

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
March 8, 1983

EVENING SESSION

COMMITTEE OF FINANCE

CONSOLIDATED FUND BUDGETARY EXPENDITURE

EXECUTIVE COUNCIL

Ordinary Expenditure — Vote 10

Item 1

MR. VICE-CHAIRMAN: — Would the Premier introduce his officials please.

HON. MR. DEVINE: — Thank you. It is my pleasure to introduce on my right, Mr. Derek Bedson, deputy minister to the Premier and secretary to the cabinet. Beside me is Mr. Michael Leddy, advisor and assistant principal secretary to the Premier, and just behind me is Mr. Brian Leibel, acting director of administration for Executive Council. At the back of the House are other departmental officials who will come forward and assist me when necessary and be introduced when and if necessary.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, I want to ask a number of questions, relatively broad questions, on policies of your government. I am by and large seeking information, although no doubt there will be differences of view that might creep in.

I direct my first question to you concerning the policy of your government and energy prices. I should say oil prices. I assume that you are not in favor of cutting the price of Saskatchewan oil, if that should be necessary, to reach a 75 per cent of world price level.

The question I ask — I'd like you to confirm that — but the question I ask you is: is your government in favor of allowing Canadian oil prices to track world prices? And I think you know what the current discussion is.

HON. MR. DEVINE: — Well, we do support to a large extent the Alberta position taken and explained, I think, recently by the Premier of Alberta, which, in essence, says the following: that under the Alberta-Canadian agreement, and as far as I can recall the Saskatchewan agreement, there is no roll-back provision which says that while we can be at 75 per cent of the world price, it wouldn't fall below that 75 per cent of what it would have been with the agreement.

Notwithstanding that, we would be prepared to entertain the possibility of looking at world prices. Certainly, if we're going to look at world prices on the down side, we'd want to look at world prices on the up side, for two or three reasons. One, it could encourage economic activity here, which means more jobs and what not in other parts of the country, and could have a positive impact on the Canadian supply if we could move toward self-sufficiency.

So, we have protected the consumers of Canada on the high side. It's a little bit difficult

to justify protecting them on the down side, which essentially gives central Canada the best of both worlds.

HON. MR. BLAKENEY: — Mr. Minister, I think I understood what you said with respect to any roll back of prices, which might be occasioned by a dropping world price, so that our current Saskatchewan price, or Canadian price would thereby be more than 75 per cent of world prices.

I do not think I understood what you were saying with respect to a situation whereby world prices may stay about stable.

The current situation is that Canadian prices are very close to 75 per cent of world prices, as they now exist. This means, as I understand it, that the energy agreement will not permit further increases in the prices of western crude, unless the 75 per cent ceiling is removed and western crudes are permitted to track world prices.

Is it the policy of your government to seek that situation? That is, that the price of western crude would track world prices, not immediately, but be permitted to rise to world prices, or is it the position of your government that you favor the retention of the 75 per cent ceiling which exists in the current agreements/

HON. MR. DEVINE: — Well, I'm not sure that I can add much more than I previously outlined. In a declining market, we don't see a roll-back provision in the agreement that was either signed by Alberta or the province of Saskatchewan.

If the market is about to go higher, it clearly would be in our interest to be able to track that, whether it's the 75 per cent — or if they so wish, I would entertain the possibility of going to world levels on the down side, but also on the up side.

We make, as you well know, a fair amount of our revenue from the sharing of the export tax. Well, that can quickly disappear under declining world prices, but if we could go to world price, clearly, the royalty structure would be such that we would do, in fact, even better. So, I don't know if I can add any more.

HON. MR. BLAKENEY: — Mr. Chairman, I still don't think I understand the policy. As I understand the policy as enunciated by Alberta officials, it is as follows: (1) that the price as it now is, shall not go back because there is no provision in the agreement for roll back, and (2) that the 75 per cent provision in the existing agreements should be renegotiated so that it would be removed, the ceiling of 75 per cent would be removed; that the increases provided for in the agreements would take effect, but unrestrained by any 75 per cent rule, until they hit world price.

That is my understanding of the Alberta position and what I'm asking is: is that the position of the Government of Saskatchewan? I understand you to say yes with respect to the roll back. With respect to the situation which would exist if energy prices stay steady, Alberta argues, as I understand it, that the 75 per cent rule ought not to apply and that the increases provided in the agreement ought to take place so as to bring the price by steps up to world price. If I misunderstand the Alberta position I know you will correct me. Is that the Saskatchewan position or is there another position?

HON. MR. DEVINE: — Well, if the price of oil stays about where it is, we are about 75 per cent. And that's what we've agreed to. That was in the agreement apparently, or evidently, signed by the two provinces. Now, I could suggest that if we could get 85, I

suppose we would entertain that possibility, if that's what you're saying. But we can't get higher unless the world price goes up or we change that agreement to go for 85 or 95 or whatever it may be.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, I agree entirely and therefore the narrow question I ask is: is Saskatchewan advocating a change of the agreement to remove the 75 per cent ceiling?

HON. MR. DEVINE: — Well, in consideration of several other elements, and clearly both provinces are looking at several others — with respect to natural gas, with respect to the various kinds of oils — we could look at changing the 75 per cent but only in conjunction with the other elements in that agreement. And clearly the natural gas arguments might have a bigger impact for the province of Alberta than maybe they do ours, depending on some of the agreement we've had between provinces. But it would be part of a package. But rather than open all that up I would think that we'd want to discuss that in some detail between officials before I would just categorically say, "Yes, we're going to open it up for renegotiations at 85 per cent."

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I have detected no hesitation on the part of the Alberta government, nor may I say on the part of the Minister of Finance of Saskatchewan to agree with the Alberta arguments. I would like the Premier to outline what other elements he thinks might be changed in any proposal that he might have for changing the energy agreement.

HON. MR. DEVINE: — Well, broadly, the whole question of natural gas comes out, and I would want to make very sure that the province of Alberta and certainly this province, in looking at the details, are prepared to open up those negotiations. Number two, if we are going to renegotiate, then we've got to be prepared to have the full understanding of the federal government that we're going to be able to ride that rural market both ways, and I believe you understand exactly what I mean by that.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I'm sorry I don't, because as I understand the Alberta position, they don't want to write it down. They say that the current prices are prices which ought to be in the foreseeable future sustained by Canadian purchasers. And, as I attempt to quote Premier Lougheed, he says, "We have financed the consumers of Canada when prices were rising very sharply; if they happy to drop sharply we think that we deserve the protection of existing levels, and that there is no provision for dropping prices." So that specifically denies any riding the down side. That's not consistent with riding the down side. As I understand the Alberta position, it is that the current prices stay, we don't go below them, but that we ought to be able to rise to world prices, and I am trying to find out whether that's the position of the Saskatchewan government.

HON. MR. DEVINE: — Mr. Chairman, if I understand the Alberta agreement — and I just want to make sure that the member opposite isn't leading this audience down the garden path a little — the Alberta position is that sure, they would like higher oil prices, but they're constrained by an agreement. And, they are not about to get into wide-open negotiations without carefully discussing it with the federal government, because there are many broader implications which I've just mentioned: (1) the whole question of natural gas, and (2) that if they were going to go to world price, particularly in a falling market, they would certainly want to understand that they go to world price in a rising market. Now, I've said that two or three times, and I don't think that I can add much more to it.

HON. MR. BLAKENEY: — Mr. Chairman, I appreciate the Premier's outlining of what the Alberta position is. What I'm asking is: what is his position? As I understand it, you are saying that you are not advocating a change in the 75 per cent figure in the energy agreement. Do you stick with the energy agreement as it is, or am I misstating your position?

HON. MR. DEVINE: — Well, if the federal government wants to give us 85, we'll take it. If they want to let us have the world price, we'll take that; but we're not taking less than 75 per cent because that's under the agreement and there was no roll-back division.

HON. MR. BLAKENEY: — Well, that is helpful. I now turn to the broad policy of the government with respect to the heavy oil upgrader, and again I'm not asking you for the details of the discussions. If you we have an occasion in energy estimates, I may pursue those — your officials are not here.

What I am asking is: is the broad policy of your government . . . The former minister made it very clear that the policy of the Government of Saskatchewan was to get a heavy oil upgrader in Saskatchewan. He stated that on many occasions, but I could not do better as a statement of it than to quote from his address to the Coal Association of Canada on September 20, and I quote, and I think a fair quote setting out the substance of what he says:

The Government of Saskatchewan has made a firm commitment to proceed with the development and construction of a heavy oil upgrader.

The proposed upgrader will increase Canada's oil supplies, stimulate economic activity, etc.

Recently, I have heard much less positive statements. One provincial official was quoted in the *Financial Post* as saying that if we get the right deal we might go ahead, and it won't go ahead without significant public assistance. And those are not exact quotes, or perhaps even fair quotes, but they give the substance of what is reported.

What I would like to ask the Premier is this: does the commitment of Mr. Thatcher, the member for Thunder Creek, still stand or has it been abrogated?

HON. MR. DEVINE: — Well, Mr. Chairman, I think that it might be fair to comment when we took over office and examined the books, the only evidence we had of an upgrader was just that: quotes from speeches; very, very little put together. We subsequently visited with people in industry and then changed some of the royalty structure to show them that we meant what we were talking about in terms of encouraging them to invest here, to produce here. This subsequently increased revenues in those areas to the province of Saskatchewan.

We've made the commitment to proceed with local companies, local firms, that are in operation in the province of Saskatchewan. It's no secret that Co-op is one, Husky is another; there may be one or two more. It would be to our advantage if we can put together the right combination of numbers and partners to develop and to construct a heavy oil upgrader in the province of Saskatchewan.

Clearly, international oil prices do have a bit of an impact on long-run forecasts — 5, 10, 15 years. So those are given pretty serious consideration, virtually on a day-to-day

basis right now. But the negotiations are carrying on, and I can say that we are manifold times closer to an upgrader today than we were a year ago in the province of Saskatchewan.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, that is a statement of opinion unsupported by any facts disclosed, although there may well be facts. May I ask whether or not the consortium which was pursuing the upgrader project to the extent of optioning two properties is still extant, or has that consortium been disbanded?

