

# LEGISLATIVE ASSEMBLY OF SASKATCHEWAN

May 14, 1985

The Assembly met at 2 p.m.

Prayers

## ROUTINE PROCEEDINGS

### INTRODUCTION OF GUESTS

**HON. MRS. SMITH:** — Thank you, Mr. Speaker. I have the pleasure today, on behalf of the member from Kinistino who is out in the field, I presume, doing his seeding, in welcoming the Wakaw High School from Wakaw, Saskatchewan. We have 46 students, grade 11 and 12, seated in the Speaker's gallery. You will note that about half, or maybe a little more than half, are wearing the "class of '85," and I suspect, given the opportunity, those students would tell us that there's never been a class as good as the class of 1985.

However, Mr. Speaker, there was perhaps one other year and that was the year that Saskatchewan's first female cabinet minister graduated from Wakaw High School, the member from Maple Creek.

I would ask that you join me in welcoming the group from Wakaw to this Assembly. I hope you enjoy your stay and, most of all, find it educational.

**HON. MEMBERS:** Hear, hear!

**HON. MRS. DUNCAN:** — Mr. Speaker, I would also join the Minister of Education in welcoming this group of grade 11 and 12 students to the Assembly. As the minister indicated, I did graduate from Wakaw, and Wakaw was my home town, and a good town it is. I will be meeting the students at 2:30 for pictures and refreshments. And I'm sure, coming from the good town of Wakaw, they will have many thoughtful questions to ask at that time.

**HON. MEMBERS:** Hear, hear!

**MR. ENGEL:** — Mr. Speaker, I would like, through you, and to this Assembly, welcome a group of 20 or so grade 4 students from Limerick. I believe they're seated in the gallery up there. And they are accompanied by their teacher, Norm Rogers. I'm looking forward to meeting with them after they're through their tour at 4 o'clock.

**HON. MEMBERS:** Hear, hear!

**MR. TUSA:** — Mr. Speaker, I would like to introduce to you, and to the other members of the House, a group of 42 students from William Derby Elementary School in Strasbourg. They're grade 5 and 6 students. I welcome them here this afternoon. I had the pleasure of attending the official opening of the William Derby Elementary School recently. I'm pleased to see that their teachers, Garry Krivoshein and Darlene Hilderman, have brought them in here, and also they're accompanied by Ann Nordole. I trust that they will enjoy this afternoon's proceedings and they are enjoying their tour of Regina. I'd like you all now to welcome them to the House.

**HON. MEMBERS:** Hear, hear!

**MR. JOHNSON:** — Thank you, Mr. Speaker. I would like to introduce to you, and through you to the Assembly, seven adults from the town of Langenburg. They're sitting in the east gallery at the top. They're with the advanced basic education upgrading from 5 to 10. I would like to have the Assembly to welcome them here, and to tell them that I will meet with them in the members' lounge sometime just prior to 3 o'clock. I have a private member's Bill that I have to get through after question period, but I will meet with you in the private members' lounge

downstairs sometimes before 3 o'clock. Would you welcome them for me please.

**HON. MEMBERS:** Hear, hear!

## ORAL QUESTIONS

### Import of European Beef into Canada

**MR. ENGEL:** — Thank you, Mr. Speaker. I have a question to the Minister of Agriculture, and it deals with your senior government in Ottawa's abandonment of Saskatchewan and Canadian farmers and particularly, today, the beef producers.

Last Friday the Mulroney government signed a tentative agreement with the European officials which would see the flow of European beef into Canada quadruple at a time when beef prices are low. This increase in beef imports comes, Mr. Speaker, in spite of the fact that Mulroney promised during last summer's federal election campaign to stop the flood of government subsidizing the European beef into Canada.

My question, Mr. Minister, is this: have you gotten on the telephone to your cousins in Ottawa and told them that in no uncertain terms that the increase to European markets will drive down the prices in Canada, and drive many producers right out of business. Have you contacted them in Ottawa?

**HON. MR. HEPWORTH:** — Mr. Speaker, hon. member, the issue of the harm that might occur relative to increased supplies of subsidized Irish beef coming into Canada are a concern to not only myself, but to all livestock producers in this country.

And to answer the hon. member's question directly, yes, I have been in touch with Mr. Wise on more than one occasion. Not only have I been in touch with them, but some of the members of the government caucus, in fact, were down there last week or the week before, raising this issue, among others. Just to be sure if the hon. member understands what has, in fact, happened, is that nothing has been inked to date. What he is talking about at this point in time is a proposal and nothing more; at least that is my understanding of it.

That issue and others concern us, the most recent of which was the ban announced by the Governor of North Dakota, Governor Janklow — the ban on hogs and beef going into and/or through that province. And in fact yesterday on that very issue I sent a telex to the Hon. John Wise and the Hon. Joe Clark expressing our dissatisfaction with that move, and suggesting to him that in our view it is nothing more than a non-tariff barrier to protect American producers. We view it as a backward step that flies in the face of free trade, which has been the subject of much discussions. In fact, the last line of the telex reads: please take immediate action to ensure that this non-tariff barrier is removed.

**MR. ENGEL:** — Mr. Speaker, I guess I'll have to repeat my question to the Minister because I don't know if he's talking about Christmas or the Easter bunny, but we're talking about 1,000 head of beef coming into Canada from Europe more than there were before — 1000 head a week, Mr. Minister. Do you know what the impact that will have on Canadian producers? I had a producer that you're well familiar with that grows the best Hereford and has the best Hereford herd in Saskatchewan — the best Hereford producer in Saskatchewan, a Mr. Rasmussen . . . (inaudible interjection) . . .

**MR. SPEAKER:** — Order, please! If the member is asking a supplementary there's no need of a long lead-in. If you have a question get directly to it.

**MR. ENGEL:** — Mr. Speaker, I'm sorry if I didn't allude to it, but I would like to ask a new question — a new question. And my question is this: do you realize what the impact will have on

Saskatchewan producers, of 1,000 head a week coming into Canada? Mr. Rasmussen, that grows the best beef cattle and puts them on the market, told me this morning that he is putting 200 cows with their calves — 200 of the best cows in Saskatchewan on the market with their calves at their side — because of this move. He says beef was so terrible this is putting an end to him. And you're talking about imports to the United States. We're talking about a deal that your people signed with the European market. Are you not concerned about 1,000 head of cattle entering Canada from Europe when the trade should be going the other way? That was my question.

**SOME HON. MEMBERS:** Hear, hear!

**HON. MR. HEPWORTH:** — Mr. Speaker, hon. member. Yes, I am extremely concerned, so concerned in fact, as I mentioned before, that some two or three months ago now, when this is fact . . . there were rumours of this, I, at that time, met with the Hon. John Wise on this issue. A couple of weeks ago members of this legislature were down there. My office has been in touch with them. We have sent telexes, and as well, letters.

But I would remind you, at this point in time, it is a proposal, and we are doing all we can to encourage the ministers to look at the situation and view it in the very serious light in which it must be viewed. But I would remind you that it is a proposal.

I will also, on your behalf, pass along your compliments to my Legislative Secretary relative to your remarks about the quality of his cattle.

**MR. ENGEL:** — I'm not sure. I'm not sure what he's passing on. I never complimented your member, but I just said I have a producer that raises the best beef.

Mr. Minister, the supplementary question is this: when Ed Whelan was the minister of agriculture, he didn't have the backing . . .

**MR. SPEAKER:** — Order please. Order please. I would ask the members to maintain some decorum. It's impossible for the minister to hear the questions being asked.

**MR. ENGEL:** — Thank you, Mr. Speaker. The point I'm making is that Ed Whelan never had the support of cabinet, and . . .

**AN HON. MEMBER:** — Gene Whelan.

**MR. ENGEL:** — Gene Whelan never had — Eugene Whelan never had the support of his cabinet, and Mr. Wise doesn't either. Mr. Wise maybe thinks his officials have an agreement going, but the people that sign the agreement on behalf of the federal government, on behalf of your Prime Minister, don't care about agriculture. And will you call it to the attention of the Prime Minister of this country that agriculture is in serious trouble, and we can't afford the import of the European cattle at this time when we should be selling to Europe. That's where the big market is.

**HON. MR. HEPWORTH:** — Well, Mr. Speaker, I think that the member is wrong to suggest that our federal colleagues have no understanding of agriculture because simply that flies in the face of facts. For years and years and years when the NDP-Trudeau coalition was in Ottawa and we, on behalf of Saskatchewan farmers in this province, were asking for removal of the federal taxes on fuel, did we get it? No, but we have it today. When we wanted the decreases in the interest rates on farm credit, did we get it? No, but we've got it today.

**MR. SPEAKER:** — Order, please. When the members ask a question, it's only polite to give an opportunity for an answer.

**HON. MR. HEPWORTH:** — Mr. Speaker, I could go on at great length. When we were dealing with the flood and our livestock producers were — or with the drought — and our livestock producers were faced with uncertainty as to money to buy and put up feed for the winter, in a joint effort between the three prairie provinces and the federal government, a \$60 million program was put in place. That's the kind of commitment and the kind of co-operation we're getting from Ottawa since the government changed down there, Mr. Minister and quite frankly I look forward to more of it.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LINGENFELTER:** — It has to do with the telexes and letters and all of these things that you say you have done to help out the beef producers and hog producers. I have an article here — I believe it's from the *Leader-Post* — that says: cattlemen furious at possible hike in import — which doesn't speak well for your attempts and efforts to try to reverse the decision by both the American government and by the Canadian government in allowing the beef imports.

In my question, in phrasing it, Mr. Speaker, I also have some comments from individual groups, and I would like to quote from some of them.

The Saskatchewan stock growers say, and I quote: "I have to say our politicians in Ottawa are a bunch of gutless wonders."

And I refer to the Canadian Cattlemen's Association president, and he says, and I quote: "It looks like the government has pretty well sold us down the drain."

