Packers Limited is taxpayers' money thrown away. Now, Mr. Speaker, it is money which we have invested in a going enterprise which is paying a return. We are not asking the taxpayers to dig out anything from their pockets so that this investment can be made in this going concern. We will not have to take any money away from any of our programs in the Government in order to make this investment. We can clearly afford to make this investment on money which we borrow and put in and we can confidently expect to have it returned to us, Mr. Speaker.

An Hon. Member: — It's taxpayers' money.

Mr. Thorson: — It's not. Now, Mr. Speaker, the Leader of the Opposition says that somehow it is inappropriate to look, when deciding what we should invest in this kind of operation, to look at replacement values which are determined on the basis of insurance or an insurance policy. I appreciate his example that if you buy a truck for \$10,000 and you insure it for \$10,000 you are not likely to get five years later if you have a claim under insurance, you are not likely to get \$10,000. You are going to get the depreciated value. But I think that analogy is hardly appropriate to this situation. We are not talking about something that is readily replaceable by another item, we are talking about one meat packing operation in the province.

Now surely no one can argue that we should not try to secure meat packing and processing in the province, that we should not try to increase the employment in that industry in our province. Surely no one can doubt on the basis of our experience in the milling industry or the oil refining industry that if we simply leave that to private companies we are not going to have that employment in the province. So we have to take a look at how we can provide those facilities and that kind of industry here in Saskatchewan. We could, Mr. Speaker, as a Government, if we chose, set out to develop those facilities ourselves. But as I said the other day that would only further increase the meat processing capacity in all of Western Canada and in Saskatchewan. When we discovered that there was a company like Intercontinental Packers Limited which has operated in a way, Mr. Speaker, which is very commendable, that is it has since 1940 when it began, put its major emphasis on expansion rather than on simply making an annual profit each year. That kind of operation we could agree with because we want to see that expansion take place for the benefit of the livestock industry and secondary manufacturing in the province. And so, Mr. Speaker, we look to assets here in a going concern and we know that we have to pay a price to secure those assets here as a going concern in the meat packing industry. Essentially, because these assets were available for purchase, because they have a certain value, in terms of what we would have to invest to secure meat packing and processing and employment in Saskatchewan, we were prepared to pay the price we did because we think that is a good investment.

Now, Mr. Speaker, the Resolution before us calls for a tabling of the agreement entered into between the Government and the shareholders of Intercontinental Packers Limited. I want to assure the House that if this Order passes that the agreement will be tabled. I want to just give the House a little information about what will be shown in that agreement. Mr. Speaker, it is already well known that we have paid a little more than \$10.2 million for 45 per cent of all the outstanding shares of Intercontinental Packers Limited. The agreement will show that there are 100,000 such shares and that, therefore, the value of the shares on that price for all the shares is \$22.75 million. The agreement will show that in addition to this payment which we have made in March of 1973 for 45 per cent interest that we have an option to purchase five years from the date of the agreement, another 20 per cent of the shares of Intercontinental Packers Limited, and that we will pay according to the option agreement contained in the overall agreement for the 20 per cent of those shares, a price of \$250 per share or we will value the whole of the 100,000 outstanding shares five years from now at \$25 million and that is the price we will pay for another 20 per cent five years from now. There is one small escalator: that we will pay something of an increase based on any increase in the cost of living index in Canada.

Now just let me take the House through that so they will understand what that means. We have now paid \$10.237 million for 45 per cent. Five years from now for \$5 million we can get another 20 per cent, plus perhaps if the cost of living index goes up I would say three per cent per annum, perhaps another \$750,000 which will mean that within the five year period we will pay \$15.98 million for 65 per cent of the shares of Intercontinental Packers Limited.

Mr. Grant: — You can buy my business any time.

Mr. Thorson: — Well, Mr. Speaker, if the Member for Whitmore Park has a business which is so important to the economy of the province as Intercontinental Packers Limited, I would like to talk to him.

Mr. Speaker, it may be that if we are setting out to just place money to get a return on it there would be many other industries in which an investor would look rather than the meat packing industry. The Leader of the Opposition suggests that all we will get is about three per cent. That is not our view of the current situation of Intercontinental Packers Limited and we certainly think that it is not the future prospects for the earnings of the company. We think it will be much better than that but I want to emphasize, Mr. Speaker, that even if that were not true that the return on the money would be much higher than that, we would still think this was a good investment in a key industry for the people of Saskatchewan.

If we had not made it at this time then the results would have been: One, that no other packing company would be interested in placing additional packing facilities in Saskatchewan because I think, Mr. Speaker, that it may well be, in the future, as in the oil refining industry, that the meat packing industry, looked on as a whole unit in Western Canada, would want, if it was left in the hands of one or two private companies, would want to locate one large plant somewhere in the prairies and it might very well not be in Saskatchewan. Our hogs and our cattle would be taken out of the province for processing and when they go out the jobs go out with them also. So we think it is timely to make the investment because, first of all, if we hadn't done it now there is no assurance that any other packing companies would put their processing facilities in the province so that we could have the employment from secondary industry based on our livestock production. Secondly, Mr. Speaker, we think it is important to secure the jobs that are already here, make sure that we don't see a closure of a plant such as we saw in the milling industry over the years at Moose Jaw and last year in Saskatoon.

For these reasons, Mr. Speaker, we are quite prepared to give full information, we are quite prepared to enter into a debate with the Members of the Opposition or anyone else about the wisdom of our strategy and our desire to see economic development take place in the province. We are quite prepared to concede to the members of the Opposition that it is altogether too easy to just put the argument on the basis of the return on the dollar. On that basis, Mr. Speaker, there are other investments to be made and could be made. That is not the justification for what we have done, that is not the real value that we will get in the Province of Saskatchewan with this investment that we have made. We think that on the basis of the expectation for the markets for meat packing products, the value, when we have an opportunity to exercise our option within five years, will be much higher than it is today and much higher than the value stated of \$25 million, the basis on which we will pay for the additional 20 per cent of the shares five years from today. Mr. Speaker, I am confident that on this basis the people of Saskatchewan will give us their support, would say that it would be less than responsible on our part to stand by, as the Leader of the Opposition would have us do, and do nothing about securing a meat packing industry in the province. I am sure, Mr. Speaker, that in the next five and ten years and beyond that

people will be able to look back in the early 1970s and recognize what a wise decision was made by so many voters in Saskatchewan in June, 1971 when they kicked the Liberals out and put the Blakeney Government in, which is really prepared to use the resources of Saskatchewan for the benefit of the people of Saskatchewan.

Some Hon. Members: — Hear, hear!

Mr. A. R. Guy: (Athabasca) — I am not sure whether I should participate in the debate at this time or not but I think perhaps I should like to hear another speaker or two from the other side. Everyone who gets up makes the deal a worse one. However, I think I will speak now because I don't think as a citizen of the province that I could stand the shock of hearing about another 20 per cent option that was taken ten years from now if it is proportionately worse than the 20 per cent option that they have five years from now.

Well I think, Mr. Speaker, we have never heard of a weaker, more incompetent two speakers in the history of this Legislature. I wish my friend from Shellbrook (Mr. Bowerman) would get up and talk about the hogs, I am sure he is well qualified. But I think that my friend from Milestone (Mr. MacDonald) has cleared the issue up for the people of Saskatchewan. The Members from Estevan, the Ministry of Industry (Mr. Thorson), verified it further when he said that the main issue in this debate is that of jobs. So it now becomes the competence of the Government versus the provision of jobs and the competence of the Government has been shown to be seriously lacking and we have not seen one new job.

The Premier started out and he said he didn't know where to start. You know it's understandable because if he doesn't know any more about business than he was trying to tell us today I am surprised . . .

Mr. Romanow: — How about Athabasca?

Mr. Guy: — And he didn't know very much about that either or he never would have called the election. He proved that too. It is understandable because when it comes to business the socialists don't know anything about business and it is more obvious when they try to justify the purchase of 45 per cent of the Intercon shares. You know the Premier tried to tell us today that future earnings was the most important yardstick in the purchase of a company. Well, of course, this was complete nonsense. I think we had the most obvious example of that about four years ago in the computer industry, when computer companies sold shares that skyrocketed on one basis alone and that was what they thought were future earnings. You all know what happened to the shares of the computer companies in about a year and a half, two years. Many of them went bankrupt, fortunes were lost because they were based on future earnings alone. You know the then Premier said equity doesn't really count, but I'll tell you, Mr. Speaker, that when you are in a market that fluctuates as much as the agricultural market fluctuates that equity is the only thing that the shareholders have left when the market goes down. In a case where you are dealing with this type of an industry, a cyclical industry, dependent upon climate, dependent upon markets overseas, one of

the most important yardsticks is the equity in the company in which you are purchasing the shares.

Then the Premier stopped there, he didn't have any other financial arguments. Then he said, "We are justifying this purchase on the basis of agriculture." He brought in the red herring of agriculture but in doing so he made some interesting comments. He said there was going to be, he hoped and we hope too, a tremendous increase in the number of hogs and of cattle in this province. We all know that there are at least three plants in Saskatchewan today that are prepared to process hogs, including Intercon, without Government interference. But I thought it was interesting when he said, "But we are determined to see the hogs processed in Saskatchewan." Well now I hope the Minister of Agriculture will stand up and say if this is the intent of the Hog Marketing Commission to force every hog in this province to be sold through Intercon. I'll tell you, Mr. Speaker, if that is the case you won't provide very many new jobs. You might increase the jobs for Intercontinental Packers but you will decrease the jobs for every other packing house in this province, if you are going to use Government force to force the farmers regardless of transportation costs, regardless of distance, regardless of price, to ship to Intercon just because the Government has got their finger in the pie. Both the Premier and Mr. Thorson come back to the point that we bought into Intercon to save jobs, to provide jobs. Well I ask you, Mr. Minister of Culture and Youth, you might as well have been Finance Minister, you couldn't have done any worse job than the Minister who was negotiating this deal. Can you tell me for that \$10.24 million one new job that has been provided in this province? Just tell me one new job.

Mr. Lane: — You lost one, Fred Mendel left.

Mr. Guy: — Yes, I think you've even lost a job if anything. So that is not the issue, the number of jobs that have been created, because you haven't created a job. Not one job for \$10.24 million. So we come back then to the fact that the issue here is that of the competence of the Government.

The question of agriculture does not concern this particular deal with Intercon. If this increase in hogs develops as we hope it will, certainly the other companies were prepared to put in increased packing facilities. The Minister of Industry says that there were no signs on the horizon that there would be any increase in the packing industry. Well that is not our information. We understand that both Burns and Canada Packers were in the process of negotiating for grants to increase their plants and it was long before the Intercon deal was started up in a three week period. We already had a viable meat processing industry in this province and our fear is that this once viable industry will not be viable once the Government gets through putting their sticky fingers into the industry.

Then the Minister of Industry, the great financier, the big financier from Estevan, from the oil country, spoke in the debate. He should have stayed down there selling oil and stayed away from the meat processing plants. He said, "We're not going to take any money from the taxpayers. We're going to borrow the money". What do you borrow the money for today? You're lucky if you get it for seven per cent or 7½. What's your return on

the money? Three per cent. Pretty good socialist arithmetic, you borrow money at seven per cent and return it to the people at three per cent. Great business! Well I hope the Member from Saskatoon, because it is going to be the people in his constituency that are going to be taken to the cleaners, along with every other person in Saskatchewan, I hope that the people in Mr. Rolfes' constituency in Nutana South or Nutana whatever it is, would go out and invest their money and be satisfied for a three per cent return when it cost them 7½ per cent to borrow their money. You know sometimes I wonder what they do think up there when they return a fellow like that to the Legislature. However, I think that will be corrected next time.

Then the Minister of Industry (Mr. Thorson) concluded by saying that there was another company interested in the packing industry. Well, as I said, we have shown that this is wrong and he knows it. He, more than anyone else, knows it yet he tried to bring a red herring into this Legislature to cover up his weakness as the Minister of Industry and certainly in the financial field. Then he says it is important to secure jobs already here. We see no closing of plants. Intercontinental would have expanded without your help.

Mr. Romanow: — What about Gulf Oil?

Mr. Guy: — Oh, the Attorney General all of a sudden has wakened up and he says now that Gulf and Imperial Oil are processing meat. That's our Attorney General! Well, I don't know, Mr. Attorney General, where have you been for the last few years. We know you haven't been in the House and when you have been here you haven't been doing a very good job of leading the House business.

Mr. Romanow: — How could anybody lead a bunch like you guys.

Mr. Guy: — Well, you could try, you could try a lot harder than you have been.

Then the Minister concluded and he said, "We have used wisdom and strategy in order to conclude this deal for the people of Saskatchewan. We are doing it on the basis of expectation." Well I'll tell you, Mr. Speaker, that the people of Saskatchewan that have to dig into their pockets for \$10.24 million today, and heard the unbelievable announcement today by the Minister that they have taken another 20 per cent option at an even higher price than that paid for these shares, will say that their wisdom is nil and their strategy is even worse. So under those circumstances the sooner we see these documents tabled to find out whether there are additional options, find out what the absolute and complete holdings that have become part of 45 per cent interest are the better. All we can say is that the Government has not today through their two speakers, given any justification for the deal. In fact, if anything, it has become clearer this afternoon that both the Premier and the Minister of Industry are the two most incompetent Ministers who have ever sat on the Government side of the House. Not only are they incompetent but they haven't even got the competence to see that they are incompetent. They said that they are prepared to stand or fall on this issue. Well I'll tell you, Mr. Speaker, they will be falling on it as soon as they get the courage to call an election.

Some Hon. Members: — Hear, hear!

Hon. J. R. Messer: (Minister of Agriculture) — Mr. Speaker, as usual the Opposition once again has shown their inability to grasp and to understand the significance of the Government's actions. The two Members, I think in a row, the Member from Milestone (Mr. MacDonald) and the Member from Athabasca (Mr. Guy) brought up the subject of red herrings. Mr. Speaker, if there have been any red herrings in this House we have certainly seen them brought forward by the Opposition today. They have attempted to bring in irrelevant subjects, irrelevant matters in relation to this Intercontinental purchase for a number of days now. We have gone through the question as to what Mr. Gedge was doing and what his role was in regard to this whole undertaking. The Minister of Industry and Commerce has answered that twice, the Premier again today answered it. Yet they still continued to pursue that as if there was some sort of under-desk dealing in regard to Mr. Gedge and they know full well that there was not.

The Leader of the Opposition he relates to some hypothetical figures and he comes out with the Intercontinental Plant showing some kind of three per cent profit in the future. In fact he says the profit, if you take the worth of the company as he relates to them and using the past performances of the company that he related to earlier this afternoon, the net profit would only be three per cent of that total investment or our investment would only earn three per cent with that kind of a record. But he doesn't want to, Mr. Speaker, go into any kind of details to relate to what the economic conditions and who the Government of Saskatchewan was when he refers to the profits that Intercontinental were making during that period of time. That has been pointed out by a number of speakers in the Legislature today, Mr. Speaker, they, when they were the Government, Intercontinental even though it had the capacity of one of the better plants in Western Canada to process twice its capacity at that time, they allowed those livestock products to be shipped out of the province, to be moved out to be processed in Manitoba or Alberta where other packing facilities who had not situated in Saskatchewan had established processing operations.

The Member from Milestone (Mr. MacDonald) he says that all the hogs are in fact going to be processed by Intercontinental Packers now because of the Government's involvement not only in Intercontinental but because of the Government announcing a Saskatchewan Hog Marketing Commission. If that, in fact, is the case, Mr. Speaker, I ask them why they say, apparently they have some information that we don't know now at this time have, why is it they feel so certain that Burns is going to establish a plant in Regina, a new plant? Or, as the Leader of the Opposition has said, Canada Packers is going to be establishing a new plant in Moose Jaw. If this in fact was the case I am certain that these processors would not be so anxious to now build in Saskatchewan. The fact of the matter is, Mr. Speaker, they realize that there is going to be considerable expansion of livestock in the Province of Saskatchewan, there is going to be an orderly marketing system and that they will have for the first time in Saskatchewan an opportunity to take advantage of that processing industry.

Some Hon. Members: — Hear, hear!

