

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN

May 28, 1985

EVENING SITTING

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. Chairman, we are dealing with this matter and my colleagues earlier raised some questions. I don't know whether the minister can shed any more light on them than he has already done.

But I think the minister will know that the circumstances surrounding Pioneer Trust were quite remarkable in the sense that the government indicated that it would guarantee an issue of preferred shares and subsequently decided that it would not so guarantee the issue, and it left an interval of time of just over two months — of the order of 10 weeks or so — during which time at least some people believed the government was going to guarantee an issue of preferred shares. And as rumour would have it, others knew they were not.

I am in no position to substantiate the rumours. This does not, however, prevent them from circulating, and circulating widely. And it is the sort of thing which is almost without precedent. And because it is almost without precedent, more explanations are sought and, in the minds of many of the taxpayers, deserved. It may well be that the passage of this Bill will in some sense blunt the full impact of some of the comments which are being made.

But without putting too fine a point on it, and without asserting that the statements of fact are true, there are lots of people in Regina who say that they would like to know what happened between the end of November and early February. They would like to know how many people got out of Pioneer Trust, they would like to know how many people cut their losses during that period. They would like to know that because, at least from the vantage of hindsight, they assert that it was never the intention of the government to guarantee the preferred shares, or in the alternative, that they knew the government had not done examinations for the guarantee of the preferred shares and that when they did they would withdraw.

At any rate, the argument goes that here was an interval of 10 weeks in which people who are in the know could adjust their financial position, and people who were not in the know were lulled into believing that they had no cause for concern. And that the latter is true, there is no doubt.

I have talked with people who had intended to withdraw their holdings because they had heard some rumbles prior to the end of November, that they had decided against that — withdrawing their holdings — because they would have to take a penalty, after the government indicated that it would guarantee, and that they then had not been able successfully to extract their money when the blow fell in early February. So that those people existed, there is no doubt.

The allegation is that the other class of people existed, the people who well knew that this would not be followed through with, well knew that the government would not guarantee those shares, and therefore took action according to pull out their money.

Now the Minister of Finance assures us, as I understood him to say earlier today, late this afternoon, that the liquidator would look into this matter, and that the liquidator would make those facts public as to who got their money out in that 10-week period. I very much doubt whether that's true. I very much doubt whether the liquidator will make those facts public, and I want to express my extreme scepticism that that information will be made public by the liquidator.

I can think of no similar instance in the past. That's perhaps not definitive, because there are very, very few instances that parallel this in very many ways. This is unique.

But I can think of no instance where a liquidator did identify people who had managed to extract money immediately prior to a bankruptcy or insolvency, unless that person was an identified insider — a director, or an officer, or a relative thereof. That isn't what the street talk is. The street talk is that a selected list of people managed to get their money out. Now it may be said they're not in very much better shape than other people if this Bill is passed, and that's an argument.

However, it is of very considerable interest to know just what sequence of events took place. And I know that the member for Regina Centre asked whether or not the minister had informed himself on this. The minister took the view that it was not his responsibility to inform himself; that the liquidator would, and that this information would be made public.

It is my belief, Mr. Chairman, that that will not happen, that the liquidator will not make this public, and that the taxpayers will be asked, by this Bill, to pay out in the first instance \$28 million, and will not have any knowledge as to the sequence, the remarkable sequence of events which took place between November and February, wherein the government was involved in a good number of ways, and will not have any knowledge of this, and whether or not some citizens had preferences, perhaps preferences based upon better sources of information than other citizens.

And I ask again whether or not the minister is prepared to say that he will find out that information and make it available to the House so that we will know whether or not there was any unusual transactions between November and February which would indicate that the government's guarantee in November was particularly convenient for some people who had knowledge, and who therefore were not rendered in any jeopardy by the withdrawal of that guarantee in February, because they had already acted on the basis of that knowledge to protect themselves.

My question then to the minister is: is he in a position to say (a) whether he has that information? After all, his people were in there. Mr. Wagar was in there doing a full review of the condition of the company just about that time, in late January. If Mr. Wagar didn't note any of that, then one wonders, among other things, what he did — whether he has that information, and if so will he make it available to the committee?

HON. MR. ANDREW: — Well in response to the similar question before dinner, what I indicated is the liquidator's obligation is to maximize and to investigate — maximize the return on the liquidation and to investigate certainly any of the insiders and certainly any curious transactions. I am advised that he will investigate into that and report back in his report. And we simply are waiting for that report. The liquidator's job is to do that. We must allow him to do that and deal with it from there.

MR. SMITH: — I would like to ask for leave to introduce some guests.

INTRODUCTION OF GUESTS

MR. SMITH: — Mr. Chairman, I'd like to introduce about a dozen people from Coteau Range College in Moose Jaw. There's 10 students and two adults. The chaperons are Mrs. Carol Evans and Ms. Marilee Swerkivi — I believe that's the way you pronounce it. I ain't too sure on that name, but nevertheless I'll try that. And they're down visiting in the legislature for some time tonight and they're going on a tour of the legislature, and I will try and meet with you shortly after 8 around the rotunda. Thank you. I ask all members to welcome them.

HON. MEMBERS: Hear, hear!

MR. SHILLINGTON: — I would ask leave also to introduce guests.

Thank you very much. I want to introduce to the Assembly some Boy Scouts and Girl Guides, ages six to 15 in the Speaker's gallery. They are accompanied by their leaders, Suzanne Ally, Lise and Michel Nickolosi, Murielle Gareau, Denis Will and Angèle Chabot. I hope I haven't butchered those names too badly; I can tell by the tittering that I probably haven't done all the names justice. I do want to welcome the Scouts and Girl Guides to the Assembly. I hope you find it educational.

I know members will want to join me as well in welcoming one other guest. Our candidate in Qu'Appelle-Lumsden, Suzanne Murray, is here tonight, and I know members will want to join us in welcoming both these groups.

HON. MEMBERS: Hear, hear!

COMMITTEE OF THE WHOLE

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

Clause 5 (continued)

MR. KOSKIE: — Well, Mr. Minister, I take it that your position now is to say even less than what you have said in the past. We have sat here and in a very serious manner tried to extract and tried to put together some facts in order to justify the paying out of \$28 million. And I guess what I'd like to do, and get your confirmation, is sort out the sequence of the events and the clarification that we have them in a proper order.

I take it it was back in August that the federal government put some basic restrictions in respect to the operation of Pioneer. Can you, in fact, confirm if that information is correct, if it was indeed in August, and if you could be more specific as to the particular date? And the second part of that question is: when, indeed, were you notified of the restrictions that were put on by the federal government vis-à-vis the operation of Pioneer Trust?

HON. MR. ANDREW: — Yes, you asked that question before and I indicated . . . (inaudible interjection) . . . Well, to say you want to go through it. Go back and read *Hansard*. You asked the question; I indicated at that time that it was in August. It was August the 19th and officials were aware of that.

MR. KOSKIE: — And were the officials of your department, or of the government, whoever you're referring to as officials, were they informed on that specific date or was it later in August when you became aware of the restrictions that were put on Pioneer Trust by the federal department?

HON. MR. ANDREW: — When that question was asked before, it was August 21st the department became aware.

(19:15)

AN HON. MEMBER: — Write it down, Murray, if you can write.

MR. KOSKIE: — I'll write it down. Of course I will.

So August the 21st you're aware that the company is in serious trouble. What information . . . Did you make any contact with the federal officials, the federal department, to determine the nature

of the reason for putting restrictions on Pioneer Trust?

Was there any seeking of a determination of why the federal department was in fact putting serious restrictions on the operation of Pioneer Trust?

HON. MR. ANDREW: — Mr. Chairman, I will be patient and go through it. I've been asked these questions many times, and I'll try to repeat it again.

Obviously when Pioneer Trust came to the Government of Saskatchewan, we knew there was problems. Otherwise why would they be at the Government of Saskatchewan looking for assistance?

They were at the Government of Saskatchewan looking for assistance because they were unable to raise the money in the market privately. And they found themselves in problems. It's clearly the case. I've indicated that leading up to the letter of November that indicated that if had we not acted the company was going to fail.

Now to say that we knew there was problems — obviously we knew there was problems. Otherwise they wouldn't have been there.

MR. KOSKIE: — Mr. Minister, I'm glad that you advised us that as early as August you knew that there were problems.

What I want to ask you is: to what extent of the degree of the problem were you aware of as of obtaining the information of August the 21st? That is crucial in whether or not we are going to be proceeding with this Bill to pay out \$28 million. And that's what we're dealing with.

And I want to know, Mr. Minister, can you indicate: one, and I ask you this specifically, did you contact the federal government to make a determination of whether their investigation led you to believe the state of the financial affairs of the company? You indicated yes, you knew there was trouble with the company because they came to you. Why else would they come to you if they weren't in trouble? I'm asking you specifically: as a result of the federal action, and as a result of your officials knowing that the federal government had intervened in the operation and put on restrictions on Pioneer Trust, did you sit down with the federal counterparts in order to determine the degree of the problems that they diagnosed within the operation of Pioneer Trust?

