

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
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Tuesday, April 7, 1981.

EVENING SESSION

MOTIONS

Resolution No. 21 — Establishment of a Public Utilities Review Commission (continued)

MR. WHITE: — Thank you, Mr. Deputy Speaker. I was in the process of giving you the historical side of my presentation. I'll come to the statistical side after that. I was indicating how the Alberta Tories had set up a public utilities review board, but it looked like rate increases were going to cause them a bit of embarrassment. It indicated, too, that in the first stage when this came up (Calgary Power, you might say, won the first round) they had the matter taken out of the hands of the legislature, and put into the hands of a public utilities review board which would have the final say on rates; at least, it was supposed to.

The announcement by the government of this change followed by a request by Calgary Power for an increase, brought criticism. The Calgary *Herald*, among others criticized it. I want to continue from there.

The request for an interim rate increase was criticized the Calgary *Herald*, and this is what it had to say of the request:

It appears as a psychological ploy that has the advantage of conditioning the public to the rate increase. A partial step now and another later is easier to take, perhaps, than one large jump all at once.

So, there is a suggestion that this is being used by the power companies.

The system of increasing rates which the Tories in Alberta brought in, or were in the process of bringing in, was not only one to regulate rates. It was also a system whereby the Calgary Power Company and the Alberta Power Company would really ease their hands slowly out of the consumers' pockets. I think you could say, "they shall take more money each time they ease their hands out."

Without getting ahead of myself, just let me add that the public utilities board first learned how to approve rate increases; then how to approve an interim rate increase; then how to approve an interim rate increase on top of an interim rate increase; then how to approve a surcharge on top of an interim rate increase on top of an interim rate increase; and finally how to approve a rate increase retroactively (not a bad learning experience for one round). As this was happening, the public was continuously informed that if that rate increase was not approved in the end by the board, they would get their money back. Well, it's really a con job, as I'll show you.

The government's handling of this matter brought, as I said, criticism from the Calgary *Herald* and prompted what you could call a generous Tory announcement. Hot on the heels of the editorial in the *Herald*, the telephone and utilities minister, Len Werry, stated that the Alberta government would make interest-free loans available to consumer groups, municipalities and electrical associations wishing to oppose Calgary Power's application for increased rates which was before the public utilities board.

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There are interesting things about this loan arrangement — on the one hand, the manner in which they would be provided, and on the other hand, what they would cover. First, under the program, the public utilities board would pay expenses incurred by opponents of the rate increase who appeared before it. The government would then reimburse the board, bill the opponents and they would repay the government. Secondly, the loans were to be of sufficient size to cover "reasonable costs of expert advice, consulting and legal services incurred during the public utilities board hearings."

There are four things of significance about his arrangement, Mr. speaker. First, Alberta Tories recognized that the costs of opposing rate increases had substantially risen, sufficient to warrant a scheme of financing opposition.

Second, opponents of the rate increases were to be subject to certain financial controls. The public utilities board would assess the costs of each group's appearance and each would be allowed to borrow what the public utilities board deemed to be "reasonable costs."

Third, no reference was made to what costs Calgary Power could incur to justify any rate increase it might seek.

Fourth, those who chose to fight increases would pay their own costs while Calgary Power would pass its costs on to its customers. In short, Calgary Power's customers would pay the expenses of both sides in any future battle over rate increases.

You might say, Mr. Speaker, the score is now consumers, 0; Calgary Power, 2.

I go on from there, but before I do there are certain things I should clear up. I want to explain the procedures of the public utilities board, the procedures that it would follow to decide whether to approve, deny or modify a rate request. Hearings before the board were to take place in three phases. At the first set of hearings the company would make its case for a rate increase. This might take a week. At the end of this set of hearings, the company could apply to have its proposed rate increase approved on an interim basis. The board in turn could approve the request and the increase could take place almost at once, fortunately for the company.

During the next phase, opponents would be permitted to cross-examine company witnesses and submit evidence as to why the increase should not be granted. Company officials would be permitted rebuttals. Later on, after the board had reached a decision, further hearings would take place to decide in detail just how the various classes of rates would rise. The procedures I've outlined, Mr. Speaker, are somewhat oversimplified, but they'll do for my purposes. I should add another thing. When announcing the loans program, the government also stated that it would not intervene directly in a rate dispute. You would assume this would mean it would not intervene in this dispute, or any in the future from this statement.

Having set the stage, Mr. Speaker, I want to lead you through the first set of public utilities board hearings involving Calgary Power. Those hearings, into the company's application for a 15 per cent increase, began in January 16, 1973. In reporting the opening the *Calgary Herald* stated that a ruling whether or not the increase would be granted on a permanent basis would come in the spring or early summer, that is, in approximately six months.

On January 27, having heard witnesses for Calgary Power, the board approved the increase on an interim basis effective April 1 for a period, it appears to me, of about nine months. That meant the power sold by the company during March would be covered by the new rate. Calgary Power suffered a slight defeat. It had hoped to have the interim increase approved for February 1, so that all power sold in 1973 would be covered by the rate increase. So, you might say the score is now consumers 1, Calgary Power 2.

With that stage of the hearings completed, the board set February 20 as the date on which interveners would commence their cross-examination of Calgary Power. Opponents of the rate increase were also informed, if they hadn't been advised earlier, they would have to submit their written objections to the increase by February 12, just two weeks down the road. Certain interveners objected, stating their submissions could not be completed for at least a month. But those objections cut no ice with the board, so you might say — consumers 1, Calgary Power 3.

The hearings resumed on February 20, and a lawyer for certain opposing groups requested that the hearings be stopped. His request was denied. I don't think we should say either side won here. The lawyer's objections were based on rather questionable matters. They concerned increases in electrical rates by the city of Calgary rather than Calgary Power. For your information, rate increases by municipalities distributing electricity were not and are not subject to the review process in Alberta, so that eliminates Edmonton and Calgary consumers.

However, a more serious problem facing the opponents became evident the first day. Calgary Power altered some of the figures it had previously submitted to the board, which had been used by opponents in working out their presentations. These new figures showed that the company's revenue for 1972 had been \$1.3 million greater than originally stated. Calgary Power argued that the difference was a result of its having been required to provide figures before the end of the year. It also took the position that the difference was not of great consequence, a mere 1.9 per cent increase. That's all well and good, Mr. Speaker, but I want to inform this House that the new figures themselves may still have been low. The new figure was a full \$1.5 million below the 1972 revenue figures appearing in the subsequent Calgary Power annual reports — to be exact, in the annual reports for the years 1975 through 1979 which I've been able to examine.

Of the new figures, another lawyer, also acting for the opponents, stated: "We have spent months working over the documents which now have different numbers on them." In reporting the development, *The Herald* stated that the new figures posed "a big problem" for the interveners and predicted that the hearings would be longer than originally expected; that was putting matters mildly.

Nor were the new figures the only "big problem" faced by the opponents of the increase and, I suppose, by the board itself. The mass of data to be examined and analysed was another. By February 21 (and we're just into the hearings), Calgary Power was reported to have submitted over 5,000 pages of financial statements, projections and so forth, and each day about 700 new pages of transcripts, documents and the like were being added. It's no wonder that an observer described the hearings as "an accountant's dream and everyone else's nightmare."

SOME HON. MEMBERS: Hear, hear!

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MR. WHITE: — So much for the opening round of the hearings, except to add that on the basis of the arithmetical manoeuvre you might call it, by Calgary Power, we now have a score of consumers 1, Calgary Power 4.

Mr. Speaker, permit me to highlight subsequent proceedings. Not far into the round, the opponents of the rate hike had two of their expert witnesses — brought in from the United States — testify on such matters as the marketability of Calgary Power stocks and earnings required by Calgary Power to attract new capital. Cross-examination of them by Calgary Power officials and its witnesses led to the *Herald's* headline: "U.S. Witnesses 'Suffer' At Power Rate Hearings," and the article read in part:

Calgary Power scored heavily Wednesday against two American witnesses for interveners opposing the company's proposed rate increase.

They were attacked, among other things, for a lack of knowledge of the Canadian situation and the Canadian economy. So two key witnesses for the consumers have gone down. The score is now Calgary Power 6, consumers 1.

On roughly May 10, the last day of the public utilities board sittings on this round, the opponents brought in another important witness, an economist. Now, I haven't been able to establish if he's a Ph.D. in economics but that's rather irrelevant. He raised questions about Calgary Power's budget forecasts and testified that the company could have done a better job in cutting its costs. On this basis, he called for an independent investigation of Calgary Power's efficiency.

The board did not see fit to grant the recommendation. In what was described as a "brief rebuttal," Calgary Power's executive vice-president claimed that if the witness had spent an afternoon with Calgary Power officials going over their working papers, a lot of his questions could have been answered. Whether or not the vice-president attempted to answer a single one of those questions for the board in his brief commentary is not reported. So the new score is consumers 1, Calgary Power 7.

As I've already indicated, this portion of the hearing ended about May 10, 1973. About three months later, the chairman of the public utilities board announced that Calgary Power would receive a quick decision on whether or not its increase would be granted so it could "hit the stock market with new shares before the end of the year." He also indicated that in October, hearings to debate the actual power prices would commence. However, this prediction proved to be premature. Perhaps the reason was that Calgary Power had by now decided that it really wanted an increase greater than 15 per cent.

In any case, it would eventually ask for one because of, I think, what follows. This is rather interesting, Mr. Speaker, and I want you to catch it. What can undoubtedly be classed as a further "big problem" for the opponents of the increase really began in June, 1973. For some years, Calgary Power (and maybe some of our ministers could follow this practice) had been making it a practice to defer taxes while collecting money for those taxes from consumers. In this manner it built up a reserve fund of over \$40 million which was used to support the corporation's capital structure. Upon examination of the practice the utilities board ordered the company to change its accounting practices. It would be no longer permitted to collect from its customers taxes which it intended to keep indefinitely. The company, therefore, concluded that it needed more revenue. Now, this is a pretty good arrangement — a \$40 million interest-

free loan from your customers for a private enterprise. It's sort of like the absolute monarchs' enforced loans from their subjects years ago. This is, I suppose, what the Saskatchewan Tories would like to have happen here, if they could dispose of SPC to private enterprise.

Further hearings into the company's original application began in the fall of 1973 when it was soon revealed that they would run at least to the end of February 1974 (so they're getting pretty long). These hearings went well for Calgary Power, less so for the company's opponents. The company quickly won an extension in the life of its interim increase to March 31, 1974. On the other hand, when a lawyer for the interveners sought to question Calgary Power officials about operating expenses borne by rural electrification associations, he was ruled out of order.

The president of the rural electrification association, who was seated in the gallery, jumped to his feet and exclaimed, "We've been muzzled. A bit has been placed on our presentation, which we worked so hard on."

And the vice-president of the association remarked sadly that the board ruling "makes it impossible for us to state our case."

So, you can change the score, Mr. Speaker — consumers 1, Calgary Power 9: a con job, as I said.

The hearings dragged on into March 1974, with Calgary Power's rates periodically criticized — for example, the Canadian consumers' association criticized the rates. Then just two weeks before its 15 per cent interim increase was due to expire, the company asked not only for renewal but for an added interim increase of 5.2 per cent. Indeed, it not only asked for the increase but sought to have it made retroactive to all power sold during the two and one-half months of 1974 which had already passed.

The board promptly authorized the new increase, but made it applicable to April 1. You might say, Mr. Speaker, that each party got a point here, and that the score is now consumers 2, Calgary Power 10. But I have a bit more to say about that. This was simply a temporary victory.

Around midsummer 1974, the Alberta utilities board finally pronounced a permanent increase for Calgary Power. From the records I have examined, it appears that it granted the company the full 15 per cent it asked for, and without doubt the 5.2 per cent it asked for in the second instance. Meanwhile, in the course of 18 months or so the rates had been into effect on an interim basis, Albertans had had plenty of time to get used to paying these higher rates. The member for Regina South suggests that these not be allowed until the board has approved them. That would have been an 18-month rate, and the company would have said it simply couldn't stand that.

Having obtained pretty well everything it asked for, one would expect Calgary Power to go merrily on its way for a while. But Calgary Power was not that type of an organization. It just didn't take a setback lightly or consider a setback permanently. Much less, it didn't like to pass up any potential cash.

In mid-August Calgary Power was back at the utilities board seeking a 4.1 per cent surcharge on bills for the period October through December for the revenues it had not obtained under the 5.2 per cent increase it had been granted, which took effect April 1 rather than February 1. Board approval took about two weeks; the chairman stating that

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the only reason it had not been granted in the first instance was the inability of Calgary Power at the time to provide certain information on its 1974 revenues. So the company got what it wanted.

We can now finally total up the score, and that is consumers 1, Calgary Power 11. And Calgary Power had learned how it would never have to suffer such a defeat again in the future. The board would learn how to grant retroactive increases.

Now, Mr. Speaker, I said, when I was going into this that I wanted to present evidence for both sides. Since they don't present the evidence for their case — I will.

Here is something which causes me to concede to the gentlemen opposite, you know, that a public utilities board might — might I say — be beneficial to customers. And it's a shame that I have to dig this up when they and their publicly funded research officers don't.

The ink was scarcely dry on the public utilities board's first approval for rate increases for Calgary Power when Calgary Power was back for a further increase on an interim basis, of course. In mid-October, five weeks after receiving the surcharge, it asked the board to approve a rate increase of 17.6 per cent to become effective, on an interim basis, December 1. Now you'll notice this is going to overlap — the two interim increases and the surcharge. So they ask for this.