HON. MR. DEVINE: — Mr. Chairman, I could introduce Mr. Bob Reid as an official with the Department of Energy. If I understand correctly, you are referring to, in your question, the so-called Plains Consortium. One or more of the major participants, particularly Husky, decided to pull the pin on those negotiations, and is now currently in negotiations with us on a stand-alone upgrader in the general Lloydminster area. We are proceeding with other negotiations, as I mentioned, with the Co-op that has the only refinery in the province today. The negotiations are always complicated, and they're just that much more so as a result of international, not only oil, but economic conditions. But they are proceeding, and they proceed, I would think it's fair to say, literally, on a day-to-day basis.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, when did the Plains Consortium disband?

HON. MR. DEVINE: — Mr. Chairman, I think it would be fair to say that the consortium was not disbanded, but it became inactive with the removal of Husky. That was mid-summer or several months ago.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I would like to pursue this matter, but there may be a better forum when more of the minister's officials are here. The question I want to put to the Premier is one with which I started: has your government still a firm commitment to proceed with the development and construction of a heavy oil upgrader? Obviously, it has a firm commitment to work to get one. That isn't what I'm asking or that isn't what the previous minister promised. He said that the government was going to proceed with the development and construction of a heavy oil upgrader. I'm asking the Premier whether that still stands.

HON. MR. DEVINE: — Well, Mr. Chairman, all I'm going to say is that we are committed to working toward an upgrader. I can't say any more than that. I've heard members opposite say that they're committed to working toward winning an election. We are committed toward building an upgrader, and negotiating the best deal possible for the province of Saskatchewan. We are striving as hard as we can to get that in place. I can't say any more or any less.

SOME HON. MEMBERS: — Hear, hear!

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, your previous minister said a good deal more than that. Well, what does one make of a statement which says, "The Government of Saskatchewan has made a firm commitment to proceed with the development and construction of the heavy oil upgrader"? Whatever that means, it doesn't mean that we will work with some people in the hopes of getting. It says that we will go ahead; and if we can get partners, we will go ahead, and if we can't get partners we'll see it happen some other way. That's what this commitment means. And what I want to know is whether that one still stands.

HON. MR. DEVINE: — I don't have the particular speech in front of me, but it's something along that the former minister said a commitment to proceed with the development. Well, we are committed to proceed in the development and in the construction of one or two or more upgraders, given the best negotiations we can put together. If world market prices fall to \$20 a barrel, it might not work. If some other things come to pass in terms of interest rates, it might not work. We're committed to trying. We're committed to proceed with the development if it makes financial and economic sense.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, I doubt whether the folk at the coal association gathered to hear your minister say that we're committed to proceeding with an upgrader if we can do it and if it makes financial and economic sense.

I think that might have been widely suspected without the minister having said it. What the coal association wanted to hear and what I suspect the people of Saskatchewan want to hear is whether or not, in the view of your government, it does make financial and economic sense at this time, and whether, therefore, you are confidently predicting an upgrader or whether you are highly qualifying any commitment — a commitment to work for, who knows, some day maybe.

A lot of people are asking what the prospects of that upgrader are. A lot of people are wondering whether your government believes it is likely to happen. There was no doubt that when your minister spoke last September he believed it would happen.

What I'm asking you, sir, is whether you believe it's going to — whether the development and construction is likely to commence — in the next 12 months. Let's put it that way.

HON. MR. DEVINE: — We very much hope so. We very much hope that we can negotiate an upgrader, one or more in the next 12 months. The negotiations are sincere, and they are going ahead daily, and the participants are working very hard to put the best numbers they can together. When they do and if they do strike an arrangement, I'm sure it will be one we can all be proud of.

I can't put a probability on it. Whether it's 53 or 61 or 72 per cent probability, I couldn't say. But the negotiations are going on and they're good and they're sincere. And they will continue. And I hope that we can commence with the development and construction of an upgrader in the months ahead.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I am sure that hope is shared by everybody in this Assembly. And hope requires no particular information but merely, as the Premier would be wont to say, an attitude. What I was asking was whether or not, in the opinion of the Premier, that hope is based on sound facts, likely to yield a desirable result, or whether the hope is of the faint variety which we all share, but will give no particular guarantee that it will come to pass.

HON. MR. DEVINE: — I don't know how much more that I can add, except perhaps to say that I believe it's fair to point out that under the former administration the negotiations were apparently going on for a considerable length of time. Now we have started two new negotiations, probably just since midsummer. And if we're just beginning two new sets of negotiations, it is unfair for me to even being to say anything, as I may jeopardize the probability of establishing and developing a successful arrangement between one

or more firms in the province of Saskatchewan for an upgrader. So I don't want to jeopardize those negotiations. I can just say that we're hopeful. The negotiations are going on daily. And they're real. And they're sincere. I don't think it would be fair to say anything more because I don't want to say something that would either mislead some of the participants or anybody else. They're sincere and they're solid and they'll carry on. And if we're successful, we will have an upgrader, one or more.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, the previous Plains Consortium had selected two sites, one at Cloan and one at Archydal, which I'll call North Battleford and Moose Jaw for these purposes. They had done some admittedly preliminary planning in which the sources of water and other utilities had been identified, and generally the suitability of these two sites were identified and was found appropriate in a preliminary way. And some preliminary environmental studies had commenced. I've seen the charts and the maps and the rest. Is either of the negotiations which you are conducting now, with group A or group B, to the point of having identified a site, and a supply of water and other utilities to the site, and generally narrowed down its location so that active planning could commence?

HON. MR. DEVINE: — Mr. Chairman, I think there are two parts to the hon. member's question. He would know as well as anybody that the preliminary review of the sites of the previous consortium were just exactly that — extremely preliminary — and then they were dropped, and certainly were dropped when one of the major participants, as Husky was, decided to move. The second part of the question regarding the negotiations with the Co-op: the site is pretty specific. The refinery is in the city of Regina.

With respect to the so-called Husky project, they are examining the economics of an upgrader, the engineering elements of a project and of the entire process. If those prove to be successful, then clearly they will look for the most appropriate place to build it given the geography and the supply of oil and so forth. I don't think it would be fair to try to speculate what range and township and section that plant might be in because right now they're in the economic and the engineering stages. They will clearly find a place to build it if the numbers work out right with respect to the economics and the engineering.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, I will agree that the work by the Plains Consortium was in some sense preliminary, but it was well along in the sense that sites had been identified, options had been taken and money had been paid, and specific . . . (inaudible interjection) . . . Well, there aren't any options for upgrader sites in Saskatchewan. There were two when the government opposite took power. There are now none. So, we now are down to zero — zero potential sites for which people have put out any money anyway.

The Premier has made clear that the site for group B, the Co-op group, the site of that upgrader, if, as, and when it appears, would be in Regina. The question which I direct to him now is this: with respect to the group A upgrader, which I'll call the Husky group, is the assumption that that will be built in Saskatchewan, or is it an assumption that it will be built either in Saskatchewan or Alberta, but close to Lloydminster?

HON. MR. DEVINE: — Maybe I can just try to give an answer by asking a question. Would the Leader of the Opposition prefer that we, along with some partners, buy a piece of land in a particular community first, and raise the expectations of people in that

community that there was going to be an upgrader, and then go ahead and do the studies, and do the economics and engineering, after we'd bought this piece of property? That seems to me that that's what he would prefer: that we would announce that we had bought the piece of dirt or piece of property, and we were going to do that, and then we'd go and do the engineering, as opposed to doing the engineering and the economics and finding out what would be most successful, and then determining the best place to put it.

It seems to me, if I recall the rhetoric prior to April 26, there were sites popping up, and there was land being surveyed, and after we opened up the books, there was nothing in it but mostly rhetoric — very, very preliminary, but people in Moose Jaw had their hopes raised . . . (inaudible) . . . People outside of North Battleford . . . (inaudible) . . . had high expectations.

For nought, because the companies left.

So, if you want us to do that again . . . Is that the question? Would you like us to start that process now by announcing this site, and that site, and this site? If you do, well, we'd have to find additional justification for the process, because it didn't work before.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, I take it that the answer, which clearly was designed to be a non-answer, means that the Husky group are not committed to Saskatchewan. Otherwise, you certainly would have said so, and you wouldn't have gone on that little rabbit trail. It's very, very clear that if the Husky group were committed to Saskatchewan, the Premier would have said so.

You pointedly did not say that. You pointedly talked about buying pieces of ground. No ground was bought, optioned. We all know that. A pretty remarkable proposal, that anyone would engineer an upgrader without knowing where the site was. That's a remarkable proposal.

But, leaving that aside, I conclude (and you can correct me if I'm wrong), that because you've declined to answer, that means that Husky are not committed to Saskatchewan, but their option to locate in Alberta is still open.

HON. MR. DEVINE: — Mr. Chairman, I said that there were at least two sets of negotiations going on: one, specific, associated with the refinery in the city of Regina (it's quite clear) and that is right in the middle of Saskatchewan; two, was with the Husky proposal. And our current negotiations with the Husky group along with the Alberta government and the federal government are discussing and examining the economics and the engineering of an upgrader in that area on the Saskatchewan side.

SOME HON. MEMBERS: — Hear, hear!

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, I heard the Premier say with some clarity that they were examining the proposal for an upgrader on the Saskatchewan side, not that Husky were examining one only on the Saskatchewan side. I assume, therefore, that Husky is examining one equally on the Alberta side. Now that is essentially what I am trying to get at. Heretofore Husky have said that they would commit themselves to the Saskatchewan side. I take it that that commitment has been withdrawn, otherwise we wouldn't have such carefully chosen words by the Premier. He's simply say, "No, they're committed to Saskatchewan and not to Alberta." Will you say that?

HON. MR. DEVINE: — To the best of my knowledge, the only negotiations that I know that are going on with Husky on upgraders are with us, jointly with the federal government and the Government of Alberta for an upgrader on the Saskatchewan side. I don't know if Husky is in negotiations with the Government of British Columbia on an upgrader or the Government of Alberta by themselves, because I'm not privy to that information, for an upgrader somewhere else in Alberta. But the negotiations that we're familiar with, and we're involved with, and I really can't add . . . I don't think I could know if they're in separate negotiations with somebody else. But the negotiations we're involved with, with Alberta and the federal government and with Husky, are for the possibility of an upgrader on the Saskatchewan side.

HON. MR. BLAKENEY: — Mr. Premier, I note that the Minister of Agriculture is here, and therefore I will direct a question or two to you on broad agricultural policy. And I think my first question is: does the Government of Saskatchewan favor retaining the crow rate? And I will just ask that question and we'll see what the answer is. When did the Government of Saskatchewan arrive at that, and has it had that policy continuously, or has it just arrived at it recently?