HON. MR. ANDREW: — Well obviously, as I indicated, the federal officials indicated in November that they had problems with Pioneer Trust; that Pioneer Trust had liquidity problems; Pioneer Trust was going to go down. I further have indicated to this House on many, many occasions, under similar questioning — same questions — that the Pioneer Trust was going to lose its clearance from the bank, which would have closed the doors in November. And what we undertook as a government is to see whether or not we could do something to preserve that company, to keep it going, to save the jobs, to save a Saskatchewan company. And we set about trying to do that. In the end we came to the conclusion that it wasn't there to be saved, that it would have cost too much money, that the money that we would have had to guarantee on a preferred share would have put us at risk and probably we would have had to, in the following months and years, perhaps put more money into it. We felt that that wasn't a proper risk, and as a result we decided not to go with it. Now that's exactly the questions I've answered here for perhaps two weeks.

MR. KOSKIE: — Well I want to get some specifics, and you don't want to give specifics because it reflects on the operation and your handling of the matter. Look it, Mr. Minister. August the 21st you were notified or at least became aware that the federal government has indicated that this company is in serious financial problems. And you have indicated the federal government controls Pioneer Trust.

What I ask you specifically — this is a straightforward question: did you request the report on the status of Pioneer Trust from the federal government, and did you in fact receive a report, and could you file that report here with the committee?

HON. MR. ANDREW: — I simply indicate again, from that question that's been asked several times, that we were aware that there was problems with the liquidity of Pioneer Trust. Obviously if there wasn't problems with the liquidity of Pioneer Trust, we would have not been called upon by Pioneer Trust to give some assistance. We were. We went in and investigated that the best we could. We came to the conclusion it wasn't worth saving and we acted accordingly.

MR. KOSKIE: — Mr. Minister, I asked you a specific question, and I'm going to ask you again. Did you in fact request a report from the federal government into their examination of Pioneer Trust?

MR. CHAIRMAN: — Order, order, order, order! When I call the committee to order, the member's supposed to sit down and be quiet while he's listening to my ruling. The questions are getting very repetitious, and the clause that we're on is clause 5 as amended. The broader part of the Bill has been debated . . . (inaudible interjection) . . . Clause 5 as amended.

AN HON. MEMBER: — Right, and it's very broad; it's very broad.

MR. CHAIRMAN: — The broad part of . . . Are you challenging the ruling of the chair?

HON. MR. BLAKENEY: — Mr. Chairman, I must say that my reading of this is that this clause is far from a procedural point — is the guts of the Bill. The Minister of Finance shall pay out of the consolidated sums all the money. Now this is what we're talking about. And in my judgement this is a wide clause and supports any debate which might surround whether or not the Minister of Finance should pay out the money. It's our judgement that it's a wide clause and not a narrow one. That's our . . .

MR. CHAIRMAN: — I find that the questions are getting very repetitious. They've been asked over and over again, and I would ask members to proceed with clause 5 as amended.

MR. KOSKIE: — I was on clause 5 because I'm talking about the magnitude of the amount of money that we're going to be paying out, and clause 5 deals with it. And what I'm really attempting to do is to analyse the sequence of events which led to the situation, and an understanding of the situation of why we are in fact paying it out, and whether we should be.

I've asked the minister whether or not he had requested a report from the federal government. He has refused to answer that question. He says, we were aware of the liquidity problems in Pioneer Trust. Can the minister then indicate specifically the nature of any documents which you have which lead you to be aware of the serious liquidity problem of Pioneer Trust?

HON. MR. ANDREW: — Mr. Chairman, these questions again were raised on many occasions previously, dealing with these same questions in the committee of the whole. I responded to the member at that time that there was problems; there was problems with the write-down of assets. We provided information of the affidavit of the federal officials as to the magnitude of the write-down. That was the information that they had requested. We provided that information, and it seems like he's asking for it again.

MR. KOSKIE: — Is the minister indicating that he can provide no documentation? Or he is refusing to provide any documentation to the committee on which to base their decisions in respect to how you made your determination, and you became aware of the particular liquidity or the financial position of Pioneer Trust? Is that the position that you're giving us?

HON. MR. ANDREW: — Mr. Chairman, I would repeat the answer that I just gave — that I indicated to them that there was write-downs. I think there was, if I can recall now, it was 16 million to the good with the write-downs, brought it to 12 million — 12 million one, negative.

MR. KOSKIE: — So Mr. Minister, in the sequence of events as we have outlined it, on August 19th the federal government took certain steps to restrict the operation of Pioneer Trust. August the 21st, you became aware of the federal government's action and then the next date that I have in the sequence from the examination of you, is that on November the 21st the famous letter of guarantee of \$27.5 million.

In the previous questioning you indicated that at that time you had done no examination whatsoever of the financial affairs of Pioneer Trust; nothing in depth.

I want to be perfectly clear here, and fair with you. I would like to know if what you're saying, that the company was in financial problems, it was recognized by the federal officials — I guess the question that I ask you: under what conceivable right did you have to take it upon yourself, without a detailed analysis, of guaranteeing the taxpayers' money to the extent of \$27.5 million?

How else, how else could you say that that was insanity on your part, to deal with a matter of the magnitude of what we're dealing with in this Bill of having to pay out \$28 million? And all that you say you have no documentation; you've got nothing from the federal officials. I guess what happened is that the boys came in from Pioneer, your political friends, and they said, well you've got to help us out. Can you assure the taxpayers that it was less than insanity with which you were operating under in guaranteeing the 27.5 million without any basis of information? And was it solely for the purposes of an extension of the operation of Pioneer?

Because no one can believe that anybody in the position of a finance minister of a provincial government would err with such magnitude of guaranteeing \$27.5 million of Saskatchewan taxpayers' money without any shred of investigation.

What did you hope to achieve, Mr. Minister, by putting forward the guarantee without knowing whether or not you'd have to withdraw it? What went through your head in putting forward such an inane proposition, such a stupid proposition, a proposition that no one in the province of Saskatchewan could believe?

(19:30)

Anyone that would put up a guarantee of taxpayers' money of \$27.5 million and not even look into the books or know what he's guaranteeing . . . Now I'll tell you, Mr. Minister, you can let on that, you know, you've answered these questions. But your credibility is shot; it's finished. You shouldn't have the right, after the initial mismanagement of this affair, to take it upon yourself to request this legislature to pass a Bill giving you unlimited power to make payments. Blank cheques, and that's what you're asking for in this section.

I want to ask you, Mr. Minister: could you gain clarify to us what went through your mind, who was involved? Was the Premier present in the initial discussion where you decided to guarantee the preferred shares? Who was the party that negotiated the initial agreement of guarantee? Can you give us that information? And that hasn't been asked before.

HON. MR. ANDREW: — The response, Mr. Chairman, and the hon. member said it hasn't been asked before. Ultimately the decision was taken, the decision was taken, Mr. Chairman, to provide the guarantee, as I've indicated both inside and outside this House, many occasions. It was given on the basis that it would give us an opportunity to investigate Pioneer Trust. We had a hope, obviously, to try to keep that company going. We tried to do what we could.

In the end we found we couldn't go forward with it, and as a result we took that decision. As to

who made that commitment on the initial stages, obviously I did. That's the person that signed the letter.

That decision was taken, as I've indicated on previous occasions, for the simple reason to try to avoid the collapse back in November so that we'd have an opportunity to investigate what ways that we might be able to act to try to keep the company going. It didn't work, and we find ourselves here.

MR. KOSKIE: — Mr. Minister, you say that you wanted to keep the company going. Let me just use one analogy. Let us assume that Sedco was involved, and we're going to do an analysis, or we're going to try to keep a company going, just like you were.

Your intention was to keep the company going — Pioneer Trust. Now what would you expect of a bank, or if a banker was going to try to keep a company going, or if Sedco was going to try to keep a company going? What would be the first criteria that you would ask, Mr. Minister?

You would ask to look at the books to determine the viability. You wouldn't give a guarantee first. Twenty seven point five million dollars. And that's what you got stuck with, Mr. Minister. You got stuck with it, and that's why you're asking for a blank cheque to try to bail you out. And it's not bailing out depositors, because I think the losses sustained are far greater as a result of your actions.

I want to go one point further. Id' like to know if you can pin down . . . Obviously, sometimes you say you have a federal-provincial agreement, and you said to renegotiate the terms of 28 and 10 would be wrong, because it would breach the terms of the agreement.

Can you specifically indicate to us when in fact the federal-provincial agreement setting out the 28 and the \$10 million respectively — 28 for the province, 10 million for the feds — can you give us . . . What's your problem? The member from Lloydminster-Cut Knife who never gets on his feet is sitting over here out of his own chair and yapping.

AN HON. MEMBER: — Does it bother you?

MR. KOSKIE: — Yes, it does bother me because you never contribute to the House. Yes, the member from Lloydminster. . .

MR. CHAIRMAN: — Order, order. I would ask members on both sides of the House to keep some decorum.

MR. KOSKIE: — As I was requesting, Mr. Minister, you indicated, or at least there appears to be an agreement between the federal and the provincial government relating to the disposition of how it's going to pay off the depositors, 28 and 10.