The company had reasons, of course, for needing more money. It said the costs of producing power were rising, and it had to take action to meet growing demands in southern Alberta. Opposing the requests was the city of Calgary. And I say, you know, it may show some benefits of a public utilities board here.

One suspects that the board had had about all it needed of Calgary Power and its requests for increases for a while. In any case, in a couple of weeks the chairman of the board announced that it was "practically impossible" to handle the request. It would be necessary to delay consideration of the application until March 14, 1975. The chairman went on to say that if the application were handled in March, the earliest the increase could take place would be in July 1975. That meant that Calgary power consumers would not pay additional money for services for a seven-month period — December 1974 through June 1975.

So, Mr. Speaker, with firm decisions by a public utilities board, consumers can benefit financially. The hon. member for Regina South and the Conservative leader have suggested this. The board was, in effect, putting a temporary freeze on Calgary Power rates, much like the gentlemen opposite have suggested for Sask Power.

But, there's a rather interesting thing, Mr. Speaker: these types of benefits simply do not accrue to consumers under a Tory-appointed board like the one you have in Alberta, because one week after refusing to examine the request (because of the need to deal with other rate increase applications from Canadian Western Natural Gas Company, Northwest Utilities Ltd. and Canadian Propane Gas & Oil Ltd.) the utilities board reversed its position and approved the increase on an interim basis on the date suggested. Now it said it simply couldn't look at it in months and there it is approving it.

Now why the sudden reversal, Mr. Speaker? One can only suggest that Lougheed and his fellow Tories decided to go to the aid of their friendly electrical utility. The crowd which would not intervene directly in rate disputes must have considered indirect,

behind the scenes intervention quite another thing. The Alberta Public Utilities Board has been described as a "semi-independent, quasi-judicial tribunal," and you must put the emphasis on the "semi" and the "quasi".

An examination of Calgary Power's annual reports indicate that the interim increase was later approved on a permanent basis.

In the summer of 1975, the public utilities board adopted a somewhat different approach to applications for rate increases. You might say, it began inviting them. It advised companies which intended to seek increases in 1976 to apply by October 1975. And Calgary Power, of course, obliged. In the end of January 1976 it received an interim increase of 15.5 per cent, retroactive to December 1 of the preceding year. This was agreed to despite the fact, as the *Herald* pointed out, that Calgary Power's earnings had risen 33 per cent in 1975. Calgary Power, Mr. Speaker, was not doing badly; it was now starting to branch out. It just bought at this time Harlequin Enterprises Ltd. and got into the publishing business.

According to the company's annual report, the increases finally granted for 1976 were 15.4 per cent on power sold as of December 1, 1975, overlapping the old rate increase, and a further 9 per cent effective July 1, 1976.

Not long after these decisions, the city of Lethbridge reported that the rates it paid Calgary Power for energy had risen five times in three years and that a further increase was near. When that increase took effect, the charges it paid would have risen 94.3 per cent. The city council approved a motion, Mr. Speaker, expressing concern to Premier Lougheed that nothing had yet been done about a provincially owned electrical utility.

Mr. Speaker, I could go on and speak about how Calgary Power fared in later years before the utility board, but I want to say a little about Alberta Power. I'll be very short here.

Perusal of Alberta Power's annual reports suggest very strongly that the rate review system in Alberta, as one of its effects, guarantees privately owned utilities a certain level of return on investment. Let me read you a portion of the company's 1977 annual report:

The Alberta Public Utilities Board approved a 20 per cent interim rate increase, effective August 1. On January 5, 1978, a final decision on the company's 1977 rate application was received which confirmed the amount proposed by the company as a fair return on base rate. Implied in the decision is a 14.5 per cent return on common equity.

That, Mr. Speaker, is income support for private enterprises, for utility shareholders, for a private electrical monopoly.

Authorities tell me, Mr. Speaker, that the Alberta Public Utilities Board generally grants about a 15 per cent return on investment to the private companies there. Utility boards in the United States generally hold that increase to 11 to 12 per cent. Authorities also tell me, and I have good reason to believe them, that of the utilities boards in Canada, Alberta's is about the best. Now, we are not going to have as good a one here if the gentlemen opposite set it up.

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Examination of data concerning other utility boards do produce some interesting results. You take a look at one in Nova Scotia — I just glanced at it briefly — that approved a 50 per cent increase in one instance.

The Ontario Energy Board, when asked by Ontario Hydro for a 25 per cent increase-upped the amount to 27 per cent. Those, Mr. Speaker, are both Tory-appointed boards.

Mr. Speaker, if we followed that system in Saskatchewan, SPC rates would really have to be raised. I'll give you some indication before I close.

Then there's the question, Mr. Speaker, of just how much all of this would cost. How much would it cost the Saskatchewan taxpayer?

Now the gentleman, the member for Regina South, doesn't want to hear. He has left. Oh, I guess he is here, great! The member for Regina South has provided us with some figures. In an interview with the *Leader-Post* on March 4, 1981, he said that to set up a utility board in Saskatchewan would cost \$100,000 to \$150,000. How accurate is he? Does he really believe that? Well, let's just see.

Now remember, on March 13 he said that his utility board would deal not only with power, gas and telephones, but perhaps also with transportation, freight rates, insurance and many other things. Really, is he going to take over freight rates? Has he talked to Mr. Trudeau? I don't know, but I don't think Trudeau would agree to that. But the point is, just how accurate is this statement — \$100,000 to \$150,000? Do you really stand by it? Do you really mean it? Are you sure?

Well, I did a little checking. I looked in the *Alberta Public Accounts* and I see that you could operate a utility board for \$147,185.77. So his estimate is within that range, wouldn't you say? The only trouble is \$147,185.77 is for 1972, before the Alberta board did anything. You know, that's a rather simple minded proposal. It's not going to do much because we're not going to spend much money on it. If you take a look at the estimates in Alberta for 1979-80, you find that it's \$1.7 million. And the comedy I have just been describing requires a cast of 42 people! It's a long way from the suggestion, and I hope the media that published this figure by the member for Regina South will give the public the genuine cost. You know, tell them it's about \$2 million now, not \$100,000 or so.

Mr. Speaker, we come to some other things. I have been giving you the historical aspects; now I want to give you the statistical ones. It is often said that the proof of the pudding is in the eating, and I want to take a look at that.

In the type of examination I have been carrying out, one question you have to ask yourself is this: how does a utility whose rates are subject to review and approval by a public utilities board fare financially compared with a utility whose rates are not examined and approved by such a body? We know that SPC rates are reviewed by the board of directors, by the Crown investment corporation and by the cabinet. One would think, if one listens to the hon. members opposite, that a utility not subject to review would make a great deal more money. Is that really the case?

To demonstrate I will compare Saskatchewan Power, whose rates are not subject to review, with Calgary Power and Alberta Power, both of whose rates are subject to scrutiny by the Alberta public utilities board. First, I propose to compare Sask Power and Calgary Power for the years 1972 to 1979. As I have already indicated, rate review

for all practical purposes in Alberta began in 1972.

The first thing I want to point out, Mr. Speaker, is that the two utilities are of comparable size. In 1972, Calgary Power had assets of \$439 million and in 1979, \$1,470 million. Meanwhile Sask Power had assets of \$630 million in 1972 and \$1,365 million in 1979. The average annual value of assets for the eight year period were Calgary Power, \$902.551 million and Sask Power, \$922.59 million. The average annual value of net assets were within 2 per cent of each other, so the two corporations are comparable in size of net assets.

While I am on the subject of assets, let me point out, since I will be referring to these figures later, that during the eight-year period, the assets of Sask Power rose by 177 per cent, and those of Calgary Power by 235 per cent.

Now we will turn to net income, Mr. Speaker. In 1972 the net income of Calgary Power was \$14.139 million. Eight years later, in 1979, with its rates under frequent review, its net income reached \$87.734 million. During the same interval, Sask Power's net income, its rates not under review by a public utilities board, rose from \$20.904 million to \$40.745 million . . . (inaudible interjection) . . . We'll come to that; we don't worry about such figures as that. In short, Mr. Speaker, Calgary Power, a utility subject to review, witnessed its net income skyrocket in the eight-year period by 520 per cent, while Sask Power, without review, saw its level of net income increase by somewhat under 100 per cent.

If I may draw another comparison in this period, during the period, Sask Power's assets a bit more than doubled, while its net income did not quite double. Calgary Power's assets, on the other hand, somewhat more than tripled, while its net income went up by more than fivefold.

This comparison, Mr. Speaker suggests to any reasonable person that there is little value in establishing a public utilities review board for Saskatchewan. But the comparison I have just given isn't completely satisfactory. It really favors review more than it should. It leans favorably in the direction of rate review.

I say that because the \$40.7 million net income of SPC in 1979 was, in certain respects, an extraordinary net income. It was the first time in SPC history that its net income exceeded \$23 million. Indeed, during the eight year interval, its net income fell as low as \$7,252,000. We know that the net income now (I didn't know it when I was writing this), for 1980 is \$20,537,000.

One should, therefore, compare the total net incomes of the two utilities for the eight year period. When one adds up the net income of Calgary Power, for the years 1972 to 1979 inclusive, the sum obtained is \$340,145,000. During the same period, the figure for Sask Power was \$161,452,000.

Mr. Speaker, here you have two utilities of approximately the same size — one supervised by a public utilities board one not. What are the results?

Calgary Power, its rates and net income subject to oversight by a utilities board, has a net income more than 200 per cent greater than Sask Power, which is not reviewed by such a board. Calgary Power, the regulated utility, enjoys an average annual net income of \$42,518,000. Sask Power, the supposedly "free to charge all the traffic will bear" utility, has to content itself with an annual average net income of less than half

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that size — \$20,182,000.

For each year, during the seven years following 1972 when rate review began in Alberta, Calgary Power was able to take in an average net income of \$46,572,000. For each of those same years, Sask Power's average net income was \$20,078,000 — only 43 per cent as much and they are about the same size.

What does that say, Mr. Speaker, about the worth of Tory calls for creation of a public utilities review board for Saskatchewan? It indicates that their proposal is totally lacking in merit.

I turn now to the second private monopoly in Alberta — the Alberta Power Company. This is in Tory Alberta. The Alberta Power Company is a smaller utility and not as satisfactorily compared, perhaps, for that reason. But I want to indicate how it has fared under the Alberta Public Utilities Board.

In 1972 it had assets worth \$198 million and in 1979 worth \$548 million. During the eight year period, the value of its net assets rose by 177 per cent, and the average annual value of assets, for any of the eight years, was \$339,652,000. In terms of assets, Alberta Power was roughly 37 per cent the size of Sask Power.

In 1972 its net income was \$7,415,000, and in 1979 it was \$27,990,000. During the eight year period its net income rose by 277 per cent. Its assets, you recall, by 177 per cent. Its total net income for the eight years was \$125,424,000. Its annual average net income for each of the seven years following 1972, when rate review was implemented, was \$16,858,000.

Now, Mr. Speaker, let's do a little comparing. The Alberta Power Company, subject to oversight by the Alberta Public Utilities Board, is approximately one-third the size of Sask Power in terms of assets. It is also, by the way, about one-third the size of Sask Power in terms of customers served. Yet, during the seven year period from 1973 through 1979, it enjoyed an average annual net income of \$16,858,000, while the figure for Sask Power was \$20,078,000.

To put matters another way, rate-reviewed Alberta Power enjoyed an annual average net income equal to 84 percent of not rate-reviewed Sask Power, which was three times bigger and served three times as many customers.

Now, Mr. Speaker, I've come to the last comparison, or some of the last. You might call it the bottom line. The member for Thunder Creek and the member for Regina South like that expression. I hope the self-advertised, Ph.D. economist, leader of the Tory party, is around to listen to these comments. He may learn a bit of economics.

Mr. Speaker, I think the House and the public would like to know how many cents out of each dollar received from customers by the three utilities become net revenue, or if you like, profits. During the eight-year period Calgary Power charged its customers \$1,343,051,000 for its services. Its net income was \$340,145,000. In other words, 25.3263 cents out of every dollar it took in was net revenue. The total revenues for Alberta Power during the period were \$588,452,000. Its net income was \$125,424,000. For every dollar it charged its customers, it extracted a net income of 21.3142 cents. The SPC had to be content with a whole lot less. Its revenue during the period was \$1,838,313,000. Its net income was \$161,452,000. For each dollar it received from its customers, only 8.7826 cents was net revenue.

SOME HON. MEMBERS: Hear, hear!

MR. WHITE: — Mr. Speaker, which of the three companies is gouging the customers? It's not the SPC. While I'm on the subject of how much out of each dollar going to the three utilities is net revenue, I want to go into this a little further.

I want to see if there is a bit of a trend. I asked myself this question. Over the period of years I have been examining, has the proportion of revenue that is net profits been increasing or decreasing for each of the three utilities? Here, on randomly selected years are my findings. In 1973, for each dollar Calgary Power took in, 18.9311 cents was net revenue. For 1976, the figure was 25.5910 cents. For 1979 (get this, Mr. Speaker) the figure was 28.1251 — a 50 per cent increase in the period I looked at. That's not bad for a private electrical monopoly whose rates and so on are reviewed by the Tory-appointed Alberta Public Utilities Board.

How about the Alberta Power Company, Mr. Speaker? For that company the portion of every dollar of net revenue becoming net profit in 1973 was 19.4935 cents. In 1976, the portion was 20.2361 cents . . . (inaudible interjection) . . . They are not as efficient I suspect. I'm done extracting money. In 1979 the portion was 22.4115 cents. There's a bit more fluctuation here. With Calgary Power you can see the rise very easily, but the trend is definitely upward. So they fare quite well under a public utilities review board.