And the National Farmers Union, Mr. Speaker, I quote them: "We've more or less become a dumping ground for European beef." And the manager of the Saskatchewan Pork (Growers) Producers Marketing Board says, "There is a lack of willingness to go to bat for agriculture in trade matters."

Now, Mr. Minister, it's not that you are trying to influence the opposition to agreeing with you, but you seem to have a great deal of difficulty with the beef and pork producers in this province. And I would like to ask you: when do you figure you're going to start delivering on all of this fine talk you've been doing and actually start getting some policies implemented to help the pork and beef producers?

**HON. MR. HEPWORTH:** — Well Mr. Speaker, hon. member, if you would have read further in the article that you refer to and shared the rest of the comments with the House, you would also have read that a press officer in Mr. Wise's office went on to say that it is just a proposal that the government must consider. People saying there is a tentative agreement are mistaken. But I would underline that, Mr. Speaker, is that it is a proposal. One should draw no more conclusions from that. But certainly that won't stop us from lobbying the federal government on behalf of the livestock producers of this province and, in fact, of all of Canada to make sure that our beef industry is protected.

**SOME HON. MEMBERS:** Hear, hear!

**MR. LINGENFELTER:** — Mr. Minister, I'm wondering why you and your counterpart in Ottawa are considering this proposal. Why are you considering it? Why are you considering quadrupling the amount of beef coming into Canada? . . . (inaudible interjection) . . . He just said he was considering it, the proposal, and I'm wondering why they're considering it?

**HON. MR. HEPWORTH:** — Mr. Speaker, hon. member, it's not something that I consider. It is in fact, something that the federal government considers as part of a basket of a large number of issues relative to that whole trade side. And certainly we will be there lobbying, and lobbying heavily on the issue as it relates to beef. And certainly we probably will not be there lobbying

heavily on the issues as it relates to tobacco because that's not particularly important to this province, although a Canadian minister, I suspect, will have to take blueberries and tobacco and beef all into consideration.

We will lobby. We have been down there at the first word or hint of this.

I have this very morning — not once, but twice — talked to the president of the Saskatchewan Stock Growers Association over this very issue so that we were all clear on how far along in the process it was. My understanding is nothing has been inked formally. It is a proposal and we serve not much purpose in spreading fear and paranoia out there amongst the livestock producers.

**MR. ENGEL:** — New question, Mr. Minister. Thank you, Mr. Speaker. Mr. Minister, if you'd read the entire article, the next line says:

“It calls in question just how vigorous the Canadian government is willing to negotiate on behalf of agriculture,” Jim Morris, manager of the Saskatchewan Pork producers' Marketing Board said. “There is an apparent lack of willingness to go to bat for agriculture in trade matters.”

You lost an agreement where we're costing us 5.9 cents a pound on our pork; we lost the market in the United States. You're willing to let 1,000 head of cattle a week come in from Europe that's going to cost the producers how much money? How much money is it going to cost Saskatchewan producers that sell 250,000 head to get 50,000 head coming into this country?

What impact will that have on producers? How many more ranchers are going to sell 200 of their best head of cattle at this time — breeding stock with cows and calves at foot? How many more ranchers are going to produce that kind of results? What did the people you've been talking to tell you about that issue, Mr. Minister?

**HON. MR. HEPWORTH:** — Well, Mr. Speaker, hon. member, to suggest that all is lost when something is merely a proposal at this point in time would be sheer nonsense.

As it relates to the countervailing duty on hogs, at this point in time, certainly it is causing hurt here. As well, that countervailing duty at this point in time is classified as temporary and, in fact, Tuesday of last week (if my memory serves me correctly) the same Jim Morris that you referred to was down in Washington with the Canadian Pork Council, as I understand it, with officials from External Affairs and, in fact, with their lawyer, making their case, relative to the unfairness of that countervailing duty.

So to suggest that nothing has been done and that all is lost is sheer nonsense on your part at this point in time.

**MR. LINGENFELTER:** — Mr. Speaker . . . (inaudible) . . . it has to do with his talk about a tentative agreement or consideration. I have here a quote from Mr. Joe Clark's department, the Department of External Affairs, and it comes from an individual by the name of Denis Comeau, the deputy spokesman for the Department of External Affairs. And he says that this issue, the deal between the European and Canadian government, was struck, I note, on Friday. This was the person doing the negotiating. He says a deal was struck. And he goes on and I quote:

It means the negotiating teams have arrived at a settlement within the terms and mandate given to them by their governments.

Now when you say that an agreement has been arrived at, that's not negotiating, Mr. Minister. A deal is struck. And I would ask you whether Joe Clark is right on this, or whether you are.

**HON. MR. HEPWORTH:** — Mr. Speaker, hon. Chairman, since the *Leader-Post* dated May 14, 1985 seems to be the main source of the research department for the hon. opposition, I think the answer to your question was put best by this press officer for Mr. Wise, and quite frankly we tend to view the minister's office as more authoritative. And her comment was this:

It is similar to you and I talking and saying, "I'll take it to my boss and see what he says."

### **Rainbow Bay Resort Development**

**MR. KOSKIE:** — Thank you, Mr. Speaker. I want to ask a question to the Minister of Parks and Renewable Resources, and it deals with the infamous Rainbow Bay resort affairs.

Last week you announced that you had ordered an environmental impact study on the proposed Rainbow resort complex and that nothing would happen until the study was completed. The very next day, Mr. Minister, news came that you had already declassified 20 acres of beach adjacent to the proposed resort property, so that it's no longer classified as a critical wildlife habitat. And I want to ask you: why did you approve the declassification, and why did you approve it before the full environmental impact study had been indeed filed?

**HON. MR. MAXWELL:** — Mr. Speaker, I did not order an impact study; I requested one. There's quite a difference. And the final say is not mine, as the hon. member should know.

However, the gentleman is correct; "Maxwell seeks environmental impact study." It doesn't say ordered or approved one. And Mr. Speaker, I am quite adamant — I'll use a strong word; I'm quite adamant — that before any kind of development can be approved, that in fact there should be an environmental impact assessment done on Redberry.

Mr. Speaker, not wishing to prolong this unnecessarily, and because there will be a full, exhaustive, and comprehensive report presented to the Premier, I do feel that a little bit of history on the Redberry Lake plans is necessary. Mr. Speaker, this has been managed for fish since the year 1919. This is hardly new. In fact, Mr. Speaker, I'd like to point out that more than a million wall-eye and more than 60 million whitefish were put into that lake over the years. So we have had a fishery of sorts on there.

And I think it was well documented in the *Star-Phoenix* on Wednesday, May 8th by one Tom Loran, who pointed out that along came the year 1980 . . . in 1980 when those people sitting across there, the survivors were in power at the time, in 1980 . . . (inaudible interjection) . . . Mr. Speaker, I'm having a little competition. I could say the member for Quill Lakes has the manners of a pig, but I'd have to apologize to every pig in Saskatchewan.

**MR. SPEAKER:** — I'm going to ask the member to withdraw that comment. That's unparliamentary language.

**HON. MR. MAXWELL:** — I abide by your ruling, Mr. Speaker, you're quite right, and I apologize to all the pigs in Saskatchewan.

I hadn't finished with my answer. I'd like to just continue, Mr. Speaker. Anyway, 1980, Mr. Speaker, was a year experiments were done to see if rainbow trout could in fact survive in Redberry Lake. From that came the thought that perhaps it could. And after four years of solid experimentation, the fisheries branch people decided they were on to a good thing and it was viable, and there have been requests from the fish and game league, the local . . .

**MR. SPEAKER:** — Order, please. Order, please. I'm going to ask that members on both sides of the House keep the questions short and the answers short. This is getting to be a debate.

**MR. KOSKIE:** — I want a supplemental to the minister who never answers the question, but I'll ask him anyway. In view of the fact as you are probably aware, the executive director of the Saskatchewan Wildlife Federation had this to say in respect to your handling of the particular Rainbow Bay resort:

There is some hanky-panky going on when you are slipping little chunks of property out of the back door.

This is what the executive director of the Saskatchewan Wildlife . . .

**MR. SPEAKER:** — Order, please. Order, please! There's so much shouting in the Chamber it's impossible to hear. I'd ask for decorum.

**MR. KOSKIE:** — I'll start over, Mr. Speaker, and restate that question because I want an answer. As the minister will be aware, the executive director . . . are you aware the executive director of the Saskatchewan Wildlife Federation had this to say about your handling in respect to the development at Rainbow Bay resort:

There's some hanky-panky going on when you're slipping little chunks of property out the back door like this.

I want to ask you, Mr. Minister, doesn't your decision have more to do with the paving the way of the Rainbow Bay resort complex than it is for the environmental concerns?

**HON. MR. MAXWELL:** — Mr. Speaker, I'd like to assure the hon. member, the members of the Assembly, and the members of the media, that stocking of fish in Redberry Lake from my department's viewpoint, from my viewpoint, from the viewpoint of my predecessor, nothing to do with any proposed resort development.

Secondly, as to some allegations that were being made in the newspaper about hanky-panky or slipping some acres out the back door, Mr. Speaker, that was as a result of an independent study which said that those particular acres were not critical to wildlife habitat, and my department officials said therefore they could not support a designation of critical wildlife habitat on that land. It was withdrawn.

Mr. Speaker, I categorically assure you that there was nothing furtive, there was nothing . . . (inaudible) . . . and if that member wishes to say there was, I invite him to exercise the courage of his convictions and step outside the door and say it. In fact, why not just exercise some courage and step outside the door and say it.

**MR. KOSKIE:** — A further supplemental, Mr. Speaker. I wonder, is the minister aware that the Canadian Wildlife Service plans its own environmental impact study in respect to the whole resort property? And do you not see the need to put your decision on hold until the federal government has studied the environmental dangers of declassifying the property, which has been undertaken by your government.

**HON. MR. MAXWELL:** — Mr. Speaker, I think I've already answered the question in regards to declassifying land as being critical to wildlife habitat. If the hon. member wishes, I can run through it all again, and we can go right through the process and demonstrate how it came about. I don't think it's a very wise use of the House's time.