I'd like to know, if it's possible: do you have an agreement? When was the agreement finalized? Was it done by telephone, or was it done by telex? Do you have any documentation of the agreement in order that we know the terms of what we're dealing with?

HON. MR. ANDREW: — If the hon. member would refer back in *Hansard* to yesterday, if the hon. member would refer back in *Hansard* to last week, that question was asked several times in various different ways. We responded to it on three or four or five occasions. And what's the sense of simply repeating the answer I've given on numerous occasions already?

MR. KOSKIE: — Get this goon out of here because I want to ask questions on a serious Bill, and I'm not going to be interfered with by the member from Cut Knife-Lloydminster.

MR. CHAIRMAN: — Order, order. I ask all members from both sides of the House to keep some

decorum, that members are allowed to sit in any seat in committee.

Order, order! If members want to get into the debate, any member can rise and ask questions in committee, and I encourage any member to do so.

MR. KOSKIE: — Mr. Minister, in checking *Hansard*, I distinctly recall indicating where you specified that there was no agreement. Because you referred me back to clause 4, indicating that you have the right to enter into an agreement with the Government of Canada.

On other occasions you've said that you had a chat with the minister in the federal government. What I want to know, specifically: give us the specific date, if you have one, as to when the agreement was finalized by the federal government and yourself.

HON. MR. ANDREW: — Well, Mr. Chairman, the question again has been asked. I've answered that question as to what we had, what was the nature of the agreement, etc.

Now that question was asked and answered yesterday. It was answered the week before, Mr. Speaker. And, Mr. Speaker, I . . . Mr. Chairman, the hon. member from Quill Lakes just stood in his place and referred to the member from Cut Knife-Lloyd as a goon, and that he shouldn't heckle.

So, Mr. Chairman, I simply say that question has been posed, that question has been answered. Obviously the member from Quill Lakes does not agree, or does not like the answer, or wants to repeat the question. I guess that's his prerogative. I'm not going to repeat the answers every time he asks it.

MR. KOSKIE: — Well, I . . . Mr. Chairman, it's getting to a — obviously a new procedure in the House. You ask a question to the minister, and he decides that it's not relevant, that he has answered it before. And I think that we're entitled here to ask questions because we're dealing with \$28 million that they're paying out of taxpayers' money.

You know, he won't give the date when he entered into the agreement with the federal government, because I think he didn't want to put that into writing either, Mr. Chairman. Because he got whipped so badly down in Ottawa that it's a total, absolute disgrace that the federal government is contributing something like \$5 million, and the province \$28 million.

We asked him also whether or not he went into consultation with the other major provinces, Alberta and Manitoba. And we asked him whether there was any correspondence or any agreement there for them to participate. And he says, oh no, we didn't get anything on paper there. All we did is have a little chat, he said, one time, and I think it was during a conference that we had. I might have talked to the Minister of Finance from Manitoba. And he said, I might have chatted with the member, the finance minister from Alberta somewhere along the line.

Well, Mr. Minister, I don't know if it's really of much use in beating a beat-up horse, one that has really distinguished himself with the highest degree of mismanagement of a portfolio that has ever been evidenced in this province.

I don't think anyone has blundered more terribly than what you have. And if I were you, too, obviously I wouldn't have any documents to support the mess that you have left behind. And obviously I wouldn't stand up and continue to answer questions in a contradictory way in which you have so often in respect to the debate that we've had, whether or not there's a formal agreement with the federal government. One day there is; the next day there isn't. Sometimes there's a contact with Manitoba, sometimes there's contact with Alberta. Absolutely, the absence of analysis of what you were doing, I don't think can be comprehended, either by the business community, certainly accountants, taxpayers who now are called upon to make a massive contribution of \$28 million. I think Mr. Minister, if you were honourable and if your Premier was honourable, both of you would immediately call an inquiry into clarifying the whole matter.

But you . . . All the questions when we ask you, you say, wait for the liquidator's report. And obviously you know it's not going to deal with some of the questions that have been raised, and what I'm asking you is: have you any confirmation as to when you will receive the interim report of the liquidator? Who will be receiving it? Will it be made public? And secondly, when do you anticipate, or do you know in fact when the liquidator will make the final report? Because I suspect that it will take some time for the final liquidator's report. And the thing is, I think this is what you are trying to hide under the veil of the liquidator, and hopefully can get by, maybe by calling an election before the final report comes in, and when you have to . . . When the whole . . . Perhaps even the liquidator may expose you even more than what you are already exposed. But can you answer the question? When do you expect the interim report? When do you in fact expect to get the final report?

HON. MR. ANDREW: — Well, again, in response to that question before, I indicated that at present the major asset of Pioneer Trust is presently being marketed, and the closing date on that is early in June, at which time there will likely be some negotiations. That package, once it's down, that's the major part of the assets, an interim report would then be filed. It would be filed with the court. Your question was, where would it be filed; it would be filed with the court. And as a lawyer, I'm sure you know that when you file that with the court it's a public document.

(19:45)

When the final liquidation will be done, I think what would end up then . . . Our information is that it might take a little longer to market some of the properties, but I think those properties would be marketed but for A, B, C, and D, and most of that information would become clear. I understand further that there will be statements, etc., by the liquidator at the interim report. The interim report, as I understand, would be forthcoming reasonably soon, and that's something that only the liquidator can answer, but reasonably soon as I understand it.

The bulk of it would be liquidated at that point in time, and the interim report would deal with their investigation to that point in time; and at that point in time, I suppose the court could and would pursue anything that might have been uncovered.

MR. SHILLINGTON: — Mr. Minister, this is in many ways an appropriation bill. This was not part of your budget . . .

AN HON. MEMBER: — It was part of the deficit, though.

MR. SHILLINGTON: — It was part of the deficit. It was not part of the budget. It is as if you brought forth a department, the department of Pioneer Trust, and you're wanting us to approve an expenditure. Mr. Minister, there is no way you would expect us to approve an expenditure for the department of Pioneer Trust, if I can create a mythical department, without reasonable questions such as this being answered.

Mr. Minister, supposing in another department we were told, well, never mind those question, you'll get the answer in a couple of years. The behaviour would be quite rightly considered outrageous.

Mr. Minister, with this Bill you want us to wait for a couple of years before we get the information. I say your responsibility to the public on whose money you're spending goes a bit further than that. The Premier at least says with a trace of humour — if it's no higher than a trace — the Premier at least says with a trace of humour, trust me. You're saying it, Mr. Minister, as if you really meant it. You're taking that comment seriously. Trust me.

Mr. Minister, will you admit that the liquidator's report will not be available for a couple of years? Do you accept the time limit of two years as stated by the federal minister, Barbara McDougall, and as stated by the superintendent of bankruptcies, federal superintendent of bankruptcies,

that two years would be a minimum? Do you accept that?

HON. MR. ANDREW: — I have indicated many times that there would be an interim report to the court. I indicated that it could be that the final disposition of some properties might be determined and it's more appropriate to wait for that distribution of properties. But no, the interim report will be done far sooner than that, and an interim report will be filed with the court and as you are aware, an interim report filed with the court will set a lot of that detail out.

Whether it's going to be finally cleared off and all done could take a little longer. I acknowledge that. Two years, I think, is too long.

MR. SHILLINGTON: — Well Mr. Minister, it would be unparliamentary to say you're being dishonest with the Assembly so I will not make that allegation. But it saddens me to have to think that you are so incompetent that you believe what you just said.

Mr. Minister, you know full well the interim report will answer none of these questions. Not any of them. That is not the purpose of an interim report, and you know it. It has been so stated by the federal minister; it has been so stated by the trustee, by the federal superintendent of bankruptcy. Everyone but you has now acknowledged that.

You acknowledge that the first glimmer of information is going to come in a couple of years. I wonder, Mr. Minister, if you actually . . . Well Mr. Minister, if you don't believe two years, would you put your own time limit on it? What do you think is a reasonable time within which to dispose of the property?

And Mr. Minister, I remind you of your own comments, that we won't get the final report until the property's disposed of. There is no way a final report can come until that's done, because until that work is completed, the liquidator's work is not finalized and he thus cannot give us his final report.

So Mr. Minister, I wonder if you'd tell me when you think the liquidator is going to dispose of some of this moose pasture that the officials of this trust company accumulated.

HON. MR. ANDREW: — Well as I indicated, the hon. member doesn't believe that the interim report will deal with anything. When that interim report comes down we will see that it in fact does deal with something, and so we'll have to wait on that.

With regard to the finalization of the liquidation, as I indicated to you that that would be left probably with just some real property assets. Probably they would certainly be identified in the interim report as to what had to be done yet, and the interim values on those. So I guess we're going to have to wait and see until that liquidator's interim report comes down as to whether you're right or I'm right.

MR. SHILLINGTON: — Mr. Minister, I asked you for your time limit. When do you expect to get the final report?

HON. MR. ANDREW: — That is something that you can ask the liquidator. His answer is going to be . . . When you ask the liquidator he indicates that the interim report will be coming down reasonably soon, Mr. Chairman. When will the final liquidation of all the assets be done? He will indicate that he's not prepared at this point in time to be pegged won on that, that it will determine on when he's able to and determines it's in the best interests of the creditors to sell the property.