The Alberta system, Mr. Speaker, is a system whereby private electrical monopolies ease their hands slowly out of the public's pocket, and each time they take a bit more cash with them.

Now, let's take a look at Sask Power. What about this trend here? For 1973, the portion of each dollar received from its customers as net income was 12.9549 cents. For 1976, the figure was 8.9556 cents. Now as a final figure, Mr. Speaker, I will give you two. As I said the 1979 income was a bit unusual. The 1980 figures are now in. According to the 1980 figure by itself, for each dollar which went to SPC (Saskatchewan Power Corporation), the net income was 4.5912 cents. A more adequate comparison (as I like to be fair), would be to take 1979 and 1980 combined, and that is 7.2043 cents. For the SPC there are fluctuations, as in the case of Alberta Power, but there is a downward trend, not as in Alberta.

SOME HON. MEMBERS: Hear, hear!

MR. WHITE: — On the basis of such evidence, do the people of Saskatchewan need a public utilities review board to hold down or to cut rates? It would be a sheer waste of talent, time and money to set one up.

The Alberta Public Utilities Review Board allows a much larger markup on energy than does the Government of Saskatchewan. It also allows an increasing portion of revenue to end up as profits, whereas in Saskatchewan the portion of revenue ending up as profits is declining. In view of such facts, the Tory proposal for a public utilities review board is nonsensical. Their calls for a board are simple sloganeering for the election and point number two in their platform.

Now, before I close, I want to do one more thing. I want to compare rates and see what

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people pay in Saskatchewan and in Alberta. I do this not because I just want to show how good Sask Power rates are, but because after I've said everything that I have said, the gentlemen opposite will be saying, "Well, those companies out in Alberta are so much more efficient; so naturally they make more money." But that's absolute hogwash, no question about it. The Alberta companies have higher revenues than Sask Power and they convert a greater portion of the consumer's dollar into net profits than Sask Power because they charge a good deal more for electrical energy. In some cases, their income for selling a certain amount of power to a customer is double the income accruing to the SPC for the sale of an equivalent amount of power.

I'll give you an example. You might say that their high take on the consumer dollar is the result of nothing more than gouging. That's what I would say. We hand out rates and I get a bit discouraged with them because they are rather short in comparisons. I like a longer comparison so that you can randomly select it. I asked for different classes of people. I said I would like a comparison of some of the senior citizens and what they would use. A person in an apartment would use about 300 kilowatt-hours a month. Alberta is reviewed by a public utilities board and Saskatchewan is reviewed by fellows like we have in the front bench there, looking after the public.

Take a look at Saskatchewan (I asked to have our bigger cities in here and everything). This is March 1981, right up to date: Regina, 300 kilowatts, \$13.15. The highest of the comparisons which I have here would be McLean at \$14.55. That is what the customer pays. That's not what SPC receives, because you have to knock off education tax and municipal surcharge. SPC would just receive, in the case of Regina \$11.38 out of the \$13.15 and \$13.86 out of the \$14.55 at McLean.

Take a look at Alberta. Now if you had the misfortune of living in Airdrie, served by Calgary Power, and you bought power from it, you would pay \$16.23. The rather interesting thing is that's not what Calgary Power would receive, because the Alberta government pays a bit there, so Calgary Power would receive \$16.99. They receive a little benefit there. If you happen to live in Grande Prairie and you were in a slightly larger community served by Alberta Power, you would pay \$19.39. If you were at Sexsmith, you would pay \$22.02, and at Minburn, \$24.73. Just take a look here. This is interesting. If you take a look at what the utility company gets now, because there's a provincial rebate and franchise fees, and all that: at Grande Prairie, the company gets \$21.23, instead of \$19.39. At Sexsmith, the customer pays \$22.02, the company gets \$24.42; and at Minburn the customer pays \$24.73, the company gets \$27.73. Now, I said it's 100 per cent greater. McLean — \$13.86, twice \$13.86 is \$27.72 — Minburn is double and 1 cent more.

And you hear about the city of Calgary. Now that's not under a public utility review board — maybe that's a good thing, because the closest rate to our rates here is in Calgary, where the customer would pay \$13.20. That's 5 cents more than in Regina. Well, that's sort of for the old-timers, what we have in Saskatchewan.

If you're using a bit more power, say 600 kilowatts per month, your rates in Saskatchewan again run from \$23.19 to \$23.69. And Sask Power gets anywhere from \$20.08 of that to \$22.56. Now, again, if you were at Airdrie, served by Calgary Power, you would pay a good deal more — \$27.83 would be the bill, but the company would actually get \$29.14. If you were at Grande Prairie you would pay \$32.15, and the company would take in \$35.21. If you were at Sexsmith, you would pay \$34.90, and the company would take in \$38.70. At Minburn you would pay \$39.58, and the company would take in \$44.39. Again, almost double. Wealthy Alberta! Well, I think I'll

pass up one of these; we have so much evidence anyway.

SOME HON. MEMBERS: Hear, hear!

MR. WHITE: — If you're a common farmer in Saskatchewan and have a 7.5 kVA transformer, you'll use about 1,200 kilowatt-hours per month. Now, in Saskatchewan, you would pay \$45.32, and that includes education tax; Sask Power would get \$43.16. Let's say, first of all, that you were served indirectly by Calgary Power or Alberta Power. On an REA farm, the rural electrification association buys power from one of the companies and then sells to its customer (and they're not faring too well, I gather, from talking to some of them). Anyhow, if you were served by an REA, through Calgary Power, instead of \$45.32 you would pay \$53.53. If it were Alberta Power, you would pay \$58.69. But if you had the misfortune of dealing with those companies directly, you'd pay a good deal more — if you eliminate this middle man, you might say. And these are set by the public utilities board.

Now, these REA ones aren't; they sort of look after themselves. But when it's set by the public utilities board, if you happen to buy directly from Calgary Power it's not \$45.32 that you pay but \$64.66. And Calgary Power, of course, getting a bit of benefit from the government, would get \$67.35. And then, if you were served by Alberta Power, you would pay \$64.37, but the government views them as hard up and gives them a bit more — the company actually gets \$73.65. SPC for that would get \$43.60. Now, Manitoba is a little lower. I could go into that, but I'm dealing primarily with Alberta.

Then, we come to the large farmer, using 8,000 kilowatts, a 33 kVA transformer. And now, the good old not-rate-reviewed, charge-all-it-will Saskatchewan Power Corporation — for 8,000 kilowatt hours you would pay \$244.17. SPC would get \$232.54 out of that. Buying directly from Calgary Power you would pay \$377.18, and the company would get \$392.90. And Alberta Power, you would pay \$359.92 and the company would get \$411.81 — they're hard up. I think, Mr. Speaker, I have said more than enough to show that the Tory proposal for a public utility board is totally without merit. I have shown that the Alberta board was set up to save the Alberta Tories from potential political embarrassment. It is operated essentially to help the privately owned electrical monopolies in that province. It has certainly not helped the Alberta electrical consumers nearly as well as the system now in operation in Saskatchewan. At the same time, it costs a good deal of money to operate — I would suggest \$2 million this year. What have the hon. members demonstrated from their speeches (and I have mentioned it many times)? Nothing at all — a few unsubstantiated claims, a couple today about Alberta Government Telephones and Manitoba Hydro — that's the closest they've come. They presented no evidence whatsoever to show how any utility board has ever helped anyone; all they've done is mouth certain slogans which they hope to use in an election campaign.

Aside from attempting to convince listeners they are out to help the Saskatchewan public, which they are really not, what's their game, Mr. Speaker? Here's how I see it. Do they want a public utilities board now? I don't think they do. I don't think that's all they want. Why set up a public utilities board for this government to hide behind as the rates are increased? It would be pretty dumb to suggest that. I think there is a bit more to this scheme of theirs — there's a five-point scheme.

Firstly, they get this government to set up a public utility review board; then they haven't done it — we've done it. Secondly, they get control of the government (that's where their scheme is going to fall down). Thirdly, once they have control of the government,

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they sell SPC and a number of other Crown corporations to private enterprises. Fourthly, using the public utilities board, they raise the rates to high heaven for the private monopolies. Finally, when they look and compare \$20 million for Saskatchewan Power with \$87 million for Calgary Power, they go to their new friends in these monopolies and get the campaign funds with which to perpetuate themselves in office.

Mr. Speaker, it is ingenious, but it is unrealistic, because, as I pointed out, step number two is just not going to come about, and neither is step number one. I would urge them to come to their senses and vote against the motion they presented. Thank you. I move the debate adjourned.

SOME HON. MEMBERS: Hear, hear!

Debate adjourned.

COMMITTEE OF FINANCE

CONSOLIDATED FUND BUDGETARY CASH OUTFLOW

CO-OPERATION AND CO-OPERATIVE DEVELOPMENT

Ordinary Expenditure — Vote 6

HON. MR. CODY: — Mr. Chairman, I take great pleasure in introducing the officials I have with me tonight. On my right is Allan Munholland, the acting deputy minister. On my left is Winston Ho Fatt, the director of finance. In the back, is Lloyd Warkentin, the director of operations.

Item 1

MR. PICKERING: — Mr. Chairman, we don't plan to spend a great deal of time on co-operation and co-operative development estimates. As you are well aware, the co-op movement in the province of Saskatchewan has provided a service throughout our province for many years — I might say, a much needed one and appreciated one, especially in the rural areas where they provided a service and were established in small communities. It helped the farmers from travelling great distances to get the services they provided.

I'm looking in your annual report, going back to one of the questions last year asked by the hon. member for Indian Head-Wolseley. He said that he conducted it up in Prince Albert — and I notice that it was a 700 page report — and then goes on to say something about exactly what the report consisted of and what it all involved. I would like you to give me a little better breakdown of why it would cost \$6,600 for such a report as this?

HON. MR. CODY: — Well, first of all, I want to thank the hon. member for indicating that the co-operative movement in Saskatchewan is vibrant and has done a lot of good for people. I appreciate those comments and I think the co-operative movement itself would appreciate those comments.

AN HON. MEMBER: — What he meant was, in spite of you, it has done very, very well. Don't get carried away!

HON. MR. CODY: — I should say something but I guess I won't tonight because the night is getting on. With regard to your specific question, the study which was done in the Prince Albert area was a study of long-range plans which the co-operative movement will undertake in that particular area. It's not that other areas couldn't have had a study done, but the co-operative movement, together with us, decided that study was necessary on the planning, process and progress; where the co-operative movement was going in the area; where it was years ago; where it was at the present and what it will look like in the future. That's really what the study was all about. It took many, many months — it took about six months to undertake the study because there were a lot of interviews undertaken and there was talking to a lot of co-operatives in the area. Seventeen co-operatives were spoken to and interviewed and that kind of thing. So it was a long drawn out process. And the recommendations in that study are of such a nature that we cannot divulge those to anyone but the particular co-operative. And I'm sure that if you went to that co-operative it would allow you to have a look at the recommendations. But the recommendations are made specifically about a particular co-operative. Let's say that there's a co-operative at Weldon, Saskatchewan. That particular co-operative would have specific recommendations which, we feel, belong to its board of directors. As a result we do not want to give out the study as such.

MR. PICKERING: — Okay. Mr. Minister, were there any other co-operative association studies conducted last year in the province?

HON. MR. CODY: — Yes, there was another one done in the Assiniboia area.

MR. PICKERING: — How much did that study cost and how long did it take?

HON. MR. CODY: — The co-op stood the study in that area. It's still under way and has been for about five or six months.

MR. PICKERING: — Well, in these particular studies you're talking about, how many field men are involved that it would take six months to do a particular study?

HON. MR. CODY: — There are approximately four field men and they wouldn't be on a full-time basis because they have other work as well. But there are about four field men and we have research and planning staff within the department who go out and give them a hand as well.

MR. PICKERING: — Are these four field men not from the department? Aren't they just directors or someone from the co-ops in the area?

HON. MR. CODY: — They may well be living in that particular area. There are two from Regina, two from Swift Current and there is the planning and research staff, some of whom are from here.

MR. PICKERING: — Are the same people doing the study at Assiniboia right now?

HON. MR. CODY: — You're asking whether they are the same ones who did the study in P.A.?

MR. PICKERING: — Yes.

HON. MR. CODY: — No, the field staff from up there, who is situated in Prince Albert and

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those areas, would do that survey.

MR. PICKERING: — Mr. Minister, does the Department of Co-operation and Co-operative Development have any plans of injecting any money into the future survival of CCIL (Canadian Co-operative Implements Ltd.)?

HON. MR. CODY: — At the present time there is a study being done. It is not only being done by Saskatchewan, it is also being done by the federal government, by Alberta and by Manitoba. We, of course, don't directly put any money in from the Department of Co-operation and Co-operative Development. It is really money put in by the province of Saskatchewan through the Department of Finance, so at this point I suppose I could technically answer no, we're not putting any money in but, yes, there is a study going by the three governments, the Prairies and the federal government as well.

MR. PICKERING: — You say there is a study going on in each province as it relates to CCIL?

HON. MR. CODY: — That's correct.

MR. PICKERING: — When do you expect this study to be complete?