Mr. Messer: — Now the Member from Milestone also said, how does our purchase increase in any way processing in Saskatchewan. I think that that is obvious when we have shown that we are willing to invest as a Government in a processing industry in Saskatchewan, that we have shown to producers in Saskatchewan that there will continue to be a processing industry here. And taking that into consideration along with the Hog Marketing Commission and the benefit of that Commission to hog producers in the province, they will realize that there is merit in expanding livestock in Saskatchewan because there will in fact be a commitment to process that livestock here which will return greater dollars to them than they have had the opportunity to have returned to them in the past.

Mr. Speaker, acquisition of shares in Intercontinental Packers is part of a commitment of this Government, a commitment to not only maximize income but to maximize and expand employment and employment development for the largest number of people in this province. Our Government, Mr. Speaker, has a vision along with farmers and especially livestock producers in this province, which sees Saskatchewan as having a great opportunity of being not only the breadbasket of the world but in fact the food basket of the world. Our future in this province, as I think all thinking people will agree, is primarily agriculture and food production. During the last ten years world demand for food products has skyrocketed. Saskatchewan, I think, must be in a position to take advantage of this explosion in food markets. We must have the capability to market these products. This means that we must be smart and sophisticated and update businessmen in the marketing sense. We must take advantage of every world market opportunity that arises and we must ensure the producers get the best possible prices for those markets. And that's why we formed a hog marketing commission, Mr. Speaker.

But it isn't only farmers that will be part of this great development in the future. Our urban centres and the working people who constitute the basic foundation of these centres will also benefit tremendously through increased employment and better wages and salaries. This will be true only if we have the courage to ensure that there are strong and growing processing companies in this province, companies which are interested in growing and development in the province, in the province and for the benefit of the total provincial economy. It's absolute madness for a province with our potential in agriculture to permit the centralization of so much processing activity outside of the province. We can only cease being hewers of wood and drawers of water in Saskatchewan if we are prepared to take some of the risk and make some of the investment that's needed to see that his processing stays here where it legitimately belongs.

Some Hon. Members: — Hear, hear!

Mr. Messer: — The Liberals, Mr. Speaker, want to encourage development in Eastern Canada, in Alberta and in Manitoba because that's what the big international corporations want. They say, in fact, the Leader of the Opposition has as much as said this, sell our

industry to the big corporation, let them move to processing of our products to these other parts of North America because that's how the big corporations can make the most and the best profit. And the Liberals want them to have an unrivalled right on those profits no matter what the cost is to Saskatchewan residents. I'll let the Members of this Assembly and the people of Saskatchewan make up their own minds as to why the Liberals are so concerned about corporate profits.

As has been pointed out Imperial Oil intends to move its Regina operations to Edmonton, not because the Regina operations are so unprofitable but because there will be even greater profits in Edmonton. The Liberals support this. Why, Mr. Speaker? The reasons are obvious. If they have their way Saskatchewan will be sold out lock, stock and barrel to these corporations. Who would then pick up their processing marbles and move out of the province? The only thing left for a Government to do after another ten years of this Liberal sellout would be to shut out the lights after the last person had left.

Our Government isn't going to let this happen, Mr. Speaker. The food industry is our future in Saskatchewan and it's going to have a great future, Mr. Speaker. If only we have the willingness to keep the ownership and thus the operations in this province.

The Opposition demands the past financial information of this company. Most of that information, if not all of it, has already been released and the Leader of the Opposition referred to it in his speech earlier this afternoon. Physical assets, inventories and investments are worth \$16 million, and they've been told that on a number of occasions. They've been told what the debt, long and short term, were. Now they want to know about the profits and they make some estimate as to what those profits are. But what profits is it that they are really interested in?

Mr. Lane: — The net profits.

Mr. Messer: — Ah, 'net profit', one person says, but generally it's outdated past profits based on economic conditions generated by Liberal bungling and mismanagement in this province, Mr. Speaker.

Mr. Lane: — How was California?

Mr. Messer: — You know, Mr. Speaker, the Member from Lumsden he always wants to talk from his seat and he's talking now about how was California. And that's just further evidence of what they talk about when they're in the country. They're trying to tell people in Saskatchewan that the Minister of Industry and the Minister of Commerce and the Minister of Agriculture were down in California negotiating this deal. It's obvious from the kind of remarks they're making. Yet it's been made very plain to this Legislature that there were no Ministers in California negotiating the Intercontinental deal. There were competent and qualified civil servants carrying out the job who carried back their recommendations to Cabinet and Cabinet gave the consideration to those recommendations and I think made one of the best deals that this province has made in a long time, Mr. Speaker.

Mr. Speaker, anyone with a touch of intelligence in buying earned assets knows it is the future that counts. It's the future that counts, Mr. Speaker. The Liberal Opposition wants the facts and they want the figure. They want facts and figures to justify the Government's purchase of an interest in Intercontinental Packers. Well that's fine, Mr. Speaker. They should have the facts and figures and so should the public. But let's have the meaningful facts and figures, the ones that really count. I'm going to give the Members of the Opposition some of those facts and figures right now so I'd suggest that they listen carefully and listen well. Your corporate friends, Mr. Leader of the Opposition, will want these figures and I'm certain that when they rush out this evening to feed them that information they'll want to feed you some questions back so that you can again come forward in the Legislative Assembly tomorrow and ask some other ridiculous questions. I want to say, Mr. Speaker, these corporate friends are in a much more serious business than the Members of the Opposition. They're out to, if at all possible, kill companies like Intercontinental Packers if they can't take them over by one means or another. In order to play that deadly serious game they need a front man and they need accurate and dependable information and obviously the Liberal Party is the front man. So, get the figures down accurately, do your best for those non-Saskatchewan corporate friends of yours because they're going to need all the help they can get until they decide to become part of Saskatchewan and develop right along with Saskatchewan.

Some Hon. Members: — Hear, hear!

Mr. Messer: — Let me just indicate to you where we were in the meat packing industry prior to the Government's purchase of Intercontinental Packers. We had, Mr. Speaker, two major non-Saskatchewan meat packing companies operating in the province. Neither had undertaken any substantial new development in the province for years and one had publicly announced intentions to close down a major part of its operations in Saskatchewan and thus process even more Saskatchewan livestock out of this province. Our third major packing plant, Intercontinental Packers Limited, was controlled by Mr. Mendel, as had been pointed out, having made his contribution, was showing interest in selling that company. But he wanted it to continue operating in Saskatchewan but he could not be sure what non-Saskatchewan buyers might do with it. And obviously a major packer with great investments in Winnipeg, Calgary or Edmonton could do well to purchase the company in order to corner the Saskatchewan supply of livestock, only to end up shipping that livestock out for processing and eventually closing down the Saskatchewan operations. It's happened before and it could well happen again. And we have evidence of it happening in other industries, Imperial Oil, Gulf in Moose Jaw and Gulf in Saskatoon, Quaker Oats in Saskatoon and one could go on and on, Mr. Speaker.

Naturally, our first and greatest interest as a province is to keep Intercontinental as an independent Saskatchewan-based company. With well over 50 per cent of Saskatchewan livestock now being handled by Intercontinental this will assure that practically all livestock produced in Saskatchewan will also be packed here in the future. And the reasons for this are simple, Mr. Speaker. As long as there is one major packing company committed to Saskatchewan, the others must

remain also. If they do not, they will of necessity lose most of their supply of Saskatchewan livestock to the Saskatchewan-based competitor. And that's why, Mr. Speaker, it's highly probable that there will be a new plant built by Burns in Regina, that there will, in fact, be an announcement by Canada Packers to build a new plant in Moose Jaw. It's also, Mr. Speaker, why Intercontinental has announced to build a new plant in Saskatchewan which will contribute to more jobs in this province.

Now the Members opposite ask what has this done in regard to increasing the job potential in the Province of Saskatchewan. The announcement that was made by Mr. Mendel some weeks ago already indicated that plant would provide 150 or 160 jobs to Regina which are not now here. Thus with one major stroke, Mr. Speaker, the purchase of Intercontinental, we have guaranteed the future of the meat packing industry in Saskatchewan, a future that looked bleak, bleak indeed until the change in Government in 1971, followed by a clear statement by this Government that there is no alternative for industry but to do its processing here.

And what will this retention of our meat packing industry mean to the people, the working people and the taxpayers of Saskatchewan in the future? In order to answer these questions we must recognize the totality of the Government's plans for agriculture. First of all, Mr. Speaker, through our total complex of new farm development programs, we're looking to an unparalleled era of growth and expansion in the livestock industry, and the Premier certainly went through that scenario this afternoon for the Members opposite. But again, I think we should refresh the Members opposite as to what it is that we attempt to do. A tripling of hog production by the mid 1980s from \$1 million to \$3 million, a more than doubling of finishing of beef cattle in the province from \$500,000 to \$1.2 million. Through our new comprehensive farm development program including FarmStart and Land Bank I'm entirely confident of meeting these objective.

Mr. Steuart: — Against it, Jack?

Mr. Messer: — Oh, we were never against the expansion of livestock, Mr. Speaker. The Member opposite is trying to say that we were. Our objectives and our objections to the livestock industry expansion program of the Members opposite when they were the Government was that it only encouraged expansion and gave absolutely no guarantee to livestock producers, that they were going to be able to have some fair return for that livestock after they expanded. And if there's anybody that should hang their heads in shame, Mr. Speaker, it should be the Members opposite when they encourage the expansion of the hog industry in Saskatchewan and have farmers confronted with 18 cent per pound hogs after doing so and gave no recognition to that problem farmers were confronted with in selling pork at prices that were far below the cost of production. They did nothing to help correct that situation. We say that we generate expansion in the livestock industry and we also implement a number of other programs that will give producers not only assurance of finding market places for that product but at fair returns in relation to cost of production.

Mr. Speaker, from current levels of employment in the meat

packing sector in Saskatchewan we find that we have approximately 3,000 people employed. We can expect to reach a level of ten or ten and a half thousand employed in the meat packing industry in Saskatchewan. What a change, Mr. Speaker, that will be from those seven dismal years when industrial development declined continuously in this province under the former Liberal Government. What will that mean to the taxpayer, Mr. Speaker? Of the growth that I mentioned we would expect sales of livestock to reach \$700 million by the mid 1980s or a \$280 million increase that the Premier referred to earlier this day.

Meat packing companies have come to expect before tax, profits of over three and a half per cent of the value of livestock purchased meaning that profits in meat packing could reach as high as \$25 million per year by the mid 1980s. Corporate taxes will hopefully recover about one-half of this or about \$12 million per year. About one-third of this will accrue to the province as its share of taxes meaning that \$4 million per year would be picked up by the Saskatchewan taxpayer through taxes. But there's more, Mr. Speaker. Between \$2 million and \$3 million of this profit will belong to Intercontinental and thus about 50 per cent or between one and one half million dollars per year after taxes have been collected will go to the provincial taxpayer. And I say, Mr. Speaker, that's not a bad deal for a \$10 million investment.

None of this can come about without every clock in the total structure being put in place. One single mistake such as letting our meat packing industry fall under the control of non-Saskatchewan companies would mean the loss of it all, the jobs, the taxes, the profits and we simply cannot afford this. And I think probably, Mr. Speaker, it could even be worse than that. A loss of our meat packing industry would mean our farmers and our hog marketing commission would not have a company to relate to, to help find and take advantage of the new markets. And without that capability we can't undertake the expansion in farm production we need so badly to stabilize farm numbers and improve farm incomes. That is what we're saying.

We say let's look at the total picture when we talk about the wisdom of buying Intercontinental Packers. We say let's look to the future and have development for the people of this province by the people of this province. Let's not get lost in the nit picking over past figures only. No great economic enterprise was ever built on that and neither will a great and booming provincial economy. Mr. Speaker, it's obvious from the actions and the speeches of the Members opposite that they're trying to, in fact, promote something that was never really there. They don't have any faith. By their own admission and by the stand they have taken in regard to Intercontinental Packers, they don't have any faith in the production ability of the livestock sector in Saskatchewan. Because they say, let come what may in regard to packing companies, and processing companies. There's no guarantee that should be given to farmers in Saskatchewan that we can sell the produce that they have the opportunity to produce in this province. Don't give them any guarantee in regard to price stability. Let them continue to be as they were under the seven years of government under the thumb of the processing companies that have situated outside of the province. If they don't feel like purchasing or if they don't feel like paying a fair

price that's just too bad for the livestock producer but it should be no concern of the Government.

Mr. Speaker, let me get it perfectly clear to the Members opposite and to the people of Saskatchewan that this Government says that it is a concern of theirs and that we will continue to involve ourselves in these kinds of enterprises in order to give stability and assurance to our farmers in this province. And that, Mr. Speaker, is what this is all about. And that's why I ask the Members opposite to quit playing politics with this purchase and to get on with providing to the processors and to the farmers in Saskatchewan the kind of opportunity we need in order to make this, in fact, not only a breadbasket of the world but a food basket of the world.

Some Hon. Members: — Hear, hear!

Mr. Coupland: — What figure is it that you use for the cost of producing a market hog? What's the break even point in feeding a hog and marketing it?

Mr. Messer: — I don't think I was referring to any cost. I said that we were selling hogs for \$18 per 100 which was far below the cost of production and you could ask any hog producer in Saskatchewan if that fact is not correct.

Mr. Coupland: — But the cost of production, you should know.

Mr. T. M. Weatherald: (Cannington) — There is one thing, Mr. Speaker, that comes through loud and clear this afternoon and that is the total and complete financial incompetence of the Government opposite.

Some Hon. Members: — Hear, hear!

Mr. Weatherald: — Mr. Speakers, we have had the Premier, the Minister of Agriculture, we had the Ministry of Industry stand up today. And never do they tell us why you should pay 15 cents for a carrot that you should have bought for 3 cents. Never do they tell us why you should go and pay \$10 million for a packing house that at the most they should have paid \$3 or \$4 million for the interest that they got. Not once did they explain that, Mr. Speaker.

I want to illustrate to them what the Leader of the Opposition has already dwelt on and it's open to their scrutiny and interest, The Survey of Industrials, published 1972. It comes from the Library.

It has very interesting information regarding packing houses. Because it very clearly illustrates to anybody who wants to sit down and take a little time what they should have paid for this packing house operation, if they wanted to buy, which we would have opposed, but at least they would have saved the taxpayers of Saskatchewan \$6 million had they paid approximately the right price.

Let's take a look at 1971 the most recent information in The Survey of Industrials, what these packing house companies

made. In 1971, J. M. Schneider and Company had sales, Mr. Speaker, that illustrate that based on their net earnings per share were 12 times earnings. What I have done is taken the average price of the stock paid by the purchasers during that year, the high and low of the stock price, which is a reflection of what the value the stockmarket puts on the company, which the would-be shareholders were paying for shares in the company.

The public, at that time based on the earnings of the company 1971 placed on the average for the whole year on the stockmarket, an average value of 12 times earnings.

On Canada Packers, Mr. Speaker, based on their earnings in 1971, the public through the stockmarket would place a value of the shares they might purchase at 12 times earnings on the average. It only fluctuated at somewhere between 10 and 13 at the highest. Burns, Mr. Speaker, in 1971 the public through buying on the stockmarket, paid about 11 times earnings on the average.

But do you know, Mr. Speaker, what the Government opposite paid for earnings in 1971? 39 or 40 times earnings, Mr. Speaker. 39 or 40 times earnings the Government paid when they bought the stock ownership of 45 per cent interest in Intercontinental Packers. They paid 39 to 40 times earnings, Mr. Speaker.

Yet, for that particular year of 1971, and I don't have the figures for 1972, but the Leader of the Opposition has illustrated that sales for most packing house companies total at about the range of 10 to 12 time profits. It can be looked up and read by anybody who wishes to. Go back over the ten years previous and they will find the same consistency in stockmarket values. This is what the public thought that shares in packing house companies were worth and yet the Government of Saskatchewan through some crazy financial understanding have decided that they were worth 39 or 40 times the value.

That, Mr. Speaker, is how the Government opposite arrived at the \$10.2 million. And that is exactly what the Leader of the Opposition has pointed out. That the Government of Saskatchewan paid just about \$6 or \$7 million more than they should have for the interest that they got in the company.

I don't need to have anybody give me the figures. You can have them yourself. They are public figures. The public figures audited by the Income Tax Department, right there in the book. You can look it up. Go down and ask any stockbroker he will give them to you.

Mr. Romanow: — Easterners, not Saskatchewan.