MR. SHILLINGTON: — All the more reason, Mr. Minister, why it is absurd for you to suggest that we wait on the final report of the liquidator; all the more reason, Mr. Minister, why it's absurd to make that suggestion.

The liquidator, quite rightly, has no idea when he will give his final report. It is estimated by the federal superintendent of bankruptcy that that is likely to be a minimum of a couple of years. Mr. Minister, that is just simply not good enough. It's not good enough to ask the taxpayers for \$28 million, and to say to the taxpayers, well, you have to wait for some of these answers for a couple of years.

Mr. Minister, that is not the way a parliamentary democracy works. The struggles of the English kings and the English commoners over the years for responsible government wasn't won so that you could pull off a caper like this.

You are required, Mr. Minister — if I may indulge in some of your supercilious lectures that you're wont to give us from time to time — you are required to get parliamentary approval for an expenditure. And it has become the custom, well established over the centuries, that before you get that approval you have to provide a reasonable amount of information from the elected members whose approval is being asked. And I know of no instance where \$28 million has been approved on the basis of some answers that'll be forthcoming in a couple of years time.

Mr. Minister, I asked you before supper when Mr. Wagar's report was requested, and I asked you before supper at what point in time you had asked Mr. Wagar to give you a report on Pioneer Trust. You told me that information was supplied two weeks ago.

I had a look, Mr. Minister, at *Hansard* — not exhaustive, but I had a look at *Hansard*. I didn't see any date in there. So I suggest to you, Mr. Minister, that if you can't find it in *Hansard* awful quick, you might be courteous enough to provide the information now because I don't think you did supply it two weeks ago. In any event, even if you did, it was not members of this caucus who decided that this matter should wait for two weeks. It was patently done by members of your caucus to get this man off the hook. That is the obvious reason why this Bill was pulled.

So don't give us a lot of silly nonsense about we got the answer two weeks ago. I don't think we did get the answer to this two weeks ago. And I suggest, Mr. Minister, you give it to us now.

HON. MR. ANDREW: — Mr. Chairman, I answered that question prior to supper.

MR. SHILLINGTON: — Mr. Minister, I am simply not prepared to accept that. I'm not prepared to be treated — I am not prepared to be dismissed in such a cavalier fashion. That's what you're doing. You're simply telling me to get lost; I don't want to provide the information. And that, Mr. Minister, is not in keeping with your responsibility to this Assembly.

I don't intend to get lost, Mr. Minister. I was elected by the members of Regina Centre to represent their interests in the public affairs of this province. They're being asked to cough up 28 million bucks and they aren't very happy about it, as I told you two weeks ago. And I am not prepared to have you tell me to get lost when reasonable information is requested. You didn't provide the answer two weeks ago. You provided darned little information two weeks ago. I recall telling you two weeks ago that getting information out of you was like trying to draw a bed sheet through a keyhole. I'll tell you, Mr. Minister, someone's tied a knot in the bed sheet as there is nothing coming through now. You haven't even got the courtesy to answer questions now.

Mr. Minister, I suggest to you that you owe us that information. If you've got the answer, give it to us. I'll tell you why you're not giving it to us, Mr. Minister, because I don't think the review done by Mr. Wagar was very thorough. I'm casting no aspersions on Mr. Wagar. I do suggest he was the wrong person to do it; I suggest he was the wrong person to do it. You should have got a professional consultant if you were going to do it, not a retired executive from another insurance company who might have his own view, after having spent that many years in Co-op Trust, as to the proper way of doing things.

So I suggest here, Mr. Minister, that that is not a proper approach. But I also believe his examination was cursory and superficial. I suggest, Mr. Minister, if he had had an appropriate amount of time to do his report, he would have put it in writing. I can't believe, Mr. Chairman, someone who has a career as distinguished as Mr. Wagar's — and it was distinguished; for many years, he was the general manager of one of Canada's larger insurance companies, the second largest in Saskatchewan, second only to SGI. I can't believe, if he had the proper time, he'd give you a report on something this momentous over a coffee table.

Now I believe, Mr. Minister, you didn't give him enough time to do a proper job. So I want that information, Mr. Minister. It's not in *Hansard*, and that was your answer before supper.

So I suggest, Mr. Minister, you start answering questions, because I don't think we were elected to be dismissed like a bunch of schoolboys by someone with your combination of arrogance and incompetence.

HON. MR. ANDREW: — The member opposite now is suggesting that — or, if you're to follow the line of reasoning, Mr. Chairman, it would be this; it would be this, Mr. Chairman — that if Mr. Wagar had just had a little bit more time, or if it had of been somebody else than Mr. Wagar, then we would've proceeded forward with the guarantee.

That's what he's suggesting, Mr. Chairman. And I submit to you that we went through the information, we made our decision, we stand by that decision, and I think that when the liquidator's report comes down that we will see that, in fact, the company was insolvent and would not have been saved by \$35 million.

MR. SHILLINGTON: — Well Mr. Minister, you may have made your decision, and you are being rightly castigated for the manner in which you made that decision. But I haven't made by decision about whether or not my constituents want to ante up this 28 million bucks. And I think I have a right, and my constituents have a right, to have an informed member make a decision.

That's the very least that the members of the constituency of Regina Centre have, is a right to have their member informed before he makes a decision. And you're denying that, Mr. Minister. You're just simply telling me to get lost when I ask you reasonable questions.

Mr. Minister, I . . . You're dead right that I suspect there was a better way to handle this. There was patently a better way to handle the guarantee in November, and I believe there was a better way to handle the matter in February, and I believe more professional and more experience advice might have given you some alternatives.

I don't believe this was a business decision at all. I don't believe it was a business decision at all. I think it was straight politics. I think Mr. Minister, you are getting the same vibrations we were getting, and that is an outrage that money would be put into a troubled trust company in such a fashion. I think you got the polls, you looked at them, you needed a bit of cover, and you got it, Mr. Minister.

Well I believe, Mr. Minister, that the report that was done by Mr. Wagar was superficial. If it hadn't have been, it would have been in writing. I can't believe that you'd deal with \$28 million in a conversation over a coffee table. That's taxpayers' money. I can't believe you'd deal with your own money in that fashion. And I just can't believe that you would deal with taxpayers' money in such a cavalier fashion.

(20:00)

I believe, Mr. Minister, that you made this decision on entirely different grounds than what was reported to you by Mr. Wagar. I'm saying you took a poll, you found it was bad politics, the heck with the merits of the thing, you let her go, you dropped it, yes . . . (inaudible interjection) . . . Yes,

I just finished saying all that, and I've said it before.

And there are obvious come-backs. There are answers . . . (inaudible interjection) . . . I said it out in the street. Everybody else is saying it out in the street; so is Mr. Sneath and Mr. Klein saying it out in the street. Everybody out in the street is saying it and it is not libelous.

Mr. Minister, if you did base this on some sound business decisions . . .

AN HON. MEMBER: — You've got one supporter on that, Bob — the member from Cut Knife. One supporter.

MR. SHILLINGTON: — He's probably thick-skulled enough also to believe that your budget was the most intelligent budget ever. It takes a thick skull.

MR. CHAIRMAN: — Order. The budget is not on debate here. It's clause 5 as amended.

MR. SHILLINGTON: — It should have been part of the budget in any sane government, Mr. Chairman.

Mr. Minister, if this was a sound business decision, if you broke precedent, if you finally started to run the government in a business-like fashion after running it like a bunch of drunken sailors for three years, if this was a sound business decision, then ante up and let us know how you made that decision. It is not satisfactory to stand up and say in a sneering tone, I gave you the information two weeks ago, and sit down. That is just not satisfactory. I don't think you did. If you did, I couldn't find it and I spent a reasonable amount of time looking.

In any event, our caucus didn't pull this Bill for two weeks; you did. And if there is some ground that has to be re-covered that, Mr. Minister, is your . . . You must take responsibility for that, not us. So I ask you, Mr. Minister, again, to answer the question.

HON. MR. ANDREW: — The member opposite, Mr. Chairman, says (a) the decision made was a political decision, and he said if you had proper information you would have maybe meant the other way.

But prior to our final decision that we were not going to back the guarantee, the member was in the media on many occasions saying the government should not put any money into this, the government should not put the people's money into this.

Then following the decision, and following the closure of Pioneer Trust, what do we have the member from Regina Centre saying, who says, I need to be informed before I can make this decision. This is right after . . . This is February the 9th, Saturday February the 9th, two days after the failure of Pioneer Trust. We have the member from Regina Centre in the Saskatoon paper indicating that it's imperative that the 1,800 depositors be covered, that it's fundamental that any uninsured depositor be protected. We have the Leader of the Opposition saying the same thing, saying the same thing prior to this Bill being introduced. And now he seems to say, well, you made the wrong decision; you should have kept the company going. It's hardly credible, Mr. Chairman.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I'm not sure that I share the views of my colleague from Regina Centre, that there is no information. I just find it difficult to believe that the Minister of Finance would have guaranteed \$27.5 million without having some pretty hard facts. He has declined to share those facts with us. I think he's wrong in so doing. He has certainly declined to do it up to now, if I understand his answers correctly, heretofore. And I'm going to ask him to confirm them when I sit down.