HON. MR. CODY: — I can't be sure when the study might be completed; it has only been going on for a matter of two months, something like that. The attitude of the Manitoba government was (and rightfully so, if it desires) that it wanted to have an independent consultant do some work for it, which is fine with us. Alberta (I think) was going to do something along the same lines. We didn't think it was necessary for us to have an independent person, because we have people within our department and within the Department of Finance who are quite suited to this kind of work. As a result, we didn't think it was necessary to get an outside consultant. As soon as their reports are in and ours is in, the three governments are going to make a decision what we are going to do.

MR. PICKERING: — Well, do you have any position that you would like to be made known at this time and do you not think this is possibly putting good money after bad, with the past record of CCIL?

HON. MR. CODY: — No, I don't think it's putting good money after bad. At the present time CCIL does not need a cash injection. The cash injection, equity, guarantee or loan, whichever the case may be, that they are looking for is for future development; it's not for now. As a matter of fact, I talked to the minister in Manitoba very recently and he said the very same thing to me. They are not looking at an equity injection or a loan injection or a guarantee at this particular time; it is a financing package which we want to put together for the future. That future may well be six or eight months from now; it depends on what they are going to be doing. I don't have the full knowledge of what that may be, but my understanding is that it is a reasonably good, viable operation. It is no different from any other organization in the farm machinery business, which is having a struggle. There is no question about that. But at the same time they are fairly viable and I think it will be our attitude that we will look favorably upon the proposal.

MR. PICKERING: — Well there must be some reason for conducting the study, Mr. Minister. If their cash flow is there, and they are operating their business like any other business, and they are still in business, why would you be conducting a study to see if they need extra dollars? You are talking about looking into the future of eight to 10 months, which is a very short period. Why aren't you looking down the road five or six

years if they're in such good shape at this time?

HON. MR. CODY: — There are three things one can say to that. First of all, when you do a study of this nature, you look at their present balance sheets, their operating results, the management team — that whole operation. That's number one. Number two, you have to look at the future: what are they going to get into in so far as new products are concerned? Thirdly, we are trying to encourage them (and, in fact, together with the other governments we have done so) to get into a large-scale research operation, because we think a future of researching good products is very, very good for that particular outfit. I don't think there is any great problem in that, and it's only natural that we have to have some measure of studies to be able to give us those three things. I don't think it would be reasonable for us to just go out and say yes to the proposal. I don't think that's reasonable. We have to have some measure of studies on hand to be sure that what we are doing is fair and right.

MR. THATCHER: — Mr. Minister, while we're on the subject of loan guarantees perhaps you could elaborate on some of the other guarantees that the co-operatives guarantee board has out right now. In other words, what other projects exist besides some loans to CCIL or CI (I guess they call themselves now)? What other loans do you have out that your department is guaranteeing, either directly or indirectly? I'm referring primarily to amounts of \$100,000.

While your people are finding that, one that I wish to deal with specifically (if it's going to take them a moment) is CPN (Co-operative Programming Network), or what is now known as Teletheatre. If it takes a moment to get the numbers for my previous question, perhaps you could pull out Teletheatre and its predecessor CPN and we'll do that one.

HON. MR. CODY: — Yes, I can give you that just roughly. We have six co-operatives which have guarantees at the present time and I can give you those if you wish. They are Alfa Cubers Mutual Ltd. (and I think that the hon. member for Rosetown will know something about that), Canadian Co-operative Implements Ltd.

MR. THATCHER: — So, could you give me those please?

HON. MR. CODY: — Alfa Cubers is \$427,000; CCIL is \$2,625,000; The Battlefords Community Cablevision Co-operative is \$250,000; Matador Farming Pool Ltd. is \$122,500; Regina Cablevision Co-operative is \$3.5 million, and the other one is just a small one. It's in Meadow Lake: Saskpac Native Industries Ltd., \$79,000. Those are the guarantees we have at the present time.

MR. THATCHER: — Mr. Minister, from this am I to assume that you have no money out to Teletheatre or its predecessor, CPN? Have you ever been involved? Has the department responsible for co-operatives ever been involved in any fashion with CPN or what is presently known as Teletheatre? (I've forgotten the technical name for it.)

HON. MR. CODY: — Yes, we have.

MR. THATCHER: — Tell me how it was resolved. Would you tell me what you were in for initially and what you got out for?

HON. MR. CODY: — Well, it's pretty difficult for me to tell. It was a long time ago. I don't have figures of that nature here with me today. That has nothing to do with last year and it has nothing to do with this year. I don't expect my boys have brought along stuff from

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1976, '77 or '78, so it's pretty difficult.

MR. THATCHER: — Mr. Minister, we're not going back that far. CPN went into receivership (I think I'm correct) about two years ago. You were in it until then. Let's not go back to 1976 or 1977; you know better than that. Now, you have the numbers there. They went into receivership. What were the numbers then? What did you get out for? Look, I know it's a sordid story, and I would try to duck it, too, if I were you. Except if I were you, I wouldn't have gotten into it.

HON. MR. CODY: — All I can tell you is that I don't have the figures with me. I can certainly tell you what we had as a co-operative guarantee because that was in the annual reports. But, to tell you what was lost is impossible for me because we didn't lose a dime as a department of co-ops. If you want to look through any estimates or any expenditures, you'll see that it's simply not the case. We guaranteed this through the co-op guarantee board, and it was about \$2.5 million or \$2.6 million.

MR. THATCHER: — Mr. Minister, I didn't ask whether you lost a dime. I asked what you had out in guarantees. You had a connection with CPN at the point in time that they went into receivership. Now, don't sluff the question off. I want an answer. How was that resolved? Now, I don't care whether it was last year or the year before. In the case of estimates, if we want to talk back to 1944, it is certainly our prerogative to do so. Now, we are not talking back to 1944, we are talking back about, roughly, 20 months. Now, let's stop playing games and you tell me what your situation was when CPN went into receivership, where the refinancing came from and where you people went out, in other words, whether it was directly or indirectly. You know what I am talking about.

HON. MR. CODY: — Well, certainly I know what you are talking about because I happened to be the minister at the time when I saw on the books that there was a \$2.5 million guarantee. I tell you that as honestly as I can. We had a \$2.5 million guarantee. We make no bones about it. We were quite pleased in doing it. It was another co-operative venture just like any other co-operative venture, such as CCIL or Battlefords or Matador, or in fact, the co-operative in this gentleman's area which we are quite proud of — Alfa Cubers. With any kind of co-operative, we are happy to be there.

The guarantee was \$2.5 million. I can tell you right now that there is no guarantee to CPN or any predecessor to it. What happened in the meantime, I am not knowledgeable of because we don't have anything to do with that. All we do is take an application from a credit union or any applicant, take it to a co-op board, and then they take it to a co-op credit society. If they feel that it is reasonable, we then recommend it to the Department of Finance. If they think it is reasonable, it is a guarantee. Of what happens after that, we have no knowledge. We are not involved after that.

MR. THATCHER: — Mr. Minister, you don't really believe that, do you, that you simply go through the channels, then you sign the guarantee and that is the end of your involvement? Now, come on, if that was the end of your involvement, we wouldn't have to through this paper. Why wouldn't the Department of Finance or Crown investments corporation? You guarantee them for a specific purpose. Don't try and tell me and this Assembly or the people of Saskatchewan that you shuffle a few papers, sign a guarantee, and then you have no further knowledge about it. Now, come on, stand up here and quit misleading this House.

HON. MR. CODY: — Look, it is difficult to answer the member because I don't think the member knows what he is asking. That is not my problem. What you have to do is know

how the co-op guarantee board and how The Co-operative Guarantee Act work. I can just simply explain it to you if you don't mind. It works this way. An organization (a co-operative) comes to a credit union or a co-op credit society and says, "We would like to have the Government of Saskatchewan guarantee a loan which we are going to get from them." That was what happened in that case. They came to the credit society. The credit society then said, "Okay, we will see if the Government of Saskatchewan, through its Co-operative Guarantee Act, will back this loan." We then had our board sit on the situation and have a look at it. We looked at it, studied it, and thought, "It is reasonable and we are going to recommend it." We then recommended it to the Department of Finance, and that is the last we saw of it. In such a case, we sign no documents. We do nothing of the kind. All we do is recommend it to the Department of Finance, and the Department of Finance then will take our recommendation in a positive way or in a negative way. Lots of them are negative; some are positive. This was a positive one, and of what happened after that, I simply am not knowledgeable.

MR. THATCHER: — Well, let's move on to the next fairy story, Mr. Minister. The other one which I would like to mention (and strictly because of the size of the amount) is the Regina Cablevision Co-operative. You have a guarantee outstanding there of \$3.5 million. Now, Mr. Minister, to say the very least, I am a trifle shocked at the size of your guarantee or the necessity that a co-operative should have a guarantee of \$3.5 million for what it is doing. I am surprised at the size of this guarantee, that it is larger than the guarantee to CCIL. If I am not mistaken, you gave me the figure of \$2.6 million while Cable Regina is \$3.5 million. That's quite a bit of money. Perhaps the minister could briefly elaborate on the history of that loan to Cable Regina. In other words, what was the size of the guarantee initially? What has been the escalation factor, year by year, since it went into play?

HON. MR. CODY: — Well, we had an initial guarantee with them for \$3.5 million. However they have never used \$3.5 million. The most they have ever used or had at any one particular time guaranteed by us (not that they couldn't have gone up to \$3.5 million, but they didn't) was \$2,050,000. At the present time they are right on time making their payments. There is no problem. In fact, they have done extremely well. The amount of guarantee we have at the present time is \$1,827,928. That's a reduction in two years time from \$2,050,000.

MR. THATCHER: — Just a moment. Did I understand you correctly when you said that they were up to \$2,050,000? They are now down to what?

HON. MR. CODY: — \$1,827,928.

MR. THATCHER: — Mr. Minister, cable business is a fairly profitable business, as you know . . . (inaudible interjection) . . . Yes, I will. That's exactly it. Mr. Minister, could you tell me why (and I see the member for The Battlefords is not in the Assembly) the Regina co-op would rate a guarantee of \$3.5 million, or a potential guarantee, yet poor little Battleford's co-op (granted it is smaller, about 20 per cent the size as far as potential hook-ups) is restricted to \$250,000? While you are telling that to me, why don't you tell me what their actual figure is at The Battlefords?

HON. MR. CODY: — Well, first of all, they are approximately one-tenth the size. They received a guarantee of \$250,000. They are paying steadily. There are no arrears. They owe \$127,710. Had they asked for more than \$250,000, we in all likelihood would have accommodated them. That's all they asked for. We can't very well give them any

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more if they don't ask.

MR. THATCHER: — Mr. Minister, tell us what the \$427,000 for the Alfa Cubers Mutual Ltd. was for? What is the purpose of it?

HON. MR. CODY: — It is a processing plant for alfalfa, as you probably know. It is a reasonably expensive plant. They are guaranteed \$427,000. They are doing very well. They are not in arrears or anything like that. They owe \$374,511.

MR. THATCHER: — Where was the money loaned from? You have the guarantee, but who actually put up the money?

HON. MR. CODY: — Credit Union Central.

MR. THATCHER: — Is it true on the other loans which you gave me, that it is Credit Union Central in all cases?

HON. MR. CODY: — All of the ones that I have given you here? Yes, they were all Credit Union Central. CPN (Co-operative Programming Network) was not, it was Northland Bank.

MR. THATCHER: — I would like to return to CPN or Teletheatre, for a moment. Let me be sure that I understand what the minister has told us. Feel free to contradict me if I don't get your intentions perfectly straight. You are telling us that you guaranteed a loan for CPN of \$2.5 million. CPN went into receivership. Its assets, I recall, were taken over by Clarkson Gordon . . . (inaudible interjection) . . . Yes, Clarkson Gordon was the receiver. And you are telling the Assembly that since it went into receivership you don't know anything about what happened on the final disposition; all you know is that the \$2.5 million was suddenly struck from your books. Now, I think that's what you told me. If you care to fill in any blanks, feel free to do so.

HON. MR. CODY: — Well, first of all, I don't know how you can strike something off your books which isn't there. We don't have anything on our books. All we have is a guarantee through the act. It has nothing to do with us. It's an act which we administer in the Department of Co-operative Development. We make a recommendation to the Department of Finance, and if the Department of Finance decides our recommendation is reasonable it will say, "Yes, you have a guarantee." If it doesn't, nothing happens. In this particular case it said yes and the guarantee of \$2.5 million was there and that's just about all I can tell you.

MR. THATCHER: — And is the guarantee still there?

HON. MR. CODY: — No, it is not.

MR. THATCHER: — On what basis was it removed?

HON. MR. CODY: — I guess something must have happened in the Department of Finance. Somebody must have paid someone for something; it's just simply no longer on our record.

MR. THATCHER: — Well, all of a sudden the Wizard of Oz came on the scene and he waved his magic wand and away went \$2.5 million off your books.

You can smirk over there all you want, but that answer is an outright disgrace. You guys can laugh and smirk all you want — \$2.5 million out of a department and you have the gall to stand up and give that answer in this Assembly. You know that answer is a pathetic disgrace. Not only is it a pathetic disgrace, it's also a personal indictment of yourself . . . (inaudible interjection) . . . Yes, as a matter of fact I wish we could reopen your estimates. I happen to have come up with a couple of things, but be that as it may.

Now, Mr. Minister, I think these estimates are a trifle more serious than the way in which you are treating them today. Now don't tell us that \$2.5 million all of a sudden with the stroke of the pen disappeared. Now, you have acknowledged that you had a \$2.5 million guarantee on CPN. It's public knowledge that CPN went into receivership. I want to know by what process and by what procedure that \$2.5 million was removed from your department as a guarantee and I suggest, Mr. Minister, that you stop smirking and that you stop treating this thing as a joke because \$2.5 million really isn't all that funny, particularly when it has gone up in smoke just like the movie.