Mr. Weatherald: — Well, if the Attorney General really thinks that the company was worth 39 to 40 times earnings there is certainly no other person buying on the stockmarket into the packing house industry in the past few years. This must have been a bigger and much better packing house industry by their calculations.

Now let's take a look, Mr. Speaker, the Minister of Agriculture stands up and he says, we are going to have a great packing house industry in Saskatchewan. If we keep this company

here we will force everybody else to come into Saskatchewan and we will process all the meat right here. I want to make it clear, this is the very thing that so many producers are scared of in Saskatchewan, that the Government opposite is going to force the producer of livestock to sell his livestock within the borders of Saskatchewan and he wants to have no part of it. He wants to have no part of it because that is the only way you can build 15 packing houses in the Province of Saskatchewan. But those packing houses will not last for one day unless the producer sells his livestock to that packing house. In other words if everybody east of Regina keeps selling in Brandon they won't get any business. And those packing houses won't be here. And there is only one thing the Government of Saskatchewan can do to ensure that those packing houses operate here, is to force the producer to sell his livestock within the borders of Saskatchewan. And that is the crux why every farmer in Saskatchewan today is sending in coupons worried about the Hog Marketing Commission. That is the very crux of the issue.

You know, Mr. Speaker, I have one hog producer in my area who raises some 3,000 hogs. He is concerned that he will be forced to send those hogs for processing here in Regina. I would think after the speech he heard today, he would have even greater concern, because every producer currently can sell produce outside the Province of Saskatchewan if he wishes.

Now let the Attorney General or the Minister of Agriculture tell us if that current situation continues to exist how they can guarantee a packing house industry will operate in our province. They can't. And do you know why farmers are going outside the province, Mr. Speaker? Because the farmer is getting more money outside the province. That is why he is selling it outside Saskatchewan. That is why you sell your hogs in Brandon instead of Regina because you get more. You get more right there.

Mr. Speaker, this is what is of great concern to all livestock producers in Saskatchewan. The Government stands up and talks about the meat packing industry.

I invite the Members opposite to take a little bit of a look at the meat packing industry.

When I was in Chicago about 15 years ago and I went down . . .

An Hon. Member: — You should have stayed there.

Mr. Weatherald: — . . . and looked at the abattoirs there which covered over 100 acres. It was the capital of the meat packing industry of the world. I was down again in four years. I stayed there for a week, Mr. Speaker. And there isn't one packing house there, not one. Previously they covered 100 acres. Do you know why they are not there, Mr. Speaker? The meat packing industry is moving to where the livestock are. They are moving to where the livestock are because it is cheaper to ship processed meat than it is to ship live animals.

Now, Mr. Speaker, you don't need the Government to force them to do it, they will do it on their own. You don't have to have the Government force them to do it. The meat packing industry will move where the livestock are. If they are moving to Regina that is because the hogs are here. Not for any other particular reason. The Government doesn't have to force them to

do it, they will do it on their own. It is good economics, it is cheaper to ship processed meat than it is to ship live animals. And that is precisely why if there is any meat packing industry which is an efficient one located here not because the Government forces them to do so.

So, Mr. Speaker, I suggest also that the Government is on pretty shaky grounds when I look over there at what they have bought.

They haven't bought the feed lots of the Mendel operation. And this, of course, leaves them right in the middle to be whip-sawed by the person who controls the livestock. There isn't one single guarantee unless the Minister of Industry stands up and tells us there is. There is not one single guarantee that the Intercontinental Packers will get one head of livestock from the Mendel feedlots. Not one guarantee that they will get one head of hogs or cattle. Why, Mr. Speaker? Because the Mendel company still owns them all. Intercontinental still owns all those feedlots. I presume that operating in a good business fashion they are going to sell the livestock wherever they get the best price. And that may not be to a Government operated plant, certainly in the future and particularly once the Government gets to be a majority shareholder. That may well be anywhere else. For example, the Lanigan operation is very large in hogs, they are shipping many of them outside the province. They are shipping much of their livestock currently outside the province, presumably because they are getting a better price. I don't doubt but what that is the reason for it. They are getting a better price and that is the same reason why a lot of other people are shipping livestock outside Saskatchewan. This is more efficient and they are giving a better price to the producer.

Mr. Speaker, by all the usual financial rules that one can find about companies of this type, the information is available which seems to be contradictory to this Government's point of view, all this information, the sales of their companies, depreciation of the companies, after tax profits of the companies, is contained in this publication previously referred to. All the information is there on Canada Packers, Burns, all public companies, it's all available to anyone who wishes to read. But for some peculiar manner known only to themselves, Mr. Speaker, the Government is not willing to give this out about Intercon, because as the Government says, for reasons of competition.

There is only one reason they are not willing to give it, Mr. Speaker, because this is a lousy financial deal. It is a lousy financial deal any way you look at it. The people of Saskatchewan have not had their tax money looked after. And no amount of talking as to what the Government hopes to do will prove that you should pay 230 cents for a bag of carrots when you should have paid 5 cents.

I want to say, Mr. Speaker, that the Government should make clear as to what manner they intend their operations to follow as it affects the producer himself. All of our worries and concerns about the Marketing Commission not being controlled by producers now, take on a renewed light from the Premier's remarks this afternoon.

Many of us were suspicious for some time about the close connection of Intercontinental Packers and the Government's talk

of a processing industry. Regardless of whether it was financially advantageous for the producer or not, this to me is more important — how the Government is prepared to operate — Balkanize Saskatchewan, Mr. Speaker, at the expense of the farmers so we can claim that we have got more jobs here. That seems to be the Government's intention. They want to keep the hogs here even if it costs the farmer an extra dollar to keep it here. Which I am sure is an answer that the farmer will not be happy about. He is really not worried whether it is slaughtered in Brandon, Manitoba or whether it is slaughtered in Regina. He probably would like it in Regina since he lives in Saskatchewan. But he is not really worried about that. He wants to get the most amount of money possible. He wants an efficient industry. But the Government seems to have taken the attitude that this type of employment should be in Saskatchewan regardless of whom it hurts or whom it is good for. And they have hung their hat on this as the only way to industrialize the province.

I think they have totally and completely disregarded the necessary efficiency in the industry and as I said before, the Premier's remarks for most livestock producers, I think, take on a great deal more importance this afternoon, than at previous times.

I hope that in the very near future at the earliest opportunity that the Government will make it very clear as to what and how they intend the Hog Marketing Commission to operate.

Mr. Speaker, with those few remarks it is very obvious that I hope the Government gives the information. It is disappointing that we should witness the Premier once making a very eloquent plea when he was in Opposition completely changing direction so rapidly after the election. Many of our Members opposite have told us on many occasions the reason they got the 45 seats was apparently the fact that they argued for more openness of Government when they were in Opposition, then changed their minds since, now that is completely and totally forgotten.

I would suspect that probably one of the reasons they did get the 45 seats was that they convinced enough people they would provide the information, but apparently they now have completely and totally disregarded their past remarks when they were the Opposition in this Legislature.

Well, Mr. Speaker, I have already said how disappointing is the Government's attitude, disappointing in the respect of how they are using the finances of Saskatchewan. I would oppose the intervention in Intercontinental Packers under any conditions. I certainly do now more emphatically when you consider what we are getting for the money invested.

Some Hon. Members: — Hear, hear!

Mr. G. B. Grant: (Whitmore Park) — Mr. Speaker, it is not very often that I feel sorry for the people opposite but I must admit after their display this afternoon, I really feel sorry for them. Because instead of giving the people of Saskatchewan a New Deal, it is quite evident that once again they have given us a Bad Deal.

The Minister of Agriculture says we can't grasp the reasoning of the government. Well I think we have grasped the reasoning. It is quite evident that the Government opposite are hell bent for election to socialize this province. They are hell bent for election to get a larger and larger portion of the business life of this province. This is just another evidence in that direction.

Actually, they suggested that we might think there is some underhanded dealing. And I don't think that anybody on this side of the House has ever considered that. I think that the only consideration that we have is that it is just plain ordinary bad reasoning on the part of the Government opposite. It is a Bad Deal for people and in five years from now when their option expires, they also will be convinced of that.

Actually, Mr. Speaker, the socialists are great buyers. They very, very seldom start a business but they do seem so anxious to get into business that in this case, they are ready and willing to pay an exorbitant price for a business in order to get into it.

The Minister of Industry and Commerce (Mr. Thorson) says, "You know we could have started a business from scratch but that would have meant the expansion of the industry and it would have been an oversupply of facilities" and, therefore, they thought it was better to buy an existing business. But on the other hand, the Premier and the Minister of Agriculture have been telling us how much the hog industry is going to grow here in the next few years. They pointed out that Burns and Canada Packers are coming in here. So if this is the case it is quite evident that additional facilities are required and I think they are required for the reason given by the Hon. Member for Cannington (Mr. Weatherald) that these facilities gravitate to where the supplies are, and Saskatchewan over the last 10 or 15 years has rapidly become a raiser of livestock.

Actually, I think, it is just so much window dressing when they say that the reason for the acquisition of this operation was to protect it from outside interests taking it over. Actually, I don't think this was the reasoning at all. They were anxious to get in to the overall package, their program for agriculture in this province, which every day and every way looks more and more like the Premier's mutual fund plan.

I think the hog marketing legislation, the Intercon, the Ipsco and all the other operations they expect to get in are going finally to result in a nice little mutual fund that the people of Saskatchewan can participate in with a guarantee by the province.

Now, Mr. Speaker, the Hon. Member from Souris-Estevan (Mr. Thorson) says that the Liberals are guilty again of continuing with their narrow private enterprise approach.

Well, I am sure the private enterprise industry that they are attempting to attract to this province will be glad to hear once again his critical remarks. That is what this is. By inference he is criticizing the attitude that we take about the importance of private enterprise in business.

Mr. Speaker, the Minister of Industry and Commerce also said that the agreement will show total outstanding shares of

100,000. Well, we should like to see that agreement. Because it is evident that he is going to table. Because otherwise there is no point in him saying that it will show this. He indicates that as of March the operation was valued at \$22.75 million with a five-year option to buy up to 20 per cent additional shares at \$250 plus an increase based on the cost of living. Well in about five years this should be up to \$300 a share. I don't think there is going to be much competition by outside interests. I really think that they can sit on that option because I don't think there is going to be much demand for those shares.

I should be very happy, indeed, if I had a business to sell. And to put the Members' minds at ease that they might have to buy my business, I don't have a business now, but I certainly would love to sell a business at 40 times the earnings.

The financial statement shows earnings at about \$600,000 that was one of the better years. They valued the operation at \$25 million. On that basis they paid about 40 times the earnings. I don't know of any company listed on the Stock Exchange that is valued at 40 times the earnings.

In the Land Bank they suggest five per cent return. This would mean that for a piece of land, they figure that it is worth about 20 times the annual rent. This is only half of what they are suggesting for Intercon, namely, 40 times. It is interesting to note — and I will get back into a business that I used to be in — the Duckett's Insurance, which is one of the largest insurance businesses outside the provincial Government in the province and it was recently listed in the Leader-Post as being sold. It was sold for about \$600,000 in cash plus 41,000 shares and as near as I can figure it it was about \$1 million. On the basis of the Government's reasoning, Mr. Duckett should have got about \$3.2 million. I am sure that he will be interested to learn this. It is a little late now but he possibly would have been better off to have sold to the Provincial Government.

Let us look at the gross earnings of Intercon. They are really not that exciting — \$74 million, \$90 million, \$85 million, \$91 million, \$95 million, about one-third of the amount of Burns and Company.

So actually this company has not grown as rapidly as the others. If the Premier is right that the purchase price was based on the potential earnings, I question this very seriously because the earnings at the present time are not as good, by a narrow margin, as compared to Burns and Company. Burns earned about \$.83 on their sales and this company is earning about \$.6 and \$.7 so if Burns and Company is considered a successful operation and I think it is recognized in North America as a pretty successful operation, it doesn't leave much scope for expanded earnings as far as Intercon is concerned.

Mr. Speaker, the Minister also said that they are determined to increase the per cent of processing in Saskatchewan. I feel that this will only be done by controlling the supply of hogs and this is a very difficult thing to control. If they control it to the advantage of Intercon it is certainly not going to be to the advantage of Burns and Canada Packers. They must allow these people a fair shake in the acquisition of the supply of hogs and if they are going to do that they are going to run into some pretty keen competition for this is a very competitive business and I really can't see that this is going to be any great earning potential of this corporation over the years.

Actually when one looks at what has happened in the last few weeks, \$6 million a year ago to eliminate a pulp mill. \$10.2 million to get into Intercon; \$4.5 million for Ipsco. We are well on our way to spending \$30 million in the acquisition of land. A total of \$50 million all of which has to be borrowed at a rate of 7 per cent. The Land Bank is going to pay about five or five and a half per cent. Intercon is going to return about 2½ per cent based on its valuation of \$25 million. To me, Mr. Speaker, this is a bad deal for the people of Saskatchewan and I can hardly wait five years down the road to look back and just see how bad it is, because that will be the proof of the pudding.

Some Hon. Members: — Hear, hear!

The Assembly recessed from 5:30 to 7:30 o'clock p.m.

Hon. R. Romanow: (Attorney General) — Mr. Speaker, I should like to say a few words with respect to this motion by the Leader of the Opposition.

I suppose nothing more characterizes the irresponsibility of the Leader of the Opposition and the Liberal Party opposite, than this particular motion. Mr. Speaker, the Leader of the Opposition and the front bench, that was part of the Government, and the two or three new backbenchers who came, still cannot accept the basic fact that they were overwhelmingly defeated in June 1971. The bitterness of the Leader of the Opposition and the Liberals opposite characterizes each and every step, politically, that the Liberals make in this province.

I get, frankly, a bit of a humorous charge out of the Leader of the Opposition, out of the remnants of the front bench sitting opposite me, Mr. Speaker. I laugh when they try to lecture the Government and the people in the Province of Saskatchewan about financial responsibility. I laugh when I think of 1964 to 1971 when the Leader of the Opposition was then the Provincial Treasurer for the Liberal administration. And the Province of Saskatchewan saw a financial fiasco in terms of administration of the government's finances.

Some Hon. Members: — Hear, hear!

Mr. Romanow: — The financial records of the province are laced, Mr. Speaker, by financial — and I can't say give-aways — I would say mismanagements, such as the Athabasca Pulp Mill where we were to put up mostly all of the money and only get 30 per cent of the control; such as the Choiceland Iron Ore operation where if the Liberals had been re-elected, Mr. Speaker, they would have committed us to something like \$10 million based on the 1959

feasibility study — 1959 mind you, Mr. Speaker.

I recall when I was in Opposition the famous Primrose Forest products that the Liberal Government was going to get. What did they do? They threw \$2 million down the drain on a Primrose Path, for a non-existent industry. I think, Mr. Speaker, of the Big River sawmill; I think of a sawmill estimate of \$600,000 and it is now coming up to \$1 million and there is still no completed sawmill, thanks to the financial wizardry of the Leader of the Opposition and the Liberals opposite.

Now, today, the Leader of the Opposition and the Members of the Liberal Party opposite, in a way which I think can only be characterized as laughable, come to this Legislature and pretend that the people of Saskatchewan ought to believe anything that they tell us about finances, when they couldn't run the ship for seven years when they were in power in the Province of Saskatchewan.

Mr. Speaker, the Province of Saskatchewan probably had no worse financial administration than during the period of 1964 to 1971 when the Liberals were in power, and make no mistake about that.

Some Hon. Members: — Hear, hear!

Mr. Romanow: — Their activities, Mr. Speaker, are laced with humorous and tragic episodes such as I have mentioned, Athabasca, Choiceland, Primrose, Big River sawmill, government involvements, and I could go on.

Mr. Steuart: — Go on!

Mr. Romanow: — Well, the Leader of the Opposition says to go on. I will and will tell them one about the Water Supply Board. The Leader of the Opposition like all Liberals ever since I could remember about politics, Mr. Speaker, would have the people of Saskatchewan believe that the NDP or the CCF knows nothing about running a business; that they are the people who know everything about running a business. They are the people who can run a corporation, they can set it up, they know how to operate it. They criticize us about Crown corporations.

They have a Crown corporation called The Water Supply Board and I don't know how many millions of dollars it has lost for the people of Saskatchewan, thanks to the mismanagement of the Liberals opposite.