He then, in February, withdrew that guarantee. He asks us to believe that he made that decision,

a clearly momentous decision, because it doomed for certain a major trust company in Saskatchewan. And he asks us to believe that he made that decision without any written report from any investigator.

I have difficulty with that. I suspect he doesn't have a written report which he wishes to share with us. But I find it difficult to believe that the Minister of Finance would make that decision with all the ramifications which were involved without having somebody's analysis, somebody committed to the analysis.

I also feel that the Minister of Finance would have had that person who made the analysis, and who on the minister's earlier statements had access to the books and accounts of Pioneer Trust — I think the person who made that analysis would have indicated to the minister whether or not there were any unusual movements of capital between that period late in November and that period in early February when the company went broke.

I suspect that that information was made available to the minister. I'm not asserting that it was necessarily complete. I assert that a fair amount of that information would have been made known to the minister. I cannot believe that that type of information, whether or not a company could be salvaged by an infusion of 30 million, or 35 million, or 40 million, involving a detailed analysis of the value of properties in Florida, and in Colorado, and in Alberta, and in Saskatchewan, and an appropriate write-down of those, together with some allowance for bad debts on ordinary mortgages — we are asked to believe that somebody sits over a coffee table, deals with all of these matters, and doesn't provide the minister with any written material. I just can't credit that.

Competent as the minister's officials may be, competent as the minister may be, I simply don't believe that you tackle a problem of whether or not a trust company is insolvent, involving properties across half a continent and all manner of other complicated transactions, verbally, without any notes. I simply can't accept that.

So when the minister tells us that there are no reports which led to the guarantee, no written reports; no written reports which led to the withdrawal of the guarantee; no information on who may have pulled their money out of Pioneer Trust during that 10-week interval; and it all was . . . Any information he has is verbal, and none of it is available to the committee, then I think we are dealing with a minister who says, I made that decision; I am not going to share with you any of the facts on which I made either of the decisions, the decision which went one way and the decision which went the other; I am not going to share with you any information on who may have bailed out of Pioneer during that interval. I am simply asking you to vote the \$28 million. I am asserting that all of these facts were conveyed to me verbally, none of them were conveyed to me in writing, and I ask you to believe that.

Now, Mr. Minister, that's heavy going. That is indeed heavy going. And the member for Regina Centre is right when he says that when you ask us to believe those sorts of stories which are inherently non-credible, knowing the way that the people in the Department of Finance operate, knowing the professionalism which they bring to bear, knowing that they would have said, here, Mr. Minister, are the facts and I will sign it — because you have to have something to rely upon other than my chatty say-so — you are exposed. I, as a professional public servant, have got to give you some information which I will sign, and I will qualify if I don't know the facts.

But that's how proper public servants operate, and if there were ever a group of proper public servants, it's over there in the Department of Finance. And you're asking me to believe that in this case this didn't happen. I find that difficult. I find that difficult.

And I ask you again, Mr. Minister, are you prepared to share with the committee any written material on which you based your first decision in November? Are you prepared to share with the committee any written material on which you based your decision in February to withdraw

your guarantee? Are you prepared to share with the committee any information you have on people who moved capital into or out of Pioneer Trust during the period between November and February when the guarantee, at least in the public mind, was going to be forthcoming?

HON. MR. ANDREW: — I responded to those questions. In particular, the question that the Leader of the Opposition is requesting — it seems to me one of the important ones — is: was there any flirting with some of the deposits between that period of time? And I've indicated to the other members that that type of information is what the liquidator must find.

The liquidator has, pursuant to a court order, the books and the assets of Pioneer Trust. The liquidator is going through those books. The liquidator's responsibility to the creditors and to the law and to the court is to try and recover as much assets as he can, as much money as he can, on behalf of the creditors. That's his job. That's what he's trying to do.

We simply say, let that process take its place, let it take its course. Let that determine whether or not those questions, that whether or not — and the accusation . . . I mean, let's get it on the table. The accusation is that a Ross Sneath or a Will Klein hobbled off with a bunch of money.

Now you don't suggest for a minute that . . . That's your suggestion. And what I'm saying is, the liquidator has the power, the liquidator has the responsibility to find that out. That is now, and you as a lawyer know, that that is in the hands of the liquidator. The liquidator's job is to do that, and that's where it has to be. And once that is done, then we will proceed from there.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, you say that that is the job of the liquidator because the liquidator now has those books. Mr. Minister, you or your officials had those books in late January or early February. You or your officials had the books and all of the books which the liquidator now has.

Why would you not provide us with the information, which you say the liquidator will provide us, when he is going to get his information from the very books which your people went through in January and February?

That information you have. That information your officials had available to them. That information you don't deny that you have. You don't deny that you have that information. You simply say that the liquidator may tell us later.

I say to you, Mr. Minister, that your officials, on information which have already given to us, had a review of those books during January and February, had them available. The information was available to your people. On your say-so, they did an analysis of the books. On your say-so, on that analysis, you made a momentous decision. That wasn't therefore a casual analysis. Why, sir, will you not give us the information which was freely available to your officials in January and February? Why do you say the liquidator will tell us in July or maybe a year from July?

HON. MR. ANDREW: — The hon. member is being less than straight with what we have said, Mr. Chairman. I indicated and I provided for you, perhaps 10 days ago now, an affidavit of Mr. Bell indicating that the write-downs — and you have referred to it very often in questioning — the write-downs went from \$16 million positive equity in Pioneer Trust down to 12.1, I believe — and I'm just going from memory — 12.1 negative equity cause basically by the write-downs. And that's the prime reason as to why Pioneer Trust became insolvent.

(20:15)

Now you're saying: what about all the deposits and this type of thing? I think you can recognize that you're primarily dealing with the equity base of a trust company, and that equity base was eroded significantly. It was eroded by the write-downs of the federal officials.

Now is that write-down going to be accurate? I guess you won't know until the assets are finally sold. Is the property in Denver worth 2 million, 5 million, 7 million? The advice there of the people from Ottawa who went to Denver to value the property has been provided to the hon. member, the information as filed in an affidavit in court as to the main reason for the insolvency or the trust company becoming offside, if you like. And that's what happened.

Now that's primarily . . . You want far more detail. I indicated to you that's primarily the reason for the decision to be taken. I indicated to you on many times on questioning that there was a period of time between November and mid-January when there was back and forth to determine whether the Clearwater property is worth what it was set out in the books or whether it was at a reduced rate, whether the Denver property was something, I believe, and I'm going from memory. There were several Alberta properties in that list as well. Those were written down. Those were revalued, and those were taken down from the values as they were seen on the books.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I have Mr. Bell's affidavit sworn on February 8, and he had this information available to him, and you had all of this information available to you because your people were going over the same books. And you similarly had information you asked us to believe. Mr. Bell puts all his material down. You asked us to believe that no official of yours put down in writing the material which Mr. Bell has put down, he of the federal government. Well he's putting down what the capital base is, less what he assumes to be the market deficiencies of the Denver, Clearwater, Englewood shopping centres, others, etc.

But you're asking us to believe that your people went through these books and gave you not a scrap of paper which they signed, not one. You ask us to believe that your people went through those books and didn't even note whether there were any surprising capital movements, any unusual capital movements, any people who were withdrawing funds. And here I am not now saying only insiders. There are many, many other people who may have had access to information who would not be insiders in that sense of the word. And you are saying you know nothing of that and will tell us nothing. You tell us that none of your officials signed so much as a sheet indicating whether they believed the company was solvent or insolvent, but they shared their views with you over a cup of coffee. And you still say that you will not provide to this committee any material which you acted on, not one single sheet of paper which you acted on prior to pulling your guarantee.

You've provided us with Mr. Bell's affidavit, which you couldn't refuse to provide us because it's filed in court. But it is dated after you acted. Not a single sheet of paper 8 and one-half by 11 of any information on which you acted, either when you guaranteed or when you withdrew the guarantee. You ask us to believe that they don't exist. I have great difficulty accepting that. And I can only regard your answer as saying, whether or not they exist they're not going to be made available to the committee. And I regard that as a very difficult and inappropriate position for a Minister of Finance to take when he is asking us to guarantee his \$28 million and when assuredly, assuredly, he had information from his senior finance people, and I am sure information in writing from Mr. Wagar or people who work with Mr. Wagar, and which, just as assuredly, he is unwilling to share with the committee.

And I think that that's a position which . . . It's not surprising that the member for Regina Centre indicates is, at least in his judgement, an inappropriate way to deal with a committee which is dealing with this unusual circumstance in respect of which we have no precedent and in respect of which you say, here is what I am offering you, nothing in writing. It was all decided over coffee cups, and accept this, and you're getting nothing more.

HON. MR. ANDREW: — The hon. member knows full well that any insider during this process that made significant withdrawals, any inside person, is guilty of fraud. Now that's prima facie case of fraud and you appreciate that and you know that full well. And so if that fraud is there, then that fraud should be laid. And if that is discovered through the liquidator, and the liquidator

has that obligation, those fraud charges should be laid.