HON. MR. CODY: — Well, I don't know what more I can say except that the guarantee was there and pretty obviously the Department of Finance must have done something with the guarantee and, as a result of that, the thing is simply gone. As you know, the Northland Bank appointed a receiver and the receiver pretty obviously must have looked at the situation and said that this thing has had it, that there is nothing left, and it was obviously written off. But it certainly wasn't written off by us; we had nothing to do with that. That's a Department of Finance operation.

We don't write off any loans. If you look through our estimates we didn't have anything in here that was worth \$2.5 million nor do we have anything that's worth anywhere near the guarantees. We have an act which we administer and that's the only thing we do. There are no dollars and cents transacted in our operation.

AN HON. MEMBER: — Why doesn't finance guarantee it then?

HON. MR. CODY: — Well, certainly they would guarantee it. It comes under our act. That's all. We administer a co-operative guarantee act. It's for co-operatives to get a guarantee for backing of a loan from the government. If CPN happened to be folded up by the receiver-manager, then I suppose the Department of Finance must have paid out the credit union. Once that happens, it's off our books. But, I'm not knowledgeable of exactly how that happened. We have nothing to do with that. That happens in the Department of Finance.

MR. THATCHER: — That is my next question. Who paid off Northland Bank? Do I understand you to say that it is your belief that the Department of Finance paid Northland Bank \$2.5 million, and that's why it came out of your guarantee?

HON. MR. CODY: — Yes, I do.

MR. LANE: — Then there is an additional \$2.5 million loss on CPN, because we had the write-off from Sask Tel (which has already been admitted) of over \$5 million. Now you're telling us the Department of Finance has written off another \$2.5 million and that the loss now on CPN is up to \$7.5 million.

That's precisely what happened. The silence over there just proves that that CPN was a lot bigger boondoggle foisted upon the people of this province than you have been letting on. You went into an operation like that and lost over \$7.5 million, and you sit

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there like, who cares? Everyone is smirking and laughing. They think it's funny that \$7.5 million is lost and that you misled the public for two and one-half years and got away with it. That's precisely what we're seeing here tonight. I think it's a damn shameful situation.

MR. THATCHER: — Mr. Minster, I notice the smirk isn't quite as wide on your face right now. We must be getting somewhere because I see the trained seal from Saskatoon has found his mouth again and got the ball out of it.

We have now acknowledged that the original CPN has probably cost the people of Saskatchewan \$5 million, by your arithmetic. Actually, I guess it is \$7.5 million when we take in the payment from the Department of Finance and the loss that Sask Tel has taken.

Mr. Minister, CPN is a co-operative that we have been led to believe suffered a modest loss of about (if I recall the press releases) \$1.5 million. Tonight, through your openness (I guess that's a good enough term as any) frankness, candor, whatever you want, we have found out that CPN has cost the people of Saskatchewan \$7.5 million. Obviously, your government has been grossly misleading this Assembly and the people of Saskatchewan for the past two or three years. Misleading is a very complimentary, flattering word to use because we all know what you really have been doing. It starts with "L."

Since we have been deceived to the tune of \$5 million to \$6 million, would the minister agree that is probably grounds for a public inquiry into CPN and its disposition, on the basis of the horrible discrepancy in the numbers which we have had tonight? Obviously, it's \$7.5 million. We were led to believe it was \$1 million to \$1.5 million. That's quite a discrepancy. Mr. Minister, will you give us a public inquiry into the entire mess around CPN?

HON. MR. CODY: — Mr. Chairman, it's quite ironic how the member says I was smirking and laughing, only to see that he could barely take his seat without bursting into complete laughter. He knows right well that the hon. member for Qu'Appelle is the person who misled this House, and he's trying to mislead the press. I think the press are brighter than that. They're obviously brighter than that man is; that's for sure.

I can tell you this. I am here to answer for the Department of Co-operation and Co-operative Development, and anybody who wants to print or talk about \$7 million — that's his business. You want to start that one with an "L", that's your business. But I'm not going to be here and admit or take that on the chin or any other thing, because I don't believe it's \$7 million; I don't believe it's \$6 million, and I'm doubtful if it's \$5 million. And I'm doubtful if it's \$4 million. I do know one thing; we've had a co-op guarantee for \$2.5 million and it isn't any longer a guarantee. That's all I can tell you.

MR. THATCHER: — Mr. Minster, the laughing's over. You're also the minister responsible for Sask Tel in conjunction with us, and telephones and co-operatives go hand in hand in this CPN. Sask Tel has acknowledged long ago a \$5 million loss on CPN. You're the minister in charge. You know very well that's true. Tonight in this Assembly you have acknowledged that the Department of Finance removed a \$2.5 million guarantee from your books. And under questioning you've revealed that to the best of your knowledge the Department of Finance paid the Northland Bank \$2.5 million to wipe off the guarantee. So it was removed from your books. Now, Mr. Minister, I know that some of you have a little difficulty counting as soon as you run out

of fingers and toes, but \$5 million and \$2.5 million comes out to \$7.5 million. That's how we come up with it. And I don't think we're trying to mislead anybody up there, because you stumbled into this one while you had one of those great broad grins on your face. And I want to see you refute that one or deny it. The \$5 million lost by Sask Tel and the \$2.5 million paid out to CPN by the Department of Finance make \$7.5 million that has already gone into the original CPN. And the horror story isn't over yet. Then you went into Teletheatre. And, my goodness, that was a grand new story! We'll perhaps get into that one a little bit later. Let's do the one now of \$7.5 million — and I challenge you to refute it.

HON. MR. CODY: — I do.

MR. THATCHER: — Now, really, "I refute it." That is a brilliant, brilliant statement for a minister of the Crown. That's just an extraordinarily brilliant statement for somebody who is the minister in charge of a billion-dollar company, or a company that's worth hundreds of millions of dollars if not a billion . . . (inaudible interjection) . . . Excuse me, make me a liar for \$150 million, all right. That is just a great, brilliant attitude for a minister in charge of a company which is worth, I believe I caught it to be, \$876 million. And that's the sort of expertise, comment and logic with which the people of Saskatchewan are supposed to rest in confidence. That's the sort of logic that we had to listen to for one and one-half hours from the member from Regina Wascana when he told us why we don't need a public utilities board because we have this wonderful set-up in Saskatchewan. And the answer from the minister in charge of a public utility worth \$876 million to a charge like that (he revealed it himself) is, "I do." Really, absolutely brilliant.

For those of you in the back benches who haven't made it to the cabinet and may not, wasn't that a brilliant answer? Aren't you proud that you're not in the cabinet? Aren't you proud that guy with that answer rates ahead of you? Isn't it wonderful? You can still smirk at that \$7.5 million made up of \$5 million that Sask Tel has admitted to losing and \$2.5 million you acknowledge tonight. We have a \$7.5 million scandal on our hands here, and all you can say is, "I do." Mr. Minister, you deserve everything. You deserve all the contempt that I think is coming from your colleagues behind you.

MR. CHAIRMAN: — Order! The Hon. Minister of Industry and Commerce would like to introduce some guests at this time into the gallery. Is it agreed that we do that?

INTRODUCTION OF GUESTS

HON. MR. VICKAR: — Thank you very much, Mr. Chairman. It is my pleasure this evening to introduce four very distinguished guests who are seated in the Speaker's gallery. Mrs. Papini is the consular agent of Italy in Saskatchewan; Dr. Fiore, the Canadian president of Mont Edison of Italy, who is located in Montreal; Mr. Saraca and Mr. Scannavini, who are both from Italy. The gentlemen are here as a result of our trip to Europe last fall, when we interviewed them in Italy. They were here all day interviewing interested parties to join them in joint ventures in Saskatchewan. We are looking forward to the opportunity to deal with these people now and more so in the future. Welcome to the House and welcome to Saskatchewan.

HON. MEMBERS: Hear, hear!

COMMITTEE OF FINANCE

CONSOLIDATED FUND BUDGETARY CASH OUTFLOW
CO-OPERATION AND CO-OPERATIVE DEVELOPMENT

Ordinary Expenditure — Vote 6

Item 1 (continued)

MR. THATCHER: — Mr. Minister, \$7.5 million is a lot of money. I think it is fair to say that there has been some misleading of this Assembly and the people of Saskatchewan over this business of CPN. The figure of \$7.5 million is vastly different from what we have been led to believe. In fact, I think it differs from the published reports. Since CPN is a co-operative which comes under your department, will you consider an independent judicial inquiry into the operations of CPN, the events that led to its receivership and also the ultimate financing which was required in order to pay off its debts?

HON. MR. CODY: — Mr. Speaker, I think that tonight we have witnessed again a display that is not uncommon to the Tory party in Saskatchewan. They see fit to attack a co-operative, and the hon. member for Bengough-Milestone just mentioned that he was proud of the co-operative movement in Saskatchewan, and of what it was doing for this province. The gentleman sitting to his right sees fit to attack a group of people who started a cablevision co-operative in good faith. Now he says, "We're not going to stop at anything less than a public inquiry into that small group of people." I think the charge that man is making tonight is very serious. He is going to ask us as a government to seek recourse against people who started a cable co-operative in this city.

That shows what the Tory party really thinks of the co-operative vote in this province. There is no question about it. He isn't worried one bit about \$2.5 million, and he's less worried about \$7.5 million. He is worried about the politics that he might get out of it, and what he can do to the people in this province in the co-operative movement; there's little question about that.

I can tell you right now that I don't plan on casting any aspersions on people who started a co-operative and tried to do something for what is now a viable industry in this province. A lot of things had to happen; there was no CRTC (Canadian Radio-television and Telecommunications Commission) ruling and no licence at the time. Those people had many hurdles and now the member for Thunder Creek casts aspersions on their abilities to run a co-operative. I think it is very serious; it's damning and I think he should apologize to the co-operative movement in this province.

SOME HON. MEMBERS: Hear, hear!

MR. LANE: — I would like to join the member for Thunder Creek in casting aspersions on those involved in CPN. I think the particular individuals who squandered \$7.5 million deserve to be brought to public account. I don't apologize to anyone for that stand. Let me tell you that any responsible cabinet minister would be supportive of me in that stand. This is the first time that we have had the government opposite, in fact, admit a severe financial loss in a dealing; it's the first time. Every other time it has covered it up; every other time it tried to hide it. For the first time, tonight, we have had the government admit that it has taken a severe financial bath. I suppose my first question is a simple one so that the minister can understand it: do you think \$7.5 million is a lot of money?

HON. MR. CODY: — Certainly I think it's a lot of money; anybody thinks it's a lot of money, but I can assure you as well that I don't think it's a great deal of money when you get an industry up and running like this one. I think when you are dealing with people, like we are dealing with in this department, constantly dealing with people, then I think it is worth while looking at the kind of money that you want to spend in trying to get an industry going. I know the members in this House on this side are interested in the industry; they are interested in co-operatives; they're interested in people. I know the members over there aren't interested in people. I know that. We can tell that by the line of questioning that they use every time it comes to a co-operative. We saw what they did in this House the other day in credit unions. What did they do? They voted against every credit union member in this province. And how many are there? There are 560 members. That's what you have hanging over your head. It hurts the member for Thunder Creek and he knows it and it's bothering him.

AN HON. MEMBER: — It took them eight hours, too.

HON. MR. CODY: — You better believe it took them eight hours to do it. I say, to a point, \$5 million is a lot of money; so is \$10 a lot of money when you are losing it. Nobody suggests we are out to try to lose money when we guarantee loans to the various co-operatives, but we do it for the reason that there is a group of honest people who have joined together to try to do something, not only for themselves, but for the mass of the public in the province of Saskatchewan and at the same time develop an industry which we think will be viable and they think will be viable. However, just because we went and lost, now the members are saying, "Oh, that's a terrific sham on the public of Saskatchewan." I say it's not nearly as serious as the member for Qu'Appelle may think it is. And if he says it's \$7.5 million he better check his figures because he doesn't know the facts.

MR. LANE: — Now I'm just going back to your figures — \$5 million admitted by Sask Tel — and I recall for Sask Tel in Crown corporations it wasn't in the public interest to tell us what assets were recovered from CPN and what those assets were sold for to Teletheatre or whatever it was. Remember it wasn't in the public interest. It's taken three years to find out that the loss here is \$7.5 million and I will turn it around. If you had gone to the co-op movement in this province and said, "We're prepared to blow, on this group of people we're telling you about, \$7.5 million and it's going to reflect on the co-op movement; are you prepared to stand behind it?" — you know what they would have said? They would have said they don't want any part of that sham and that scam. They're prepared to participate in a financial disaster. This particular CPN fiasco does not reflect well on either the government or the co-op movement. I'll tell you who's responsible that it doesn't reflect well — it's your responsibility and the government's responsibility.

For the first time in 10 years this government has admitted its financial losses on a dealing — \$7.5 million. I ask you again: are you now prepared to have a judicial inquiry or an independent public inquiry into the financing and the losses in the operation of CPN?

HON. MR. CODY: — Once again, Mr. Chairman, I have to say that it's a pretty sad day in the history of Saskatchewan when you have a member (who I thought was an hon. member) stand up in this House and ask for a judicial inquiry into operations of people like Vern Leland at Saskatoon in Federated Co-operative Ltd., judicial inquiries into the

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Saskatoon Co-operative, the Sherwood Co-operative Association Ltd. and all its members. I think this is a shame that the member for Qu'Appelle had decided to turn on these people who were serious at the time when they came to us and asked for a guarantee because they wanted to get into a new venture, a new co-operative. I think it is a very serious thing. I think you, of any person, who lives close to the city of Regina and knows a lot of co-operative people, should not be saying these kinds of things.