This business of the Liberals having managerial skill and knowledge of finances is a total myth only believed in by the Leader of the Opposition and 13 or 14 of others sitting behind him. And perhaps not even them. In fact I don't think that all of them do, because I think there are many of them who have already questioned the Leader of the Opposition's financial judgements in the financial problems of Saskatchewan.

One takes a look at the backbenchers and one sees many young and eager and ambitious people eyeing that position and the seat that the Leader of the Opposition is sitting in now.

Mr. Steuart: — You lost the horse race.

Mr. Romanow: — Yes, I lost the horse race, that is right. But I can tell you one thing that the people in the Province of Saskatchewan are certainly the winners in that horse race, with Premier Blakeney.

Some Hon. Members: — Hear, hear!

Mr. Romanow: — I can tell you Mr. Leader of the Opposition I am pleased to have lost that horse race, and as it turned out, to have won the big horse race on June 23, 1971.

All I can say, Mr. Speaker, is that everywhere throughout the Province of Saskatchewan one message is coming through and that is this: the people of this province simply can't believe anything that the Leader of the Opposition tells them about any major issue. He is unbelievable. He has no credibility. The Liberal Party flip flops all over the place on issues.

Mr. Speaker, they are so power hungry, they are so greedy in the search for power, that as I have said they will try to bring down anything that this Province of Saskatchewan has.

Well, the Member for Meadow Lake laughs, because it was in his seat that this famous Athabasca deal with New York promoters was going to take place. Oh, these people didn't know how to wheel and deal with Saskatchewan people, oh no, that wasn't their style. They wouldn't wheel and deal with the Fred Mendels of this world. Oh no, the Leader of the Opposition when he was treasurer had big things on his mind. His wheeling and dealing was with the promoters of New York.

Mr. Steuart: — Yours are in California.

Mr. Romanow: — His wheeling and dealing was with the promoters in Toronto. His wheeling and dealing of \$6 million was for the Parsons and Whittemore Corporation in New York. His wheeling and dealing in Choiceland was for the people of Toronto. His wheeling and dealing was for everybody and anybody except that no one benefitted in the Province of Saskatchewan.

Some Hon. Members: — Hear, hear!

Mr. Romanow: — Mr, Speaker, the Leader of the Opposition's arguments in this area are a total joke. A total joke just like those who are sitting around him and behind him, the remnants of the Liberal Party in the Province of Saskatchewan. They are laughable. They are unbelievable in their criticisms with respect to this motion.

Mr. Speaker, I am not going to belabour at length the reasons which have been stated already by this Premier, by the Minister of Agriculture and the Minister of Industry about the reasons for the purchase of Intercon and the price value paid for Intercon. I am not going to repeat the arguments of the danger of a sellout of that business by a man 84 years of age, to an out-of-province company.

To my way of thinking, Mr. Speaker, that danger was real.

The Government of Saskatchewan had to act. The Intercontinental Packers is one of three or four major industries based and owned by the people in the Province of Saskatchewan. We couldn't sit by and wait for the collapse and the removal of other industries as we have seen in the last seven years during the Liberals. We couldn't stand by and do nothing about the closing of things like Gulf Oil and Imperial, Quaker Oats. All of which I remind the Member for Lumsden (Mr. Lane) and the Member for Athabasca (Mr. Guy) took place during the Liberal times, Mr. Speaker.

Mr. Speaker: — Order, order!

Mr. Romanow: — Mr. Speaker, I don't mind when they yell because they only reveal their ignorance, that's all, their total and absolute ignorance about this deal. We aren't prepared to sit by, Mr. Speaker, and to allow jobs to go by the board in the Province of Saskatchewan.

Another reason about the purchase of the Intercon, the business of guaranteeing a meat processing industry for the Province of Saskatchewan. That argument is a strong reason for the purchase.

The third argument raised by the Premier — the long range developmental strategy of the Province of Saskatchewan is the need to diversify, more cattle, more hogs. They need to provide a meat processing industry in the Province of Saskatchewan. There is the need and the ability of attracting other people and competitors to come to the Province of Saskatchewan.

I am not going to spend any time wallowing in the very low depths of political debate that some of the Liberals opposite have, about conflict of interest with Mr. Gedge, about this matter of the fair price.

You know the old adage, Mr. Speaker, that figures don't lie, but I ought not to say the balance for fear that someone might call me to order — but I can simply say this, Mr. Speaker. That this whole business of fair price, the business of conflict of interest, all of that is nothing short of a smokescreen by the Liberal Party opposite in an attempt again at their desperate grab for power.

Mr. Speaker, the reasons for this purchase are the key things to be considered by this House. The reasons for the purchase are to be considered. I don't think that anybody here, not even the Leader of the Opposition or the Member for Cannington (Mr. Weatherald) anybody really here can say with absolute precision whether \$10.2 million is the 100 per cent accurate price. I think that \$10.2 million is a fair and good price. I don't think that anybody could say that it isn't a good and fair price, certainly nothing in the evidence that has come forward by the Leader of the Opposition shows that one bit at all. But even if the \$10.2 million is the issue, Mr. Speaker, I say what is even more at issue are the reasons for the purchase, the reasons behind the Government of Saskatchewan moving into this area, and those are the danger of a sellout, the guarantee of the meat processing industry and the long-range development strategy in terms of agriculture and industry for the Province of Saskatchewan. Those justify every penny spent for Intercontinental Packers.

Some Hon. Members: — Hear, hear!

Mr. Romanow: — Mr. Speaker, every penny spent of the \$10.2 million. For those reasons, in my judgement, and in the judgement of the people of this province, it is money well spent and nothing that the Leader of the Opposition or the Liberals can say can destroy that. If we are going to get industries and if we are going to get jobs and if we are going to expand and diversify our economy, now is the time for people to move ahead, boldly with imagination. Something the Liberals don't have.

Mr. Speaker, that this Government should make these decisions under these circumstances is quite clearly beyond dispute in my judgement. But you know I came from the city of Saskatoon. I know Intercontinental Packers very well. All of the people in Saskatchewan are absolutely amazed at the Leader of the Opposition.

The Member from Rosthern (Mr. Boldt) was on a hot-line program a week ago and Intercontinental Packers was the subject of the discussion. I listened to that hot-line show. I don't think there was one person who condemned the Government approach to the Intercontinental purchase and I stand to be corrected by the Member from Rosthern, but there were others on this side who heard it and verified that. Not one. In fact of the three phone calls that were made, or four phone calls that were made, everyone in the city of Saskatoon supported the Government's decision and supported the price of \$10.2 million to get into Intercontinental Packers. The Member from Rosthern knows that full well.

When the Leader of the Opposition goes around this province saying that Intercontinental Packers isn't worth \$10.2 million, he doesn't know what he is talking about. When he goes around saying that the buildings are, as I heard him say from his seat (so perhaps I ought not to quote him), but I heard him say it, that the building are shacks, he doesn't know what he is talking about. When he implies on the hustings and in this House that the physical facility isn't the finest in all of Canada, then he is talking pure nonsense, Mr. Speaker. Everybody in Saskatoon who sees that building, anybody in Saskatoon who has had any dealing with that firm, know it to be one of the finest and most modern plants that exists anywhere. Make no mistake about that. Mr. Speaker, Liberals cannot deceive the several hundred workers and families who know Intercontinental. Liberals can't deceive the former mayor of the city of Saskatoon and the other business leaders and the other civic leaders about Fred Mendel and Intercontinental Packers. The Leader of the Opposition can't deceive the people of Saskatoon and Saskatchewan about the contribution that the Mendel family has made to the meat packing industry in providing jobs and the contribution that he has made to the social and economic life in the Province of Saskatchewan, no matter how much he tries to sully the reputation of the Mendel family and those involved. He can't deceive them. Mr. Speaker, no matter what the Leader of the Opposition and the junior Member from Cannington (Mr. Weatherald) says about NDP baloney and the people's piggery, and all of these other derogatory and innuendo-filled terms about this deal, I want to tell the Member from Cannington he won't fool one person in Saskatoon and district because they know Intercontinental and they know every penny of \$10.2 million is worth the price paid.

Some Hon. Members: — Hear, hear!

Mr. Romanow: — But I want to tell him one thing that he does do with respect to his statements about his innuendos and his attacks by innuendo on Mr. Gedge, his attacks by innuendo on the Mendel family, his attacks by innuendo on the Intercontinental operation itself as somehow not being worth the money and not being worth the enterprise, I'll tell you what he is doing, Mr. Speaker. He is jeopardizing those several hundred jobs in Saskatoon. He's jeopardizing one of the very few major industries that this Province of Saskatchewan is struggling to maintain and keep in this Province of Saskatchewan. That's what the Leader of the Opposition is doing. The Leader of the Opposition is attacking Intercontinental with all that he has got in him. He has mounted this Intercontinental attack as one of the major attacks of this Session. He is attacking Mr. Speaker, an industry and I can say this without any contradiction, an industry which is Saskatchewan through and through. It is a Saskatchewan owned, Saskatchewan operated industry. It is a Saskatchewan plant that provides jobs for our people. Yet the Leader of the Opposition attacks it full on. This is not the first time. This is the sixth or seventh time since this House has been in session that he attacks Intercontinental Packers, that jeopardizes a Saskatchewan industry, that jeopardizes the workers who are involved in this Saskatchewan industry. It is ours, Mr. Speaker. Why do the Liberals want to bring Intercontinental down? I want to ask the Leader of the Opposition when he wraps up the debate, who is it that is making the bullets for him to shoot at Intercontinental Packers? I want to know who it is that the Leader of the Opposition is talking to when he gets his information to make the bullets to shoot at Intercontinental Packers. I want to know why it is and who it is that motivates the Leader of the Opposition to try and bring down to its knees the Saskatchewan industry of Intercontinental Packers to jeopardize jobs. I want to know, Mr. Speaker, when the Leader of the Opposition gets up to wrap up this debate, I want him to tell the people of the province why he is out to destroy Intercontinental because that is what he is doing, Mr. Speaker, when he insists that the financial statements be tabled. When he says that Intercontinental is fourth ranking or whatever, that Intercontinental doesn't have the adequate plant capacity and by innuendo and implication when he says that, what he is doing in effect is helping all the competitors of Intercontinental destroy Intercontinental. Do you think Burns or Canada Packers or Schneider's or any of the other packing house plants wouldn't be happy if they had Intercontinental removed and destroyed? Of course they would be. Mr. Speaker, they are competitors of Intercontinental. They don't want Intercontinental around and they have a willing ally in this province. Their ally is the Leader of the Opposition, who is shooting the bullets.

Some Hon. Members: — Hear, hear!

Mr. Romanow: — Mr. Speaker, what some of the Eastern corporate friends of the Liberal Party opposite are doing now is they are calling in on the dues that the Liberals and the Leader of the Opposition owe them. They are using the Leader of the Opposition to shoot bullets at Intercontinental Packers, to try to destroy the Saskatchewan industry. I ask the Leader of the Opposition —

he has asked us some questions — I ask him, who is providing the bullets for him? Why is he acting in the interests of Eastern corporate businessmen? For a change start acting for the interests of the people of the Province of Saskatchewan. Isn't it always strange, Mr. Speaker, that the Liberals can make the good deals with New Yorkers and their friends. They can make good deals with Toronto and their friends. But when it comes to supporting Saskatchewan, when it comes to providing jobs for Saskatchewan people, when it comes to protecting the Saskatchewan industry, what does the Liberal Party do? They attack everything that Saskatchewan stands for. That is what the Leader of the Opposition is doing here.

Some Hon. Members: — Hear, hear!

Mr. Romanow: — Mr. Speaker, make no mistake about it, the Leader of the Opposition is the mouthpiece of all those private companies, that would have Intercontinental Packers destroyed. He is using the \$10.2 million debate as a red herring for all of this. I say to you, Sir, and to all the Members of the Legislative Assembly, the Province of Saskatchewan and the farmers aren't going to be fooled by that type of tactics. The farmers and the working men of Saskatchewan and Regina know what the Mendel family contributed. They know what this means to the Province of Saskatchewan. They realize the developmental strategy of the Government of Saskatchewan. They know the need to diversify. They know the need to build a strong and viable Saskatchewan and I say to this House that we are going to accomplish that goal but not by negative and irresponsible tactics of the Leader of the Opposition and his lonely band of Liberals opposite.

Mr. Speaker, I want to conclude by saying one thing and that is in connection with the whole issue of \$10.2 million and whether it is a red herring. I don't agree with the Progressive Conservative Party, that is quite obvious. In today's Leader-Post and Star-Phoenix there is a story by the P. C. Leader, Mr. Dick Collver. Mr. Collver says and I am quoting:

It is ridiculous to argue about whether a 45 per cent interest in Intercontinental Packers is worth \$10 million or \$2 million or \$35.79 million. The crucial issue is surely whether the Government of Saskatchewan should have made the investment in the first place.

That surely is the issue behind this whole debate on agreements and the like. Should the Government of Saskatchewan have made this investment in the first place? That is the issue. The Liberals are saying that we should not have. The Liberals are saying the company should have been sold out to outside interests and it should perhaps have been phased out of the Province of Saskatchewan. The Liberals are saying that we should not take a chance on Saskatchewan. That is what the Liberals are saying. That is the issue and I am proud to say in supporting this motion that I stand with this group that is about to build a positive and dynamic and strong Saskatchewan, Mr. Speaker.

Some Hon. Members: — Hear, hear!

Mr. J. G. Richards: (Saskatoon University) — Mr. Speaker, it is with a certain sadness that I enter into this debate finally. I have stayed throughout the afternoon in my chair and I listened attentively to speakers from both sides of the House and I now rise before the Hon. Leader of the Opposition closes the debate to include my own comments.

The Hon. Member from Milestone (Mr. MacDonald) at one point during the afternoon said there were three issues involved. I think he was correct. The first issue is that of Government involvement in business and in particular, Government involvement in meat packing. The second issue is the issue of secrecy. The question of the right for the public to know, as opposed to the right of the Government to maintain confidential its business. The third issue is the question of competence. Unfortunately, Mr. Speaker, I find that the escalation of the rhetoric this afternoon is clouding what are three crucial issues. I thoroughly disagree with the Member from Milestone as much as I agree with the principle of Government involvement in meat packing, but unlike many Members on this side of the House, I cannot agree that you can separate this issue from the other two issues. If the question of the finances are not satisfactorily resolved we risk discrediting the whole idea of government meat packing, of integrating forward the agriculture industry to get the benefits that we hope to get by increased processing.

We must allow, Mr. Speaker, that the experience of joint ventures of government in private business throughout the history of this country has been a history of corporate exploitation of the people. There are many unhappy precedents that we have to live down and be shown that we are, hopefully, living down. It is in the history of that experience that I call upon the Government to be willing to publish the financial data, the accounts, the income statements, the deals, etc. We can return back to the railroads in the late 19th century and the public scandals and subsidies involved there. To come very close to home in this last decade we have only to look at the deals with which the Members opposite engaged in Prince Albert Pulp Company, setting up a Crown corporation such as Prince Albert Pulp Wood in order to subsidize Prince Albert Pulp Company and the whole disputable baggage which went along with that kind of development of the forest industry. Is it any wonder given that historical experience that the people are going to ask questions about Intercontinental. I hope sincerely that this is not a deal which is in that tradition. I think the only way you can really show that it isn't, is to give the people of Saskatchewan the financial statistics that are involved and have faith in the people of Saskatchewan using them wisely. We cannot, because of our fear about the manipulations of what the Opposition will do with such statistics, conceal them. It is essential that the public have the right to know these figures, it is essential that the public have these figures. Until we have these figures how can we intelligently argue against such items as the article in the Financial Post and elementary stock exchange calculations in terms of price-earning ratios.

I am prepared to admit that one balance statement sheet produced by the Hon. Leader of the Opposition is not a case made, on the other hand a whole series of circumstantial pieces

of evidence have come to light which I want to see refuted. I want to see the facts reach the light of day and I want to see the principle of government involvement in meat packing and a whole series of other industries go forward successfully. We cannot go forward, we cannot advance into resource industries if we get caught up with secrecy, if we get caught up with paying too much, of buying a pig in a poke.

Some Hon. Members: — Hear, hear!