I don't think that you would be suggesting that every deposit between November and February, when a decision was taken, that when you were looking at whether this thing would fly or not fly, that your job would not be to send in a team of auditors to determine every withdrawal. Clearly any insider information . . . Any insiders that made withdrawals, I suggest to you, are guilty of fraud, clearly guilty of fraud. And your suggestion that the liquidator will either overlook that or not pursue that, I don't believe that. I believe he has an obligation to do that and will proceed with that.

We made the decision that a preferred share guarantee, which would require a seven-year pay-out, would not make that company hold. We've indicated that to you. Once we made that decision the company moved quickly into receivership. Now what we're faced with now: should we pay out the depositors or should we not pay out the depositors? That's really what the question of this Bill is: should we pay them out or should we not pay them out? . . . (inaudible interjection) . . .

Now, the member from Shaunavon indicates, should we have an inquiry? I've indicated that; we voted on that. I indicated, the Premier's indicated, what we are prepared to do is on the final report of the liquidator, on the interim report of the liquidator, we would be then at that point in time look at the information that he files to the court, and make the determination as to whether there should be a judicial inquiry, a public inquiry into it.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I don't want to belabour this except to say that there are insiders and insiders. And if I may use an example which is highly unlikely (and therefore, that's why I use it) if the indications were that Mr. Meiklejohn had withdrawn \$60,000 during that particular period of time, and had done it and had taken a penalty on it — and I'm saying I use that example because of the highly unlikely nature of it, no one would be suggesting that I was suggesting it as a concrete example — that would be a matter of considerable interest. If people who were in some way close to this process bailed out, that would be of some considerable interest.

I cannot help but believe that your people who were examining these books would have noted whether or not that such occurrences took place, and I note also that you simply decline to give us any of that information. You tell us that the liquidator will look into it. He will not, because Mr. Meiklejohn is in no sense an insider, and he is neither a shareholder, nor a director, nor an officer, nor any way associated with that company. And I think that that sort of information would indeed be helpful. You may want to comment on that and while you are, I'll just make one other further brief question. You will be aware that Mrs. McDougall, replying in the House of Commons, indicated on May 6th, 1985, when asked when the liquidation process would end, indicated that, quote, "Mrs. McDougall: Mr. Chairman, it could take several years. It depends upon the recovery on the market. It is a dreadful process that takes a long time."

Two questions then. One, would you comment on my earlier remarks? Two, would you confirm or not whether or not you agree with Mrs. McDougall?

HON. MR. ANDREW: — With regard to your first question, which was the suggestion that Mr. Meiklejohn would not be an insider, my observation, Mr. Meiklejohn's observation, is that he indeed would be an insider, and would be subject to the same wrath of the law as would a director or a chief executive officer of that company, because he was cognizant of that.

The question that you pose with regard to Barbara McDougall: I indicated to you, and I indicated to the questioning from the member from Regina Centre, that in fact the interim report will be coming down a short time after the closing date on the sale of the mortgage assets. The interim report will be down there, then the assets will be sold off as the market condition exists, and I've responded to that question.

MR. SHILLINGTON: — I had to leave to speak to the school children I had introduced. They have an interesting view of what we were doing. I might be called back to order if I related it, but it might be very instructive to hear what the school children had to say about the proceedings.

Mr. Minister, two weeks ago you indicated that you had reached an agreement with the federal government, that that had been covered by an exchange of letters. I asked you to table those. You indicated you wouldn't, but gave me no explanation. I wonder, Mr. Minister, if you are prepared to give me an explanation now as to why you will not table the agreement that you had with the federal government.

HON. MR. ANDREW: — I answered that question yesterday, Mr. Chairman. I will attempt again, pursuant to section 4, once this Bill is passed and we are in a position to sign a contract, when that contract is signed we are prepared to make that public.

Clause 5 as amended agreed to.

Clause 6

MR. CHAIRMAN: — Clause 6, a proposed House amendment moved by the member from Regina Elphinstone, section 6 under the printed Bill. Amend section 6 of the printed Bill by renumbering it as section 7 and by adding the following section as section 6:

Inquiry: 6(1) The continuing select committee of the Legislature shall establish a select committee to conduct a public inquiry into the involvement of the Government of Saskatchewan in the Pioneer Group of Companies and the collapse of Pioneer Trust Company and, in particular but without limiting the generality of the foregoing, into the following matters:

- (a) the regulatory responsibilities of the Government of Saskatchewan with respect to Pioneer Trust Company;
- (b) the agreement of the Government of Saskatchewan to provide a share guarantee to Pioneer Trust Company and its subsequent decision not to proceed with the share guarantee;
- (c) the extent to which any directors or officers of Pioneer Trust Company should be held liable to the province on the basis that their gross mismanagement caused the loss to the depositors; and
- (d) the extent to which any directors or officers of Pioneer Trust Company or other persons have personally and improperly benefited as a result of the offer and withdrawal of the share guarantee mentioned in clause (b).

(2) The select committee established pursuant to subsection (1) may summon and examine under oath Ministers of the Crown, government officials, officers or directors of Pioneer Trust Company or any other persons and may compel the production of all papers it considers necessary in order to conduct a complete investigation into the involvement of the Government of Saskatchewan in the Pioneer Group of Companies and the collapse of Pioneer Trust.

HON. MR. BLAKENEY: — Mr. Chairman, I move the amendment which you have just read, and I so move, or will at the close of my remarks move it. This is an amendment which clearly calls for an inquiry. We have already discussed the need for an inquiry under the previous amendment which called for a judicial inquiry.

(20:30)

That proposal was rejected by this committee, but this is a quite different proposal, and this is a proposal by a select committee of this legislature. It may well be that the minister does not want

to have a judicial inquiry, on the grounds that the information which would come forward would be severely inconvenient.

But the proposal here is for a legislative inquiry. And this is one which is much more controllable by the minister, one which would undoubtedly be proceeded with by a committee which he, or his colleagues, would have a substantial majority.

Our interest is to get some facts out to the public. We obviously are not going to get all the facts out — we are getting remarkably few facts — but we may get some more facts by a committee of inquiry set up by this legislature.

There is . . . Serious questions remain unanswered. I know it may well be that to some members of the House they are not serious questions, but to us they are. They are being raised by our constituents. They are being raised by a goodly number of persons in the press, and people just on the street, talking about what happened, how we got into this fiasco, and what facts ought to be known if we are to protect ourselves against similar instances in the future, and if we are to know what happened this time.

It is the judgement of those on this side of the House that these issues need to be aired, the questions need to be answered. And it is, I think, obvious to anyone who views this with any degree of impartiality that they will not be answered due to the liquidation process. Those answers will not come out of the liquidation process. Any effective answers out of the liquidation process will be a couple of years hence, and even then they will deal primarily with the realization of the assets and not on the reasons for the failure of Pioneer Trust.

Mr. Chairman, I take the view that this present amendment is clearly in order. It's clearly within the power of the Assembly. The Assembly could, by its rules, as we know, set up such a committee by resolution. And I think, if it can do it by resolution, it can a fortiori, as the lawyers say, do it by legislation. Whatever this legislature can do by resolution it can certainly do by statute, and we are calling upon it to do that.

The mechanism which we suggest here is clearly contemplated by the rules of the House. The continuing select committee of the legislature can set up committees. It is our clear view that by statute it can be instructed to set up committees.

This procedure is a relatively new one, since the continuing select committee of the legislature has only been around for a short number of years. But a reference to rule 88 provides for the continuing select committee. I won't go into the arguments now based upon the fact that the committee is in order, because I'm not aware that anyone is challenging this.

This process was recommended by a committee of this legislature of which the member for Kindersley was one; which the member for Qu'Appelle-Lumsden, the current Minister of Justice, was another; the member for Meadow Lake, the current Minister of Supply and Services, was another; and the member for Maple Creek, the Minister of Consumer Affairs, was another. These members suggested that we have a process of setting up continued and select committees. We suggest that here is a time when we can use it — here is a time when we can use it.

The committee which we are calling for would be selected by the existing continuing select committee, which has on it the member for Last Mountain, the member for Wilkie, the member for Moosomin, the member for Maple Creek, the member for Rosthern, the member for Arm River, the member for Nipawin, as well as the member for Shaunavon and the member for Quill Lakes.

I would think that, able as the member for Shaunavon and the member for Quill Lakes are, I don't think they're likely to prevail over the members for Last Mountain, Wilkie, Moosomin, Maple Creek, Rosthern, Arm River, and Nipawin. So you have a great deal of control of the committee.

You don't really have to fear that somehow you're going through a tribunal which will not be very, very sympathetic. And we are, of course, a little doubtful whether or not we would have a full inquiry. But we think that even an inquiry before that tribunal would be better than no inquiry at all. And so we are moving for such an inquiry.

I will not deal at length with all of the things which need to be examined into in an inquiry. Some of that has already been dealt with. But I will touch on a few of the absolutely key questions. When did the government know that Pioneer Trust was in difficulty? And we have the series of indications of trouble throughout the summer of 1984 as the federal government officials were examining into this company.