### **Dispute at Prince Albert Pulp Company**

**MR. SHILLINGTON:** — Thank you very much, Mr. Speaker. My question is to the Minister of Labour and concerns the dispute at the Prince Albert Pulp Company which has shut down operations for more than two weeks now. At the heart of the dispute, Mr. Minister, is the

workers' concern about the handling of asbestos in the plant, and the almost inoperative occupational health and safety program under your tutelage.

Last evening the Prince Albert city council felt strongly enough about the matter that they called upon you, as Minister of Labour, to instruct the full occupational health and safety committee at the plant to meet in an attempt to settle the dispute. Since the dispute began, the management representatives on the occupational health and safety committee have refused to meet. Since PAPCO is owned in part by your government — wholly owned by your government — will you advise the management of PAPCO to meet with the employees, through the occupational health and safety committee, in an attempt to get the plant back to work, and the workers back earning their pay cheque?

**HON. MR. McLAREN:** — Mr. Speaker, I'd like to advise the member opposite that our occupational health inspector was on the site the very day that your issue arose. An agreement was reached between the occupational health committee and management on the safe clean-up of the plant, and that is still in place, and we're willing to co-operate at any time with the clean-up work that's turned into an industrial dispute. We are there to look after the occupational health. The agreement is in place, and once the two sides get together and start thinking about that we're there to help them.

**MR. SHILLINGTON:** — Mr. Minister, I wonder what it takes to get you involved, and to get you interested and concerned. Because of this shut-down some 372 workers at the plant are unemployed, and about 1,000 more people are indirectly affected by the dispute. Do you, as Minister of Labour, see no positive role for you to play in attempting to get this dispute settled? Since it's an occupational health and safety issue that is at the heart of the dispute, and since you are the minister responsible, do you see no need, Mr. Minister, to get involved?

**HON. MR. McLAREN:** — Mr. Speaker, we are involved. We have been involved since day one, and we have formulated with our director of occupational health and safety an agreement to get the asbestos cleaned up the safest way possible. That is still in effect. And once the two sides are available to start talking about that side of it, we're prepared to go ahead and offer all the help that we can, but we're not getting involved with an industrial dispute between management and the work-force at the present time. We are there at any time that they want to start talking about the occupational health, and the clean-up of asbestos.

### CONDOLENCES

**HON. MR. McLEOD:** — Mr. Speaker, I'd like to move, seconded by the Hon. Leader of the Opposition:

That this Assembly records with sorrow and regret the passing of a former member of the Legislative Assembly of Saskatchewan, and expresses its grateful appreciation of the contribution he made to his community, his constituency, and this province.

**John Robert Denike**, who died on May 9, 1985, in Victoria, British Columbia, at the age of 81, was a member of this legislature for the constituency of Torch River from 1948 to 1952.

John Denike was born at Summerland, British Columbia. He taught school in the Yorkton, Buttern, Forrester, Crooked River, Carrot River, and Prince Albert districts for 23 years. He subsequently moved to Nipawin where he was involved with various commercial enterprises before becoming a member of this Legislative Assembly.

In recording its own deep sense of loss and bereavement, this Assembly expresses its most sincere sympathy with members of the bereaved family.



I so move, seconded by the Hon. Leader of the Opposition.

**HON. MR. BLAKENEY:** — Mr. Speaker, I'd like to add a few words to those of the Minister of Supply and Services with respect to Johnny Denike.

The formal motion outlines Mr. Denike's career up to the time that he became a member of this House. Following his defeat in 1952, he pursued some other careers. For a period of time he worked for the Government of Saskatchewan for the Department of Labour under Premier Douglas and Premier Lloyd and under Premier Thatcher for up until 1968, as I recall, when he retired at the age of 65.

He was a lively sort of person who was interested in stimulating conversation and in music and in cooking and in gardening and great number of other things. He lived in Saskatoon following his retirement up until just a short time ago, a couple of years ago when he moved to Victoria.

I remember Johnny Denike when he was a member and I was a very young public servant in this building. He always struck me as a physically handsome person with a particularly pleasant manner, a great deal of personal charm. He was interested in ideals and issues; a very pleasant person to deal with generally.

I can recall having a number of dealings with him in a generalized way when I was acting as secretary of the Crown Corporations Committee and he was a private member of the legislature. He was well regarded by his colleagues in the legislature, and I think there will be a good deal of regret that a person of his lively temperament and wide range of interests in the affairs of his fellow citizens, that Johnny has now passed away.

He has left relatives, some of whom are in Saskatchewan — indeed, some of whom live quite close to Regina — and I would like to join with the Minister of Supply and Services in extending condolences to all members of the family — those with Saskatchewan, and Mrs. Denike who lives in Victoria, and the other relatives who are broadly spread across Canada and North America.

Motion agreed to.

**HON. MR. McLEOD:** — Mr. Speaker, by leave of the Assembly, I would like to move:

That the resolution just passed, together with a transcript of oral tributes to the memory of the deceased member, be communicated to the bereaved family on behalf of this Assembly by Mr. Speaker.

I so move, seconded by the Hon. Leader of the Opposition.

Motion agreed to.

## **ORDERS OF THE DAY**

### **PRIVATE BILLS**

### **COMMITTEE OF THE WHOLE**

**Bill No. 02 — An Act to amend An Act to amend and consolidate An Act respecting Saskatchewan Co-operative Credit Society Limited and Saskatchewan Co-operative Financial Services Limited**

Clauses 1 to 5 inclusive agreed to.

The committee agreed to report the Bill.

**Bill No. 05 — An Act to incorporate the Saskatchewan Baptist Association**

Clauses 1 to 11 inclusive agreed to.

The committee agreed to report the Bill.

**THIRD READINGS**

**Bill No. 02 — An Act to amend An Act to amend and consolidate An Act respecting Saskatchewan Co-operative Credit Society Limited and Saskatchewan Co-operative Financial Services Limited**

**MR. TUSA:** — Mr. Speaker, I move that Bill No. 02, An Act to amend An Act to amend and consolidate An Act respecting Saskatchewan Co-operative Credit Society Limited and Saskatchewan Co-operative Financial Services Limited be now read a third time and passed under its title.

Motion agreed to and Bill read a third time.

**Bill No. 05 — An Act to incorporate the Saskatchewan Baptist Association**

**MR. JOHNSON:** — Mr. Speaker, I move that Bill No. 05, An Act to incorporate the Saskatchewan Baptist Association be now read a third time and passed under its title.

Motion agreed to and Bill read a third time.

(1445)

**GOVERNMENT ORDERS**

**COMMITTEE OF THE WHOLE**

**Bill No. 70 — An Act respecting the Provision of Financial Assistance to Depositors of Pioneer Trust Company**

**Clause 5 (continued)**

**HON. MR. BLAKENEY:** — Mr. Speaker, I think that members will be aware of the purpose of the amendment to clause 5. It's pretty clear, that in the opinion, at least of this group of members in the House, that while we agree that depositors should be reimbursed, while we agree that this reimbursement must come in the first instance from the taxpayers' money since there's no other place for it to come in the first instance, we certainly take the view that the guardians of the taxpayers' money — that is the government opposite — have got a clear obligation to go after any money that may be there to reimburse what they pay out, and that they've got an equally clear obligation to put that proposal in their legislation. They haven't done it.

They talk about taking assignments, but they don't put in the legislation. They talk about their subrogation, but it's not in the legislation. They talk about piggybacking on the federal government, but that's not in the legislation. They talk about expecting that the liquidator will do everything to recover; that's not in the legislation. Indeed, there is nothing in the legislation — absolutely nothing — which suggests that the government is going to turn a wheel or raise a finger to get one penny back of the money which is being paid out, other than that which the liquidator may deign to recover and pay over to the Government of Saskatchewan.

The Government of Saskatchewan itself is apparently leaving the entire protection of the treasury of Saskatchewan to the liquidator. There is simply no proposal in the Bill to do anything that would recover a dime for the taxpayers who are called to pay out this \$28 million.

Now, Mr. Chairman, we have put forward a proposal. I've heard some criticisms of it, but its intent is clear. It says that people who were officers and directors of Pioneer Trust, and who may be liable because of gross mismanagement, should be pursued, and if they are liable at law, then moneys should be recovered from them in order to pay back the taxpayer for the losses sustained when pioneer Trust fell to the ground. That seems to me to be eminently reasonable. It seems to me to be eminently reasonable that if the taxpayers are to pay the depositors — and we agree with that, although a lot of the public don't — we say, and I think the vast majority of the public say, that if you're going to pay the depositors, then go after every penny which you legally can, and every penny that you can legally recover from those who may have caused the loss.

Now I think that's a reasonable position for taxpayers to take. I think that's the position taxpayers are taking, and I think taxpayers are asking that that intent, on the part of the government, be imposed by this legislature on the Department of Finance or anyone else who is charged with the responsibility of making some recovery for the taxpayer.

I don't think we can assume that the Department of Finance will take all steps necessary to protect the treasury of the province. Nothing in the conduct of the Department of Finance over this last six or seven months has suggested that they were very proficient at protecting the treasury.

Mr. Chairman, we are well aware of the fact that they first made a guarantee of \$27.5 million without checking anything. They then withdrew that guarantee and caused the demise of Pioneer Trust without having at least any written report from anybody, except the polling results, which may or not have been in writing. But so far as any financial information is concerned, the minister has made abundantly clear that he simply had verbal comments from people — no analysis, no auditor's reports, no financial statements certified by anybody, no indication of what the problems with Pioneer were, down on paper, other than impressions gained by looking at some documents.

We're aware of the fact that the general manager of Pioneer Trust says that the books of Pioneer Trust weren't even looked at. I don't know whether that's true or not, but he certainly says so, and said so in the press. One cannot come away from this whole story without the feeling that the Department of Finance, and its minister, have not acted up to now in a way which is likely to protect the taxpayer or the Consolidated Fund of Saskatchewan.