Hon. J. E. Brockelbank: (Minister of Government Services) — Since I have been referred to earlier in the debate as ‘smiling’ about this particular issue, I thought I should say a few words before the debate closes. It has something to do with more than smiling, it has something to do with the fact that I come from the city of Saskatoon and know something about Intercontinental Packers and know something about industry in the city of Saskatoon, which I have the honour to represent in this Legislature.

This afternoon when the Leader of the Opposition (Mr. Steuart) introduced the motion into the House, I think we were agreed that we saw at that time the most incredible grab bag of loose ends that we have ever seen in this Legislature, when he put forward his argument. He had half truths, unsupported evidence, innuendo. He attacked individuals, he attacked and tried to destroy Intercontinental Packers in this Province. Mr. Speaker, the Members in this Chamber are not about to let that kind of argument circulate about this province without contesting it here and now where it should properly be contested. The question asks for the agreements. This is the question that the Leader of the Opposition when he was in government refused to answer. He refused to answer in this very Chamber, Mr. Speaker. I can recall, Mr. Speaker, when we asked questions about Prince Albert Pulp, when we asked questions about Saskatchewan Forest Products, when we asked questions about Waskesiu Holdings, another subsidiary of Saskatchewan Pulpwoods. No answers. Mr. Speaker, a stone wall. A stone wall of indifference to our questions. Now, Mr. Speaker, the Member says that we should produce the evidence, that we should show the agreements here in this Chamber.

The Leader of the Opposition views this thing as if it were in a vacuum where the disclosure of the facts with regard to this can be observed as if it were an experiment in some laboratory, where its disclosure would have no effect on anything else that was going on in the Province of Saskatchewan. And interestingly enough, he views this focussed on one thing, if it doesn't show a profit it is not a good deal. This is consistent with the Leader of the Opposition because I can recall when we were talking about the Pulp Mill at Doré Lake. The Leader of the Opposition and his government were so concentrated on the idea that a profit had to be shown that they ignored a number of other features of that situation which were very important to the people of Saskatchewan. It was our privilege at that time, Mr. Speaker, to expose that deal about that Pulp Mill to the people of Saskatchewan.

We exposed it on a number of points. One, it was not a good financial deal. Two, the matter of pollution was not properly dealt with. Three, reforestation policy was not adequate. I think we were quite successful in exposing that deal to the people of Saskatchewan for exactly what it was, Mr. Speaker. This deal, too, the Leader of the Opposition thinks is a deal that he is going to expose because it is not profitable, because he can't see instant jobs, because he can't see instant profit, he is saying it is a bad deal. He excludes, Mr. Speaker, the fact that we are retraining jobs in the Province of Saskatchewan, he excludes from his argument completely the agricultural and economic development of the Province of Saskatchewan. This is something that we are mandated to do by the election of 1971.

Now, Mr. Speaker, the Leader of the Opposition says I was smiling in this picture. Well that's true I was smiling. I'll let him in on a little secret of why I was smiling. A great deal of my life is wrapped up in that city, just a mile down the street from Intercontinental Packers is the former Gulf Refinery. That refinery today is a rusting pile of scrap metal. That occurred when the Leader of the Opposition was on this side of the House. As a matter of fact, on Valentine's Day in 1969 I made a speech in this House and made reference to the fact that the refining industry was fleeing the Province of Saskatchewan and nothing was being done about it. There was no foresight by the government of that day, Mr. Speaker. And I made reference to it in the debate and I quoted a paper from outside the Province of Saskatchewan, the Edmonton Journal, an article in that newspaper said:

Imperial Oil Limited is planning to build an \$85 million refinery in the Edmonton area, according to Journal sources. The 100,000 barrel a day refinery would be the biggest in Western Canada, putting Edmonton in an unassailable position for years to come as a city with the greatest refining capacity west of Ontario. According to the Journal sources Imperial will announce its plan to build the refinery within the next six months. After the refinery comes into operation during the early '70s Imperial would phase out its other plants across the prairies and would distribute products in a pipeline in the same manner as Gulf Oil Canada proposed to do.

So, Mr. Speaker, I was smiling at that time for my own personal reasons because I thought to myself, these people in the meat packing industry won't have to face the same problem that I had to face and that other people had to face who worked for Gulf Oil in that refinery in Saskatoon. I know, personally, of 30 families that went to Alberta. I know of 15 families that went to Nova Scotia. I know of another 5 or so families that went to the West Coast. They subtracted from that community and this province those industrial jobs because they went to other refineries. At that time, Mr. Speaker, I referred to what the subtraction of 100 industrial jobs would do to the Province of Saskatchewan and by reversing it, Mr. Speaker, I think you can see clearly what the addition of 100 industrial jobs will do to the Province of Saskatchewan. It means \$360,000 (this is if they leave) less in retail sales, \$270,000 per year less in bank deposits, 174 less workers in supporting industries, 107 less passenger cars purchased, \$590,000 less in personal income, 112 households less, 296 people less. And that happened right there in Saskatoon, one mile down the street from Intercontinental

Packers, Mr. Speaker. I don't believe that this is being conducted as a clinical experiment in a laboratory, in a vacuum where nothing else will be influenced.

However, we will give the Opposition and the people of Saskatchewan as much information as is possible to give them without jeopardizing the deal at all. I think that is a responsible position to take. We want to keep those jobs here, Mr. Speaker. We want to keep that packing industry growing in the Province of Saskatchewan. We have a far wider view than the Leader of the Opposition portrayed here this afternoon.

I think time will show, Mr. Speaker, that we are right and that this is, in fact, a profitable deal for the people of Saskatchewan.

I had the opportunity to see that there is now real concerned feeling in the community of Saskatoon about the purchase of this plant by the Government. I was at a meeting of about 150 people in Saskatoon a week ago. One person brought up the matter of the Intercontinental deal and he said they thought it was a reasonably good deal for the Province of Saskatchewan. I heard several people in the audience murmur that "Yes we agree" that it was probably a good deal for the people of the Province of Saskatchewan. In that audience, Mr. Speaker, I recognized a considerable number of people from Intercontinental Packers and I recognized a number of people who were still left in Saskatoon who used to work at the Gulf Oil Refinery. They saw nothing wrong with that deal. They realized that the Government has foresight and they are prepared to stand by the decision of the Government and see it come to fruition a few years from now. I'm sure they will not be disappointed.

I think this debate, Mr. Speaker, this afternoon has illustrated very clearly that the decision made on this Motion will be one of really 'who has the hindsight and who has the foresight'. And I think by exercising our hindsight at this time we can see that the Members opposite when they were on this side of the House didn't recognize the problem with the oil industry, with the milling industry, with the baking industry and they didn't recognize it with the meat packing industry. This, in time will show that this Government on this side of the House had the foresight to take action, to carry out our mandate to the people of Saskatchewan, to build up the agricultural industry, to keep jobs in the Province of Saskatchewan, and I'm certainly in favour of that, Mr. Speaker.

Some Hon. Members: — Hear, hear!

Mr. Steuart: — Well, Mr. Speaker, I have come to the conclusion over the years that the Attorney General's job is to spruce up the troops over there when they get down and out. The Member who just sat down, his job is to put them back to sleep again, and they both succeed quite well.

It was very interesting. He talks about the oil deal. Well, we are going to watch with interest then as to what his Government does about the oil situation because Imperial Oil announced over a year ago that they are pulling out. Now, up to this point I have seen no announcement. I haven't seen any move on the part of the NDP to do anything about it. They are not pulling out until 1975 or '76 so don't tell us that you

haven't had lots of time to make plans and do something. So, we'll watch with interest. If we failed in keeping Gulf Oil here, then we are going to watch with interest while you sit back and I hope do something about keeping Imperial Oil here or replacing them with something else. I think you will do exactly what you have done up to this point and that's absolutely nothing.

I want to refer, for a moment, to some of the remarks by the Member from Saskatoon University (Mr. Richards). I want to make it very clear to begin with and go on record, that when we talk about the Prince Albert Pulp Mill deal and the subsidiary of Sask Pulpwood and any other subsidiaries that we had, there was nothing underhand, every contract was tabled. This Government had been the government for 19 months, if the Liberal Party, or myself, or anyone else did any wrongdoing why hasn't the Government said anything, by laying it before the public? The subsidy that we gave to the Prince Albert Pulp Mill through Saskatchewan Pulpwood Limited, was, and we never made any bones about it, in the nature of \$1.5 to \$2 to \$2.5 million. Now, that to me, was a good deal because we got a viable industry that's there, it is making pulp, I'm sure it's even making a profit now and it's producing good jobs and good revenue. As far as the Meadow Lake Pulp Mill was concerned, it was another good deal. We put in over \$10 million into that deal for the protection of the environment. There was nothing wrong with that deal, the people of that part of Saskatchewan when the NDP cancelled that deal at a cost of over \$6 million to the public were doomed because they didn't replace it with anything. They have had 19 months and those people are doomed to rot on social aid and they are doing that now and the Government opposite hasn't got any answer and they haven't had any answers.

Mr. Speaker, let there be very clear understanding that there is no comparison between the laying on the table of all the facts concerning the pulp mill deal and the laying on the table of the facts of this deal. We have yet to be given any facts, except they say \$10.2 million for 45 per cent of the shares, some verbal information we've had today in this House about options and a promise that we will get the information we are asking for now, but certainly no promise as to when we will get it.

Well, I want to begin by talking about what the Premier said. He never really referred to this. He referred to it rather backhandedly and said, "Who looks at a financial statement literally to judge the value of a company? That's past history". But God help the people of Saskatchewan if he doesn't know (and I'm sure he does) that of course the first thing you look at when you are buying a company is the profit and loss statement. And I never heard one speaker get up and deny that these figures were not right, that the average net profit for Intercontinental for the last five or six years has been under \$600,000 and to realize at least a reasonable return on your money, ten times net profit is a fair valuation of the company, which comes to about \$6 million and the fact that the shareholders' equity is also a little over \$ 6 million.

It was interesting watching CK TV tonight. Frank Flegel said he went out because he couldn't understand the right or the wrong of this deal and he talked to two chartered accountants and a businessman. The two chartered accountants said . . .

Mr. Faris: — Some . . .

Mr. Steuart: — . . . you go and try talking to somebody yourself, Mr. Preacher and you might find out what went wrong in this deal and you might find out, like the Member from Saskatoon University that maybe there is something you may be questioning about the Cabinet Ministers in the deal because I want to get to the whys of this deal later on.

Now, I don't say that you can't add. The Premier said, "Would a company or any business sell out for their assets that are on the books, reduced by depreciation over the years?" And the answer is, probably not. As a matter of fact, one of the yardsticks used for the most profitable meat companies in this country — Schneider's — is about 1.8 times the shareholders' net equity. In other words, almost double. Well take double the net equity — double it, you've got \$12 million, for the whole thing, lock, stock and barrel. But we paid over \$10 million for less than half of it and we are committed, we've got an option to pay even more five years down the road, so we'll pay at least \$300 a share if we ever exercise the option of the other 20 per cent of the shares.

The Premier talked a great deal, as did the Minister of Agriculture, about that great agricultural plan and saving the meat industry, the packing industry for Saskatchewan, and yet let's keep the records straight. In spite of handing Mr. Mendel (and that's exactly what you've done) \$10.2 million to put in his own pocket, and he happens to live, I think, almost all the time in California, and that's his business, but that money didn't go in to provide new jobs for Saskatchewan people, that money didn't go in to provide new capacity in those plants for the hog producers, the cattle producers or the sheep producers of Saskatchewan, it went to Mr. Mendel. We haven't produced, as a result of this deal, the capacity to slaughter one more hog a day, or put one more cow through, or one more sheep or lamb. We haven't increased the capacity in this province one iota and let that be on the record.

As a matter of fact, we could have taken the \$10 million and the people could have started their own packing plant if that's the name of the game. But this is neither fish nor fowl. It's not good capitalism and it's not good socialism that's for sure. All you've done is given one individual (and I don't care how good a citizen he is) \$10 million of the taxpayers' money for something that in truth wasn't worth more than \$3-\$6 million.

Some Hon. Members: — Hear, hear!

Mr. Steuart: — Mr. Blakeney said, you've got to look to the future. Well, all right, let's look to the future. How do you judge the future earning power, the future capacity of any business?

1. You look at the management.

Let's look at the management. Let's look at the report given to the Cabinet by the management of SEDCO. "Management", that's the title.

Fred Mendel is now chairman of the board but he continues

to have a very definite and important part in management. Without a doubt (and this deal is probably the jewel in his crown as a free enterpriser) he's a great free entrepreneur.

This man happens to be 84 years old. I think he happens to spend most of his time in California. I don't think in all fairness we can look forward to any great new thrust in the management field by Mr. Fred Mendel.

The president is Mrs. Johanna Mitchell, Mr. Mendel's daughter (and I'm quoting from this report). She is devoting considerable time to the business and is instituting some changes. Her specific influence on the business is still overshadowed by her father whom she contacts frequently, particularly on major points. Until Mr. Mendel is absent from the scene, it is most difficult to assess successfully her capabilities.

Okay, No. 1 an 84 year old man; No. 2 his daughter with best of intentions. I don't call that the beginning of a very strong management deal. Next we come to Mr. A. E. Gedge. I want to quote what it says because it is very interesting:

Mr. A. E. Gedge is vice-president — finance: (this is a dandy because it is true). He is showing his worth in the positive direction that he is directing the finance;

And I think he showed his worth over and over and over again to Mr. Mendel.

Some Hon. Members: — Hear, hear!

Mr. Steuart: —

He is the former manager of the main branch of the Bank of Montreal in Saskatoon.

Mr. Gedge is probably an expert financial man, he certainly has shown it in whatever part he has played on behalf of Intercontinental Packers in this deal.

Fred Mitchell, a grandson of Mr. Mendel is at Saskatoon and actively engaged in the business. He is young, keen and is interested and appears to be working hard and effectively.

J. R. A. Robinson, vice-president and general manager is also difficult to assess because of the overshadow of the Mendel family. Robinson is not a dynamic individual but seems to direct the company in a quiet fashion. He grew up in the packing house business and is apparently competent in the marketing area.

That's the management team. Nothing wrong with them, but don't tell me it's a very impressive team as we look ahead to the future. Mr. Blakeney says, 'we've got to look to the future'. Okay, tell us what the unused capacity of the packing plant is. Tell us, where is the dynamic management. If you base your cost to any degree, the price that you paid to any degree on the future prospects of this managing team, I don't think that anybody in this country would fairly and objectively judge,

would say that you should have put much on the asset side of the balance sheet.

Well, Mr. Thorson talked a great deal about the Liberals not being interested in having hogs and cattle processed here in Saskatchewan and Mr. Messer and others talked about the fact that they had to save the packing industry as nothing was done while we were the government. Let me point out, to begin with, that one of the best packing plants and most modern packing plants in Canada happens to be located in Prince Albert. In Prince Albert East, as a matter of fact, and I am surprised that the Member for Prince Albert East hasn't stood up and defended the interests of the people that work in his constituency for Burns and Company.

Burns and Company made a very large and a very significant expansion both in their plant and in their work force during the time that we were the Government.

Intercontinental made a very significant and very major expansion in Saskatoon, both in plant and in employment, during the time that we were the Government. As a matter of fact, if you look at the balance sheet and we have got extra ones here if some of you people have the nerve to dare question decisions made by your Cabinet. You will find on the asset side that construction in progress for this year of 1971 was \$380,000. I don't call that peanuts. That was going on in 1971 and was going on in '71 when we were the Government. So there was expansion, there was growth in the packing house field during our term of office.

Mr. Thorson also mentioned that part of the agreement we will see whenever he decides to table that, is the option they got and I will look forward to studying this with a great deal of interest. Because it looks as if the second deal is even worse than the first one. They are going to wind up paying about \$6 million for 20 per cent. They paid \$10.2 million for 45 per cent at that ratio they are paying about another \$12 or \$13 million compared to this deal. So they will have paid about \$17 million and they will have 65 per cent of the plant.

Let's take a look at the multiples of earnings bases or vis-à-vis true value of Burns and Company, this year. Markets paid for by the people who put their hard earned money up are paying about 13 times net earnings. And they have got good management. Canada Packers are paying 10.9 times net earnings. And they have got good management and are expanding. Ipsco, the firm that this Government paid \$4.5 million to get into to about 23 or 26 per cent, right now or were a day or two ago, paying, it was selling for 11.5 times net earnings.