Did the government have substantial advance knowledge? If so, how do you account for the guarantee of November without information, if that be true? I mean, the minister persists in asking us to believe that, notwithstanding that he was getting all sorts of signals of trouble, he would give this letter in the end of November without having an indication of the financial affairs of the corporation. But that's a good question. How did that come about?

The second major issue is: what intervened between November and February? What intervened in the life of the company and what intervened in the government's thinking to have it change its mind?

Well we have the minister assuring us that his officials went in there, did a total and thorough review, and came back and talked to him over coffee. And that is what he is telling us, and we are being urged to believe that. And we view it with some scepticism, and accordingly think that an inquiry might shed a little light on it that the minister has been unwilling to do.

And thirdly, we would have the immediate events leading up to the withdrawal of the government guarantee.

And fourth, I would think there would be an opportunity to find out whether or not Pioneer's dealings with the associated companies contributed to its collapse, and whether or not, accordingly, the manner in which the associated companies carried on business contributed to Pioneer's collapse. And I don't need again to outline all of that story, which was outlined in a good deal of detail by *The Fifth Estate* television program. And I don't know whether any of it is relevant to the Pioneer collapse, but I certainly don't know it isn't relevant. I certainly don't know it isn't relevant.

And I think those would be matters which might well come within the purview of the committee set up by the continuing select committee. It strikes us as being a proposal for additional information in a forum which the government can't possibly regard as hostile since it will be within their control. They will be able to bring forward such information as they think appropriate. We, who would be presumably at least represented in a minority way on that position, that committee, would try to bring forward information as well, and try to elicit information.

But I think that that's fair and reasonable. After all, the House is being asked to vote the \$28 million in what is surely an unusual procedure. I can think of no precedent in the last 25 or 30 or 40 years, anyway. I can think of virtually no precedent in other provinces in Canada. This is pretty unusual stuff for a legislature to deal with, and therefore not at all unreasonable that the legislature should have a committee of inquiry.

The House of Commons in Ottawa has a committee dealing with it. The House of Commons has a parliamentary committee. Mr. Blenkarn is the chairman of that committee, and he has expressed, or is reported in the press to have expressed the view that his parliamentary committee should be looking into the affairs of Pioneer Trust.

If that be so, when the federal government is putting in directly \$10 million at a maximum, which they expect to be \$5 million, it is surely not surprising for this legislature to have a legislative committee looking into the matter when our price tag at the outset is \$28 million.

There's nothing untoward about having a legislative inquiry — no more untoward, certainly, than having a parliamentary inquiry, which is being proceeded with by Mr. Mulroney's government, or at least the majority, Progressive Conservative majority in the parliament, with the committee headed by Mr. Blenkarn.

Nobody should suggest that this seeks to victimize anyone, seeks to pillory anyone. We are in fact proposing the sort of thing which is already going on at Ottawa, and which has, I think a good deal more relevance and bite for Saskatchewan citizens and their legislature than it does for citizens of Canada in general, and their parliament.

So for those reasons, Mr. Chairman, I would invite hon. members to consider this; to ask themselves whether they believe they have all the information they want about this, and whether they got it in this Chamber, and whether or not a parliamentary committee would not provide still further information which they will have to give to their constituents when their constituents ask them the basis upon which they voted \$28 million to bail out depositors of Pioneer Trust.

HON. MR. ANDREW: — In speaking first of all procedurally to the amendment, or the proposed amendment, I would raise two points: number one point is that the clauses (a), (b), and (d) are for the most part the same clauses that were in the initial amendment advanced by the Leader of the Opposition.

Clause (c) is very close to the amendment that was, I think, the third amendment advanced by the opposition. So the question on that from the procedural point of view, Mr. Chairman: is it in effect doing or repeating the same topic that was the subject of an earlier amendment?

Now I recognize there is a difference there . . . Just a minute, I got two points.

MR. CHAIRMAN: — Order. Are you raising a point of order? . . . (inaudible interjection) . . . All right, on the point of order.

HON. MR. ANDREW: — The thing would be: is it in fact the same subject matter as a previous amendment? I recognize the difference being, the difference being that the initial one called for a judicial inquiry, this one causes for a select committee.

The second point, Mr. Chairman, that I would advance is this: can the legislature, can a statutory provision be passed which, in effect, would make it mandatory on the select standing committee, or the select committee of this legislature, to in fact appoint a committee? In other words, can you pass by law a statute which goes onto the statutes forcing a committee, forcing a committee to in fact appoint another committee?

HON. MR. BLAKENEY: — Well, Mr. Chairman, I would like to speak to the points of order. And firstly, with respect to the first point of order, while there is of course some similarity between the matters to be examined, there is a very, very substantial difference between having a judicial inquiry and an inquiry conducted by the legislature. And I think that that just makes it a different subject. Obviously there are some similarities, but it makes it a different subject and not one which is accordingly out of order because it's already been voted on. And it is just not possible to suggest that, if the committee rejects the idea of a judicial inquiry, it is in some way also rejecting the idea of a legislative inquiry. And that's what you have to say. That decision subsumes the other one, and I don't think you can do that.

Secondly, with respect to the second point of whether or not the legislature can do this by

statute, all I can do is repeat what are well-known principles of parliamentary government: that we are a provincial legislature; we are sovereign in our own sphere; that under the Canadian constitution the legislature of Saskatchewan is sovereign, in the same way that the Parliament at Westminster is sovereign with respect to its own sphere of activity — subject perhaps now to the constitution of Canada, but which is not here relevant.

(20:45)

If that be true, and I assert it to be true, then the question is whether the Parliament of Westminster could do this. And as someone has said, the Parliament of Westminster can do anything, can legislate anything, do anything except make a man a woman or a woman a man, in the trite phrase.

And this just says that, if we do it by statute, we could change the rules, abolish the rules, say that the Speaker should name it. Any of those are entirely in order in the sense that a legislature can take any or all of those steps by statute and no one can gainsay it.

In fact, who would be in the position to assert that it could not be done? Would it be the court? No, because the court is not going to interfere with that unless it could be demonstrably contrary to the constitution of Canada, which it demonstrably is not. And ergo, it is in order.

So I just say that the positions taken by the Minister of Finance are ill-grounded, both with respect to his first point because it is not true to say that if you reject a judicial inquiry you are rejecting a legislative inquiry even of the same ground — and this is different ground — and secondly, the suggestion that somehow you can't do by statute, you can't appoint a committee by statute, is I think without any foundation in law.

HON. MR. ANDREW: — The procedure, I would suggest, Mr. Chairman, to appoint committees, of long-standing tradition has been by motion in this House, not by amendment and statute.

MR. CHAIRMAN: — Does anyone else wish to speak on a point of order? I'll make a decision in a minute or two.

Well, there are two points of order raised here. The first point is a question of whether this amendment is substantially the same — or the same amendment — as prior amendments. And while there is a great deal of similarity in the amendment, by reason that the request for an inquiry is directed to a committee of this legislature, I find that it is a separate amendment, and the point of order fails.

The second point of order is the question of whether it is appropriate under this legislation for the committee to select a committee to investigate. And it is my ruling that while this is unusual, I have found no precedents prohibiting it, and it is quite in order and proper for the select committee to be instructed to appoint a committee of their own. And therefore the second point of order must also fail.

MR. KOSKIE: — Thank you, Mr. Chairman.

As the minister will be aware, we have debated the Bill for some time. And I think that it has been very well demonstrated that we have brought in a series of amendments which would protect the taxpayers of this province. We've brought in an amendment indicating that no depositors outside of Saskatchewan should be paid by Saskatchewan taxpayers.

We previously brought in an amendment for a judicial inquiry. We brought in other amendments restricting that the directors or executive offices of the company could not, in fact, receive payment as depositors under this Bill.

We have asked for information in order to make an intelligent decision in respect to the paying out of some \$28 million. And in the middle of the debate, as we debated it here, our position has been supported not only by people here in Saskatchewan who have asked us. They say something is wrong; this is a sordid mess that should be cleared up. You have every right as an opposition, they say, to continue the debate and demand material on which you can make a proper and intelligent decision.

In the middle of the discussion that we had, the Premier of this province stands up and in an interview indicates . . . The Premier admits that the Pioneer matter, not well handled — the Premier himself. And we are asked here, Mr. Deputy Chairman, to give a blank cheque to the Minister of Finance, who has mishandled this matter to the extent, I suggest, that in any other jurisdiction that Minister of Finance would not be holding office today.

We have attempted to deal in a responsible manner in bringing forward amendments. We have asked, as I said, for a judicial inquiry, and that has been rejected. And today what we are doing is asking for a continuing select committee of the legislature to take a look at it.

I think that we're justified in doing that, Mr. Minister, because if you look across Canada, the former director wants full inquiry into Pioneer — a former director. Pioneer Trust investors want inquiry. Head of the Commons committee (who's a Tory), and the federal government is contributing to this here terrible mess that was created by the Minister of Finance — wants to probe Pioneer failure. We have senators, Senator Steuart, who has asked for a public inquiry.