HON. MR. DEVINE: — We clearly put out a package prior to April 26 with respect to the crow that outlined our position very clearly — that the federal government should build a transportation system and the financial responsibility was theirs — and we've stuck to that position.

HON. MR. BLAKENEY: — I'm grateful to the Premier for making that clear. Why was it that the Minister of Agriculture, during the bulk of the fall, had so much difficulty understanding that, and therefore when he spoke to the wheat pool, was unable to state the policy, and when he spoke to the Saskatchewan Federation of Agriculture, was unable to state the policy? . . . (inaudible interjection) . . . Mr. Chairman, I know that the Minister of Agriculture is touchy on this point, and I suppose the touchiness comes from the tenderness from sitting on the fence so long.

What I am asking the Premier is: why would not the Premier, in his forthright statement here saying that they favor the retention of the crow, have not instructed the Minister of Agriculture to make a similarly forthright statement to the federation of agriculture, the Saskatchewan Wheat Pool? Why would he say to those organizations that the caucus was split? Why would he say that he was sitting on the fence?

HON. MR. DEVINE: — Mr. Chairman, I'm just delighted that the Leader of the Opposition has raised this point so that we could once more remind them of the consistency of the position, not only of the government, but of the Minister of Agriculture. He's never varied in his position on the crow rate; he said the caucus was split on the method of payment, to either the railroads or to the farmers. And, if you walk across the province of Saskatchewan today, you'll find mixed feelings about who should get paid if the federal government was going to pay the whole shot — to the railroads or to the farmers. And, he's made that point very clear. At some time, maybe some members of a particular radio station, or a particular newspaper, might have said, "Well, he hasn't made up his mind," on the method of payment, but not on the crow, and I think we've got to make that very distinct.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, would the Premier explain the circumstances under which there could be any payment to the farmers if the crow is retained? Would the Premier explain how there could be any payment directly to the

farmers if the crow is retained? Take me through that.

HON. MR. DEVINE: — I just happened to find a copy of our pocket policy. I think you'd be very interested in our policy. It says, "Keep the crow. Let Trudeau and Blakeney go."

SOME HON. MEMBERS: — Hear, hear!

HON. MR. DEVINE: — The crow rate must remain, the shortfall must be paid for by the federal government — that was our position. We oppose any plan to use Saskatchewan dollars or the heritage fund to buy in to the CPR.

The problem that the now members of the opposition got into is they got fooled by the federal government into no longer talking about the crow, but getting involved in the argument about who's going to get paid — the railroads or the farmers. By taking you on a ride on that one, all the rhetoric, for all the farmers and all the agricultural people, was taken right away from the crow itself, and said, "Well who's going to get the payment?" Clearly, if the crow stays, there's no payments.

But you didn't stick with the crow. You go on to the payments and started talking: "Who are they going to pay? Who's the Minister of Agriculture going to have him pay?" So you already made the move to take away the crow, and you got caught up in the argument of who was going to get paid.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, the Premier made clear a moment ago that the Minister of Agriculture was uncertain about whether the payments should be to the farmers or to the railway company. That's what he said the caucus was split.

Now, what I want to know is under what conceivable circumstances that could arise, if your caucus was firmly in favor of the crow . . . Under what conceivable circumstances could you at one and the same time be in favor of retaining the crow rate and wondering whether the payment was going to come to the farmers or not?

HON. MR. DEVINE: — Mr. Chairman . . . (inaudible interjection) . . .

MR. CHAIRMAN: — Order, order!

HON. MR. DEVINE: — All I can do is reiterate my former statement, what our position was, and still is, and how the now members of the opposition got caught up in not talking about saving the crow, but about who was going to get paid — either the railroads or the farmers. And that's what they were talking about day after day after day. Who was going to get the payment? All summer and all fall, that was their discussion and that was their rhetoric.

I said clearly if there's no change in the crow, nobody's going to get paid — clearly. And the federal government starts talking about changing it and the opposition members start to get into the argument, well who's going to get paid. That's where they missed the boat. If they had gone back and said, no change at all, then they'd have been talking from a position of strength.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, why did not your Minister of Agriculture simply state that position when he spoke to the Saskatchewan Wheat Pool and the Saskatchewan Federation of Agriculture? Why did he say that his caucus was

divided on the method of payment, to quote the Premier? Why did he say that they hadn't made up their minds on the method of payment, to quote the Premier? If your position was to keep the crow, there would be no payment, there could be no dispute on the method and under what conceivable circumstances then could the Minister of Agriculture be on the fence, however inelegant that might be?

HON. MR. DEVINE: — He was asked, what is his position on the payment. He had already said, "We don't want any change in the crow." People come back and they say, "Well, what's your position on the payment?" So he says, "We haven't made up our minds on the position because the people of Saskatchewan haven't made up their minds on the payment." Number one, they don't want change. So the argument about who is going to get paid — the railroad, which the wheat pools are arguing for, or the farmer, who the commodity group is arguing for — he was asked to comment. So we did. He says, "I'm not sure." But he'd already stated his position, time and time and time again, speech after speech. There is no change. The federal government should pay the whole shot.

HON. MR. BLAKENEY: — Do I understand the Premier to say that he's not in favor of the railroads being paid?

Well, let me rephrase that. Do I understand him to say that his government is not in favor of the federal government paying additional sums to the railways?

HON. MR. DEVINE: — I didn't say that at all. In fact our preference is that we build a brand new, additional, improved transportation system. That's number one and number two is that the federal government pay for it. There you are.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, we have a crystal-clear statement that we should have an upgraded transportation system, the farmer should pay the crow, and the federal government should pay the difference. Now, why, if that statement is now clear, wasn't it clear to the Minister of Agriculture when he was saying that they hadn't made up their minds on whether the money should be paid to the farmers or the railway company? On your policy there can only be one; it can only be to the railway company. It cannot be to the farmers. Why doesn't the Minister of Agriculture say that? I suggest to you the reason he didn't say it was because it wasn't your policy then.

HON. MR. DEVINE: — Maybe I can use an illustration. If somebody was to ask you just after you finished eating dinner if you'd like apple pie or pumpkin pie, you might say, "I don't want any; I'm full." And they said, "Well, despite that, if you had to choose, what would it be — apple or pumpkin"? You might not want either. You already finished eating. Your case is laid. You don't want to change. The federal government should pay but they still say, "Well, who would you like to get paid — the farmer or the railroad"?

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, you have just finished telling me that the Minister of Agriculture, when he made those speeches, made clear, first, that they favoured the crow; secondly, that you wished an upgraded transportation system. Now, if he had said those two things and someone asked him who should the payment be made to, there can only be one answer — the railways. He doesn't have to think once, twice. It is implicit in your policy that if you were going to have an upgraded railway system paid for by the federal government, and the farmer is going to pay only the crow, then all the payment must go to the railway, and none of it to the farmer. That's

absolutely implicit. There is no way you can get out of that. Now, why would the Minister of Agriculture not simply stand up and say that? I suggest the reason is that it wasn't your policy then. If it was, I ask you: under what conceivable circumstances the Minister of Agriculture could stand up and say, "I favor the crow, but when it comes to whether the money should be paid to the railways or the farmers, I don't know?"

HON. MR. DEVINE: — Well, I think the Leader of the Opposition could agree that the position of the province of Saskatchewan, the Government of Saskatchewan, is, "Don't change it; leave it there." But we don't control the federal government. So the federal government says, "Well, we're going to change it anyway," — if it does — and then the minister is asked, "Well, who do you want the payments to go to?" He says, "I don't know, because I don't think the people of Saskatchewan, one, want it; or, two, have made up their minds." That's fair. We don't control the federal government. If it unilaterally decides to pull the pin on us, we have to cope with that. So the question was: well, who would you like to see cope with it the most? "Well," he says, "we don't know."

HON. MR. BLAKENEY: — I'll leave it. The record will state as clearly as anything I could that the government simply doesn't have a position. It may have one now, but it certainly didn't have one when the Minister of Agriculture wasn't able to guess whether money should go to the railway companies or the farmers. That's when they didn't have a position.

Mr. Chairman, I will move to another aspect of agriculture. . . (inaudible interjection) . . . Well I am sure members opposite, and members to my left are hoping so. You've got a whole lot of friends over here who . . .

AN HON. MEMBER: — I've got a lot more friends than you've got over there, buddy.

SOME HON. MEMBERS: — Hear, hear!

MR. VICE-CHAIRMAN: — Order. Order! Let the member ask his question.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, I am turning now to the meat packing industry and asking what the government feels are the opportunities for expanding meat packing in Saskatchewan, and does it feel that the limitations are supply or market? I'll leave it at that.

HON. MR. DEVINE: — Well, it is a combination of attitude, and markets, and production, and financing. Clearly we have the potential in Saskatchewan to provide a great many people with food and energy, given the large feed grain base, and the fact that we produce, on average (we're a little below that now), about a million head of calves a year on a large feed grain base. A combination of developing the markets for the fat cattle — the facilities like packing plants, and so forth, to process them from the — feedlots that are potentially viable here — it's a combination.

We've had recent expansions in the packing plant. I believe in Moose Jaw, Canada Packers has announced a pretty significant expansion — a 30 or 35 per cent expansion there. Others are looking at the province. With the continued increase in grain production, it would probably even augur well for major feedlots to begin to look at the possibility of opening again in the province of Saskatchewan. So it's a combination of marketing the beef, and putting together, I suppose, what you'd call the right numbers for the people in the middle — that is, those that are going to feed, those that are going

to butcher and pack, and then those that are going to market.

HON. MR. BLAKENEY: — Is it the position of your government that developments along the line of the Pepin plan, if they should happen, will lead to significant increases in meat processing in Saskatchewan?

HON. MR. DEVINE: — If the federal government was to know the proposals that we unanimously agree to with respect to their so-called plan, then there could be a significant increase in productivity in the production of grain and livestock in the province of Saskatchewan. But not as the plan is outlined today.

HON. MR. BLAKENEY: — Mr. Chairman, I turn to a different subject, and that is a water pipeline from Diefenbaker Lake to Buffalo Pound. My question here is: does the Premier feel that the offer made by his government to the cities is sufficient to generate the construction of that pipeline, in the near future or not?