These judgements are made by people who put their money up not by people like you spending other people's money. They are saying that these companies well managed, diversified are worth 11 to 12 times net earnings.

What did you pay for Intercontinental? Look at the record. You paid out over 39 times net earnings. I am willing to bet never has there been a deal like that, certainly not in the history of this province.

As a matter of fact, let's take a look as Mr. Grant (Whitmore Park) pointed out at the money — and I call it — that

you have blown — since you became the Government. Over \$6 million to cancel the pulp mill.

An Hon. Member: — That was your fault.

Mr. Steuart: — No it wasn't. \$4 million to buy into Ipsco. \$10.2 million to buy into Intercontinental and \$30 million spent in acquiring land. You are going to borrow this money at 7, 7½ or 7¾ per cent and you are putting it out at less than 4 per cent. You are going to lose about \$2 million a year and what is even more interesting, you haven't got control of any, you haven't got control of Intercontinental, you haven't got control of Ipsco, you haven't produced one new job, you haven't produced one new cent of revenue for this province.

But they tell us maybe this company would have gone. Maybe somebody would have come and bought this and whisked it out of the province. Mr. Speaker, let the Government put this evidence in front of the people. I say it is a bogeyman, I say it doesn't exist. I say the packing industry in Saskatchewan came here and will only stay here if there is a thriving cattle and hog industry and that is exactly what has been happening in the last few years.

I should like to turn now to the statements of the Attorney General. Whenever things get real tough on that side they call on the Attorney General. Tonight he outdid himself. He made his usual talk about the Liberals are out, as if being defeated means that everything that we ever stood for, everything we stand for now, suddenly didn't mean a thing. Has no principle, has no backing. And everything the Government wants to do just because they won the election is right and honest. And I have to agree with the Member from Saskatoon University (Mr. Richards). They stand up there on the other side and say the reason we are doing it, over and over again, is because you people did it.

Well, Mr. Speaker, I hope they keep that attitude up. I hope they follow what we did in the last four years to the letter of the law, I will give them the blueprint. Because obviously the people will feel exactly about them politically as they did about us and they will be in the shadows over there. Talk about never learning. You talk about us never learning. Well, I will tell you, we were defeated, we learned a lesson. But I will tell you something about you people, you were elected and you didn't learn a lesson. The front benches on that side of the House have got the most swelled heads the most arrogant attitude that I have ever seen.

Mr. Messer, the bright young farmers' friend, flashes around chewing his gum, nothing can go wrong, he can do nothing wrong. I am sure that his sycophantic fans are telling him that he is the greatest young bright Minister of Agriculture this country has ever seen.

Some Hon. Members: — Hear, hear!

Mr. Steuart: — Mr. Romanow, the flashy Attorney General stands up waves his arms and makes a great speech. But he got into something tonight that I want to talk about. He said look at those Liberals, look at those friends of big business. Who is making their bullets? I will tell you who is making the bullets, Mr.

Romanow. You people are making the bullets. You are making the bullets through the hog marketing, you are making the bullets through your arrogant, dictatorial attitude and through your absolute refusal in the face of mounting evidence to admit that this is a stinking scandalous deal. A deal in which you handed to a man in Saskatoon, \$5 or \$6 or \$7 million too much.

Now I am going to talk your own way. When we were in the pulp mill you used to get up — and you were a good one at it, your Premier was a good one, and he gets that snide little look on his face and he would say, I wonder what was under the table. I wonder what the Liberals got under the table from the pulp mill.

All right, let's talk about under the table. You tell the people why you paid \$5 or \$6 million too much to one individual to put into his pocket. What kick-back did you get? Don't sneer. Isn't it a funny coincidence that into this House today was brought an Election Amendment Act to say that political parties are going to be limited as to how much they can spend and how much they can collect. Well maybe you've got yours, Mr. Attorney General and Mr. Premier. I want to point out it was the Attorney General who brought the debate to this kind of talk. He said what are those big Eastern friends that are telling the Leader of the Opposition to say about this deal, what are they giving him? What payoff is he getting? There is no payoff; they are not telling me anything.

Mr. Speaker, I don't have to defend a deal that stinks to high Heaven. I don't have to stand up here and try to explain why they took a Mr. Gedge, the vice-president of Intercon and put him on the board of SEDCO and then made the biggest coziest sweetheart deal ever made in this province. I still haven't got an answer. Don't tell me I am smearing him. If there was nothing under-handed in this deal, if there is nothing under the table, if there is nothing crooked, if there is nothing scandalous, if this deal doesn't stink, if you can prove to the people of Saskatchewan that you didn't pay \$6 or \$7 million too much, say so. Tonight on the television, three businessmen said you paid too much. Schneider said you paid too much. Their own statement, this very statement of Intercon says you paid too much. Dun and Bradstreet, Financial Post, everybody says you paid too much, except the Government front benchers. They say we didn't pay too much. Mr. Gedge didn't have a conflict of interest. It is just a funny coincidence that this man from the company that we were about to buy and hand him \$10 million for half of their interest which their own statement says is only worth \$3 million. This man had nothing to do with it. Isn't it an amazing coincidence? Wasn't it an amazing coincidence they put him on the Board.

Why didn't — when they decide to make the deal then, if there was nothing wrong — why didn't Mr. Gedge say and why didn't Mr. Romanow say, why didn't Mr. Premier Blakeney say, I think you had better resign. We will put you on the board after it is all over. They didn't do that. And don't you think the public of Saskatchewan are so naïve that you can get up and say in one breath, nobody believes Dave Steuart.

Mr. Romanow: — Nobody does.

Mr. Steuart: — Okay. Then in the other

breath they gave stories that I have destroyed the biggest packing industry in Saskatchewan. Boy! You can't have it both ways. Either nobody believes me and they are not paying any attention or they are paying attention.

Mr. Comer: — That's right.

Mr. Steuart: — That's right says the short light Member from Nipawin (Mr. Comer). If that is right on one side, you don't have something to worry about. But I will tell you, you have got something to worry about. The people that believe in honesty and integrity, this deal, I ask you Members in the back bench, the ones from Saskatoon. I just ask you to take a look at it. Don't be afraid, take a look at it. Take it to any chartered accountant, ask him to explain it if you don't understand it. Obviously your front benchers don't. Either that or there is some funny reason they paid too much. Find out the truth, don't be afraid to do what the Member for Saskatoon University does. I tell you, you might live longer politically if you do. If you have the nerve to say to these hot shots in the front bench, "Who went out in the last 19 months and have blown what". About \$50 million of the taxpayers' money, produced no new jobs, no new revenue. Ask them about this deal. Read the financial statement. There are lots here. I will give them to you tonight, I will table them, eight or nine or ten. Look at them, use your God given common sense, talk to some friends who are in business and then ask Mr. Romanow, ask Mr. Thorson, ask Mr. Blakeney, surely you are not afraid to ask them. Why did you guys make what appears to be such a rotten lousy deal? Then you tell the people of Saskatchewan if you have nothing to hide, then tell the truth. You have been the most incompetent, blundering, stupid Government that has ever governed in this province and you have sold it in 19 months.

Some Hon. Members: — Hear, hear!

Mr. Steuart: — You're incompetent, you're secretive, you're arrogant, you have absolutely refused to tell the public time after time what you pay for land, what you paid for this, what you are doing. And you can sit and you can smirk and you can giggle and you can laugh. But I am going to tell you boys as I said before, you can put it under the rug but the public will remember. I hope you give us this information and I ask you because you must have this. Table this tomorrow or the next day, I challenge you to table it this week. Don't hide behind that you have to make a study. You said you were going to table it. I hope we see it. We have had a lot of talk about telling us about how much SEDCO owes, you passed that one. You haven't given it to us yet. You passed that one a long time ago. I am sure it doesn't take long to go to SEDCO and say, "How much does Intercontinental Packers owe?" Put it on a piece of paper and table it. You haven't told us yet. Now you tell us you are going to give us this, I hope it isn't just a stall, but I wouldn't bet a nickel. Somebody said, do I trust them? No, I don't trust them, I don't trust them for a minute. The people of this province don't trust them. And I say, Mr. Speaker, just let them keep this up and at the first opportunity, they will show Mr. Blakeney and that little band over there who are running things that they don't trust them either.

Some Hon. Members: — Hear, hear!

Motion agreed to on the following recorded division:

YEAS — 49

Messieurs

Blakeney	Dyck	Meakes
Wood	Smishek	Romanow
Messer	Snyder	Kramer
Thibault	Larson	Baker
Brockelbank	MacMurchy	Pepper
Byers	Thorson	Kwasnica
Carlson	Owens	Robbins
Tchorzewski	Cowley	Taylor
Matsalla	Richards	Faris
Cody	Gross	Feduniak
Mostoway	Comer	Rolfes
Oliver	Feschuk	Kaeding
Flasch	Steuart	Coupland
Loken	Guy	Grant
Boldt	Gardner	Weatherald
MacLeod	McPherson	Lane
Wiebe		

NAYS — 00

Messieurs

Nil

ADJOURNED DEBATES

MOTION FOR RETURNS

Return No. 225

The Assembly resumed the adjourned debate on the proposed motion by Mr. A. R. Guy (Athabasca) for Return No. 225 showing:

The amount of the \$100,000 under Subvote 11 Department of Industry and Commerce 1972-73 Estimates that has been spent to February 1, 1973.

Hon. K. Thorson: (Minister of Industry and Commerce) — Mr. Speaker, I should like to propose an amendment as it stands on the Order Paper, seconded by the Minister of the Environment (Mr. Byers) to read as follows:

That all the words after the word “Showing” be deleted and the following substituted therefor:

- (i) The date The Industry and Commerce Development Act, 1972 was proclaimed.
- (ii) The activities to be administered under the Act
- (iii) The cost of activities to date.
- (iv) Recipients of grants under the Act and amounts paid to each.

Mr. A. R. Guy: (Athabasca) — Mr. Speaker, I am not going to say too much. I am rather glad that the Minister did amend this motion, because after all it has been two months since it was originally asked for and it was obvious at the time that it was asked that no expenditures had been made and, therefore, he didn't wish to provide any of the information. He is now bringing it up to date to the end of the year. We will be very happy to receive what little information I am sure he will provide.

Amendment agreed to.

The Motion as amended agreed to,

Return No. 239

The Assembly resumed the adjourned debate on the proposed motion of Mr. A. R. Guy (Athabasca) for Return No. 239 showing:

(a) Whether or not the Government of Saskatchewan had an appraisal done of the assets of Intercontinental Packers Limited prior to its purchase of shares in the company. (b) If so, the name of the one who made the appraisal. (c) A copy of any such appraisal. And the proposed amendment thereto by the Hon. Mr. Thorson.

That all the words after the word "showing" be deleted and the following substituted therefor:

(a) Whether or not the Government of Saskatchewan had available to it any appraisals of the value of the physical assets of Intercontinental Packers Limited prior to the Government's purchase of 45 per cent of the shares of the company; and (b) If so, the source of such appraisals; and (c) The value of such assets based on such appraisals.

Mr. Guy: — Mr. Speaker, in closing the debate I suppose it is quite evident that the information that is being asked for in this motion is hardly necessary now. The record is clear from the debate earlier today that the Government had no appraisal made of the financial statement; they had no investment advice for the purchase or else they couldn't have gotten themselves into such an ungodly deal as they have.

Mr. Speaker: — I must warn the Member that he can't bring in any new matter in closing this debate.

Mr. Guy: — This isn't very new, Mr. Speaker.

Mr. Speaker: — Yes, but this is a new motion.

Mr. Guy: — I think that you will agree, Mr. Speaker, that we are talking about the purchase of 45 per cent of the shares of Intercon and whether or not an appraisal was taken.

Mr. Speaker: — The Member is well aware of the rules that in closing a debate you can't bring in new material, you can only answer the

statements made by others.

Mr. Guy: — Mr. Speaker, this is all that I am answering.

Mr. Speaker: — This is a difficult one to answer when speeches weren't even made.

Mr. Guy: — All right, Mr. Speaker, I will bow to your wishes. After all, like those Members opposite, I don't want to be out of order too often, so I will just say that it is not surprising that we are not getting the information that was asked for. It is like all the other motions in this regard. I think the record is very clear, Mr. Speaker, that it was a bad deal for the people of Saskatchewan.

Amendment agreed to.

Motion as amended agreed to.

ADJOURNED DEBATES

Resolutions

Resolution No. 12 — Death of the Lakes in the Qu'Appelle Basin

The Assembly resumed the adjourned debate on the proposed Resolution by Mr. K. R. MacLeod (Regina Albert Park):

That this Assembly recommends to the consideration of the Government that emergency action be taken to prevent the death of the lakes in the Qu'Appelle Basin: (a) by implementing immediately, the recommendations which the Qu'Appelle Basin Study Board feels will have a major impact on the management of land and water in the Qu'Appelle Basin and which should be implemented without delay, and (b) by giving immediate assistance to cities and towns, particularly Moose Jaw and Regina, to provide for the treatment of waste.

Hon. N. E. Byers: (Minister of the Environment) — Mr. Speaker, in rising to speak on this resolution proposed by the Hon. Member for Albert Park, I want to say at the outset that I feel that the motion as proposed does not fully encompass the Government's intention or plans with respect to the Qu'Appelle question and, therefore, I would proposed an amendment, and if acceptable, subsequently speak to it.

I move, Mr. Speaker, seconded by Mr. Robbins, that:

All the words after the word "Assembly" be deleted and the following substituted therefor:

commends the Government of Saskatchewan: (a) for involving the public in its assessment of the report of the Qu'Appelle Basin Study Report as recommended in Recommendation No. 53 of the Report (b) for its endorsement in principle of the Framework Plan outlined

in the report, and (c) for proceeding with negotiations with the Government of Canada to secure its recognition of the broad regional and national benefits that would accrue from corrective programs in the Qu'Appelle.

Mr. Speaker, the Qu'Appelle Basin Study recognized the need for involving the public during the planning process in order that the resulting plan would be responsive to the needs and wishes of the people. The public of Saskatchewan have been involved in a meaningful and useful manner throughout the course of the study by means of information meetings, public hearings, work shops and several other ways.

I draw to the Members' attention that a public advisory group consisting of representatives from all major interest groups, organizations and users in the Basin, was established. But public consultation does not end with the completion of the report. And, indeed, Recommendation No. 53 states and I quote:

It is recommended that this Report be made available to the public and that opportunities for public response be provided.

The recommendations contained in this report are those of the Qu'Appelle Basin Study Board and have been developed in consultation with the advisory groups. It is, we believe, important that they be discussed widely with the public and that opportunity be given for the public to respond to the study recommendations.

Since the release of the report a number of meetings have been held at various locations throughout the Basin. Over 7,000 copies of the Report and pamphlets have been distributed to the public.

The wide dissemination of information and public participation of the program have resulted, I think, in a better public understanding of the recommendations in the study and to the public willingness to take co-operative action to solve the problems.

The public response to the study report and recommendations has also been measured by means of a questionnaire. Eight per cent of the persons replying to the questionnaire indicate that they are more than 75 per cent in agreement in principle with the report. Some of the response on certain recommendations has been unfavourable. Some individuals or groups find one or more of the recommendations unacceptable and this is not unexpected. It is only reasonable that those recommendations that the public cannot support be reviewed carefully prior to implementation.

The cities of Regina and Moose Jaw were requested some time ago to develop a plan for tertiary treatment of their municipal wastes or sewage. The findings of the Qu'Appelle Study confirmed that these two cities contribute some 70 per cent of phosphorous in the streams and lakes. Obviously, additional treatment sewage from these cities to remove phosphorous should be the first step in correcting the algae problem that threatens the future of these important lakes. Both cities have aerated lagoons, which provide a reasonably good level of treatment for their wastes. But because of the lack of flow in prairie streams during the major part of the year, the present treatment practices must be improved.

Our basic approach is that the polluters should pay to eliminate pollution. We adopt this philosophy with respect to both industry and municipalities. However, the proposed level of treatment is considerably greater than most other cities in Canada are required to provide. Studies are under way to investigate the best means of providing treatment.

Regina has proposed algae removal as a first stage and the city of Moose Jaw is considering irrigation for disposal of their effluents. While the Department of the Environment will require these cities to proceed with design and construction of treatment works, we do recognize that it will place a particularly heavy financial burden on these two cities. We are negotiating with the Government of Canada for a higher level of financial assistance as part of an implementation agreement.