We are saying that that must now be done. We are saying that \$28 million is a lot of money — \$28 for every man, woman and child; well over \$100 for every family in Saskatchewan — equal to 2 per cent on income tax. A lot of money.

We believe that the taxpayers are saying, with some reluctance: all right, we will see that the depositors are paid. Whoever was at fault, it wasn't their fault, but we want the Government of Saskatchewan to recover every penny they can from anybody who may have been at fault and legally liable.

This, Mr. Chairman, is what this amendment does or seeks to do. It's not good enough for the government to say, well you haven't drawn it right. Well there are problems. There are problems with the Winding-Up Act or whatever legal argument is mounted. The intent of the amendment is clear. If the government doesn't like this amendment they can come in with their own. The intent is that the government should have from this legislature clear direction that it is its obligation, the obligation of the Government of Saskatchewan, to go out and seek and find any

money that there may be there which the taxpayers can legally latch onto in order to reimburse the taxpayers for this \$28 million which this Bill is paying out.

Now we don't see this in the Bill. The purpose of the amendments is to put it in the Bill, and I would like to know why the minister suggests that that idea should not be incorporated in the Bill. I would like to know why he believes that this legislature should not incorporate into this Bill a clear obligation on the part of the minister to seek reimbursement from anybody and everybody from whom reimbursement can legally be sought in order to recover just as much of that \$28 million as we possibly can.

I believe that to be a reasonable position on the part of the opposition. I believe that to be the position taken by the vast majority of taxpayers in this province. Hence we move this amendment, and we ask the government to accept the amendment.

**HON. MR. ANDREW:** — Mr. Chairman, the observations of the Leader of the Opposition are either one or two things. One is that he has not read section 125 of the Winding-Up Act. That's number one. Or number two, he is trying to play fast and loose with the law and fast and loose with the facts of trying to mislead the people.

I'm willing to take this time and read to the hon. member section 125 of the Winding-Up Act as to what it says and what the powers of the liquidator are. Then I will cite to the hon. member, case law of a very similar situation in which action was, in fact, taken against the directors by the liquidator in a court of law.

Section 125 reads as follows:

When in the course of winding-up a business of a company under this Act, it appears that any past or present director, manager, liquidator, employee or officer of such company . . .

Clearly that's the case of the people involved.

. . . any past or current at the time of dissolution, officers or employees of such company has misapplied or retained to his own hand or has been guilty of any misfeasance or breach of trust.

Breach of trust clearly is a case of a soft loan because it's illegal under the Canadian law to make a soft loan to anybody but an employee, and you are certainly prevented from making a soft loan to a director or a senior person in a financial institution. That cannot be done.

That would be a breach of a trust relationship to the company. And in that case the court may, on the application of any liquidator, examine into the conduct of such directors, managers, officers, employees, and upon examination . . .

That means that you have the power under this Act to subpoena those people into court and to examine those people in court. That means the employees, the senior employees, the directors, and the officers of that company, and may make an order — may make an order — requiring him to repay any money so misapplied or retained.

Now I submit to you, and on the advice of the legal counsel that we have, that that power will allow the liquidator, given the situation, to (a) investigate all activities to determine whether or not there was any breach of fiduciary duty of those employees or those directors of that trust company.

And if he can find any shred of this, then I submit, pursuant to the Act, the liquidation has the obligation to commence that examination for discovery to call those officers and directors

before the court in an examination for discovery and proceed to investigate into any one of those issues that he sees fit. And further, that he has the power under that section to order those directors, those officers, and those employees, to repay that money back.

Now if we go to the allegations being made by the hon. member yesterday, arising out of the show, *The Fifth Estate*, (a) if there is an accusation made by the hon. member that the officers and the employees and the directors of Pioneer Trust took soft loans from Pioneer Trust — that accusation was made by the Leader of the Opposition — if that accusation is found to be true, that is a breach of trust.

If the accusation was made that a member of the board of directors had an interest in some property and convinced the trust company to further invest in that property, that is clearly, by the legal advice I've been given, a breach of trust. That would warrant the liquidator to haul that person into court for an examination for discovery.

For the hon. member, I would also refer him to the case of International Equities Ltd. 1943 case in which, once it is shown that the director has disposed of trust properties in a company in which he had an interest, without revealing that fact to his co-directors and obtaining their consent, he made himself personally accountable for the profit subsequently made on the resale of such property.

(1500)

Clearly the law is clear on that, Mr. Chairman. The power of the liquidator is to do that. The position that will be taken by the Government of Saskatchewan, as a significant creditor but a creditor with CDIC and the federal government, is to request that the liquidator take such action to ensure, as the hon. member has requested, that anything that is legally recoverable will in fact be recovered, and will in fact be challenged in the courts.

I can give you that undertaking, and even if you don't believe me, that is the responsibility of Touche Ross, who are the liquidators in this particular case. And I submit to you that you are not about to challenge the professional nature of Touche Ross as a liquidator who must do that job. It's their obligation to do that job. And I submit to you that that process is there, is in place, and will accomplish the job that you propose with your amendment.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, I don't think I could have mounted more evidence for my case than did the minister. He says that this has been done before — liquidators have gone after people, and here I found a case back in 1943 where it happened. Can't find a case in the last 50 years., but never mind, I can find a case back in 1943 where it happened.

So he finds a case, 52 years ago, where a liquidator actually went after somebody . . . (inaudible interjection) . . . Yes, 42. That's right, 42 years ago. If this were a common occurrence, presumably we would have found something a little fresher than 42 years ago.

Again, keep in mind that we're talking about a liquidator . . . We're not talking about some liquidator in the future. We're talking about a liquidator who's been in office for three months, winding this thing up. I see no evidence that the liquidator has commenced any proceedings, called anybody before any court, indeed, has moved to reimburse himself. I think it is self-evidence that when one wishes to make recovery, the faster one moves the more likely one is to make recovery.

I am not now asserting that the liquidator should necessarily have acted by now, but I'm saying, here's a company which has been a liquidator for well over three months. I would like the minister, if he can, to report what steps the liquidator has taken. After all he is here a major creditor. As you say, there are two or three major creditors. The Government of Canada is a

major creditor, and CDIC is a major creditor. No doubt about CDIC — they've been a creditor for three months. The money was paid out, and CDIC had a claim for three months.

We have to ask ourselves what has happened in three months, and whether there's any evidence that anything else is going to happen. It's all very well to say that the liquidator would have the power. Liquidators have all manner of powers that aren't exercised, and liquidators traditionally regard their obligation as to turn assets into cash, and only on the rarest of occasions do they attempt to mount lawsuits of an iffy or a provisional or conditional nature.

And there have been many, many instances in which liquidators have regarded it as, in effect, beyond their purview to mount legal actions against directors or officers who may have been guilty of misfeasance, in the words of the section, as is very obvious because no fresh cases, no cases of instances within the last 40 years have been brought to bear in this committee.

I ask therefore the minister a couple of questions: one, is he aware of any action which has been taken in the three months since the liquidator has been appointed whereby the liquidator has even gathered the information which would allow him to pursue remedies against any director or officer?

**HON. MR. ANDREW:** — With regards to the question, I think, of the hon. member, and I would hope that he would cast his mind to section 125 of the Winding-Up Act first of all.

But number two, I think the important thing that you ask: what has the liquidator done? And you are I think by the nature of your question, at least attempting to challenge the professional nature of Touche Ross. And I don't think that . . . that is clearly not your intention.

I would take it that you subscribe to the fact that Touche Ross is a professional liquidator, as a firm, and that they will do their job in a professional way. I don't think there's any dispute in there.

Now the question was: what has the liquidator been doing for the last three months? The liquidator must carry out his duties in various areas: (a) is one, is the insured deposits must be taken care of first, and that was the first action they took with regard to that.

The second thing would be the question of assets, and they would go down on dealing with the assets, as and when a various ranking and priority. And those were, first of all, the demand deposits would be dealt with first, followed by the guaranteed certificates, followed by the RSPs, followed by the deferred profit-sharing plan. And so the list goes down, as well as trying to get a handle on what the total liabilities are.

I don't think that we can challenge, and we should not challenge, that in fact Touche Ross have been doing the job in a professional way. Our people have argued the particular section 125 to the liquidator. The liquidator is clearly cognizant of that particular section and he is in fact exploring that section now.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, once again the books have been in the hands of the liquidator for over three months. I'll ask you whether you have been consulted by the liquidator with respect to any transactions which the liquidator may be considering as the basis of a legal action against any of the directors or officers, or a claim against any of the directors or officers, resulting from soft loans or other improprieties. I'll put it no higher than that —improprieties.

Have you been consulted about whether or not such legal proceedings should be taken?

**HON. MR. ANDREW:** — I can advise you that, in two ways, that I have not, but certainly counsel, acting on behalf of the government, has talked with the liquidator on this particular matter.

I am advised as well that the liquidator is not at this stage of this liquidation to be able to deal with that particular question. He's got to strategically go through the various steps that they must go through before he gets to that.

And at this point in time, as I've said, in the order of trying to get, first of all, to get the insured deposits covered, get the mortgages identified, get that block out for sale, has been taking most of the time dealing with that in that way. But it's certainly something that we have bridged to them. I have not met with the liquidator at this stage yet. I would hope in the future though to meet with the liquidator, but primarily those meetings will involve both the officials of government and counsel on behalf of government.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, you are aware that if this were a bankruptcy in the ordinary sense of the word, there would be inspectors who would be representing creditors and who would be there. As I recall the provisions . . . It's a while since I practised law so I speak with some hesitation. But the procedure is fairly clear that there would be persons there speaking for the creditors, urging — and doing more than that — instructing the trustee in bankruptcy to take all efforts that he could to recover money from anybody who might be a source of money to be distributed to the creditors. Now that's what a trustee in bankruptcy does; that's what a liquidator is supposed to do.

You and the federal government are in the position of being the major creditors. It is fair and reasonable to ask what has been done in order to gather money in, because it is certainly the taxpayers' money in both cases.