HON. MR. DEVINE: — Well, we were very serious when we made the offer to the cities of Regina and Moose Jaw. We anticipated at that time that they would do their own analysis, subsequent to the fact that we offered \$10 million up front plus 8 per cent and 12 per cent money on something from \$60 million to \$80 million. Their contribution plus something that might be matched by the federal government and our own, in our minds, would make a viable, doable project. Also, by extending that same financial leverage, at least in theory, to other places in the province, it seemed to us to be a reasonable proposition, given the fact I think now we've identified over \$2.5 billion worth of water projects across the province of Saskatchewan, excluding irrigation.

So, the combination of using the strength of the province to leverage ourself as far as possible for farmers and consumers and home-owners, by providing some protection on the high side against high interest rates, means that it can be affordable. Clearly in your experience, you would recognize that some protection or hedge, if you will, against very rapidly rising interest rates is worth a great deal of money.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, it is reported in the press that there has been no official request to the federal government for assistance from the federal government, either by the province or by the cities. Is the Premier in a position to confirm that?

HON. MR. DEVINE: — Well, I can't speak for the ministers that have been in negotiations with the federal government. The Minister of Finance has been in Toronto and I believe in Ottawa for the last two or three days and has discussed several things — financial and water and probably energy. Negotiations may have been going on at the federal level. Certainly it's been raised in the House of Commons enough times to make them aware of the fact that we have this proposal before us. So we are quite prepared, and we said that at the outset, to join with the cities and the federal government in a three-way joint venture.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, this is a project which appears to be a sound project, which appears to be one which would create a significant amount of employment, almost all of it in Saskatchewan, and appears to be a project which would not likely be a large burden on the taxpayer since a substantial amount of the costs would be covered by the users. Under these circumstances, and given the economic difficulties in which we are labouring, is your government prepared to take more of a leadership role, rather than simply offering a package which two cities need

to get together on and presumably we will have to involve other people if other communities or businesses are to be involved? Would you be prepared to take a more active leadership role in seeing that this budget can be put together relatively quickly?

HON. MR. DEVINE: — Well, Mr. Chairman, it's a little bit ironic that you or the hon. member is asking the new government of 10 months of age if we're going to take a bigger lead role in the development of this project, after the former government had 10 years to deal with it. We've laid an offer on the table of some \$35 million to practically \$50 million, protecting on interest rates, cash up front. The cities haven't even agreed whether they want to go with it . . . After a few months in office, let alone years in office. So I think it is a lead role, and one that's been quite responsible, given the time frame.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, circumstances are very markedly changed. The steel mill was set up in 1960 and it never has been shut down until your government has come to office. A great deal of industrial development has taken place in the last 10 years. The water consumption of the city of Regina and the city of Moose Jaw have increased a great deal, as a simple look at the figures will indicate. However, I take it that the Premier is saying that his government is not prepared to take any further leadership role other than offering the \$10 million, and urging the cities to decide what their next step is. If I am misstating your position I know you will correct me and I'll go on to something else.

HON. MR. DEVINE: — We made the offer, and I want to remind the hon. member — \$10 million, 8 per cent and 12 per cent money over 10 years, on somewhere between \$60 and \$80 million — that's a considerable amount of money, and we've said that we're prepared to sit down and negotiate with cities in conjunction with the federal government. In addition to that, we've had a major cabinet water committee with Mr. Muirhead, Mr. Schoenhals and others. We've canvassed a good part of the entire province to get a feel for other water projects, and the demands that may be on this province. We've identified at least \$2.5 billion worth of projects, which is a considerable amount of money. We will be reporting on that.

We are prepared to sit down and talk with the federal government and with the cities about our offer. We think it is a good one. We think it is a very fair one, in view of the fact that there may be millions of dollars worth of projects to get done in this province. It doesn't say that we've dotted all the i's and crossed all the t's, but it's a fair offer.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Premier, it seems clear from what the Premier said, that they are prepared to sit down to talk with people, but not prepared to convene the meeting at which the sitting down would take place. I congratulate the Premier; there has certainly been no absence of studies, no absence of task forces, no absence of reviews and . . . (inaudible interjection) . . . Mr. Premier, I will carry on. Your Minister of Industry and Commerce does a great deal better from his seat than he does on his feet. Any time he wants to stand on his feet we congratulate him, and we are looking forward to a week like last week.

I ask again whether the Premier is prepared to instructions of his ministers to take a lead role in seeing whether the city of Moose Jaw, the city of Regina, the provincial government and the federal government can come together to arrive at a financing package which might allow this project to proceed in the relatively near future.

HON. MR. DEVINE: — Well I can really just reiterate a couple of points: one, that the two

cities haven't really agreed whether they want even his kind of technology, at any price. The one city is talking about a ditch and the other a pipeline, and then several other financial . . . so that's number one, and it would be very much helpful to us if they could come to some kind of an accord. It would make it much easier for us to say, "Well we can sit down and talk with you and talk with others."

Secondly, I can't comment on whether the Minister of Finance has had any success in this week. He was talking about several issues, and I believe, I'm sure you'll respect the fact that we're negotiating with the feds on something like 70-some different items simultaneously.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Minister, I turn to a quite different subject and that is now to the general philosophy of the government in operating the major utility corporations. Here I speak of power and telephones, although the logic might apply to STC and some others. I will direct my questions as if I were talking only about power, telephones and gas.

It is possible to operate utilities at a break-even figure covering the capital borrowed and no more, or capital borrowed and equity advanced or no more — just what the government has put into the utility. If it gets a proper return on that, that would be the appropriate level. Just the interest, just get repaid for the interest it's paying to borrow the money — that's one concept. Another concept is that the utility should earn enough to cover the cost of money provided by the government together with a return on profits that had been made in the past and left reinvested. Now that's another concept. Yet a third concept is one which says that there ought to be a small margin — small or large margin, but I will say a small margin to contribute to future capital investment.

By and large the previous government operated on something between, somewhere between number two and number three, attempting to get small profits in telephones and power. The Conservative Party in opposition opposed this policy and indicated that there should be no profits in power and gas and telephones, that such profits were something taken away from the users, rip-offs or whatever words (and I don't want to use emotive words; I'm trying to find out what the policy is).

What I am asking you, sir, is: what is the general policy of your government? Are you aiming at a break even, or are you aiming at a break even plus some small profit as a contribution to future capital construction?

HON. MR. DEVINE: — We have said for some time that we expect the public utilities to be operated on a break-even analysis, a break-even basis, which would include paying for their long-run capital projects.

The problem that the former administration had, in my view, was the perception that there was no public utilities review commission or anything like that to make sure that a utility was not used as a form of taxation.

The view was that a public utility is put in place largely because of what's generally known as a natural monopoly. There are large economies of scale, and a monopoly is a monopoly is a monopoly. So, not to rip-off the public, it's put in the public sector, but clearly, if it's in the public sector, it shouldn't be there to have rates such that it's going to make profits, because people have no choice. They have to pay in a monopoly.

So it was for the two reasons we said the utilities should run on a break-even basis,

paying for capital costs so that they can stand the loan, and not incur larger and larger deficits, on the one hand, and number two, have the public involved in justifying those rates, so that would be the case, and not be used as a mechanism to tax people.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I want to pursue a little more fully this concept of a break-even basis, but making a contribution to capital cost.

I don't understand that concept. I want to know how a utility would make a contribution to future capital cost, except by profits.

HON. MR. DEVINE: — Well, in the case of a large project, the crown corporation may borrow some money to pay for it. There's a cost of borrowing that money. When the power projects come on, or some other things come on, those are paid for by the people paying the rates.

You can project those costs of borrowing the money and building the project into your rate structure, and say that it handles itself, so there isn't a big growing debt or deficit in the crown corporation all of a sudden, because there is no contribution toward that project.

We don't think that project should be used to make a whole bunch of money as a source of taxation, to take from people that have no choice. It also should cover the costs — through the general rates on that utility — of the project that's going to provide the service to the public. That's ball-park break even.

HON. MR. BLAKENEY: — I believe I understand that. If that's the concept, that is a genuine break-even concept, whereby there is built into the rates only the cost of the capital, the interest, and the capital cost allowance or a sinking fund or a depreciation, there's two or three ways to do that. That's essentially the same idea — your interest together with what you pay because your asset is wearing out, and no more. If that's the concept, I'm happy to have it confirmed.

I noted in a recent press release by the Sask Tel acting president, Mr. McCormick, that in asking for the 19 per cent rate increase, he goes on to say:

The corporation must generate sufficient revenues that provide a reasonable rate of return on investment. By financing as much capital construction as possible from internally generated financial resources, the corporation will require lesser amounts of long-term borrowed capital, thereby reducing interest costs. In the long run, this will mean more economical service rates to our customers.

All that is blindingly obvious. If you have big profits today and use them to cut down your borrowings, you're going to pay less interest later on. What I'm asking is: is that the policy of the government — to generate some profits over and above the cost of operations and the cost of money and the depreciations? Are you proposing to generate some profits so that the corporation will require lesser amounts of long-term borrowed capital, thereby reducing interest costs, and so in the long run provide more economical service to the customers? It's a pretty fundamental question as to how you're operating the utilities.

HON. MR. DEVINE: — I would say that the policy of the administration is as I just described it. There may be some short-run aberrations to that — and I mean short-run

— but the general philosophy is just as I described it. I would think most of the crowns will adhere to that quickly and consistently over time. So, I would not see a situation where a crown corporation or a public utility was increasing its profits more and more and more, and saying, “Well, I can justify that — taxing the consumer if you will — because I don’t have to pay interest rates.” Clearly that isn’t what a utility is designed for, in my mind, as a natural monopoly. It’s to provide the service at cost and finance itself to get that done.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, I don’t mean to belabor this. I’ll just ask whether or not the comments that the Premier has just made . . . Does he feel they apply to the power utility, the gas utility and the telephone utility, or would he make exceptions or qualifications?

HON. MR. DEVINE: — Well, in a general sense, it applies to all public utilities. There may be some short-run deviations from time to time, but the general philosophy is as I described it: the break-even analysis for Sask Tel and Sask Power and the normal “textbook” definition of a natural monopoly in a public utility.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I turn to a different subject which we have raised in this house on more occasions than one: that is public service conflict of interest guidelines. I ask the Premier whether or not he would be prepared to issue some temporary guidelines until such time as his government is prepared to put forward some more permanent guidelines. I say this because it is, I think, clear that the supreme court is unlikely to hear the Ontario case before June, and perhaps the fall, that a judgment is really unlikely to come down before November or December.