Mr. Speaker, a high priority has been placed on the zoning of the Valley and the development of appropriate regulations for the purpose of controlling development, for planning the use of water and related land resources, in such a way as to preserve and protect the beauty of the Valley.

The present haphazard development and unplanned approach to land use cannot continue. Demands for lands for various uses will increase in the future and it is essential that areas be zoned for the uses to which it is best suited. The land base in the Qu'Appelle Basin is limited and the present conflicts in use are forerunners of even greater problems that may be anticipated in the future.

Land must be persevered for wild life habitat and it is desirable to preserve certain areas in their natural state. The shoreline of the lakes must be allocated in such a way as to provide for the recreational needs of the general public as well as for individuals.

Certain areas, of course, should and must be reserved for agriculture. The land use zoning will accomplish this by reflecting, as far as possible, the present use and the future needs and physical characteristics of the Valley.

The Department of Environment will proceed in the 1973-74 fiscal year to develop zoning and use plans for critical areas of the Valley, in co-operation with local government and in consultation with public representatives. There are certain misunderstandings that have arisen regarding the land use recommendations.

It will not be the intention of this Government to treat land owners in an unfair or arbitrary fashion. The purpose of zoning will be to prevent unsafe and unwise future developments in terms of land use. In other words, to guide developers to develop areas best suited for the purpose. Where a change in land use is required, for example, a change from agriculture to wildlife purposes, we would not intend to achieve such change by zoning, but by other means such as purchase, rental or easement.

The Report has recommended control of pollution contributed from certain agricultural operations and intensive livestock operations. These sources contribute only a portion of the remaining 30 per cent of the nutrients. A high priority will be established on controlling wastes from commercial

feedlots and concentrated cattle operations, where these are identified as contributing to water quality impairment.

Changes to agricultural practices, with respect to pasturing of cattle and disposal of their waste products will not be easy. However, through an education program it is hoped, Mr. Speaker, that agriculture will recognize its contribution to pollution and co-operatively take the necessary action that may be required.

We share the general concern for rapid action to resolve the outstanding problems in the Qu'Appelle Basin. I can assure this House that the Government of Saskatchewan is moving as quickly as possible in the direction of implementation.

Some action on implementation is being undertaken by my Department now. Each department of Government is currently assessing the recommendations to determine how priorities can be shifted to carry out the necessary action programs. The internal assessment of those recommendations that are of a solely provincial responsibility will be completed very shortly. Negotiations for implementation of those recommendations that are of a Federal or joint Federal-Provincial responsibility, have been initiated. It is hoped that an implementation agreement can be signed this year, which will permit co-operative action to be taken on the joint recommendations.

The Report recommends the establishment of a Valley Authority to co-ordinate and control long-term development in the Basin. However, there are complex jurisdictional problems in creating such an Authority. Solving these problems will take some time, but the Government does not intend to wait for a solution to these problems before initiating the implementation phase of the study.

Therefore, in the intervening period an implementation body must take responsibility for early action. Such a body would have representation from the three levels of government involved and the public as well. The province is prepared to provide increased financial assistance, but the local people who receive benefits should contribute in proportion to the benefits they receive.

Those recommendations that are a provincial responsibility will be acted on by the Provincial Government as soon as possible.

There should be a strong national interest in the large number of the recommendations. We feel that the Federal Government should show strong leadership in the negotiations and the implementation of those joint recommendations. However, the Federal-Provincial negotiations will not prevent us from taking early action in Saskatchewan on those recommendations where there is a strong public support.

Accordingly, Mr. Speaker, I move the amendment as I indicated at the outset of my speech.

Mr. T. M. Weatherald: (Cannington) — Mr. Speaker, I listened with interest to the Minister's remarks and in essence he talked glowingly about the Report itself and I think most Members would concur with him in saying that this Report was well put together and that a great deal of

work was put into it. I think that that is good.

The Qu'Appelle Valley system has been in a deplorable condition. The study was set up under the Liberal administration both in Ottawa and Saskatchewan and we are pleased that the Report is now made and we hope that the Government is going to take some action on it.

I listened, Mr. Speaker, carefully as he went over at some length the motherhood parts of the report. I looked and waited anxiously for some indication that more financial assistance would be coming forth from the Province of Saskatchewan for the cities of Moose Jaw and Regina, that are so completely involved and in fact there are some towns that are equally as well affected.

I listened desperately I might say, Mr. Speaker, because for some years as the Opposition, the Government now of the day, led many of us to believe that pollution was one of the items high on their priority list and that we could expect some action from the Government, more in words but in finance as well, because it is the dollars that are going to clean up the Valley system, not the words.

I looked, Mr. Speaker, to an amount of money budgeted for the coming year and I found approximately \$200,000 and some odd budgeted for capital expenditures under the Department of the Environment for the improvement of pollution control in the cities. So it is obvious that that amount of money is not going to do any great things to clean up the system in Regina and Moose Jaw, particularly, when one considers that it is already estimated that the tertiary plant in Regina will be at least \$6 million and that the Moose Jaw tertiary treatment plant will be \$2½ million.

And then the Minister went on at even greater length and the most damning part of his whole speech implies condemnation of the Government. He said that it is the Government's view that the polluter should pay. In other words, Mr. Speaker, in the case of the Qu'Appelle River Valley system it is the Government's view that the cities of Moose Jaw and Regina should pay. I think that it is obvious when you look at the amount of dollars that these two cities will be given.

I think this is unfortunate, Mr. Speaker, because these two cities — while they may be putting the pollution into the river — deserve considerably more help from all the people of Saskatchewan than the few dollars that apparently they are going to be offered.

I think that all of our Members on this side support more provincial government involvement, particularly when one considers the amount of dollars that the Government seems to have available for so many other purposes.

I think it is also unfair to expect these cities to put up this kind of money when this Valley, itself, is of so much importance to all of the people in Saskatchewan. I think it can be equally said that it is more an act of geography of where the two cities are built that is the problem in regard to the amount of money that this pollution control equipment is going to cost.

It turns out, Mr. Speaker, in my opinion and in the opinion of my colleagues, that the Government is extremely shortsighted in the financial assistance that they are offering. I would suggest to the Government, again, that it is not too late to put dollars where so many of their words have been in the past.

Mr. Speaker, pollution when it is caused by the citizens of the province, but particularly by the citizens of Regina and Moose Jaw, is in many respects a different situation that when pollution is caused by an industry.

True, you can apply the rule that the polluter should pay when you apply it in the case of industry, but scarcely in our view, should this be the case when you apply it to the general citizenry.

I think that there is a good cause to be made for substantial financial assistance from all of the people of the province not just those who are polluting the system, as individuals. This is why, Mr. Speaker, that I and my colleagues are extremely disappointed at the financial assistance that apparently will be offered these cities and to the other towns involved.

Because I should like in the future to make a more elaborate statement on some of the things in the report I beg leave to adjourn debate.

Debate adjourned.

Resolution No. 14 — Urges Government of Canada to Reduce Unemployment

The Assembly resumed the adjourned debate on the proposed Resolution by Mr. E. C. Whelan (Regina North East):

That this Assembly urges the Government of Canada to develop adequate employment schemes to reduce unemployment in Canada to more acceptable proportions; to disclose details of work plans for the winter season at an early enough date to permit maximum participation at the provincial level, and to fulfil its responsibilities through its control of Canada's fiscal, monetary and general economic policies, to take action designed to provide long-term solutions to the problem of chronic unemployment in Canada.

And the proposed amendment by Mr. Lane:

That wherever the word "Canada" appears, it be deleted and the word "Saskatchewan" be substituted therefor, and that the word "municipal" be substituted for the word "provincial" in the fifth line thereof.

Mr. J. G. Richards: (Saskatoon University) — Mr. Speaker, in speaking to this motion previously I felt sorely tempted to introduce a subamendment to the effect that unemployment should be a concern of both the Federal and Provincial Governments. I feel that we are playing cheap politics with this resolution. The initial resolution in blaming the Federal Government and the subamendment in referring the problem back to the Provincial Government, amount, in my opinion

to cheap political debate. I would have hoped that this Legislature could rise above such games. I will refrain from moving a further amendment, take my seat and hope that his ignominious debate comes to an end.

Hon. E. I. Wood: (Minister of Municipal Affairs) — Mr. Speaker, I hope that I am fulfilling the Hon. Member's wish that the ignominious part of this debate is now ended.

I do wish to make a few remarks in regard to it. Earlier in this debate some of the Hon. Members opposite had some things to say concerning the Winter Works Program for which I am responsible. I do not think that I can afford to remain seated and not take part in the debate because of some of the things that were said.

The Hon. Member from Regina Albert Park (Mr. MacLeod) made a couple of allegations concerning the way in which the Winter Works Program is handled. I think that I am compelled to answer in order to put the record straight.

I believe he said that the provincially appointed co-ordinator of Winter Works had given political lectures to some municipal officials seeking Winter Works grants. And that the co-ordinator was more than willing, for political purposes, to delay applications.

I would submit, Mr. Speaker, that neither of these statements is based on facts. What are the facts, Mr. Speaker? First, with regard to so-called political lectures the co-ordinator and his staff in the course of their work have daily contacts with many municipal officials and officials of community organizations seeking information and advice concerning Winter Works Program.

These contacts are by mail, by telephone and by personal visits to our office. With so many kinds of programs available, Federal and Provincial, one of the questions most often asked by municipal and other officials is: What program is best for us? To answer this question our staff have endeavoured to explain the chief features of each of the programs.

The Provincial Local Initiatives Program, for example, is similar to the Federal Local Initiatives Program, but they are not identical. For some types of projects the provincial program is more advantageous. For other types, the project sponsor could get more assistance from the federal program. People look to our officials for useful information. How the giving of this information can be construed as political lecturing, I find impossible to understand, Mr. Speaker.

The co-ordinator and other people in my Department working with him, are competent, knowledgeable, courteous employees, who are dedicated to the task of providing the best possible service to the people of Saskatchewan, regardless of where they are or what their political preference may be.

If by retaining top notch people on our staff and providing good service to our people, the Government gains any political advantage, I believe that this advantage is well

deserved.

Second, with regard to the Hon. Member's allegation that the Provincial Co-ordinator, for political reasons, was more than willing to delay the onward transmission of programs submitted by municipalities in Saskatchewan, I submit, Mr. Speaker, that the Hon. Member does not have the evidence to support such an allegation.

Under the 1971-72 Local Initiative Program, the co-ordinator transmitted for approval by the Federal Government, a total of 125 applications which have been received from municipalities. Applications which appeared to meet the criteria established for the program, were promptly transmitted to the Federal officials, usually within a week of their receipt in Regina.

The delays in approvals were in the federal offices. The time lapse in the federal offices between receipt of applications and a decision on its acceptance or rejection was unbelievably long. On the 125 applications we sent them decisions on 18 of them were made within 20 days. On 62 applications it took them up to 40 days to make up their minds, and on another 33 applications it took them up to 60 days. Some were held up from between 80 to 90 days. And if anyone is interested in knowing where the holdup was last year in regard to these programs which were put through our office and then handled by the federal offices, this is undoubtedly where it was.

The Hon. Member for Cannington (Mr. Weatherald), and I am sorry he is not in his seat, Mr. Speaker, indicated that we were being partial to Saskatoon because of the number of projects approved for that city. I have to tell the House that we approve or disapprove applications as they are made to us. If we do not get the applications we cannot approve them. And if the applications are not forthcoming from some other cities and places in the province, it is not our fault, I submit.

The Hon. Member has indicated that there is some connection between the number of projects approved in Saskatoon and the fact there are 6 NDP Members elected from that city. I am not saying that there is no connection, Mr. Speaker.

The people of Saskatoon have the good sense to elect NDP Members and also they have the good sense to formulate plans for Winter Works projects and to apply to my Department for assistance. There may be some connection.

The Hon. Member for Cannington has indicated that projects were refused for political reasons. I have here, Mr. Speaker, a list of the projects that have been refused. I will not, with your consent, Mr. Speaker, read out the names of the places that sent these in, because I would not wish to embarrass them unnecessarily. I can say that these following were not approved:

One is in regard to the renovations to a fire hall. This was not approved because it was already under a Federal Local Initiatives project. Another one was in regard to replacing boilers in a hospital. In this case of the Saskatchewan Hospitalization Services Plan and federal contributions exceeded 50 per cent of the cost already and our program cut off at 50 per cent, so we didn't approve it. Some may think this has been

political, but I don't see how it can be construed that way. Another one was in regard to church renovations. We say that churches are not accepted under this program, although church halls are eligible. Another one is in regard to developing a winter resort. The project started six weeks before the application was received, while our brochure says very clearly that payments only start with the approval of the application. This sponsor was asked to revise the application and resubmit. We have heard nothing further from it.

Another one was to develop a water well. This project was completed before the application was submitted, so we just couldn't accept it. Another one was in regard to sidewalk construction. The Municipal Road Assistance Authority pays 50 per cent of the cost, so it was automatically out. Another one was arena improvements. This had been approved under the federal program.

I can go on and on, Mr. Speaker, but I don't want to take up the time of the House with reading these to you. But I think that you will find that the only ones that were not approved were those for which there was very good reason. And any allegation that these are done on a political basis, is entirely false and we will not accept that accusation at all, Mr. Speaker.

Also the Hon. Member for Cannington suggested that we have not kept the communities informed of the types of projects that were acceptable under the Winter Works Program. He indicated to the House that we had approved in some cases people working in rinks and on staffs. He said there would have been a great deal more of this if all communities had known that we were accepting that sort of thing.

Well, I should like to point out, Mr. Speaker, there was a brochure circulated — widely circulated — in the province to all municipalities. We didn't send them to all organizations because you know that would be an impossible thing to do, because we did not know what organizations were wishing to take part, although we widely publicized it in the papers and otherwise, that organizations were eligible. But this brochure was sent to all municipalities, urban and rural.

We also sent out a circular letter which was distributed to secretary-treasurers and clerks of the RMs, villages, towns, and school boards, unit boards and union hospitals. And in this letter, under the heading, "Kinds of Projects" appeared the following paragraph:

As last year, the choice of projects is left to the initiative of the individual municipalities. Generally speaking projects should prove a useful community service or facility which is within the powers of the municipality or other local government organization to provide. The projects should be additional to what the sponsor would have done were it not for the Winter Works Incentive grants. And above all the projects should provide employment to unemployed persons seeking work.

Attached to the letter was a list of projects classified according to functions, approved under the 1971-72 Winter Works Programs. Dozens of projects were listed including, Mr. Speaker,

under the classification "Recreational and Cultural", the words 'additional staff at recreation centres'. So we not only approved these but we advertised in advance that these had been approved before.

I have a list here, Mr. Speaker, of some of these that have been approved and in every instance it is stated by the organization making application that this work was done by people who would otherwise be unemployed. In one instance, says the work had previously been done by volunteer labor, when available, but there was too much work to rely on volunteers. They said it was new work that would not have been paid for otherwise.

Another one says this would be the first time that a hockey coach has ever been hired in this community. This was new work and employment that would not have been gained were it not for this program. Another one says this now enables the town to retain on payroll one seasonal employee who otherwise would be laid off until spring work resumes. It provides contract employment for others. Without assistance this work would be deferred or cancelled.

We have stipulated in our programs, Mr. Speaker, that all people hired on these programs must be otherwise unemployed. And this, as has been categorically stated by each organization that sponsored the kind of work that is being done, and we would not otherwise have accepted them into the program.

I think that we have made this very clear. By requiring all projects to be cleared through the local municipal councils before they come to us we have avoided many of the questionable projects which the Federal Government has accepted under its Local Initiatives Program.

Every application we have approved has either been initiated by the local municipality or other local government organizations or concurred in by the local council if the project sponsor is a community service organization.

These have all been cleared by the local councils. And to that fact we attribute much of the reason that we do not have any frivolous projects being approved. In all cases they have indicated that they are hiring only people who would otherwise be unemployed and have contacted the Regional Social Services before hiring.

Mr. Speaker, we took steps early last year in the fall of 1972, in the summer of 1972 to develop Provincial Winter Works contingency plans in the event the Federal Government should be late again in revealing their plans.