In this case we ought to be diligent in asking what steps have been taken, having regard to what the minister may wish to deny but which is an undeniable fact, that there were very close political ties between Pioneer Trust and its directors and officers, and the Progressive Conservative Party, at both the federal level and the provincial level. I don't think that's really denied.

Now having said that, it is incumbent upon us and incumbent upon the government to make very clear that all proper steps are taken. No one is suggesting that there ought to be any vendetta. But there ought, none the less, to be a diligent pursuit of any money which might be available to the taxpayer.

We have heard the minister saying that his people have talked to the liquidator, but no suggestion that the liquidator has in any way responded, suggesting that the liquidator has spent the last three months gathering in assets and getting blocks of assets — mortgages and the like — up, put together for sale. Fair enough.

But Touche Ross has resources of a very extensive nature. This is a very large accounting and management firm. They are quite able to do two or three things at once, including gathering together a package of mortgages and like assets for sale, and instructing counsel to pursue the possibility of legal actions based upon possible misfeasance by directors and officers. It's quite possible to do all those at once and several other things as well.

When we ask whether this has happened, in effect the minister says, our people have talked to the liquidator about it, but the liquidator hasn't got around to that yet. Our fear is that the liquidator isn't going to get around to that, and our fear is that it's not going to happen unless an obligation is imposed upon the Government of Saskatchewan to make it happen. And that's why we have moved the amendment which we have, which seeks to impose just that obligation on the Government of Saskatchewan.

And it is all very well for the minister to say that he wishes to leave this entirely in the hands of the liquidator. But I don't think that's good enough. I don't think that the public believe that they

can slap the hand to Touche Ross if Touche Ross doesn't do what they're supposed to do. And keep in mind, it's not a case of questioning the professionalism of Touche Ross. They are doing what liquidators habitually do — get the assets in; get them distributed; clean up the file, and not start a whole bunch of legal actions which might go on for years.

The small number of legal actions mounted by liquidators is evidence of the fact that they do not regard that as high priority — possibly because the possibility of recovery is small. That may be. But certainly there's no evidence that liquidators regard that as a high priority item.

(1515)

I suggest to you, Mr. Minister, that the people, the taxpayers of Saskatchewan do regard it, as a priority item; that since they have been called upon to pay money on behalf of the depositors and they have agreed to this in general, with a fair amount of reluctance, they also feel very strongly, in my view, that there ought to be a diligent effort to make recovery. And they believe, I think, that this effort sought to be made by the Government of Saskatchewan and not simply by the Government of Saskatchewan saying, well, we'll leave it to the liquidator. I don't think that's good enough. And I tell you, Mr. Minister, I don't think the public are going to think it's good enough either.

**HON. MR. ANDREW:** — Well, the hon. member has to acknowledge that what this Bill does is allow us — and I've indicated to the Assembly what we intend to do, once this Bill is passed — is to reimburse all uninsured depositors, and in the process, take an assignment from them. That assignment that we would then take from them puts us, the government, in their place as a creditor.

Now we go as a block of creditors to the liquidator to do that action. I've indicated to the hon. member that Section 125 of the Winding-Up Act specifically allows for that inquiry-type approach to be taken. I have advised the Assembly that it is the intention of the government to take that approach or insist upon that approach being taken.

I have further indicated that a liquidator has an obligation both legally and morally to in fact pursue that type of action. Now the hon. member would have us believe that no, Touche Ross are not going to carry out their responsibility in a meaningful and professional way. They are going to say, now we're not interested in doing that. I don't think that is being very fair to Touche Ross. I don't know what evidence the Leader of the Opposition has that says Touche Ross will be slack in the way they are going to handle their affairs, and I don't think that's fair to make that statement against that company. But he seeks to do that.

Mr. Speaker, Mr. Chairman, the process is clear. If there was an illegal activity, if there was a breach of their trust responsibility, if there was a breach of their fiduciary duty during their time of running of Pioneer Trust, how better can you find that information, how better can you determine that information than through a liquidator who has access to all the books, who has a team of professionals that can pursue it and find all those actions.

And should you come to the point where there is questions: questions about the soft loans, questions about land dealings, questions about directors involved in land dealings, then there is a duty by that liquidator. And I can assure the people of this province that this government will insist that that liquidator pursue that duty to bring those people before the court, Mr. Chairman, to bring those people before the court and to examine them under oath.

Now the members opposite can say, well that's no good. The members opposite can say that won't work. But it does work, Mr. Speaker. Now the member opposite says you won't do anything because somehow Will Klein is your friend and Will Klein controls you. If that was true, Mr. Chairman, why is Pioneer not in existence today? If Will Klein was running this government why is that company not carrying on bold as ever, bold as ever, Mr. Chairman?



The reality of it is this government went to that proposal. This government looked at those proposals and this government found those proposals wanting. This government then had a very difficult choice to take. And nobody likes to see a trust company go down because of not only that trust company and the employees and the uninsured depositors, but what it does to the stability of financial institutions in this country.

That decision was not taken lightly, I can assure you. And that decision was wrestled with for several days, trying to balance off: do we pour money into a company that we don't believe will work, or we don't think will make it with this kind of help? And in so doing, and if we don't move that way, then we run the risk of having a lot of people with uninsured deposits and we run the risk of further instability in the financial community of western Canada. And that's the decision we were confronted with. And it wasn't whether or not Will Klein was a member of the Progressive Conservative Party. The question was, what was the right thing to do.

And we took that decision, Mr. Chairman, and we stand by that decision, Mr. Chairman. And I believe it was the proper thing to do. I believe it was the economical, right thing to do for the province of Saskatchewan and the people of Saskatchewan.

**MR. KOSKIE:** — Thank you, Mr. Chairman. I want, Mr. Minister, to take a look at the magnitude of the problem that we're addressing — and that we as the opposition here take a serious view of what we're doing here, and wanting to protect, to pay out the depositors; we have agreed with that. But we want also primarily to make sure that the taxpayers of this province are protected fully. And I think we have to take a look at the nature of the problem, the magnitude of the problem.

We are looking here at \$28 million as the potential pay-out by this government, \$28 million. And, Mr. Chairman, that represents \$28 for every man, woman, and child in Saskatchewan — \$28. It represents, if you look across this province, \$500,000 from every constituency in this province. That's what would be extracted.

I took a look at some of the budgets of government. It represents the total budget for all of these: Consumer and Commercial Affairs, 5 million; co-operation and Co-operative Development, 3 million; Economic Development and Trade, 8 million; Environment, 7 million; Science and Technology, 1.5; Saskatchewan Research Council, 4 million. Adds up only to 27.5 million. That's the magnitude of the size of the money and the taxpayers' money that we're dealing with.

And what I am saying here, in each and every one of those items and departments, the minister stands before this House and we have an opportunity to question him thoroughly, in respect to those expenditures, if we look at the magnitude of the decisions that we're making and the necessity of the safeguard to the taxpayers of this province.

Let us look in another view. If you will take the Department of Health and look and see that the Saskatchewan hearing aids . . . You could cover all these programs: Saskatchewan hearing aid, \$2 million; Saskatchewan Dental Plan, \$18 million; Saskatchewan drug, 2.5; grants to the ambulance board, 5 million. That comes to about 27.5 million. That is the magnitude. Each and every one of those expenditures that are made, we have the opportunity to examine those expenditures in detail.

I want to take a look, Mr. Minister, at who has been hurt in this whole collapse of a . . . largest collapse of a financial institution or business collapse in the history of this province. Who has indeed been hurt? Well, I say that the taxpayers of this province, who are going to foot the bill, have been hurt. They are going to pay anywhere from 10 million, you say. Then you say 13 million. I say the potential of \$28 million. So the taxpayers are under the gun here.

I say that shareholders in this company have been hurt. A lot of innocent people, believing in the integrity of this operation, poured thousands of dollars into purchasing of shares. And I remember on *The Fifth Estate*, one individual from Estevan having purchased 80,000 shares.

But these shareholders not only are going to lose by the devaluation now of their shares, but they are going to be asked as a taxpayer, to contribute again to pay off the \$28 million. So it's sort of a double dose to the shareholders.

And I think that what has been really damaged is the credibility of this government, the way in which the Minister of Finance handled this. This is not a normal situation of a company going under. Here we have the intervention of the most powerful minister in government, the Minister of Finance, and do you know what he did? He made an agreement; he got into the middle of it. He decided that we're going to delay this; we're going to delay the liquidation of this company. And he did, and he made an offer of 27.5 million to purchase preferred shares.

I say, Mr. Minister, that you're in the middle of it. Your actions delayed the normal liquidation of this company, and I think that the taxpayers of this province have a right to know whether or not any of the other people are damaged by your actions of intervention. And since you are involved in the middle of it, Mr. Minister, I think you are the last person to be representing the taxpayers in respect to whether or not making representations to the liquidator, because you are in it. You gave a guarantee. You allowed this company to continue.

I want to ask you whether or not — and I think the people of Saskatchewan want to know — whether or not they were harmed by your actions; and whether now you, in fact, would want the facts to be disclosed. If indeed your actions were contrary to the shareholders or to the depositors, how can they expect that you will make proper representations on their behalf and disclose further the inadequacies or the improper actions that you took during the intervention into the liquidation of this company?

So I say taxpayers have been hurt; shareholders have been hurt. They lost their investment in shares. The values have gone down; they're asked to pay. The credibility of the government and the competence of the finance minister is being questioned across this province. There are others who have been hurt in this, and those are the employees, and I talked to them — people who have worked for 10, 12, 15 years since this company was founded, who believed in this company and went out and sold their securities, trusting that everything was in order.

We find that as early as last August that very serious curtailment had been placed upon this Pioneer Trust. And we find that Pioneer Management, in going before the security commission, having to be audited, and the firing of the head of the securities commission by this very government — all raises, I think, doubts in the mind of the people of this province who are prepared, I believe, to be fair. They always have been.