You are asking for a judicial inquiry. Mr. Chairman, he is asking for a judicial inquiry which would bring to the stand every one of the co-operative members who were involved in this co-operative. I can tell you that a judicial inquiry would take in people from Saskatoon, Moose Jaw and Regina, Credit Union Central, the Sherwood Co-operative Association, the Co-operators, the Saskatoon Co-operative Association Ltd. and Federated Co-operative Ltd. You are suggesting to me that we should bring all of those good people onto the stand so that you can scrutinize them. Mr. Chairman, I think it is a shame and I wouldn't agree with it under any circumstances.

MR. THATCHER: — Mr. Minister, for your edification, you have the wrong people. You know, Mr. Minister, CPN was about as much a co-op as is Exxon Corp. Those people that you have listed were not the original CPN. You are so far out in left field that it's unbelievable. You know that judicial inquiry is not harmful to the Federated Co-operatives Ltd. or Sherwood Co-operative Association Ltd. It's harmful to the NDP Government of Saskatchewan and the NDP. There is gross, pathetic mismanagement when you get into something that you don't know anything about. It's an indictment of the NDP, back at that time, which refused to allow the normal development of cable television which every other province by that time was taking for granted. Just like our residents (those who are fortunate enough to have it) take it for granted now.

CPN was a creature designed to forestall what was inevitable with the CRTC. The original CPN was about as much a co-op as Exxon was, as I said earlier. Your facts as to who constituted CPN are so pathetically inaccurate that I should ask you to withdraw them, although probably you'd have to get out a dictionary to find out what I meant.

Now, Mr. Minister, CPN was a straight Government of Saskatchewan project that you lost through your . . . Oh sure, you had a couple of fellows up front. But was basically a creation of the Government of Saskatchewan and Sask Tel. The Sask Tel portion of the loss was \$5 million; they have acknowledged that publicly. And you tonight have acknowledged that the Department of Finance has paid \$2.5 million to the Northland Bank to remove that from your books as a guarantee. Mr. Minister, the revelations tonight certainly bring some of the press statements and many of the reports as to the demise of CPN and the resurrection of Teletheatre into question. Yes, I take a great deal of pride in joining with the member for Qu'Appelle in demanding a judicial inquiry.

Perhaps it's time the people that were involved at that time were exposed for exactly what they did. When you start bringing out names that are highly respected in the co-op movement, it is strictly a red herring. The original CPN was no more a co-op than any multinational corporation. And again, I ask the minister if he'll provide the province with a judicial inquiry into this scandalous misuse of \$7.5 million.

HON. MR. CODY: — Well I think the answer is pretty simple. I don't believe it's necessary to have a judicial inquiry or a public inquiry. As far as I'm concerned, I am not here to cast aspersions on co-operatives. If you think CPN wasn't a co-operative, then I guess you know as little about co-operatives as I thought you did. You know absolutely

nothing about them. It had a lot of members and those members had nothing to do with us, other than that they came to us to ask for a guarantee. We gave them a guarantee, and as far as I'm concerned it was given for various reasons, for a lot of reasons.

First of all, one could say it was a new field which was not the same as a conventional television group. It was close-circuit television, something we hadn't seen in the province of Saskatchewan. It did give us some opportunity (with that group) to deal with the CRTTC in a proper way, so that we could then get the community groups which wanted to, community groups like the Prairie Co-Ax in Moose Jaw and (if you want to talk about it) the friend we have in Saskatoon, and our friends in the co-operative movement here and in Moose Jaw . . . All those groups simply wouldn't be here today had we not had the opportunity to put the heat on the CRTTC via CPN. There's no question about that. And if you people think that it's not a good idea to have those groups now getting the licence from the CRTTC, I guess that's the way you operate, because you would prefer to see some gigantic corporation from eastern Canada get the licence. I know how you operate.

There's no question about that. It's pretty simple. It's very simple. We would not have the CRTTC's decision as it is in Saskatchewan today if we had not had a close-circuit television which had 17,000 subscribers. And it just simply wouldn't have had the same effect on the other group if we had not had those 17,000 subscribers in CPN. As far as I'm concerned, the decision that came out of the CRTTC after that — licensing small groups of people whether they be Prairie Co-Ax or a co-operative in Regina or a co-operative in North Battleford — was good and this was part and parcel of it. In that regard I think the venture (though it may have been expensive) was certainly worth while.

MR. THATCHER: — Oh, Mr. Minister, honest-to-goodness, sometimes I don't know if you're trying to mislead this House, or if you're just ill-informed, or if you're just as dumb as you're pretending to be tonight. But to suggest that CPN was a forerunner of present day television, I don't know whether to laugh or cry. Honestly, having some knowledge of Prairie Co-Ax, let me tell you something. Without you people in the picture fouling it up the people of Moose Jaw would have had television in 1975 — cablevision. The same is true in Saskatoon. And the only reason it was delayed as long as it was was the attitude of you people over there who just couldn't accept that somebody other than the NDP was going to control cable television. You kept cable TV away from people in the four major centres for four years because of the attitude of Sask Tel and to a lesser extent CPN, which was your creation.

At a time when everybody was taking cable TV for granted, at a time when everybody was watching Monday night football as a matter of routine, what were we watching? The CBC if they were dumb enough to turn their sets on. And that was because of you. And for the minister to stand up here and say that CPN was the forerunner, that it was the Messiah that brought cable television into all the homes in North Battleford and Moose Jaw and Saskatoon and Regina, is so ridiculous that it makes me wonder about anything else this minister may say on any other subject. It's absolutely unbelievable. Having established the minister's credibility and his knowledge of this subject, perhaps it's time to move on because it seems to me we have something else we want to talk to him about tonight. So with that one, I throw up my hands in frustration. There is \$7.5 million gone and the minister says, "Well so what, we have learned something." If we lose an election to you birds next time, with that sort of stuff going on, I guess we deserve whatever happens to us.

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MR. ROUSSEAU: — Mr. Minister, I want to take you to back to last year's report. I want to read you a paragraph, and I would like an explanation.

As of March 31, 1979 arrears of payments on these loans total \$6.7 million. Much of this total is owed by three co-operatives which have been placed in receivership. An accurate estimate of the total implementation of guarantees against these accounts cannot be made until the final results of the liquidations have been made known.

I presume you have had enough time now to know whether or not these results can be made known. That's my first question. Are they complete and do we know the results? Secondly, of those three co-operatives, I presume one of them was CPN. Would you mind telling me what the other two were? Were they also involved in the cable business?

HON. MR. CODY: — The answer to your first question is no, they were not. The other three were different co-operatives.

MR. ROUSSEAU: — You are saying that none of these three was CPN. Is that what you are saying? Would you mind telling us who the other three were and the breakdown on that \$6.7 million?

HON. MR. CODY: — They were Hudson Bay Dehydrators Mutual Ltd. (in the Kelsey-Tisdale constituency), \$1.3 million; Porcupine Cubing (also in Kelsey-Tisdale constituency), \$952,000.

MR. LANE: — How much? I'm sorry, Mr. Minister, would you repeat that figure?

HON. MR. CODY: — I think it will be in *Hansard*. The other one was cable co-operative for \$2.5 million.

MR. ROUSSEAU: — I don't know whether you went to the same school as I did, but if you add up those figures you just gave me, they would amount to about \$4.7 million. Where does the other \$2 million come in?

HON. MR. CODY: — There is an additional one that should be added there. I think the report said that of the \$6 million, three made up the largest amount of the guarantee. Is that not correct?

MR. ROUSSEAU: — I'll give you the answer to that. I don't know what you mean by the word "much" — much could mean almost anything.

HON. MR. CODY: — All but the balance of \$344,000 belongs to the other three.

MR. ROUSSEAU: — All but \$344,000 belongs to the other three, which I take then . . .

HON. MR. CODY: — \$1.3 million for the Hudson Bay Dehydrators Mutual Limited, \$952,000 for Porcupine Cubing and CPN was \$2.5 million. I said that is much of the \$6 million. The other one is \$344,000.

MR. ROUSSEAU: — What is the \$344,000?

HON. MR. CODY: — Western Hybrid Swine Co-operative.

MR. ROUSSEAU: — That still leaves \$1.7 million. Where does that come in? Well, all right, somewhere I've lost you. There is \$6.7 million arrears on these loans. Much of this total is owed by three co-operatives. Now, you're saying that's \$4.7 million owed by those three co-operatives. Then you add another one for \$300,000 and some. That still leaves about \$1.7 million. Would you mind explaining that?

HON. MR. CODY: — Yes, when they were liquidated it came out to less than the \$6 million. That \$6 million was the amount owed when that annual report was written. When they were liquidated, it came out to \$5.94 million.

MR. PICKERING: — Mr. Minister, I would just like to get the record straight on this Act to Amend The Credit Union Act. You said that we as the opposition went against the 560,000 members of the credit union within the province of Saskatchewan. I would like to tell you to go to page 1485 of *Hansard*, March 26, 1981, in which we on this side were in fact supporting the 560,000 members.

AN HON. MEMBER: — How did you vote?

MR. PICKERING: — We voted against the amendment because we did not want to see Crown corporations and government departments become members of the credit union, borrow from the credit union and thus deprive the small businessman and the small farmer access to any moneys from the credit unions within the province of Saskatchewan.

We have been waiting for you to try and run this down our throats. I would like you to go to that page and read it or I'll read it again into the record. Do you agree or disagree with what I am saying?

HON. MR. CODY: — I certainly do disagree. There is just no question about what you did the other night in this House. If you were against that amendment, what was so wrong with moving an amendment in here? We were in committee of the whole. It's your prerogative to move an amendment to get rid of that particular amendment. Did you do that? No, you didn't; you voted against the whole bill.

MR. PICKERING: — Mr. Minister, the whole bill was the fact . . .

MR. CHAIRMAN: — Order, order. I hate to interject but I would point out to both him and the Minister of Co-operation that it is not in order to reflect on another debate which has already taken place in the House and another bill which has already passed the House.

MR. ROUSSEAU: — I have one question before I go on to something else here. You mentioned the fourth co-operative: swine something. Would you mind telling us where it is?

HON. MR. CODY: — Western Hybrid Swine is close to Lanigan.

MR. ROUSSEAU: — According to the information you gave me a few minutes ago, the loan guarantees which resulted in losses last year amounted to almost \$5.1 million through those four. Looking at your report this year, I notice you omitted that portion, unless you don't have any in arrears at this time. Do you have any arrears of payments at the present time? And, if you do, what do they represent in dollars?

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HON. MR. CODY: — No, there will be no guarantees implemented in this particular year. However, in the last year, after the liquidator was finished, we cleaned up the balance where there was interest left to pay and so on and so forth. Those have now been paid and in this particular year nothing will be done. There is no implementation necessary on the guarantee.

MR. ROUSSEAU: — So in other words, the \$5.1 million was the total loss for . . . Then it really shows up in the 1980 statement, does it? Or it doesn't show up but that's where the loss occurred — in the 1980 fiscal year, 79-80. Is that correct?

HON. MR. CODY: — The \$5.94 million shows up in the 1979-80 fiscal year.

MR. ROUSSEAU: — Which is this one.

HON. MR. CODY: — Correct.

MR. ROUSSEAU: — Which is the correct one. Well I just wanted to point out to you that your total government contingent liability for the year 1980 was \$6,757,000. I suggest to you that's quite a record. If you're looking at a \$5 million write-off in a year when your total is \$6 million — taking a percentage of that, that's quite an outstanding feat. If you take it back one year and go to \$12 million (which is what you had the year before when those losses occurred), then I suggest to you that your loss is somewhere around 42 per cent, which is fairly heavy, too.

HON. MR. CODY: — That isn't certainly the complete liability we had with regard to the guarantee. We had a lot more guarantees than that. There is no question about that.

MR. ROUSSEAU: — Then if that's the case, I'd like to know where they are because according to this, under your chart in here, the total outstanding aggregate loans for government contingent liabilities were \$6 million . . . (inaudible interjection) . . . No, it's the same one.

HON. MR. CODY: — Yes, the amount outstanding as guarantees at the end of the year, 1979, was \$12,117,000. Right? We had a possibility of losing \$6 million of which we lost \$5 million.

MR. ROUSSEAU: — In other words, Mr. Minister, 42 per cent. That's quite a record. I suggest to you that is not a very encouraging note.

I'd like to ask you the question on those four, I guess it is, you're talking about that you placed into receivership. What happened to the assets in those co-operatives?

HON. MR. CODY: — The Hudson Bay Dehydrators Mutual was sold to a group of farmers in the Hudson Bay area, and the Porcupine Cubing Co-operative Ltd. was sold to a group of farmers around the Tisdale area, and Western Hybrid Swine was sold to Intercon.

MR. ROUSSEAU: — Were any of those financed by the government?

HON. MR. CODY: — No, they were not financed by the government.

MR. ROUSSEAU: — Okay, I'm just going to make one other comment on this loan again,

Mr. Minister. You might also refer again to your annual report. I notice that the loans approved for 1979 (which is the year in which you lost \$5,094,000) were for \$5,058,000. That's better than 100 per cent. Nice going.

MR. SWAN: — When they were asking you about the guarantees, you mentioned Matador. Could you tell me for what purpose Matador was seeking this guarantee? Was it at the time that the land was purchased?