That is a very, very long time to leave people in limbo. I asked the Premier whether he was prepared to issue some guidelines, be they common-sense guidelines or whatever else he wants to call them, that will last for the next year until we get the supreme court decision, and there has been an opportunity to study it and review it and come up with the guidelines, and perhaps put out a white paper and otherwise deal with the issue which seems very, very difficult for his government to grapple with.

HON. MR. DEVINE: — Well, Mr. Chairman, I believe that our administration is grappling with the situation quite well. I am not prepared to provide any more guidelines now than were in effect when the Leader of the Opposition was the government. The public service has guidelines and they applied for the last 10 years, and I suspect that they could apply for the next 10 years. I wouldn’t want to add any more legal parameters to the guidelines until we’ve had some decisions by the courts. I’m not so sure that any more legal parameters are necessary anyway because just as you mentioned, it’s going to take, as always, a good deal of both integrity and common-sense to deal in the public service. We expect that and most professionals, 99 per cent of them, known exactly what that means.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, the Premier is right in saying that there were existing guidelines, not articulated to cover all situations. What is different is that they were reinterpreted in a number of instances, more particularly in the Val Mulligen instance. And many, many people are having the greatest difficulty distinguishing between the Van Mulligen instance and the Archambault instance, where one was acceptable to your government, and the one was not. I will refer to the employee of the housing corporation and the employee of the Department of Education. I don’t want to get any more personal than that. I’m just saying a lot of people

are having difficulty distinguishing between those two — what the housing corporation employee did that the education department employee didn't do, that raised the ire of the government. I suggest to you that there is a need of guidelines, because you have made some distinctions which were previously not there.

HON. MR. DEVINE: — This is in response to your question, Mr. Chairman and the hon. member. These are the conflict of interest guidelines. These guidelines apply to employees of the Saskatchewan public service and are effective April 1, 1981. The purpose . . . The public employees in the course of carrying out their duties are responsible for the promotion and protection of the public interest. As a result, conflict of interest guidelines are necessary to ensure that a public employee's private actions are not in conflict with his or her public responsibilities. The intent of the guidelines is to prevent the development of conflict of interest situations. Care has been taken to ensure that they do not intrude unnecessarily upon a public employee's private life. While these are guidelines that were enacted under . . . (inaudible interjection) . . . They apply . . . (inaudible interjection) . . . they didn't even vote for you, Ned.

If we go back to the case as I displayed it in this Assembly when we were going through the so-called Val Mulligen affair, the particular employee was very, very careful to say that when he thought he was in conflict, he would not talk about the particular issue in a public forum, as an elected official. And he made that very clear in his statement to the media. And then he said, "But in this case I could talk about it, because it wasn't about the crown corporation that I was working for; it was about the government."

That's where I thought I might have some justification in questioning whether he worked for the government or not, by saying that he could obviously come into conflict because the crown wasn't part of the government. Now clearly that's a question of, as they say in here, do not intrude unnecessarily upon public employees' rights, or areas of conflict of interest. Again it goes back to common sense. The individual was right in making the observation that he should be careful when he got into conflict of interest situations in a public forum as an elected official (which I might add would be considerably different than knocking on doors), but he went ahead and did it anyway because he said the crown corporation is not the government. And I just found that somewhat difficult to justify.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, the Premier will know that crown corporation employees in the past in Saskatoon have run for opposition parties (as I recall a Mr. Ryan, if I recall the name right) ran for the Liberals sometime, about '75, I believe — Tim Ryan, or some name similar to that. He certainly spoke on public platforms contrary to government policy. This is in no way surprising so long as there is clearly nothing underhanded about it. He stands up and says, "I am standing — I am voicing opinions — my political opinions, and I'm not on duty. I am now running for public office and I'm not working for that insurance office." Or "I am now on city council and I'm not working for the government."

I say again to you, Mr. Premier, there are a good number of people who are far from clear on what these rules are. And the whole matter would be greatly clarified if you set down what these common-sense rules are.

HON. MR. DEVINE: — Well, Mr. Chairman, I would certainly welcome any suggestions that the Leader of the Opposition has with respect to common-sense guidelines, in addition to the ones that he already published. But let me add . . . He knows as well as I do that there are lots of people employed in the Government of Saskatchewan today, in

the public service, and in the crowns who are not of my political persuasion. Lots of them, and they are respected for doing a good job and they don't get into situations where they are running a risk of this conflict of interest. I mean, and I've mentioned it before, the gentleman who ran against me and defeated me in Estevan, is now working for Sask Power as an engineer, and is a professional. I respect that. But it must become more difficult if he's going to be in city hall someplace, condemning the current administration's policies with respect to power. It would be more difficult, clearly, if you were in that position.

In terms of running for public office, Mr. Van Mulligen wasn't running; he was already in public office. There wasn't an election on. So he's dealing with current policy as an elected official; at the same time, he's trying to spread the message for the government. Clearly a conflict in my mind. If that isn't in yours, or if that's confounding or confusing, then I would ask you to look back at experiences that you must have had with respect to an administration, having somebody who was dealing as an information officer, or a communications person for a minister. That person would go out later that evening, or that day, and say, "Well, this policy is something that I terribly disagree with. I mean it's a natural conflict. So I would appreciate any guidelines you could give us with respect to those situations where, the individual admitted himself, you have to use your best judgment. And I think in this case, all due respect, he didn't make the right decision.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, I'd be happy to attempt to provide some guidelines if that would assist the matter. But I suspect that he has many employees who can do that equally well. If he would like to provide me with a solicitor or two, I could undoubtedly instruct them and get some guidelines up pretty quickly. Now we've got other duties to perform rather than doing work on an unpaid basis for the government.

I think the important thing here is the political conflict that anybody who stands for public office, whether it be on a school board, or a town council, or any other public office, or perhaps a union executive . . . His inability to perform his function. And if I may ask the Premier, does she feel that if Mr. Van Mulligen, who is a member of the Saskatchewan Government Employees' Union, had expressed the same views at a union meeting which was open to the public, he would have been in conflict, and not able to speak at a union meeting in opposition to government policy with respect to the application of wage guidelines?

HON. MR. DEVINE: — Well there is, I believe, a significant difference between going to a union meeting and speaking out against something with respect to the policy, if you're working or not working for the union as an employee. It's the same as working for a radio station, or a farmer, or a restaurant owner, and then going out and condemning the person that you're employed by. It just makes it clearly more difficult if you're criticizing the person that's paying you — clearly it does. And that isn't too difficult to figure out, I wouldn't expect.

In Mr. Van Mulligen's case, he's clearly, openly disagreeing with a major policy of the person that's paying him to do the job. It makes it more difficult. And he's also doing it as an elected official at the same time that he's a government employee. So he could go down and speak at the public service commission but it wouldn't have the same impact. He's not working for the public service commission in terms of those guidelines. I mean, he's employed by the government, working directly with a department or a crown; and criticizing a department and a crown at the same time they're paying you,

just makes it more difficult.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, surely every union employee is in that position. He is very, very frequently going to find himself speaking out in opposition to a wage offer made by the employer, or a wage policy made by the employer. And if there is a public union meeting and he says, “I think that government policy of limiting our wages to inflation minus one is the pits,” surely he has the right to do that. It doesn’t matter in what capacity he serves the government, if he’s a member of the Saskatchewan Government Employees’ Union.

HON. MR. DEVINE: — Clearly he can say that. And it is job-related to some degree. Where it gets more difficult is when the individual is responsible for . . . I’ll put it another way. The higher you go in the administration, where you’re closer and closer to policy, it gets more difficult. When you’re standing out condemning the policy and at the same time involved in it, either have the confidence of the minister . . . He hopes. He does that, and as a former minister, you would understand that. You hope that person is on your side and loyal to you. You hope that. And then when you come out with a policy and you find out that downtown he’s kicking the pants off you, it bothers you. Because then how much can you confide in him to carry out the will of the public?

AN HON. MEMBER: — Common sense.

HON. MR. DEVINE: — It is common sense. And it just makes it that much more difficult, when you’re trying to work closely with somebody, and he turns around and condemns what you’re doing, and he still expects to be paid to do that.

HON. MR. BLAKENEY: — Well, I don’t think I’ll pursue this further. It’s something that the Premier’s statements make abundantly clear, the fact that he simply does not believe that public servants make abundantly clear, the fact that he simply does not believe that public servants have the right to engage in political activity, where that political activity might find them in opposition to some government policy. Now I concede that with respect to the highest echelon of the public service. I will concede that. I certainly don’t concede it with respect to people within the scope of the union agreement who are, to put it mildly, not exactly at the top of the public service echelon.

With respect to a different subject, what agency of the Government of Saskatchewan does polling, or commissions polling or opinion research, as it’s sometimes phrased?

HON. MR. DEVINE: — I’ll canvass the various departments and the crown corporations to get that general information as to who does surveys, and in what areas, and so forth. I don’t have that with me right now.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I refer the Premier to a memorandum — I don’t appear to have a date on it; it’s blurred — from the Premier to all cabinet ministers dealing with government policy and directives on advertising and opinion research. It’s not a new memorandum. Could the Premier outline what the duties of the cabinet review committee on advertising and public opinion research are? What are the duties of that cabinet review committee?

HON. MR. DEVINE: — The cabinet review committee will receive requests for surveys from crown corporations or departments and examine them. The committee includes the Deputy Premier, the Minister of Finance and two or three of my officials.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, could he indicate who are the members of the management committee that reviews the practicality and feasibility, presumably, of proposals which come forward from agencies of the government?

HON. MR. DEVINE: — Garf Spetz, Sean Quinlan and Dave Tkach.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier. Could the Premier give me a list of the advertising agencies which have been used for the placement of media advertising? I don't know what term is used, but there will probably be two or three major ones. If there are some small ones, you may ignore them, but anyone who has gross billings of more than \$50,000 a year, say.

HON. MR. DEVINE: — The committee has contracted an agency of record to be responsible for the placement and purchase of all government advertising, and for advising the committee regarding duplication of advertising, either between departments, agencies, crown corporations, and of conflict or oversaturation of government programs in a particular meeting — an agency of record.

HON. MR. BLAKENEY: — Could you tell me the name or names of the agency or agencies of record in the last 10 months?

HON. MR. DEVINE: — There is one agency of record that deals with all the agencies.

HON. MR. BLAKENEY: — And what is the name of the agency of record?

HON. MR. DEVINE: — Dome Advertising.