But there's others that, you know, you say you're going to clear out and protect the depositors, but not totally. You aren't going to because there are depositors who have contracts with Pioneer Trust, RRSPs, 5-year contracts. But you know what? I can give you an example.

There are people who have a contract made back two or three years ago for a set rate of interest — 14 or 15 per cent interest to cover for 5 years. That's the contract. You know what's happening now with those? Turned over to your other friends, the Royal Bank. And you know what they are getting now? They are getting 8 or 9 per cent on that contract.

(1530)

So depositors again are continuing to lose even though you are bailing them out on the major losses. And I think that in this whole affair what really has become evident is the lack of leadership on the other side, on the government side.

I would have thought that in a major decision in a major collapse of a financial institution, that surely somewhere we would have seen the participation of the chief officer of the Executive Council, the Premier. And what people of this province are saying: who is in charge of that government? That is the question that is running through the minds of the people of this province: who is in charge? They thought it was the Minister of Finance, and they've seen his performance in this, and they say he's not in charge. And the Premier, he fails to even sit into the House, even to enter the debate.

You know, if you look at Pioneer Trust and you listen to the words of the director that resigned, Mr. Sykes, in Calgary, he said they were caught up in promotion. Promotion was their game — not performance, no management. And you know, people are saying, what a similarity between this government and the Pioneer Trust boys — promoters, advertising, a lot of rhetoric. And they're saying, no management back at home. Nobody is running the ship. And now the Minister of Finance's credibility has been challenged right to the core.

But I think that the other thing that you have to ask, you know, if I am correct in saying — and I assure you that I am — if the taxpayers are losers, if the shareholders are the losers, if the credibility of this government is a loser, if the depositors, if the employees of the company are losers, the Premier's leadership is questioned — are there any winners?

And that's the very question being asked by every taxpayer in this province. Are there any winners, Mr. Minister of Finance? What they're asking is, can the chief executive officer and the chairman of the board and other board members simply walk away scot-free? The question remains here in the minds of the people of this province.

During that period of delay before it collapsed, during that reprieve by the statement in the letter by the Minister of Finance, they're saying, what went on during those periods of time? They want to know whether during this period they were given an opportunity to skim off the benefits for themselves personally.

People are asking, are they to be allowed through the corporate structure, to continue to operate other businesses in this province without any accountability? Are they to be allowed to keep their lavish houses that were demonstrated on that television? Are they able to keep their stable of horses? Are they able to keep their jets to fly around? Or are they going to be stripped of some of these assets?

This is exactly what the people of this province are saying when they phone in and ask us. They ask: are there two laws in this country — one for the rich and the powerful, and one for the poor? They say if you steal a loaf of bread you can be sentenced to jail, but if you go and squander \$240 million of trusting investors', can you walk away with no personal liability, and can you still flying your jets and lavish in your wealth in Phoenix?

The taxpayers of this province are saying they were down in Phoenix, and they want to know whether the former leader of the Tory party is involved. They want to know if Dick Collver has, in fact, been investing with this group, this group of Tories.

These are the questions that the people of Saskatchewan are phoning in and asking us. They are saying to us, hang in there. Make this government come clean, they're saying.

It's a sad commentary. You know, the government has introduced some so-called welfare reforms. What they did in their welfare reforms was to cut the benefits to the unemployed. They cut the benefits to the handicapped. They cut the benefits to the aged and to the disabled.

But I'll tell you what they've done: they've created a new welfare state. They've created a welfare state to the recipients of their corporate friends, Pioneer Trust, headed up by a bunch of

promoters, headed up by a bunch of leading Tories.

You know, when you look around and you see a number of people that . . . (inaudible interjection) . . .

**MR. CHAIRMAN:** — Order. The member from Quill Lakes.

**MR. KOSKIE:** — Thank you for your delayed action. I want to . . . Thank you, Mr. Chairman. I want to say, Mr. Chairman, as we look around in respect to other transactions here in Saskatchewan, I ask you, where was this government? I look at Pro-Star Mills in Saskatoon . . .

**MR. CHAIRMAN:** — Order. order. The debate is on the amendment to section 5 of Bill 70; I would ask the member to relate his remarks to the Bill.

**MR. KOSKIE:** — That's precisely what I'm doing, Mr. Chairman. What we're asking is that persons who were directors and officers of Pioneer Trust at the time the company was ordered into liquidation by Her Majesty's Court of Queen's Bench for Saskatchewan, that they are jointly and severally liable to the province to the extent that their gross mismanagement caused the loss to the depositors. And I agree with that amendment.

What I am saying here is that the government, in my view, in the actions of the Minister of Finance, is implicated because of the direction that he took in establishing the letter indicating support of \$27.5 million guaranteeing the purchase of preferred shares. And when you look at what they're doing here, here is one major company, and they have no hesitation coming in here and asking for a blanket cheque to cover off their political friends. And they admit that the heads of the Pioneer Trust are staunch Tories, supporters, financial supporters — people who go to conferences sponsored by this government. As recently as May, Will Klein and the Minister of Finance on the same stage, and with a big headline: Join success. I guess Will Klein must have been smiling when he made up that headline.

What I'm demonstrating is: here we have a major company, tied into the Tory party, both philosophically and financially, and they have no problems coming forward with a Bill to address the concerns which will bail this company out and allow the directors to go off, as some of the public believe, scot-free.

But I say to you, when we look at other companies and how this government protected other people getting hurt, the same type of action was not forthcoming. Pro-Star Mills is an example. Didn't see the government coming forward to help the farmers in trouble. Raymond Contractors is a firm, a disreputable firm that came from B.C. Left many subcontractors, Saskatchewan honest business community men, holding the bag. No help. And the same thing happened with Universal Foam Molding. Small contractors were fleeced again. No protection; but I'll tell you, when it comes to their political friends, this government will move.

But the problem with the moving, and the problem that the people of this province have, is the closeness of association. The people of this province do not believe the Minister of Finance made this offer of \$27.5 million and said later, I guess I shouldn't have done it. Well I guess that's . . . (inaudible interjection) . . . he said that, but he didn't explain why he shouldn't have done it. But the people of this province are asking; this minister has no credibility. And they're saying if we're going to pay out money, we don't want him representing us on behalf of all the depositors because they say he has no credibility. His credibility is shot. He may be involved, they're saying . . . (inaudible interjection) . . . That's right. He may have intentionally delayed the foreclosure of the liquidation of this here company by his action, and the people of this province are asking, what could be the consequences of that?

They want to know whether they are better off or worse off by the delaying tactics which was the consequence of the decision of the Minister of Finance. And so they're saying, we don't

want him. We don't trust him representing us. His credibility is gone. In any other jurisdiction with a premier that was in charge, that man would not today be the Minister of Finance. It's as simple as that. And he says he's going to represent the taxpayers when he couldn't even know whether he should be making a guarantee or not.

And now he says, oh, give it to me. Trust the Minister of Finance one more time. I made a mistake the last time, but trust me this time because, oh, I don't know, I don't make a mistake twice in a row. This is what you're asking.

And I'll tell you that the people of Saskatchewan have urged us to have a public inquiry which you are afraid to have, a judicial inquiry. We asked you to put a limit on the amount that you are going to pay out, and you won't agree with that. And we said finally, at least, at least give some protection to the taxpayers of this province. And you say no, we won't do that. We can't do that. And I say that \$28 million is far too much money for us to allow a full discretion to a Minister of Finance who has so totally botched up the whole affairs.

And that's what they are asking us to do. They are asking us to stay here as long as we have to in order to get some protection, over and above having the Minister of Finance, representing the province, as a creditor on behalf of the depositors. They say, we want another mechanism. And they say, stay as long as you have to to force them to get a mechanism other than a representative of that government which is so totally incompetent that we no longer trust them. And that's the situation right now.

I'll tell you, Mr. Minister, that we have tried in every way to be reasonable in representing, in the amendments that we have brought forward. And I ask you again to seriously consider bringing in an appropriate amendment which will allow . . . Because — and I think essentially — because you are an actor, an intervener in the ordinary process of the liquidation of this company, you turned the course around by your letter. And for sure what you did was to delay it.

(1545)

And I'm telling you that the depositors and the shareholders across this province, they want to know. And I'll tell you you're not going to come forwarder and tell them because, I mean, you look so bad now, Mr. Minister, that you should really resign and be honourable rather than stand up here and try to defend your position.

And that's what we're going to do. I'll tell you right now that we're going to stay here until we get some protection for the \$28 million of the taxpayers' money.

**HON. MR. ANDREW:** — We have now the member from Quill Lakes going through his typical routine. First of all he's not sure which side he should be on. First he argues that we should have invested the money in Pioneer, and then he says, no, we shouldn't have invested the money in Pioneer.

What we had here, Mr. Chairman, is this: we had the Leader of the Opposition asking some reasoned questions. We got the other folks back there in their group that sit and yell and bellow from their chairs. I am always reminded of the quotation of John Twigg who is a renowned reporter (tends to lean more to the NDP side) and his comment about why the NDP, Mr. Chairman, are so ineffective. And John Twigg's analysis of why the NDP are so ineffective is: (1) they have such a small group — there's only eight of them; and (2) only one of them knows how to think.

And the member from Qu'Appelle, Mr. Speaker — and the member from Quill Lakes demonstrated over and over again in his latest diatribe. What he had, Mr. Chairman, was this — let's try to analyse what the member from . . . (inaudible interjection) . . . The boys over there don't want to hear. They want to do their talking now.

But the member from Quill Lakes makes the same speech, Mr. Chairman . . .

**MR. CHAIRMAN:** — Order. When the member from Quill Lakes was making his comments, the House was quiet. I would ask the members now to listen to the Minister of Finance.