HON. MR. CODY: — No, it was to purchase machinery and working capital, not the land.

MR. SWAN: — Do you provide the opportunity to other farm operations to come to you to borrow funds for machinery?

HON. MR. CODY: — Yes, you'd better believe we do, if they're co-operatives. We believe in the co-operative movement; we think they're great. Farmers getting together in this day and age is a great idea. If they want to get together and come to us and if we think they can be reasonably viable, we will give them a guarantee.

MR. SWAN: — How many farmers do you have to have together before you class them as eligible for this kind of guarantee and what kind of interest rates do you provide?

HON. MR. CODY: — Three, and we don't provide the interest rate. It depends on the interest rate they get at the particular place they're going to borrow their money from, such as a credit society — whatever the rate is at the time. We just guarantee it. We don't have anything to do with the rate; it's usually prime.

MR. SWAN: — I'd like to just change pace a little bit. I'd like to ask you how much money you've spent in the co-operative education program provided to the school system for the past year?

HON. MR. CODY: — \$167,000.

MR. SWAN: — How many people do you have working in this program and presenting it to the schools?

HON. MR. CODY: — We have three consultants who are seconded from the board of education. Two people co-ordinate the activities, and one is the director. Yes, the three consultants are Greg Trew, Gregory Rathwell and Bob Dreger. The two co-ordinators are Gayle Hughes and Irene Alderson, and the director is Don Faris.

MR. ROUSSEAU: — Mr. Minister, I just want to clear a matter that I asked you a question on a minute ago. You mentioned the Hudson Bay Dehydrators Mutual Ltd. as one of the co-ops that were in receivership at the end of 1979. I asked you if further guarantees had been made and you said no. Is that correct?

HON. MR. CODY: — That is correct, there are no further guarantees.

MR. ROUSSEAU: — I'm sure you'll have an answer for this, but I'm looking at the Department of Finance guarantees implemented for the period April 1, 1980 to November 27, 1980, and those names show up, for example, Hudson Bay Dehydrators Mutual Limited at \$324,000. Now, is that what was there and you implemented new guarantees, because that's different from the figure you gave me awhile ago?

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HON. MR. CODY: — It was the balance which was left over. There were no due guarantees at all. That was the end of the guarantee. It was the balance which was left over after the liquidator had paid off the first portion.

MR. ROUSSEAU: — Do you mean at the end of the receivership, when the receivership was finalized? I will give you another one. For example, Porcupine Cubing, June 26, 1980, has a guarantee of \$201,000. Now, is that the balance of what was left over from the year before?

HON. MR. CODY: — That is correct. Both of them are balances. There is nothing new on any one of them. They are just the balances which have to be paid. We paid some prior, too, so that the interest which we were paying wouldn't keep accumulating. So, we paid some of the money initially and when the receiver had completed his work, we paid the balance.

MR. ROUSSEAU: — The word 'implemented' in that case means acted on or called on. Is that correct?

HON. MR. CODY: — Yes, implemented means that we implement the guarantee act and it then starts payment.

MR. HARDY: — Mr. Minister, I have a few questions on the Melfort Greenhouse and Market Garden Co-operative. Was there a marketing study done on it? If so, by whom and at what cost?

HON. MR. CODY: — They are presently doing a marketing study. It is being done by the Department of Agriculture and us.

MR. HARDY: — You mean that you established the Melfort Greenhouse and Market Garden Co-operative, purchased it in 1979 and expanded it in 1979 and 1980, before you had done a marketing study on it to see if it were viable within the region and if it could be economically feasible?

HON. MR. CODY: — No, that is not what happened. That particular marketing study is not only for markets in the particular area. We are doing a complete market survey to see if there are markets for that kind of product in other areas. When we do research, we don't do it just for one particular co-operative venture. We do it so that we have the study on hand for other co-operatives which may set up in that particular type of produce. There are also other things which they are studying. I am not exactly sure what they are, but there is marketing going on as well. That research will be used in other areas.

MR. HARDY: — I understand there was a \$100,000 grant from the Department of Industry and Commerce for this Melfort greenhouse. Could you tell me the reason that this greenhouse was set up? Was it to help the handicapped? Have you any knowledge of why it was established?

HON. MR. CODY: — It was established for a group of disadvantaged people. It was a matter of taking them off the welfare rolls by getting them started in something which they would be able to continue. At the same time, they would have something which they could look forward to as their own. It was done for that reason. It is a handicapped operation.

MR. HARDY: — Could you tell me if there have been any further grants by either the Department of Industry and Commerce or Sedco for this Melfort co-op greenhouse? Could you also tell me if they are still using the disadvantage people as workers within that greenhouse?

HON. MR. CODY: — I can't be sure if any other funds have gone into it. We have never had any guarantees or funds go into it. So that is a little difficult for me to answer. But yes, they are still all handicapped people who work there. As far as the funds go, I really can't truthfully tell you because I don't know if there are additional funds.

MR. HARDY: — You are saying the Saskatchewan Co-operation and Co-operative Development fund had not guaranteed the credit union loan of \$146,000. It's not a guaranteed loan to the Melfort Greenhouse and Market Garden Co-operative?

HON. MR. CODY: — No, it isn't.

MR. HARDY: — Would you tell me if you have any knowledge, if the Melfort Greenhouse and Market Garden Co-operative is really running at a break-even base? Or are they in reality losing about \$80,000 or \$90,000 a year?

HON. MR. CODY: — I can't be sure how much they lose, because they are an autonomous group of people. We don't necessarily deal with them on a day-to-day basis. We do know that they lost some money last year, and it may well be in the magnitude you say. I just can't be sure about that at this point. I can get you that figure because we could find it in our operations area. I can get you that, if you wish. But, it's going on and that is why we've provided this operation assistance, to help them out, to try to get more markets for them, to see if we can't get them on a paying basis.

MR. HARDY: — I understand that they also get an ESP (employment support program) grant, which is about 40 per cent to 60 per cent of the cost of the wages the workers get. The grant goes back to the co-op. At the same time, they have lost about \$90,000. I understand that in the last year or so they have used very few socially handicapped people — not handicapped, they're, like you say, welfare recipients. Does the government have plans to put more money into this greenhouse when, in reality, the local greenhouses (there are four or five in the area) are finding it very hard to compete because this Melfort co-op greenhouse, especially last year, dropped prices to less than half of what the others were selling for? They find it very hard to compete against a co-op that is government-backed through different programs and grants. Is the government prepared to go ahead and subsidize this greenhouse?

HON. MR. CODY: — Well, it's pretty difficult for me to answer a question like that. After all, as I say, they have their own board of directors and they deal on a day-to-day basis on their own. We don't delve into whether a co-operative is selling tea or pickles at half price. That's not our business. Our business is to see that everything is rolling along. We have no right to waltz into a co-operative and say, "You can't do this," or "You can't do that." That's not our operation. As far as our department is concerned (the Department of Co-operation and Co-operative Development), we have made no subsidies or guarantees. So, to ask me that question is very difficult to answer.

I know, however, from other knowledge, that there are ESP grants. Surely, no one on that side of the House, or on this side of the House or anyone in this province, is going to say that we should not be helping the handicapped — the socially and mentally

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disabled people. I would hope that the member isn't trying to say that this program should be scuttled just because we have entrepreneurs around with greenhouses who are finding it difficult. It seems to me that the program is designed to help these people who are disadvantaged. Surely no one is going to say that just because they are losing some money and are getting some grants, that we shouldn't try and help those people. After all, who is going to help them if we don't as a government? They are disadvantaged. They need work and if they can get them into the mainstream of society somehow, surely that's a commendable kind of thing to do, in spite of the fact it may be a little difficult for other people. For my money, I think that that's a pretty fair program and one which I would not be prepared to say, "Let's get rid of it," just because of the fact that we're losing some dollars.

MR. HARDY: — Well, just one more thing I'd like to clarify. First, I have nothing against disadvantaged people, but the thing is that they are losing in the proximity of \$80,000 to \$90,000 last year. They are being subsidized by the government and in the meantime, they're breaking or are in the process of breaking three or four greenhouses which employ many more people than this one greenhouse. With private enterprise competing against the government, private enterprises find themselves in a very serious financial situation because of the cost of the product and the government subsidy of the product they're selling.

HON. MR. CODY: — Mr. Chairman, certainly I'll look into it. I look into anything that anybody asks me to look into. But if the private entrepreneurs are having a problem maybe it would be an idea, if they wanted to do something in the Year of the Handicapped, to hire some handicapped people. If they do, they are certainly eligible for grants just like the greenhouse co-operative. I think it would be very commendable for you, as the MLA for the area, to tell them to hire some disadvantaged people and I am sure that the ESP (employment support program) of social services will accommodate some type of grant program for them. If you want me to look into that I'd be happy to do so.

MR. HARDY: — If these people hire socially handicapped people, will they get the same grants as you are giving to the Melfort Greenhouse and Market Garden Co-operative?

HON. MR. CODY: — I can't say they'd get the same grants, because I don't know what grants they are getting now. But if they make an application I'm sure they will be dealt with very well because that's what the program is all about. ESP is a program that takes disadvantaged people and tries to get them into the mainstream of society. I am sure that if they made an application to social services they would be dealt with on the same basis and with the same favor as the co-operative is.

MR. GARNER: — A couple of quick questions, Mr. Minister, regarding your advertising for the total year. If you have it there, I'd like to have what your total advertising is and I would like an itemized statement of it. Do you pay any money toward the advertising of the family of Crown corporations from this department?

HON. MR. CODY: — No, we don't.

MR. GARNER: — Give me your advertising budget on the first question then please.

HON. MR. CODY: — The co-operative home building and continuing housing promotion program is \$32,818.10; institutional advertising (which is promotion of various kinds of co-operatives), \$13,521.18; educational advertising (that was for an

Orlick workshop which we had with various boards of education and that kind of thing) and teacher-consultant advertising, \$4,759.05; miscellaneous advertising because of co-op dissolutions, which you have to do by the act, is \$562.06.

MR. GARNER: — Well, then your total on that is some \$50,000 and that's your total advertising in weeklies for the province.

HON. MR. CODY: — Yes, that's it.

MR. LANE: — Which ad agency prepared the ads?

HON. MR. CODY: — Struthers Associates places our ads.

MR. BIRKBECK: — One very quick question. I notice that you have the Wishart Bus Lines ads in a number of the papers and I take it that those ads are part of that \$50,000 figure that you just mentioned a moment ago. What is your policy with regard to ads? How is it that you are advertising Wishart Bus Lines, but I don't see you advertising the Borderland Co-operative Ltd. in Moosomin?

HON. MR. CODY: — Yes, if there's a unique type of co-operative which we have developed and there's some anniversary or something like that we will advertise or just say congratulations to them. If it's something like a 50th anniversary we'll do the same thing. Outside of that we don't do any advertising for specific co-operatives. It's just a congratulatory note on an anniversary or a specific type of celebration.

Item 1 agreed.

Item 2

MR. PICKERING: — Mr. Minister, I see under Item 2 you have increased your staff by four. Can you give me their positions and responsibilities, please?

HON. MR. CODY: — We have one person earmarked for the urban infill program (that is where you have infill housing), for the continuing housing co-op, and the other three are native co-operative workers for development of native co-operatives in the urban areas.

MR. PICKERING: — Mr. Minister, those native ones, are they in northern Saskatchewan?

HON. MR. CODY: — No, they are not. They are primarily working out of Regina and Saskatoon, however they will be moved out to other centres that have need for them. They have not been hired yet. These are new positions which we haven't started to advertise.

MR. LANE: — Under those programs has the department acquired any property?

HON. MR. CODY: — No, we don't acquire any property. It's acquired by Sask Housing, as I understand it, in its infill housing program.

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MR. LANE: — Why are they not the ones administering the program?

HON. MR. CODY: — They do as well, but this is co-operative housing. The infill housing (some of it, not all of it) will be continuing co-operative housing and as a result of that it comes under the Department of Co-operation and Co-operative Development because we are the people who develop co-operative groups.

Item 2 agreed.

Items 3 to 7 inclusive agreed.

Vote 6 agreed.

**CONSOLIDATED FUND LOANS, ADVANCES AND INVESTMENTS
CO-OPERATION AND CO-OPERATIVE DEVELOPMENT - Vote 64**

Item 1 agreed.

Vote 64 agreed.

**CONSOLIDATED FUND BUDGETARY CASH OUTFLOWS (Supplementary)
CO-OPERATION AND CO-OPERATIVE DEVELOPMENT**

Ordinary Expenditure - Vote 6

Item 1

MR. ROUSSEAU: — Mr. Minister, a while ago you said all these loans are paid for by finance. What's that \$37,000 doing there?

HON. MR. CODY: — That was one special loan where the guarantee did not cover fully the interest because the receiver didn't get it wrapped up quickly enough. As a result it went over the guarantee and had to be voted specially by this department.

MR. ROUSSEAU: — But why? You can have that vote put in the Department of Finance — all the other ones are there. How come all of a sudden this one comes under the Department of Co-operation and Co-operative Development? You said a while ago that co-ops never pay the guarantees, that they're paid for by finance. Yet there's \$37,800 in the co-op estimates. You have a finance estimate supplement here, why wasn't it there?

HON. MR. CODY: — Simply because we understood, from the auditing people, that it couldn't be done that way due to the fact that it was over and above the guarantee. As a result, he asked us to do it this way and we did.

MR. ROUSSEAU: — Mr. Chairman, I was just going to say they're not very consistent over there. That's all I wanted to say.