HON. MR. BLAKENEY: — I wonder then, if I may inquire just how this works. The agency of record places the advertising. Is it likely that the agency of record will place it directly with the media outlet, with the radio station, the TV station, the newspaper or the magazine, or is it likely that the agency of record will place some with other advertising agencies?

HON. MR. DEVINE: — They place it with the media on behalf of other agencies.

HON. MR. BLAKENEY: — I'm interested in knowing what the contractual arrangements are. In effect, who pays who for what? Thus, if the Saskatchewan Power Corporation places a series of ads about safety in respect to overhead wires, and the agency of record, Dome, goes through the process and it's approved by the management committee and the cabinet committee and goes to Dome, and Dome decides it might be . . . Suppose it's straight TV with half-a-dozen TV stations in Saskatchewan . . . Is it possible that Dome would place that on behalf of another advertising agency with CK TV and CFQC for example?

HON. MR. DEVINE: — Yes.

HON. MR. BLAKENEY: — In those circumstances, who would bill the power corporation make payments? That is, would they make payment to Dome? Or would they make payment to the other agency, let us say Struthers — reasonably unlikely.

HON. MR. DEVINE: — Mr. Chairman, the cases may be different for different situations. I'll take notice and get the specific information.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, I appreciate that, since we will obviously wish to follow some of these through and wish to know whether or not the billing is to Dome, or to Foster, which is perhaps a little more likely than Struthers, if Foster is still around. Logically the payment could be made by the power corporation to Dome or to Foster, or to CK TV, in our example. You're saying that it might be different in each case. Could the Premier tell me what the financial arrangements are between, let's say, the agency of record, and the placement agency? Are two commissions paid? I realize the theory is that the media pays the commission, but I think we perhaps now better.

HON. MR. DEVINE: — The agency of record receives 3 per cent commission on placement. I believe an example you would use, the agency of, say, Sask Power, would receive 12 per cent. In a comparison, the agency of record for the province of British Columbia gets 4 per cent.

HON. MR. BLAKENEY: — Do you have a system whereby the one agency of record, as you say, gets, as it turns out, 20 per cent of the commission of 15 per cent, or 3 per cent of the 15 and the placing agency — in my example, let us say CK TV Foster Advertising — which might place something with CK TV would get the other 12. Do I understand then, the obligation to pay the 12 is left with CK TV or with Dome?

AN HON. MEMBER: — Presumably with CK TV but . . .

AN HON. MEMBER: — Or perhaps the other way around. Perhaps it's the obligation of Foster to pay Dome.

HON. MR. BLAKENEY: — And, perhaps this will not be within the knowledge of the government, but if CK TV pays 15 per cent, do they pay 15 per cent to Foster of which Foster then pays Dome 3 per cent, or do they pay 12 and 3?

HON. MR. DEVINE: — I don't know, I'll take notice.

HON. MR. BLAKENEY: — I'll pursue this later.

I change the subject, but just before I do, could the Premier tell me what polling has been commissioned by the government? Perhaps I'll phrase the question another way. Is all the opinion research done by the Government of Saskatchewan similarly cleared through this management committee and cabinet committee?

HON. MR. DEVINE: — I'll take notice because clearly there are several departments and several crowns, branches and divisions and so forth. I'll take notice.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, is any polling cleared through the management committee and the cabinet committee to which we have earlier referred?

HON. MR. DEVINE: — Well, the committee would report to either cabinet planning or to cabinet generally, and may discuss several things with ministers, whether they might be involved in education or in health, or in something else . . . and it goes from there.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, has any polling been commissioned by the Government of Saskatchewan, by the Executive Council of the Government of Saskatchewan since May 8, 1982?

HON. MR. DEVINE: — I'll take notice.

HON. MR. BLAKENEY: — Mr. Premier, I want to press this a bit because I would have thought that the Premier's officials would be able to secure that information. It can't be the sort of thing that is done every day. And I would think they would have some recollection if they had commissioned any polling. I ask whether or not you could canvass your officials to see whether or not polling has not in fact taken place.

HON. MR. DEVINE: — Mr. Speaker, I said I'll take notice, but to the best of my knowledge now, the Executive Council hasn't done any. But I'll take notice.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I will raise another subject, for the moment, and that has to do with governmental reorganization.

The Premier will be familiar with reports suggesting that there is going to be a major overhaul of the government. We're aware of the fact that others have suggested that this is speculative. I ask the Premier whether or not he cares to comment on any of the proposals for reorganization which have been put forward in the press.

HON. MR. DEVINE: — Mr. Chairman, I don't care to comment on them. We are examining the crowns and examining departments, examining the budget and examining revenues, and making forecasts and programs, and when we want to announce or are prepared to announce anything new, we'll do it when we're ready and in due course.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, I want to state some views from this side of the House.

We think it unwise to end the life of the Department of Rural Affairs. We question very much the downgrading of a cultural emphasis, particularly a multicultural emphasis, by removing the Department of Culture and Youth. We are strongly opposed, as we have tried to make clear, to the very clear impression we get that this government has no commitment to highway traffic safety, and we are strongly of the view that more assistance rather than less needs to be directed to assisting women to gain a fair and rightful place in our economy.

I am, as the Premier has indicated, not informed on what the government may intend, but if the information obtained by Mr. Eisler is as accurate on this occasion as it has frequently been in the past, I can only state the views of this side of the house: that we think that a number of these moves are ill-advised and ought not to be proceeded with. I don't know whether you want to comment on that or not.

The question that I direct to the Premier is this: if there is going to be a departmental reorganization of any major consequence, will it be built into the budget which you will present in the next two or three weeks, or will we be met with reorganizations following the budget?

HON. MR. DEVINE: — It will be announced in due course.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, the difficulty which that sort of a comment puts the opposition in, and the public in . . . (inaudible interjection) . . . Well, that nobody will know what you're spending in any department, because you will

not put out a statement of what you're spending.

That was the situation last year, in areas where the Department of Northern Saskatchewan was involved. No one really knew what was being spent because sections of the government were being moved from DNS to government services, sections were being moved from DNS to tourism and renewable resources, and the like. My question to the Premier is this: if there is a major reorganization of the government which takes place following the presentation of the budget, will the government give a commitment that they will bring forward some revised spending estimates, which reflect the new governmental organization, so that someone will be able to follow the budget and it will not consist of a huge stack of transfers so that the budget document and the estimates document will not be able to be traced through, since it will not survive the reorganization?

HON. MR. DEVINE: — Mr. Chairman, I can't really add any more. We will come forth with our Speech from the Throne and our reorganization and/or our budget when we're ready, and I'm sure the opposition will find it extremely interesting and will, at that time, comment on it. It's just pure speculation to do anything before that time, so I have nothing more to add at this time with respect to reorganization, the budget, or the Speech from the Throne.

HON. MR. BLAKENEY: — Well, I will take an opportunity a little later to say what I think should be in the Speech from the Throne, but we'll let that go by . . . (inaudible interjection) . . . Yes, well, I'm sure you're looking for ideas.

What I am asking is this . . . (inaudible interjection) . . . What I ask the Premier is this: does the Premier agree that if there is a major reorganization of government, it is appropriate to put out a revised statement of estimates, so that the sums of money which are voted are reflected in a new departmental pattern that can be followed by the public and by the opposition?

HON. MR. DEVINE: — Well, it may or may not be, depending on the reorganization, clearly, so I'm not going to speculate on the extent of the reorganization, so I won't speculate on whether it's necessary.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I turn to another subject and that has to do with the economic strategy of the government. We have heard a good deal about how the government proposes to generate economic activity in the province. My colleague, the member for Regina Centre, has pleaded with the Premier not to have any more Open for Business conferences, since the results seemed to be so disastrous. But leaving that aside, it is clear that the government's basic proposal is that business activity be generated by encouraging additional activity on the part of private sector.

Now, businesses come and businesses go in any society or any economy; businesses expand and businesses contract. What we need to do in assessing whether or not an economic strategy works is not to run around finding out whether there's a new business that hires someone, because there may be even more businesses that are terminating their activities at that same time. What we have to do is look at the balance — it's a word which the Premier is fond of — the balance of our employment and business activity, and what I want the Premier to advise is whether or not he is satisfied with the rate of creation of new jobs since he assumed office 10 months ago today?

HON. MR. DEVINE: — Well, Mr. Chairman, I am satisfied that we have done better than any other province in the country. In fact in question period today, and this is on this subject, the Leader of the Opposition stated as of January 1983, the number of people employed in Saskatchewan, according to the Department of Labor statistics, was 415,000. That is the same as January 1982. This is not an annual average increase. It merely reflects the facts at a particular point in time. The annual average level of employment in Saskatchewan in 1982 was 433,000 people, 1,000 more than the 1981 annual average of 432,000, for a net increase of 1,000 people employed.

I think it would be fair to point out that we're never satisfied until we get to full employment. Our industrial strategy has four points: the role of government, industry labor and education. I'd like to remind the hon. member that we have made, and are making, large public expenditures, exceedingly large public expenditures in schools, technical schools, hospitals and nursing homes, water, natural gas and in housing — large public expenditures. In fact, on a per capita basis they are some of the largest public expenditures across the nation at this time to create jobs. And despite the fact we had the lowest unemployment, we're the first to participate with the federal program on NEED to create jobs in the city of Saskatoon. So the combination of those public expenditures — not private, public — which are part of our industrial strategy of government, private business, labor and education, are making a difference. Plus the combination of tax incentives and targets and assistance to farmers, business, consumers and industry, together they are jointly creating the kind of economic climate that we think is extremely important.

I could just add: yes, we do respect the role of the private sector. And one clear example is where the government is no longer going to buy family farms — a significant difference. We will soon be at \$350 million — or not soon, but by the end of this year — on applications for the farm purchase program. Record capacity, helping more young people than ever in the history of the province to buy farms privately, not for the government. So, true, the public is involved helping people own their own businesses and own farms and substantially increasing the number of people employed.

SOME HON. MEMBERS: — Hear, hear!

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I thank the Premier for those comments. I should correct something that I said in the House this afternoon with respect to the statistics I quoted. In attributing them to the Department of Labor, I was speaking from memory and in fact it was the Saskatchewan Bureau of Statistics figures which I was quoting. The figures were right; the source was in fact the Saskatchewan Bureau of Statistics.