**HON. MR. ANDREW:** — The member from Quill Lakes doesn't even understand, Mr. Chairman, what the House is about. The member from Qu'Appelle does not even understand. He made exactly the same speech that he made on the second reading of the Bill. He made exactly the same speech on the first amendment advanced by the opposition. He made exactly the same speech on the second amendment advanced by the opposition. And now he stands up and makes his third speech, same, identical. You go back into *Hansard*, you hear the same thing. You might as well have a record player over there, vroom, vroom, vroom, because that's the way he talks. And that is the extent of the knowledge of the member from Qu'Appelle. They should listen to their Leader of the Opposition. At least he advances intelligent questions, or at least I thought they were until today . . . (inaudible interjection) . . .

Oh, now the member from Regina Centre is getting sensitive, and starting to yell again. So we will hear this, we will hear this.

Mr. Chairman, we have all day to hear the seven others, the seven others that don't know how to think, to stand up and blab and blare all day. We're prepared to sit and listen. If by chance, Mr. Chairman, if by chance they could come up with one new question or one new thought, Mr. Chairman, then we will seek to try to give an answer or a response to that. Otherwise we will hear them bellowing on, bellowing on, bellowing on— doing everything except trying to think about it.

**MR. SHILLINGTON:** — Thank you very much, Mr. Chairman. I want to add my voice to the others of my caucus who have protested the completely inadequate fashion in which the government has handled this matter.

Mr. Minister, I go home at 10 o'clock at night frankly tired from a day in the House, and I think to myself, you know, perhaps we ought to let this go and get to other business. And what happens? My telephone rings, not continuously, but almost continuously, last night and this morning. And I'll tell you what. Nobody — not anybody — sees this matter the way you do.

I don't know whether members opposite were listening to Harasen's line this morning, but I'll tell you there wasn't a single, solitary supporter who called. People were asked, what do you like most, and what do you like least about Saskatchewan? I listened to the first five calls, and you know what they liked least about Saskatchewan?

**AN HON. MEMBER:** — The government.

**MR. SHILLINGTON:** — It was the Government of Saskatchewan. The first five people. And I'll tell you what . . . And I'm sure there were a number of issues preying on the minds of the callers of Saskatchewan, and they called from all over Saskatchewan. But I'll tell you one of the things that was preying on their mind was this issue because this issue represents what the public of Saskatchewan don't like about the government.

It represents the incompetence of this government, that a Minister of Finance would give a \$30 million guarantee and take away a \$30 million guarantee without ever getting a written report going in or coming back out the door. It represents the incompetence of this government, the patronage of this government. Will Klein gets into a bit of a fuss and what happens? Ken Stevenson winds up without a job.

And the taxpayers wind up picking up a \$30 million tax bill. It doesn't matter. What's the matter?

It's just the taxpayers' money. It isn't our money. So what if it's \$30 million that Ken Stevenson might well have prevented. So what? It doesn't matter. Doesn't matter. It's taxpayers' money. Somebody else will pay. Somebody else will pay.

They don't like the incompetence. They don't like the patronage. And they don't take the mismanagement. And I think that's why the first five callers this morning said what they disliked most about Saskatchewan was the present government.

I may say as well, if members opposite think that this is a popular issue, then you've got a way of finding out that the best poll of all, either a general election or, if you don't wish to commit that, if you don't want to risk that much, try a by-election. You're overdue for one. Try a by-election. No, you've got a seat right now. You've got a seat right now.

I gather that you're having trouble finding a candidate. And with this kind of issue and this kind of incompetence being demonstrated, I can tell you, Mr. Chairman, it's going to be tough to find a candidate, a Conservative candidate in Regina North East. But you ought to try and find one, and you ought to have a by-election. And I say that you are too cowardly to call that by-election.

Mr. Minister, one of the people who called me was a clergyman — I'll put it no finer than that because I suppose he might be identified — who said, if I and my parishioners have to ante up, the very least I want is that Will Klein and Ross Sneath and the others who benefit from this extravaganza also have to ante up. If my parishioners, who are having difficulty putting food on the table, have got to ante up \$100, then the rich boys ought to have to ante up too. This from a clergyman in my riding.

And that is what the public in the province of Saskatchewan are saying. And I say to members opposite, that's what this amendment is designed to accomplish. Just read the amendment. How can anyone take objection to the wording of that amendment? If the gross incompetence has contributed to the loss, then they ought to be jointly and severally liable. Who could object to that unless it were someone . . . unless it were someone who were attempting to cover up themselves or protect their friends? And anybody who would suggest that this government is above protecting and helping their friends hasn't watched them.

This patronage is something that usually is a sign of old age. This is the only government I know that came into office believing that patronage should be a cornerstone of public policy. And you did, of the very beginning. There was no suggestion, Mr. Chairman, by this government that patronage was something that had no place in public administration. From the very beginning it has been a cornerstone of this government's policy — a cornerstone of this government's policy.

The . . . (inaudible interjection) . . . Well, you're going to get . . . Why don't we try a different vote? Why don't we try a by-election? I'll tell you; because you people are afraid of it . . . (inaudible interjection) . . . Yes, we liked it fine. How did you people like it? How did you like Ontario? How did you like the Yukon Territory?

**MR. CHAIRMAN:** — Order. I would ask . . . Order. Order. I would ask the members to stay on the amendment to the Bill.

**MR. SHILLINGTON:** — I was about to relate the election of the Yukon Territory to this Bill, Mr. Chairman. I was just getting there. I say to the minister opposite, who can't take the heat, so he's getting out of the Assembly . . . (inaudible interjection) . . . that may indeed be true. I don't know what the issues in the Yukon Territory were except that people are getting tired of the failures of the Conservative administration in this country. It's true in Ontario, and it's true in the Yukon and it will be true here.

**MR. CHAIRMAN:** — Order. Order. I don't feel that the election issue are part of the amendment to section 5 of the Bill, so I would ask the member to relate his remarks to that amendment.

**MR. SHILLINGTON:** — Mr. Minister, in your remarks earlier today you in essence said, trust us. We'll see if the liquidator takes all appropriate action. Trust us. Why would the public trust a government, that is as ridden with patronage as this government, to lean on their own friends? Why on earth would the public trust this administration to deal fairly with its friends?

Given the history of this issue, why would they trust you to lean on the liquidator, given the history of this issue? A competent, honest public servant, Ken Stevenson, who has a reputation.

**AN HON. MEMBER:** — What has this got to do with that?

**MR. SHILLINGTON:** — It has a great deal to do with it. It has a great deal to do with it. And it has a great deal to do with why you people are falling out of bed.

The chairman of the securities commission say she has some concerns about a related company, Pioneer Securities. What happens? Down he goes.

And the public, Mr. Chairman, see a CBC nationally-televised program in which Will Klein boasts about having this government in his hip pocket. Rod Sykes said that he used to boast of his government connections in the halls. How on earth are the public of Saskatchewan expected to trust this government to lean on the liquidator to ensure that everybody pays their fair share? And that's what this amendment is about, Mr. Chairman; it is simple justice — it is simple justice.

If my parishioners, who are in trouble putting food on the table, got to ante up 100 bucks, then so should the directors — then so should the directors. And that's the issue. The issue is fairness and ensuring that everybody pays their fair share. And the fair share of the directors who brought about this mismanagement is more than 100 bucks.

All this amendment asks, Mr. Chairman, is that if their gross misconduct, and that . . . could have been phrased it differently. One could have said if they're negligent, but the amendment doesn't. If their gross misconduct contributed to the loss, then they have to be jointly and severally liable to the government. Who can argue with the moral justice of that?

(1600)

If there were no loss, the taxpayers were not being asked for a nickel. I suppose it might be different, although it might not. But the taxpayers are being asked to put up a minimum of \$10 million, and we're being asked to believe that that's an accurate figure — this from a finance minister who gives a \$30 million guarantee without ever getting any report; who takes it away without ever getting any report — we're being asked to believe that now, now suddenly the minister knows what he's doing. For the first time in a career that has been ridden with mistakes, we're now asked to believe he knows what he's doing. It's only 10 million bucks. It's not going to be 12; it isn't going to be 28.

I say, Mr. Chairman, given the nature of the assets, I suspect that it's going to be more than \$10 million because I suspect those assets have been overvalued. And I suspect, Mr. Chairman, that \$10 million isn't going to do it. And the minister suspects that, and that's why our amendment of last night was defeated.

Mr. Minister, Mr. Chairman, if we've got to put up 10 million bucks or 28 million — which is more likely, I think, to be closer to the figure — then surely, Mr. Chairman, those who are responsible for this, whose negligence, whose incompetence, whose lack of morality to gamble with other people's money, the people who took interest-free loans and then added other people's money to that for their own investments — surely people who are that careless ought to have to ante up to the extent that they can. Why should the taxpayers have to pay for somebody else's



mistake? And that's what people who have been calling me have been saying: why should I have to pay for their mistake and they don't have to? It is simple justice we ask for.

Mr. Chairman, I ask government members opposite to think sincerely about the issue. Think of the farmers who are having difficulty putting in a crop. Think of the people in Moose Jaw North, for the benefit of the member, think of the people in Moose Jaw North who are having difficulty putting groceries on the table. Think of your taxpayers when you vote on this.

Ask yourself if your electors want you to let the big fish swim free while they pay for the damages caused by this débâcle. I ask members opposite to examine their conscience, and if you don't have any conscience, then at least discuss the matter with your electors because I think you will find, as we have found, that the public want everybody's nickel in the pot. That's all we're asking, Mr. Chairman, is simple justice.

**HON. MR. BLAKENEY:** — Mr. Chairman, and Mr. Minister, I ask you one simple question. You've got a Bill here which authorizes you to make payments, substantial payments, \$28 million in payments out from the treasury of Saskatchewan. Do you propose to pass this Bill without it containing one single word, not one, which imposes any obligation, any obligation whatever, on you or any other employee of the Government of Saskatchewan to collect one dime of that back? Do you propose to pass this Bill which authorizes you to pay out \$28 million without imposing any duty whatever on your or any of your employees to go out after any single penny of that and to get it back? Do you propose to pass the Bill without any obligation on you to get anything back for the taxpayers?