The Provincial Municipal Winter Works Incentive Program which went into effect on November 1, 1972 was announced early in September. This gave municipalities almost two whole months in which to develop their plans and submit their applications. Contrary to what is indicated in the amendment which is put forward by the Members opposite the Saskatchewan Winter Works Program this year has allowed for municipal planning. We made announcement of it early in order to give the municipalities an opportunity to plan and to come forward with their applications in good time to have the work done this winter,

As a result, Mr. Speaker, we have received over 650

applications under this year's provincial program. Compared to this only 300 applications were made last year under all the programs both Federal and Provincial which were in operation last winter. 650 this year, 300 last year under all the programs.

The Federal Local Initiative Program this year, I must admit was much better handled than last year. According to the information that we have received from them, 187 applications were approved in Saskatchewan. It should be noted that only 47 of these were projects sponsored by the municipalities. The other 140 came from community organizations and groups and Indian reserves.

The Federal Government's Winter Capital Projects Program was not announced until December 6, 1972. It was, of course, too late to be of much value this winter. However, we are looking forward to it being a good deal more use in the two years to come in which it runs.

Many projects which could have qualified under this program were accepted under the provincial program. The point I wish to stress, Mr. Speaker, is that if it were not for the early and prompt action by the Provincial Government in implementing its Winter Works Program, projects costing an estimated \$11 million would not have been undertaken by our local governments, other community services and organizations. These projects will pay out in excess of \$4 million in wages during the period of November 1, 1972 and May 31, 1973. Were it not for the work provided by these projects many, many people would have been on unemployment insurance or on social assistance in this province.

Mr. Speaker, there are several things more that I wish to say in regard to this amendment and the motion before the House. And I ask to adjourn the debate.

Debate adjourned.

Interim Report of the Special Committee on Welfare

Mr. P. P. Mostoway (Hanley) moved, seconded by Mr. J. Wiebe (Morse) that the Interim Report of the Special Committee on Welfare be now concurred in.

He said:

Mr. Speaker, contrary to what some may think, it does give me pleasure to speak on this Report of the Special Committee on Welfare.

Some Hon. Members: — Hear, hear!

Mr. Mostoway: — Maybe at this point I should say that perhaps this report should not have been labelled a report at all. Perhaps it should have been called an accounting for that was exactly what it was intended to be.

Mr. Speaker, at a recent informal meeting of this Committee it was suggested that perhaps my remarks should be brief. And brief they will be, at least at this stage.

But before I go on, I wish to emphasize a point. And that is that this Committee functioned extremely well and relations

between various members were really harmonious. I assure you, Mr. Speaker, politics played no part in the work of the Committee. All members were conscientious.

Another point I wish to make is that I can honestly say that all decisions of the Committee were unanimous.

Some Hon. Members: — Hear, hear!

Mr. Mostoway: — Oh, there were often opposing views on certain concepts and practices but major decisions were always unanimously arrived at.

Mr. Speaker, I must, on behalf of the Committee, commend three people who worked with the Committee, namely, Mr. Gordon Barnhart, Ms. Merry Harbottle, and Mr. Lorne Dunsmore, who were conscientious and most willing at all times in regard to Committee work.

Mr. Speaker, the Committee feels that a real challenge has been given it by this Assembly. It is true that these terms of reference don't appear to be too fleshy as they appear on page 7 of the Report. However, I do want to mention that the expanded terms of reference as implied are such that they involve almost all aspects of activity within the Department of Social Services. However, with the capable people involved I am sure that the job which the Committee was charged with will be done and done well.

Mr. Speaker, as can be easily seen, the Committee held hearings in many communities throughout the province. In general, the response was good, although there seemed to be less response in the hearings as we moved southward. If response at public hearings seems to taper off in the southern part of the province, it must be said that the slack was taken up by briefs.

It should also be mentioned that all municipal bodies were informed by letter as to when and where the hearings would be held. As a rule we had good response from these officials in most centres. But this was not always the case.

I suppose Members would wish me to relate to them some major concerns of Saskatchewan people as we were able to determine through briefs, verbal presentations, opinions sought and questions asked.

I shall relate just some of these concerns. As far as I could determine most people do not question the desirability of social assistance to those in need. In fact, it was my distinct impression that many think more help should be forthcoming. However, a significant number seem to question the criteria used to determine who should be eligible or not. Needless to say bold plans were expounded on to remedy the situation.

Many municipal officials seemed to indicate a desire for more consultation in regard to welfare recipients in general. Although most said they were glad not to be directly involved, many of these saw benefit for all concerned in more communication between Social Services personnel and municipal officials.

I think I should be frank in mentioning that some are of

the opinion that there may be some abuse in social assistance. However, concrete suggestions as to how this might be remedied were few in number.

The Committee mentions three observations in the Report. This is not meant to imply that there were no other observations. However, the Committee felt that these would in all probability be delved into quite thoroughly in the future.

The first observation in essence says that more information should be made available to the public in regard to virtually all aspects of social assistance in this province. It was felt that many people do not have an adequate understanding of such things as total expenditures, actual assistance given individuals, but not to specific ones, objectives and a host of other things which all people should be aware of in order to prevent embarrassment and harassment and to promote more compassionate understanding.

Mr. Speaker, it was felt that in future deliberations consideration will probably have to be given to treating northern Saskatchewan as a situation by itself in regard to some concerns which are peculiar only to the North. For example, I think all Committee members were made acutely aware of the language barriers which exist there. I must also hasten to add that some good suggestions were given to the Committee on how this might be overcome. One of them possibly being the use of more local people who are reasonably proficient in Canadian and one of the Indian languages.

As for the observation labelled unemployed employables, I'm of the opinion that most members feel that a good hard look will have to be taken at present Federal-Provincial roles.

Mr. Speaker, for me to elaborate further on what this Committee might or might not make recommendations on would not be proper at this time.

However, I can assure Members of this House that this Committee anticipates getting on with its work very shortly after the session ends in the hope that a final report can be made available for the year's end.

Mr. Speaker, I move, seconded by the Member for Morse (Mr. Wiebe) that the Interim Report of the Special Committee on Welfare be now concurred in.

Some Hon. Members: — Hear, hear!

Mr. T. M. Weatherald: (Cannington) — Mr. Speaker, on a Point of Order, there does seem to be a problem arising from time to time in this situation. I duly and in all respect, Mr. Speaker, make a suggestion. According to my understanding of the rules, which could be incorrect, but I do believe is correct in this instance. I understand that once you put the motion that the Speaker must then return to his Chair and wait to see if a Member rises uncovered. And in all due respect, Mr. Speaker, once you have put the motion you have not been returning to your Chair to give an opportunity to a Member to rise. Under the rules as I understand them, a Member is not supposed to be on his feet when you are on your feet, Mr. Speaker. And, therefore, in all due respect, I believe that sufficient opportunity is not

being given to the Members to be able to present themselves in the Assembly to state their case.

Mr. Speaker: — The rules that have always been followed as far as I am aware of, by previous Speakers and by myself, when a motion comes like this, I ask is the House ready for the question. The Members call question and I look around to see, if no one opposes the question. But I don't wish to cut Members off. And if the House is agreeable, I am agreeable to let Members speak. It is not my intention to try to prevent Members from speaking. But the Speaker does ask, is the House ready for the question? When the question is called, if a Members attempts to rise I always remain seated.

Every Member desiring to speak is to rise in his place uncovered and address himself to Mr. Speaker. So if a Member starts to rise and says Mr. Speaker then I immediately take my seat again. I don't want to offend any Member. Is it the will of the House that other Members be allowed to speak?

Agreed.

Mr. K. R. MacLeod: (Regina Albert Park) — Mr. Speaker, one may rightfully assume that we are a little bashful on this side of the House tonight and that each of us is most anxious to let someone else speak ahead of us. No one certainly wants to grab the limelight if any one else wishes to speak.

I have a couple of comments with respect to this Report. I am pleased to hear from the Hon. Chairman of the Committee that harmony reigned supreme and that the decisions of the Committee were in fact unanimous.

One of the good parts of the committee system is that it allows Members from both sides of the House to work together in an atmosphere that allows each of us to observe that the other people are not as bad as we let on in this House and I, myself, have had that kind of an experience with the Agriculture Committee and I am glad that such harmony reigns with respect to this Committee. I am pleased with the compliments to the members that were not formal appointments of the House, that is Mr. Barnhart and Ms. Merry Harbottle, particularly, whom we know of, and we always know that their assistance is just invaluable and we are delighted that they should do so much to benefit the committees. In fact, I am not convinced that the Committee Reports would come anywhere near to the quality that they achieve if it were not for the assistance of these people.

Having said that, however, and despite the fact that these were unanimous decisions, it must not be thought that all Members of this side of the House always concur with the reasonableness of other Members of this side of the House. I must confess that after holding nigh on to 40 meetings (I believe there were something close to 40 meetings) and having received close to 200 or perhaps more than 200 submission, reports, and studies (there were 158 briefs alone, in addition to which there were information studies and reports presented, some 29 reports, and 11 information studies), it does seem to me that

the Committee has brought forth remarkably little. I am concerned that this particular Committee might be used as a political vehicle to travel again about the province extensively for purposes of the government. I wish to record my own disappointment that this Committee has produced so little after so great an effort. While I appreciate the harmony with which it operated, I do not appreciate the amount of production that has come forth today from the Committee.

Some Hon. Members: — Hear, hear!

Mr. J. Wiebe: (Morse) — Well, Mr. Speaker, I had intended not to speak in regard to this report. The only opportunity on which I wished to make any comments would have been after some of the Members on the other side had made comments in regard to this committee.

Mr. Romanow: — Trying to smoke us out again.

Mr. Wiebe: — That's right Mr. Attorney General. I should like to point out though some of the remarks made by the Chairman, Mr. Mostoway, the Member from Hanley, that we did have a very harmonious summer on the Committee. I think that all of us who attended the hearings and the meetings throughout the province shared the same concerns as far as welfare, welfare recipients and the knowledge which other people have in the province about those who are receiving welfare.

I should like to take exception to one of the comments which the Chairman made and that is that all decisions were not unanimous, I can't recall that they were all unanimous but I can't come up with any specific point at this time in which they were not unanimous. He is quite right that at the deliberations which we had in Committee that we did not all think alike and I think at times they accepted our point of view and at times, possibly, we may have accepted their point of view.

One thing though that I was very disappointed in during this summer in talking to the people throughout the province was that we found out, what all the problems were relating to welfare but we didn't find any solutions. I say that I am sorry about this because I should have hoped that we would have received some solutions from the people of Saskatchewan, that we should have received ideas from the people of Saskatchewan as to what they would like to see welfare be like in this province. The reason why I say that I was sorry to hear this is because here again it is going to be left up to politicians to sit down and come up with the answers. I think if we are going to get meaningful answers we have got to get them from the people of this province. I think politicians should be in a position to assess the recommendations and the feelings of the people throughout the province before they make their recommendations. I am hoping that when the Committee does start to meet again shortly after the Session does adjourn, that we shall be able to get ideas from the people whom we call in to meet with us and that, if necessary, if we are not able to get ideas from the people in the province and we, as the Committee, find it necessary to go outside of this province to find answers, then I think that possibly we should look very seriously at those possibilities.

I feel that the problems which we have regarding welfare in this province are great problems. Not only are there misunderstandings amongst most people throughout the province but some of those misunderstandings I think are justified. I don't want to get into the details on that. I feel that if the Legislature has charged us with the responsibility of finding these answers I hope that we can come up with the answers.

With those few remarks, Mr. Speaker, I second this Report.

Some Hon. Members: — Hear, hear!

Mr. A. Thibault: (Melfort-Kinistino) — Mr. Speaker, as a Member of the Legislature that has served on several of these intersessional committees I would not quarrel too much with this Report because it is an interim Report. I think in an Interim Report that you have to be fairly careful what you are going to say so that you don't have to undo it in the final report. But with all the presentations that were made it is quite easy to see that the final report will have to have a lot of work to be put into it to make a good job of it. I also want to compliment the Members on both sides of the House for having worked harmoniously as was pointed out. I think this is one vehicle where we can come to grips with a problem that society suffers from and take it out of the realm of politics. I am quite sure that when the final report comes in that it will be a good final report and that the attitude of the members will continue in a very co-operative manner. We are looking forward to a good report and I tell you society needs changes in our social welfare structure. This Report is very important.

Some Hon. Members: — Hear, hear!

Hon. A. Taylor: (Minister of Social Services) — Mr. Speaker, I should just like to make a very few brief remarks concerning the Interim Report. First of all I should say that although I had been appointed as a member of the intersessional committee, after my appointment to Cabinet I deliberately did not attend meetings, feeling that it would be in the best interests that the Committee be totally independent from the Minister of the Crown. I might say that I should like, at this point, to congratulate the members of the Committee from both sides of the House. I have received a number of letters following meetings which the Committee held throughout the province: Letters which stated how well the Committee had been received and how appreciative people were for the attention that was given to their briefs and to their comments. I think the members of the Committee ought to be aware that these comments were made and have been sent to me, and so I certainly want to pass them on. It is, of course, noticeable that the Report is an Interim Report, and we all hope that the Committee is able to reach some final conclusions without too much delay, although we recognize that it is a very complicated subject.

The Member for Melfort-Kinistino has just mentioned that changes are needed, and I think everyone in the House agrees with this. As I look through the Report there is a comment on the

unemployed employables and I would suggest to the Committee that one thing they might even consider is a definition of what is an unemployed employable. Is it someone 60 years of age, as it is at the present time under the present legislation? If he is 60 and physically able to work he is listed as an employable and this may no longer be realistic in our society. So I would certainly hope that the Committee give some consideration to this.

I noticed also the comment of the Committee regarding public awareness. This is something I have personally recognized, There have been a lot of misconceptions regarding who is on welfare and the kind of assistance that is being received by those who are on the assistance roll, and I certainly would concur with the Committee's recommendation where they say they would encourage the expansion of public information within the Department. So, in conclusion, Mr. Speaker, I should just like to once again congratulate the Committee members for the work they have been doing and urge them, of course, as the Minister responsible for this program to a speedy conclusion so that we can bring about the changes. We all know changes are needed but we are not sure what they are and, hopefully, they will be able to provide us with new directions for the future.

Some Hon. Members: — Hear, hear!

Mr. A. R. Guy: (Athabasca) — Mr. Speaker, I should just like to say a word or two as a Member who has never been on a Legislative Committee. I want to follow up on what the Minister has said. It has always been my understanding that Special Committees of the Legislature are set up to deal with a problem and go into a problem with the idea of providing recommendations for the Government to act on as rapidly as possible. Of course, this is desirable because I think both sides of the House have been guilty when we have been in the Government and in Opposition of requesting the Government to move more quickly in an area where a study is going on. However, if a study is going to continue for two years I think it puts the Government in a difficult position that they can't bring in legislation which is possibly long overdue because if they do then the Opposition takes the position, well why didn't you wait for the final report. This happens I think regardless of what Government is in power.

A great number, as I read this Committee report, of meetings have been held. A great number of briefs have been received. I would hope that all committees, and I think of the Business Committee bringing in an Interim Report, I think of the Liquor Committee which has been two years in its work and I would hope that all committees would, complete their studies, complete their recommendations within the year period in order to give the Government their recommendations and prevent the Government from using the Committees as an excuse for not moving ahead as rapidly with the necessary legislation that is required. I think the whole purpose of committees is to provide recommendations to the government so that they can act on them. By holding these Reports over from one year to the other, I think we are procrastinating as Members of the Legislature. I should like to back up the words of the Minister of Social Welfare that we do get the final report, not only of this committee, but all committees just as quickly as we possibly can

so that we can bring about the desirable and in many cases necessary changes.

Some Hon. Members: — Hear, hear!

Mr. P. P. Mostoway: (Hanley) — Just an answer to the Member from Albert Park (Mr. MacLeod), he claims that the Committee brought forth very little. Well, I'll grant him that that is true, but I think at all times it was the feeling of the Committee that they would come out with a proper Report. They felt that the people would want a proper Report. They were entitled to one, and consequently instead of coming up with a half one, they will come up with a complete one which is what we will do in the future.

The Member for Morse (Mr. Wiebe) said that we probably didn't get too many answers. Quite possibly he is right although I think he would admit that we did get some answers. Maybe they were not the ones that we could use, but it could lead us on to other avenues whereby we could get some answers and solutions.

Motion agreed to.

The Assembly adjourned at 9:22 o'clock p.m.