Item 1 agreed.

Vote 6 agreed.

CONSOLIDATED FUND BUDGETARY CASH OUTFLOW

DEPARTMENT OF TELEPHONES

Ordinary Expenditure - Vote 38

Item 1

MR. GARNER: — Mr. Minister, regarding page 12 of that annual report that came out (and we have discussed this in detail before), it seems that \$400 which you charge to a new rural Sask Tel customer is a bit outdated. I would like to ask you: is it not \$17 for the connection in town?

HON. MR. CODY: — I think it's \$17 or \$17.50 (I'm not sure). I think it's \$17 in town; it's \$400 in the rural area and I think it's \$64 at a beach.

MR. GARNER: — Okay. You don't have to give them to me now but I would like you to send me your tariff rates (well, I'll just give it to you here) on individual line service – if requested at the time of canvassing it will be made available to existing rural subscribers at standard Sask Tel tariff rates, plus construction charges, less a credit of up to \$400. Could you just send me a copy of those rates? I want the same information on the next one right underneath there. Well, in this session . . . and the standard Sask Tel tariff rates and construction charges on the second one down there.

But my concern, Mr. Minister, (and we have discussed this in detail before) is that it seems to be unfair when we talk about helping our rural Saskatchewan. I do believe we are going to have to modernize this program a little bit and bring things up-to-date. There is the one case I pointed out to you of a young man going to work as a rider in the community pasture for seven months of the year who can't afford the \$400 for a phone just for that seven months. He just doesn't have it. So, he's going to have to do without a phone; that's not quite fair. I think in the case where the father is there, and the young man puts a trailer there or builds a house in the yard . . . I think you should review this policy of Sask Tel and bring it a little closer in line with what is happening in the small towns in Saskatchewan.

HON. MR. CODY: — Yes, I can certainly tell the member that we are looking at it. We have a rural advisory committee working now, as I told you the other day. This committee, I hope, will report in June, July, or August and we have some positive recommendations. I don't know what they will recommend with regard to the \$400. There are some extenuating circumstances from time to time with telephones that were there and the person transferred his \$400 away. Those all make a difference. But I can give you an undertaking to get that information. As a matter of fact, we're going to be sending you a full tariff and you'll need a half-ton truck for it because it's about that big.

MR. LANE: — I just want to ask some innocuous questions on a return which I received from the minister last year: return 67.

AN HON. MEMBER: — You actually read those things?

MR. LANE: — Sure we did. As a matter of fact, it's return 67 from the Minister of Telephones. We'll have a few questions for the hon. minister responsible for SGI (Saskatchewan Government Insurance).

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The destinations of the trip by the Minister of Telephones were Dallas and Brownsville, Texas. The purpose of the trip was the inspection of a multimodal terminal, and Eagle International Incorporated, bus manufacturers. Now I wonder, Mr. Minister, if you would tell us when that trip took place and where you stayed? Would you also explain the inspection of the multimodal terminal and tell us who accompanied you on that particular inspection?

HON. MR. CODY: — Well, I don't know how telephone estimates has anything to do . . .

MR. CHAIRMAN: — Order! Was this trip charged to the Department of Telephones?

MR. LANE: — I have the return. It's return 67: the number of out-of-province trips made by the Minister of Telephones on official Government of Saskatchewan business. Now the response came on the Minister of Telephones.

MR. CHAIRMAN: — Well, I don't know. I think the minister should answer if it was charged to the Department of Telephones. If on the other hand, it was charged to the bus company or some other department, it should be asked somewhere else.

HON. MR. CODY: — It has zero to do with telephones. I may well have had to telephone back here to keep the members over there straight from time to time, but outside of that I didn't have to use the telephone. I went down to Dallas, Texas to look at the multimodal terminal. I can find each individual and tell you what they said about it, which would be hilarious to say the least.

I was in Dallas for one day and I went down to Brownsville, Texas and (I think it was about February 13, as a matter of fact) toured the plant for one day. I met with another individual from Amtrak another day; then I motored around the area for one day, and I came back to Regina. That's exactly what I did. I can't tell you exactly which bars I was in or which people I saw specifically. That's about all I can tell you about the trip.

MR. LANE: — Well, I'm sure that the minister has just given the offer that he's prepared to give the detailed results of his trip. Is that not correct? And you're prepared to give it during this session?

HON. MR. CODY: — Well, I'm always open to doing anything that I can to accommodate the opposition. Certainly, if you'd like me to write up a little script for you, I'd be prepared to do that.

MR. LANE: — Well, I'm mainly concerned about the expenses. You were in Dallas for one day and in Brownsville for one day and you motored around. Was any of that at your personal expense?

HON. MR. CODY: — Most of it was, as a matter of fact.

MR. LANE: — All but \$1,077.75. Is that correct?

HON. MR. CODY: — And I think you'll find that was air fare. Outside of that, a vehicle which was rented was rented by me. There was nothing charged to STC (Saskatchewan Transportation Company) or telephones or any other organization that I work for, including Executive Council.

MR. LANE: — Well, our research indicates that a return trip – Dallas-Brownsville, Brownsville-Dallas and back to Regina, if that's the route – costs approximately \$850. That's at today's rate and I'm sure it was considerably less than that. It's interesting to note that somewhere in the vicinity of Brownsville, Texas (I check the hon. member's return), there is a parcel of land owned by the hon. member. I think it's rather strange that the minister would conveniently end up in Brownsville, Texas to visit a bus company and a multimodal terminal, which can mean anything from a truck stop to a bus depot to an air terminal. If you combine a taxi stop and an airline terminal, you have a multimodal transportation set-up. I notice the date of acquisition is not stated. I wonder if the minister would mind explaining to the Assembly how that holding was in February, I believe it was the 13th. It was the dead of winter here in Saskatchewan, with cold, 40 below weather. What was it like on that land subdivision near Brownsville, Texas, at public expense?

HON. MR. CODY: — I am not sure what the hon. member is referring to. I know what I was doing down there. It was business. I saw lots of land I can assure you. Their land is great. It's wide; it's nice; the beaches were terrible at the time because it was cold. I didn't even get a suntan the one day I had to go around. I think if the hon. member checks out the other information he has there, he will find the two are quite a long distance apart.

MR. PICKERING: — Mr. Chairman, I had the opportunity of visiting Woodlands subdivision at my own expense. The property involved here is on the north side of Canyon Lake, just north of San Antonio. Is that not true? It is about 35 miles north of San Antonio? Did you in fact stop at San Antonio on your way back?

HON. MR. CODY: — I don't think I need to answer that. I have no idea what you are talking about.

MR. THATCHER: — I'm not aware of Amtrak having very much of an operation in Brownsville, Texas. I would like to ask the minister what Amtrak official he met in Brownsville – what was he doing there, what was his name, and what was the purpose of the meeting?

HON. MR. CODY: — I can't tell you the name offhand, but I can certainly get it for you; there is no question about that. I haven't any idea what his purpose was there other than to meet with me, and I to meet with him. I guess that is purpose enough to meet someone. I know they don't have a great operation in Brownsville, but that's where I met the individual. We had discussions about Amtrak because it was similar to VIA Rail. We talked about the multimodal station in Dallas, Texas.

MR. THATCHER: — I hate doing this one piece at a time, but maybe you would care to tell us who arranged the meeting. And maybe you would care to tell us why this distasteful, horrible place of Brownsville, Texas, was chosen for the meeting? If Amtrak were going to give you some information to be used up here, why Brownsville? They don't have an office in Brownsville and you don't have an office in Brownsville, that we know of. Let me see, at least not within 175 miles I'm advised. Why Brownsville? And how quickly will you provide the name of that official – tomorrow? Anyway, who arranged the meeting?

HON. MR. CODY: — First of all, if you want to know why I was in Brownsville, I was there to see Eagle International. It is the largest bus manufacturer in the world, and I was down there for a specific reason. It was just shortly after that that GM (General Motors)

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decided it was no longer going to build buses. As a result of that it was decided by the general manager and me that we had to go out looking for new types of equipment. We went to Motor Coach Industries in Winnipeg, we went to Prevost in Montreal, and we also went to Brownsville, Texas where Eagle is located. It is the largest manufacturer of buses in the world, and that's exactly why I was there.

MR. THATCHER: — A moment ago, Mr. Minister, you told us you were at Amtrak. The contradiction is a trifle interesting. I find it rather strange that the minister would go down there to look at buses, and yet I don't think the minister's background indicates that he is a technical expert on the busing industry. You may be the minister in charge, but it seems rather strange that you would be going to consider or to investigate potential purchases without your technical people. Would the minister not concede that it's stretching the limits of credibility to suggest that a minister goes to look at a potential capital purchase by a Crown corporation, yet does not take his officials along who would have the technical expertise in this area? I might ask the minister if that is a common practice in the Crown corporations for which he is the minister in charge? I guess the parallel question is: would you go and look at another system that would parallel fibre optics without taking your technical people with you? Would you yourself go and do it?

HON. MR. CODY: — If you'd have asked me the question, I would have told you. There was a technical person with me. It was the general manager.

MR. THATCHER: — Mr. Minister, there is no indication of the general manager being with you. "Names of people accompanying the minister," there is no answer to that. There is no name there. Mr. Minister, in other words, according to the documentation provided to us, you were on your own.

HON. MR. CODY: — You may well be on another return, for all I know. I don't know where it was. I was asked the question, and that was the answer that was given.

MR. THATCHER: — Are you telling us that this return is inaccurate? Either the return is inaccurate, or else you were inaccurate just a moment ago. Now, suddenly this matter has become very, very serious . . . (inaudible interjection) . . . Yeah, you can scoff if you want. Go ahead and scoff if you want. We have a trip way out to nowhere to the tune of \$1,077. And, honest to goodness, the more he goes into it, the more he trips himself up. Now the general manager was there.

Mr. Minister, what if we start over? What is your story? You were there to meet Amtrak. That's what you told us initially. Then we went down to see buses. According to the return you were by yourself. Now we have the general manager. Now, what is it? Every time you've been on your feet, we've had a different story. Now, can we finally, perhaps, have the truth?

HON. MR. CODY: — I told you the truth the first time. I told you what I was doing down there, and that's exactly what I did. And I told you, while I was there I also met an individual from Amtrak. But I specifically went down to Brownsville, Texas, to look at the bus company's operations in so far as manufacturing buses is concerned.

MR. THATCHER: — Mr. Minister, obviously the question is: if you went to look at buses, why was your trip charged to the Department of Telephones?

HON. MR. CODY: — It wasn't charged to the Department of Telephones.

MR. THATCHER: — It was charged to the Department of Telephones, and here's the documentation right here.

HON. MR. CODY: — I think that's incorrect. As near as I can gather, I think it's a Crown corporation expenditure. I'm not aware of it being any other place.

HON. MR. COWLEY: — Mr. Chairman, if I might just clear up the matter for the member for Thunder Creek, the question asked specifically, if I recall, was: what trips were taken by the Minister of Telephones, and who accompanied him at government expense? In answering the members, we included all trips taken by the Minister of Telephones or the Attorney General (he wasn't then, but if he had been) as minister in charge of the potash corporation, under the Attorney General because you never asked for minister in charge of the potash corporation. We put his trips in there. We put his bus trips in under the Department of Telephones, because that's what he was the minister of, and we wanted to give you all the trips taken by ministers, which is what you got.

AN HON. MEMBER: — That's not true. We did ask for minister's trips for STC.

HON. MR. COWLEY: — Well, it is true . . . (inaudible interjection) . . . You did not ask for STC and you can check if you want and see. You asked for the Minister of Telephones, and you may have asked for the Minister of Co-operation and Co-operative Development. We had to make a decision which one to put it under and it went under the Department of Telephones. And we gave you more information than you asked for. And that's the reason it showed up there, because we wanted to have all of the minister's trips in there.

MR. THATCHER: — Yeah, we are going to make a big deal out of it, because here's what was asked. And frankly, I'm getting sick of all the misleading that we've had tonight, going right back to about an hour ago on CPN. And here is what we asked: since March 1, 1979, the number of out-of-province trips made by the Minister of Telephones on official Government of Saskatchewan business; in each case, his destination, the purpose of the trip, the names of the people who accompanied him at government expense and in each instance the total cost of the trip. Now, I can give you the answers and the trips. For example, the first one is to Calgary, purpose — western R.J. Simpson, A. Blackman; total cost of the trip — okay, we have a series of those. Then we come to the one that is in question tonight. Destination — Dallas and Brownsville, Texas; purpose — inspection of multimodal terminal and Eagle International Inc.; names of people accompanying the minister — nobody.

I guess we're into the Provincial Secretary now. Are you trying to tell us that you took the cost of that trip and you charged it to the Department of Telephones but you split the balance of it up and you charged it to STC? Don't hand me that. You did like blazes, and I challenge you to produce the documentation and I suggest you do it in the House tomorrow, because I get the strong feeling right here that we haven't had very much truth told of late . . . (inaudible interjection) . . . Yes, I am sick to death of the crock of garbage that's been fed to us, sick and tired of it. That's the truest thing that I've heard in about the last 15 minutes.

Mr. Minister, I think you're talking off the top of your head. I want to see that documentation tomorrow. I want to see the charge on STC for that official who

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accompanied him to Brownsville, Texas and I want to see his airplane ticket. I want to see the receipt vouchers and, Mr. Minister, you know what, I'll bet you a nickel you can't come up with it.

MR. CHAIRMAN: — Order, order!

The committee reported progress.

The Assembly adjourned at 10:05 p.m.