The Premier has outlined all of the things which his government is doing in order to create employment, and he's also saying that he is relying upon the private sector to create employment. And a simple look at the figures will reveal some very interesting facts. In January of 1982 — and I'm quoting here from the Saskatchewan Bureau of Statistics, which will be known to the Premier since that agency is under his jurisdiction — there were 415,000 people working. In January of 1983, there were 415,000 people working. And admittedly that is a static figure, a photograph figure and not an average. It is January compared with January. And we could give you any other month compared with any other month. I don't have them all here.

The important figure is that in January of 1982, there were 26,000 people

unemployed. In January '83, there were 41,000 people unemployed. And that is a very significant figure. So that we have the same number of people employed. By the Premier's argument, the actions of his government are causing a good deal of that employment. But there is no more total employment. Do I then conclude that the private sector is providing less employment? And that the open for business approach of your government is resulting in less private sector employment than there was before? That is the inevitable conclusion, unless your claims that your government is creating jobs are bogus claims. Either those claims are bogus or else your proposals for getting the private sector to provide much more employment aren't working. But which is it? Is it that open for business is not providing jobs, or is it that your government is not providing jobs?

HON. MR. DEVINE: — Mr. Chairman, I want to make it very clear, and reiterate again: would not the Leader of the Opposition agree that the major expenditures that have taken place in housing, in the natural gas distribution system, in schools and in hospitals, and the offer for up to \$40 million, \$50 million in water is a large commitment by the public sector in the province of Saskatchewan? And that, plus the combination of tax incentives and tax relief to the private sector, is the combination of government, industry and labor and education that this province has been asking for, for years, to create jobs?

Second, would the Leader of the Opposition also agree that international oil conditions might have an impact on the province of Saskatchewan? Or that farm income in the United States might have an impact on potash sales? Would he admit that? Despite the rest of the country losing jobs, a net decline, we're going the other way. We're going up. We can go back to January and January. They're absolutely static. The average for the 12-month period is 1,000 jobs net increase. No other jurisdiction in the country can say that. With a combination of the public investment and the private investment and the tax benefits and the very, very positive attitude that says there's so much more we can be.

HON. MR. BLAKENEY: — Mr. Chairman, the figures unfortunately don't bear out the Premier's enthusiasm. Why doesn't he pick April? He will see that we are more than 2,000 jobs ahead of last year in April, and that he has gone downhill since April. Let's just face the facts that after one year, after 10 months, there are no additional jobs. It's all very well to talk about the farm income in the United States, but the Premier is evidently of the view that this has just happened in the last 10 months. The farm income in the United States — that situation has been very much with us for a good number of months, and it well predates 10 months ago. And that's certainly true . . .

AN HON. MEMBER: — . . . (inaudible) . . . impact on us today.

HON. MR. BLAKENEY: — Certainly, it impacts on us today, but it impacted on us 12 months ago. In the 70s we were creating 11,000 new jobs a year, and certainly right up until the Premier took office there were new jobs created. I hope the Premier is not suggesting that his record in 1982 is as good as the record in 1981, and I hope he is not suggesting that there weren't problems with the U.S. farm income in 1981. He well knows there are. His record is one of the poorest performances in job creation since at least 1972 in this province — at least 1972. I suspect it's much farther back than that, but I would have to check the figures.

Certainly for 10 years this province has not done as badly as it's done in the last 10 months. And, it's all very well to talk about the tremendous enthusiasm that we are

generating . . . (inaudible interjection) . . . that's right. Well, you think that you've picked the '71 figures, picked the '71 figures no doubt, but there is no question that for the last 10 years this is the poorest performance, and I'm going to be interested to hear whether the Premier cares to deny it.

HON. MR. DEVINE: — Well, I just happen to have the numbers, Mr. Chairman, January 1971, number of people employed, 313,000; January 1972, 305,000. Eight thousand fewer people employed January to January — your first year in office, your first eight months, or nine months of office. I made it very clear you're using static figures January to January, and you can do that from one year to the next, to the next. Let me give you another example: October 1981, 432,000 jobs; 1982 under our administration, 438,000 jobs — an increase of 6,000 jobs, October over October. On average throughout the year we're 1,000 increase, when every other province is going down. Despite the recession, we said we're still going to increase jobs, and we did.

HON. MR. BLAKENEY: — I hear that. I hear the 1,000 jobs he's so proud of. I hear he's so proud of that, and he has before him the figures which indicate that people between the ages of 15 and 24, that group, in the last 12 months have lost 6,000 jobs — 6,000 fewer people, between the ages of 15 and 24 were working this January, than were working last January. Now how can he be proud of that performance?

HON. MR. DEVINE: — Mr. Chairman, I am happy that this administration is increasing the number of jobs available in the province of Saskatchewan, and the statistics bear that out. I would be happier if we were creating even more jobs faster. We have the lowest level of unemployment but it still isn't low enough. You and I both want more jobs; we agree on that. You want public and private expenditures. So do I. We are making large public expenditures in housing, natural gas, hospitals, schools, water, plus tax incentives for the private sector so they can create jobs — and it's working.

HON. MR. BLAKENEY: — Mr. Minister, Mr. Premier, it is the last line that I want to question you about, "it is working." In your judgment, is that an even minimally acceptable performance by your government to create, even taking your figures, 1,000 jobs when 11,000 was the norm for 10 years?

HON. MR. DEVINE: — In the last 10 years, the hon. member would know that if he looks across the country, neighbouring provinces like Alberta might have been increasing jobs by 5,000 a month in the last 10 months. They were bullish years.

The significant part of the situation today is we are the only provinces, even including Alberta, that is increasing the number of jobs and that's significant. It's not fast enough to have zero unemployment, but we're at least going in the right direction when the rest of the country is going the other direction and that is statistically significant, politically significant and significant for the kinds of people that want to see jobs in this part of the country.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, I'm anxious to pursue what your basic strategy is and I have before me a fairly detailed statement by Sedco. It's back in September and I think it's Mr. Folk and I believe it's a fair statement of what your government policy is. I'm not trying to pick phrases out of it but only to see whether or not you agree with this as a statement of your government's policy.

Folk said:

That strategy will include provision of selective incentives as well as identification of potential opportunities based on Saskatchewan's natural and competitive advantages.

Now, would you care to indicate what sort of selective incentives you had in mind? I'm merely seeking information here; I'm not wanting to be combative.

HON. MR. DEVINE: — Gas tax removal; 13.25 per cent mortgages; 8 per cent and 12 per cent mortgages to farms; \$3,000 grants to home-owners; tax and royalty structures for the oil industry, to name five.

HON. MR. BLAKENEY: — Mr. Chairman, those are the selective incentives to industry that you are talking about. Well, can you give me any which are a little more selective than that? Those seem to apply to everybody.

HON. MR. DEVINE: — Well, the most specific example, the two recent examples would be in the gas and oil industries, where we've said, for example, in deep well exploration, there is a five-year holiday; go for it. They weren't doing it anyway, so it didn't cost us. Go, develop and build. In natural gas, we've said we want to encourage Saskatchewan production. We'll target some incentives there; a specific example.

HON. MR. BLAKENEY: — Mr. Premier, I digress a moment on the natural gas one. I noted the incentives for the natural gas producers. Could the Premier outline where he thinks those producers are going to sell the gas which may be found?

HON. MR. DEVINE: — Well, Mr. Chairman, we are doing several things to develop and expand markets for natural gas. Clearly, by expanding the natural gas distribution system throughout Saskatchewan, we are opening up the market for customers all across the province. That's a 10-year program. Similarly, by looking at the use of natural gas . . . For example, if we could begin to manufacture fertilizer in the province of Saskatchewan . . . I don't think any is manufactured here. One of the largest grain bases in the country, and we haven't developed it here. That could use ammonia, use natural gas. Clearly, our Ocelot application to the National Energy Board for exports to public utilities, or whatever, in the United States would be a market, and in that one we looked at thousands of jobs and, I believe, 700 to 800 new wells in that particular application. The combination of us negotiating, working toward export markets, expanding the market at home in terms of local consumption, plus technology which can convert the natural gas which is in the ground, to put it back in the ground in terms of fertilizer, because both the demand and supply are in the same place, would be an excellent thing in terms of an economic package for natural gas and agriculture.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, is the Premier indicating that he believes that there will be an ammonia fertilizer plant in this province in the next five years?

HON. MR. DEVINE: — Well, along the lines of our earlier discussion on an upgrader, I hope so. It's clearly a possibility in the sense that there are local firms and local co-op and other firms that are into fertilizer production or manufacturing outside the province of Saskatchewan. If we could come in here, it might have some logistical advantages, and we're certainly going to take a good look at that, and encourage other people to take a look at that.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, I'm sure you have been looking at it for the last eight or nine months, because it's an obvious thing to look at . . . (inaudible interjection) . . . Sure, that's right.

The question really is whether or not the Premier believes that after he has looked at it (I'm sure he isn't starting now), after he has looked at it, he believes that there will be an ammonia fertilizer plant in this province in the next five years.

Mr. Chairman, the Premier answers that it is possible. Obviously it's possible. What I am asking the Premier is: on the basis of the analysis, does he believe that the economics are that there will be a plant here in the next five years?

HON. MR. DEVINE: — Well, as long as we're in government, anything's possible.

SOME HON. MEMBERS: — Hear, hear!

HON. MR. DEVINE: — We may have upgraders in the next 10 years, but by the turn of the century we may have natural gas plants, or upgraders, large irrigation projects, and pipelines, and housing developments, and professional sports — we could have just about anything your imagination could come up with.

The probability depends on the people in the agricultural community — whether they're co-ops or private — and governments putting together the right numbers to make it workable. And given the proper incentives, they'll go ahead and they'll build here, as opposed to building someplace else. In the past, there's been a lot of this something else, except for government. It's a combination now of private industry and government, and education and labor, and an industrial strategy that we believe will work.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, we started this by your identifying where the natural gas which is going to be drilled as a result of your incentives is going to be sold. We now have this possible ammonia plant, who knows, some day, maybe; we have the export potential, which I'm surprised if the Premier thinks it's rosy, since there seems to be no particular absence of gas for export at the moment. And there is the increasing domestic market, and he identified the farm market.

Would he have any idea of approximately how much, if all of these additional communities come on stream at the end of 10 years, how much the consumption in Saskatchewan will increase?

HON. MR. DEVINE: — Mr. Chairman, we are working on the expansion of markets in the three areas that I talked about, and in some additional industrial areas. I would hold making any forecast of what kind of increase that would make. We produce now about 40 billion cu. ft. in the province of Saskatchewan. If we extend it to all the towns and villages, or most of the towns and villages left in the province of Saskatchewan, and a large number of the farms, wherever they want it. I would just guess as to what that would do to expand the market. It could give it another 50 per cent expansion in terms of rural farm and non-farm, and the two go together in terms of manufacturing, processing or whatever other institutions might use natural gas.