**HON. MR. ANDREW:** — I think the member, as I indicated on his previous questions, if you look at two sections . . . One is that the \$28 million, a goodly part of it is going to be back shortly from the liquidator of the sale of various assets. That's number one. And number two, I refer the hon. member to section 125 of the Winding-Up Act. And I would hope that by now the hon. member has, in fact, read that section. I can go over it again, but I would simply be repeating myself.

But any situation where there has been a breach of a trust relationship on the part of the directors, past or present, on senior employees, past or present of that company, “. . . the court may, on application of the liquidator,” examine into the conduct of such director, manager, and employees, and, upon examination may make an order requiring him to repay the moneys so misapplied or retained.”

I indicated to this Assembly . . . I gave that undertaking to this Assembly that the liquidator's obligation, in view of the information that has been brought out to the public, that there is a legal and moral obligation on the part of the liquidator to investigate into all transactions involving employees and directors of Pioneer Trust.

If there is breach of that trust — and a breach of that trust would involve a soft loan from Pioneer Trust to a director or an employee; a breach of that trust would involve encouraging Pioneer to invest in a property that that director had been previously involved in himself — without question, given that situation, there is an obligation on the part of the liquidator to bring that matter to investigation, to bring those people to court, and to examine those people under oath in a court of law.

That's his obligation. That is no question about it; that is the obligation set out in section 125 of the Act, and that is what the liquidator must do in this particular case. And that's the position that the Government of Saskatchewan will take in this particular case to recover back, as you requested, any dollars that are legally entitled to be collected back from those directors and employees.

**HON. MR. BLAKENEY:** — One more question. You're going to pass this Bill without any obligation on you to do anything. You're telling me what the liquidator's obligations are — all

very interesting. I'm asking you: are you going to pass this Bill without any obligation on you to do anything except pay out the taxpayers' money?

**HON. MR. ANDREW:** — Look it, I indicated from the beginning that this Bill is the same type of Bill that was passed at the national level involving the same thing, unanimously supported by all past . . .

**MR. CHAIRMAN:** — Order. Allow the Minister of Finance to make his comments.

**HON. MR. ANDREW:** — . . . unanimously supported by all three political parties. It gives you that flexibility. We intend to take assignments, as I indicated, from all people that are paid out. We then use . . . We intend to take those assignments as one of the major creditors of that trust company to pursue under section 125 of the Winding-up Act.

The division bells having rung from 4:10 p.m. until 9:50 p.m.

(2150)

**MR. CHAIRMAN:** — The question before the committee is the amendment to section 5 of Bill 70. Proposed a House amendment by the member from Elphinstone:

Amend section 5 of the printed Bill by adding the following subsection after subsection (2):

The persons who were the directors and officers of Pioneer Trust Company at the time the company was ordered into liquidation by Her Majesty's Court of Queen's Bench for Saskatchewan are jointly and severally liable to the province to the extent that their gross mismanagement caused the loss to the depositors.

Amendment negated on the following recorded division.

**YEAS — 7**

Thompson  
Engel  
Lingenfelter

Koskie  
Lusney

Shillington  
Sveinson

**NAYS — 28**

McLeod  
Andrew  
Taylor  
Rousseau  
Duncan  
Katzman  
Pickering  
Hardy  
McLaren  
Garner

Smith (Swift Current)  
Baker  
Hepworth  
Schoenhals  
Dirks  
Sandberg  
Embury  
Martens  
Maxwell

Muirhead  
Bacon  
Smith (Moose Jaw South)  
Hopfner  
Myers  
Meagher  
Glauser  
Swenson  
Morin

**MR. SHILLINGTON:** — Mr. Minister, I want to ask you a series of questions about the . . . (inaudible interjection) . . . Oh, yes, it is quite in order under section 5. Indeed, almost anything is in order under section 5.

**MR. CHAIRMAN:** — Order, order. Order! Will you allow the member to ask his question.

**MR. SHILLINGTON:** — Mr. Minister, I want to ask a series of questions about how you calculated the recovery of 18 million. I gather that's what we're assuming . . . (inaudible interjection) . . . I wonder who was watching the hockey game? Mr. Minister, try to keep those yahoos behind you quiet. Right; better. Mr. Minister, you have said that the total cost of this . . .

**MR. CHAIRMAN:** — Order, order. Order! The member from Regina Centre has the floor. I would ask other members to allow him to make his point.

**MR. SHILLINGTON:** — It's not a point, it is a question. Mr. Minister, you said earlier that the total exposure maybe 28 million, and you expect to recover a portion of that, and you expect a net loss to be \$10 million. My question, Mr. Minister, is with respect to the 18 million. My first question I would ask is, with respect to the \$18 million, I assume you expect to recover from assets, how is this made up? How is it made up? What are the assets? To what extent is the 18 million made up of real estate, to what extent are they bonds, to what extent are they stocks? How is the \$18 million made up?

**HON. MR. ANDREW:** — The hon. member has asked that question many times in the last couple of days, Mr. Chairman, has asked that question on many occasions, Mr. Chairman. The reality is this, is that the liquidator is the person that provides that information. We have talked to the . . .

**MR. CHAIRMAN:** — Order, order! Allow the Minister of Finance to answer the questions.

**HON. MR. ANDREW:** — The question has been asked on many occasions, Mr. Chairman, and the answer was that the liquidator is going through the process of liquidation. Okay?

The information that we have received from the CDIC officials, whose view of it is that recovery be well in excess of 50 per cent. I indicated that yesterday. The liquidator is not committal as to what that is going to be. We have requested that information, and he says it's premature for him to indicate, and he doesn't want to indicate exactly what it's going to be. CDIC officials indicate that it would be in excess of 50 per cent. What we have said consistently all along is that the \$10 million figure seems fairly reasonable.

**MR. SHILLINGTON:** — Mr. Minister, you must have received a statement of assets of the company from the liquidator. I will begin, then, by asking you for that statement of assets. I assume you've received that from the liquidator.

**HON. MR. ANDREW:** — Mr. Chairman, the liquidator is in the process of calculating the assets, of selling the assets, of trying to calculate the liabilities. That is a matter that is before the court . . . The court has appointed the liquidator, the liquidator will file the statement. We cannot do anything until the liquidator has filed the statements. That's simple, I mean, it's silly to ask the question.

**MR. SHILLINGTON:** — It is not silly to ask the question. Mr. Minister, you are asking us to vote a sum of money. You tell us that you expect that the maximum will be \$10 million. I'm asking you the basis upon which you make that estimate.

Have you received no statement of assets from the liquidator after two months — February, March, April — three months? In three months have you received no statement of assets from the liquidator? Have you nothing at all to go on/ Mr. Minister, you must have received some statement of assets.

**HON. MR. ANDREW:** — I'm advised that the liquidator would make his pronouncement on

that, would file it to the court. That has not been done at this point in time.

We would hope, as I indicated yesterday — as I indicated to the questions from the Leader of the Opposition yesterday — that the mortgage package is presently out in the market for sale. It is anticipated that will be in the range of \$100 million, that sale.

Once that is done, the liquidator's advice is that that should probably be completed or closed within the next three weeks, at which time there would be some kind of an indication on the proceeds of that sale, and that information would be advanced at that time.

**MR. SHILLINGTON:** — Do I take it the minister has received nothing in writing from the liquidator with respect to what the assets are and what the liquidator expects to receive? You've not even received a statement of the assets of the company, as stated by the company when they filed their bankruptcy?

**MR. CHAIRMAN:** — Order. Order. I would ask for some decorum in the House.

**HON. MR. ANDREW:** — The liquidator would file that information with the court. Until such time as he files that information with the court, we do not have access to that information. And even if we requested that information, the liquidator would not be disposed to give it to us.

**MR. SHILLINGTON:** — Well yes. Where do you get the figure of 14 million from? Okay, you say with respect to the mortgages — you must have some calculation as to what's going to come in, who gets paid first, and where in the scheme of things the Government of Saskatchewan comes in.

You must have something. Good heavens, you're not guessing at all this. I assume your source of information is not the daily newspaper. You must have some report from the liquidator before you brought this Bill forward.

**HON. MR. ANDREW:** — These questions were asked, Mr. Chairman, 16 times yesterday. I'll try to go over them again and see if the hon. member can understand.

First of all, he says, the ranking of the creditors. I made it very clear yesterday; I made it very clear again today with regards to the questions. The rankings are as follows. There are three and basically only three creditors of Pioneer Trust. Once this Bill is passed, it would be the Government of Saskatchewan, the Government of Canada, and CDIC. They all rank equally.

Now from the best of our information when we looked at the company — and I indicated yesterday in the Assembly to that question on the various write-downs — the federal affidavit, if you were to look at the federal affidavit on the petitioning of the Pioneer Trust into bankruptcy, which is in the court, which is a public document which I'm sure that you with all your researching on this have access to, and have looked at. The write-down of the equity was from \$16 million to a minus \$12.2 million. I indicated that if the loss came to \$80 million, in other words that the liabilities exceeded assets by \$80 million in the winding up of Pioneer, that would mean that the province of Saskatchewan would be liable for \$10 million.

That's our best guess. I've indicated all along it's the best guess, and you will never know until the liquidation is done. But to follow your logic, if you want it pin-pointed to the exact amount, the only way that we could do that is wait on this Bill until such time as the liquidator has completed his process.

**MR. SHILLINGTON:** — I cannot believe, Mr. Minister, that you and the federal government . . . (inaudible interjection) . . . I cannot believe, Mr. Minister, that you and the federal government negotiated for some three months before this package came forward, and in that three-month period, you had no statement of assets from the company, at least in the preliminary sense. I

can't believe that.

You must have something on the nature of a preliminary . . . You must have something in the nature of a statement of assets. You must have some means for assuming that you're only going to be liable for \$10 million, beyond whatever it was that you — wherever it was that you got this 50 per cent figure from. You must have something more definite than that, Mr. Minister. I can't believe this.

The committee reported progress.

The Assembly adjourned at 10:02 p.m.