In terms of the export market, clearly if we would have received the application from the

national energy board, that's a major market for it — a major market. And we haven't given up on that one; we're still working on it. Despite the international conditions, it's a major market, and they do need the gas, and they would take it today if the application were there, it's my understanding.

And in terms of other institutions that could use natural gas, whether it's fertilizer and so forth, we're going to proceed with those with all vigor.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I'm sure we agree that the Premier will proceed with all vigor and with great enthusiasm . . .

AN HON. MEMBER: — With the right attitude.

HON. MR. BLAKENEY: — Yes, with the right attitude, to talk about selling the ammonia fertilizer in a somewhat — somewhat — oversupplied market, at the moment, or selling natural gas in the United States. Would he agree that if we're talking merely about the communities and the farms that are in his program that this will not increase natural gas consumption over current levels by more than 5 per cent, and that's a high estimate?

HON. MR. DEVINE: — I don't know what it would increase. Over 10 years, if we complete the program, then you could be looking at a 50 per cent increase . . . (inaudible interjection) . . . On all the towns and villages in the province of Saskatchewan that don't have natural gas, plus the farms, and the use of the industries in those towns and villages and farms, whether it's hog operations and so forth. It could be much higher than 5 per cent, much higher.

I could point out that the difference in philosophy and strategy and attitude is not to be dependent upon the Alberta government for natural gas, or the province of Alberta, but to develop our own natural gas to give ourselves a competitive edge, rather than feed the Alberta heritage fund.

HON. MR. BLAKENEY: — Well, Mr. Chairman and Mr. Premier, once again a great display of enthusiasm, but if the Premier genuinely believes that additional industries in Woodrow and Jansen and Esk are going to swell our natural gas consumption, or even our Saskatchewan natural gas consumption, by 50 per cent, I admire his enthusiasm but not his judgment. I point out, Mr. Premier, that what you're talking about . . . You are now giving the incentives, and you are going to give the incentives whether it produces any more gas or not. . . (inaudible interjection) . . . That's right, but you're giving it to the existing producers, who obviously don't need an incentive to produce because they're already producing. If you do not then generate a substantial amount of extra production you have used your incentive in a way which has not worked as an incentive. Do you agree with that?

HON. MR. DEVINE: — Well, if if's and and's were pots and pans, there'd be no need for tinkers. I think it would be quite fair to say that, clearly between now and ten years from now if you ask me that same question, there would be an increase by, say, 10 billion cu. ft. which is a minimum 25 per cent increase over 40. Okay? Easily. Now I said it could be 50; it could go up by 20 million cu. ft; it could. We are doing some things at the rural level and some other markets that I'm not going to talk about tonight, but we're working on those. Domestic and international, that could easily add 10 billion cu. ft. which is 25 per cent increase over existing production in the province today. And that's not, you know, decades away.

HON. MR. BLAKENEY: — What I'm not clear about, Mr. Premier, is why you feel that if the additional markets were there, the wells would not have been drilled without your incentives, or without all of your incentives. What I don't fully appreciate is why you felt the incentives were necessary in order to get extra drilling and whether or not the finding of the markets wouldn't have been enough, with perhaps some marginal incentive, to get drilling going.

HON. MR. DEVINE: — It's a question of, as you put it, marginal incentive. Clearly, the producers in the province of Saskatchewan feel discriminated against compared to Alberta and B.C. counterparts. They do, because they're not receiving anywhere near the same arrangement. So if you're going to take the opportunity costs for money, and this has happened in Saskatchewan for years and years and years and years, they move to other provinces to do the exploration and the drilling and the production because it's better there than it is here. We want to develop Saskatchewan industry and Saskatchewan resources, so we want to give them some marginal incentive to do it here as opposed to doing it in Alberta.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, of course we all agree with that, with what you're saying. What I have to ask you is: how do you think that additional incentives are going to produce substantially more drilling if there's no market?

HON. MR. DEVINE: — Mr. Chairman, we increased the incentives marginally for a couple of reasons. One, to keep up, if you will, with producers in other provinces, and also to keep up the morale of producers here who felt over the last several years that they weren't really welcome as producers in Saskatchewan. Number two, some incentive to improve their net back because the net backs to producers in neighbouring provinces were head and shoulders above those received in the province of Saskatchewan. Now that does go hand in hand with the development of markets, but the markets could open up here to a large extent. They could double here. And if the producers were not receiving a comparable pay or net back to neighbouring provinces, the gas would come from Alberta because the incentive there is even for Saskatchewan people. And you know the concept of opportunity cost of money would be to put in there and drill it over there, and get a bigger net back and supply the gas here even in this market. So we had to provide a comparable opportunity for investment in the province of Saskatchewan compared to the province of Alberta or British Columbia.

Now, I've just been reminded Sask Power will be announcing, and I believe the minister will be doing it in the days or weeks ahead, some fairly significant markets that Sask Power is developing inside the province of Saskatchewan that go hand in hand with the incentives for production. So it's the combination of production incentives and market development, domestically and export, that is going to work.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, I hear the Premier talking. But my bet is that if you laid on the table a contract saying, "I will buy 10 billion cubic feet of gas at 60 cents a thousand cubic feet," you would have got a fair amount of gas coming at you without any need for incentives. If you just provide the market, then there will be gas there, and I think without the markets you are not going to get the gas even with the incentives. So, we will see.

I go on to further comment on this particular statement, "Profits from non-renewable resources will be invested and new opportunities created in renewable resource-based

industries.” And I wonder if the Premier could comment, not on what he hopes will happen in the future, but whether any profits for non-renewable resources have been reinvested, and what opportunities have been created for renewable resource-based industries such as food processing, forest related businesses and the like. Just tell us what has happened.

HON. MR. DEVINE: — Well, generally the philosophy of the government is to use non-renewable resource wealth and begin to invest that into renewable activities like agriculture, like tourism, timber, those three. Because when the non-renewable resource wealth is gone, we will have activity (and sustained activity) in the renewable. So we are going to increase our thrust, and have to some degree, and will be expanding it in reforestation, in turning the timber from essentially a mining industry, to an agricultural industry.

We are going to be doing more in tourism and in the promotion of the province of Saskatchewan to have, particularly, other Canadians and Americans come to Saskatchewan and spend their holidays here and spend their money. It's a renewable resource and it's our second or third largest industry now, certainly renewable industry.

Similarly with respect to agriculture, we're going to be spending more and more money and commitment to it in terms of water, whether it's irrigation or rural development which is rural farm and non-farm.

Similarly with respect to natural gas distribution, we are taking public funds and providing a distribution mechanism that will allow people to use natural gas in the agricultural communities and in their communities, whether in terms of renewable industries that might take place in towns and villages. So it's the concept of saying we have a finite resource, a non-renewable source of income, and we're going to take that and plug it and plough it into renewables, so there will be sustained economic activities for years to come when the non-renewable is gone.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, I'm sure almost everybody agrees with that concept, particularly the taking of money from the fast depleting resource of oil, conventional oil, and putting it into resources which have a much longer life. That particular concept was much decried when it was put forward, and it was strongly suggested that it was faulty. But what I'm asking you, sir, is not what your philosophy is or what your concept is, but what you have done with respect of putting money into forestry and what you have done with respect to putting money into tourism in this budget, the one we're talking about.

HON. MR. DEVINE: — Well, I'll take note with respect to forestry. I believe that I've overheard the minister saying even in question period that we've planted more trees in this last 10 months than have been planted for years in the province of Saskatchewan. That's a significant increase, not only in attitude but in actual financial application and jobs and commitment to the timber industry, which is renewable. With respect to tourism, I don't recall off the top what additional funds went into tourism and small business and the combination thereof, but I will say that there will be a continued commitment to the increase in activity with respect to marketing Saskatchewan and making sure that this province is not the best kept secret in North America.

HON. MR. BLAKENEY: — Mr. Chairman, I have a small item here. You have some officials. I will ask it now because we're approaching the adjournment hour. This has to

do with a government orientation seminar held in January when I gather that there were minister's assistants and that sort of thing, who were, in the felicitous phrase of the Minister of Agriculture, a school to teach hacks how to be hacks. That, I emphasize, is his phrase and not mine. What I am asking is: how many members of his staff attended the seminar and what are the names of the staff members?

HON. MR. DEVINE: — Well, I don't know and I would have to take notice. But I would remind the hon. member that talking about hacks, I believe that he released, the day after the election, 69 people from staff — 69. And they could hardly be called the normal public service employees. Or else they would still have been in the civil service. But he released them.

HON. MR. BLAKENEY: — Mr. Chairman and Mr. Premier, not only do I acknowledge that, but I'm proud of it. I think that that's what a government ought to do. If it has people around the ministerial staff who are not regular public servants, then they ought to see that the new government is not burdened with them because it will be bringing in its other people and its executive assistants. Whether or not you and your Deputy Premier call them hacks, that's up to you. I don't call them that. I am quoting the Deputy Premier and his felicitous phrase.

What I am asking is whether, when he is looking this up, you could also get some rough estimate of the cost of the seminar. Could you tell me who was the co-ordinator of the orientation seminar?

HON. MR. DEVINE: — Well I'll provide that information along with the previous question that I took notice of. Could you give me the date?

HON. MR. BLAKENEY: — January 23, 24 and 25 at Echo Valley . . . (inaudible interjection) . . . Well I don't know about this one. I simply don't keep them filed and categorized . . . (inaudible interjection) . . . No, I'm just inquiring about this one. It's about six weeks ago and it was a three-day seminar alleged to be for ministers' assistants. I'm rather surprised that your staff were not aware of it, but it may well be that they're not.

Mr. Chairman and Mr. Premier, I will be asking a series of questions tomorrow about your staff. I sent along a letter asking in written form or not. If it was, and if you wish to let me have it this evening, the chances are we could save time tomorrow. If you felt you would rather do it some other way, that is, of course, your choice.

HON. MR. DEVINE: — Well, I don't have the information, so I'll address that at another time.

HON. MR. BERNTSON: — Mr. Chairman, since it take some time for Mr. Speaker to get up here from the dark depths of his office, I move we rise and report progress and ask for leave to sit again.

The committee reported progress.

The Assembly adjourned at 9:59 p.m.