We asked the minister to provide information in order that we would not have to continue to drag out this issue, and he has absolutely refused to provide one single piece of documentary evidence to the committee.

And so what we are saying here, Mr. Deputy Chairman, is that we have attempted to protect the public of Saskatchewan — and we're only eight of us — and there is a huge, huge government caucus — there's 54 members in the government — 54 — and we know that they can overrun a small opposition.

But all we want to do here is to demonstrate the responsible position of the opposition. And as I said, the position that we're asking for here is a select committee of the legislature dominated by the members opposite. There will only be probably two or us on the committee and six, I believe, of the members opposite.

And I think it's only fair that if the people of this province, and if the Minister of Finance has given a commitment which I think in the end the commitment that he gave for the guarantee of 27.5 million was the key act which ultimately ended up in the Saskatchewan taxpayers picking up \$28 million. It all fits together. I think that the people of this province are suspicious of the motives of the government, of why the Premier of this province would in fact allow a guarantee of 27.5 million without, in fact, having any facts as the minister alleges.

There are a whole series of things which I think necessitates a committee to review the whole matter. You look at the rocky start of Pioneer Securities — one of the companies associated with pioneer — the tough time they had with the securities commission, the subsequent firing of the head of the securities commission here in Regina. We find the shift of some major Pioneer Trust executive officers, or president of Pioneer Trust, moving into important government jobs. You see the very close relationship of Pioneer Management with this government when on election day they're holding hands together.

You find that early in 1984, as soon as the federal Tory government is sworn in, they were aware of the serious problem associated with Pioneer Trust, and you find, then, that the Minister of Finance makes his guarantee to a company which he indicates that he never even checked into.

I say to you, Mr. Minister, if you want to regain any honourability, and I submit to you that the respect that you had built up in your portfolio has diminished to a level that I submit that, if we had a Premier of substance, you would be no longer the Minister of Finance. But I say to you, Mr. Minister, that you have an opportunity to justify that your hands are clean, and that the hands of other insides in Pioneer Trust, that their hands are clean, and that, in fact, the payment by the taxpayers of this province is being made on the basis of no wrongdoings. You have failed to provide any information on which to substantiate our decision in order to support you.

So we are asking you, Mr. Minister: if you have any honour, if you have nothing to hide, if, in fact, your motives are as you indicated, then you have nothing to fear by putting forward a committee in order to look into the affairs relating to this here matter. And we ask you, Mr. Minister, to look at it carefully because certainly . . . (inaudible interjection) . . . Well the member from Cut Knife-Lloydminster has made one more of his famous statements. He's back in his own seat not gooning right now. But as I get on with this — but as I get on with this, Mr. Chairman . . .

MR. CHAIRMAN: — Order! There's too much noise in the House, for . . . Order! There's too much noise in the House from both sides to hear the debate properly. And while I won't rule against the member for Quill Lakes, I do caution him that we can't have too much repetition on points already made.

I have ruled that this amendment may go through and that it is quite similar to other arguments. So I have to allow some argument. But I caution the member not to be too repetitive in some of the areas. But we do have to have order. So please proceed.

(21:00)

MR. KOSKIE: — Mr. Chairman, but I want to say that this is yet another opportunity for the Minister of Finance to come clean, to demonstrate to the people of this province that there was no collaboration by the government in respect to the collapse of this company. That indeed, that the affairs of the company could be examined for determination of whether there was any profit made by any of the insides in respect to the collapse of this company.

And I think it's only reasonable, as I have indicated to you before, Mr. Minister, that paying out a sum of \$28 million . . . Surely the opposition and the public of this province deserve to know all of the facts behind this matter.

I think this is reasonable, reasonable alternative, and I would like you, Mr. Minister, to address it. And hopefully that you and your colleagues and many of the back-benchers, including the member from Cut Knife-Lloydminster, would indeed support this here amendment.

HON. MR. ANDREW: — Well I indicated before and the Premier has indicated that the position that we wish to take is to allow the liquidator to exercise his duties, to do what he is empowered by the court to do. Following that interim report, he will assess that, the government will assess that, and if there is questions left, then it would be in the purview of the Premier to call a judicial inquiry. That's been made clear time after time after time. This is the position having been taken, Mr. Chairman. I think it's been made clear both by myself, it's been made clear by the Premier, it's been made clear both inside this House and outside the Chamber, and that's the position that the government takes with regards to this particular issue.

(21:15)

Amendment negated on the following recorded division.

May 28, 1985

YEAS — 8

Blakeney
Lingenfelter
Shillington

Thompson
Koskie
Yew

Engel
Lusney

NAYS — 23

Muller
Katzman
Garner
Hepworth
Young
Hopfner
Gerich
Zazelenchuk

Andrew
Hardy
Smith (Swift Current)
Sandberg
Domotor
Myers
Tusa
Swenson

Lane
McLaren
Baker
Martens
Smith (Moose Jaw South)
Rybchuk
Meagher

Clause 6 agreed to.

The committee agreed to report the Bill as amended.

THIRD READINGS

Bill No. 52 — An Act to amend The Highways and Transportation Act

HON. MR. ANDREW: — Mr. Speaker, I move the Bill be now read a third time and passed under its title.

Motion agreed to and Bill read a third time.

Bill No. 63 — An Act to amend The Municipal Revenue Sharing Act

HON. MR. ANDREW: — Mr. Speaker, I move the Bill be now read a third time and passed under its title.

Motion agreed to and Bill read a third time.

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

HON. MR. ANDREW: — I move that the amendments be now read a first and second time.

Motion agreed to.

HON. MR. ANDREW: — Mr. Speaker, with leave I move that the Bill, as amended, be now read a third time and passed under its title.

Leave not granted.

COMMITTEE OF FINANCE

CONSOLIDATED FUND BUDGETARY EXPENDITURE

HIGHWAYS AND TRANSPORTATION

Ordinary Expenditure — Vote 16

Item 1

MR. CHAIRMAN: — Would the minister introduce his officials?

HON. MR. GARNER: — Yes, Mr. Chairman, I would like to introduce once again Mr. Jack Sutherland, the deputy minister, who is no stranger to this Assembly; Mr. Merv Clark, who is the associate deputy minister; Mr. Bill McLaren, who is the chairman of Highway Traffic Board; I have Mr. John Weir, from my office; Myron Herasymiuk, who is the executive director of operations, sitting right there; Mr. Al Schwartz, who is the executive director of support services division; and Paul Fitzel, who is sitting right beside him, who is the director of financial services branch; Mr. Dennis Belliveau, who is the director of operations branch, sitting right back there.

Mr. Chairman, I have a very few short remarks that I will share with the members of the Assembly here tonight.

Just to touch on some of the things that have taken place in the last year in Highways and Transportation: I think one of the major pieces of legislation that we brought in in the last while, with some amendments to it, is our Vehicles Act, where we have updated and clarified many sections of The Vehicles Act to . . . It's a vehicles Act that will work for not only the '80s, but the '90s, and well on into the future. And it is written, Mr. Chairman, into an everyday type of language that the people of Saskatchewan will all be able to understand.

I would also, Mr. Chairman, like to just share with all members opposite that a commitment we made as a government a year ago to start every project that was announced, and I can report to the Assembly tonight, Mr. Chairman, that every project in 1983-84 — 80 projects announced; 80 projects were started. In 1984, Mr. Chairman, we announced 89 projects, and once again 89 projects were started. We are now in the year 1985, Mr. Chairman. We have 89 projects announced, and my commitment once again to the Assembly and to the people of Saskatchewan is that we will once again start 89 projects.

We switch now, Mr. Chairman, to air service in the province. We have had some improvements in that in the last year. At the local level, Mr. Chairman, daily air service has been extended to Lloydminster and North Battleford I the north-west through Norcanair. At the provincial level, there are now seven-days-a-week flights between Regina and Saskatoon — something, Mr. Chairman, that has been requested by many and, in fact, I remember in opposition we requested that. Our government has worked with Norcanair. They are now providing that very needed service.

On the national level, Mr. Chairman, in the air service industry, we now have competition on the Regina-to-Toronto, Saskatoon-to-Toronto flights with Pacific Western Airlines, who we worked very closely with to provide not only better air service, more air service, but competition in the air industry, which the taxpayers of Saskatchewan will be the ones that will benefit.

Mr. Chairman, also I would like to touch on school bus safety. You know, we had our public review meetings in the past. And we just brought forth in this session a Bill to implement another recommendation by the school bus safety review committee, and that being the \$250 minimum fine for passing a school bus while the lights are flashing.

(21:30)

You know, it's eight or nine items, Mr. Chairman, that have been brought forth and suggested by the school bus safety review committee after the hearings, and our government has listened to each and every one of those recommendations and have implemented them. And I guess one of the major ones that has had quite an impact on the province of Saskatchewan and on the busing industry are the stop-arms that are now on the over 3,500 school buses in the province of Saskatchewan — literally meaning that we have a safer transportation system, Mr. Chairman, for all of our children that are riding the school buses today.

Mr. Chairman, also we have brought in some other pieces of legislation. We look at the transportation of dangerous goods, which is on the agenda. And that was done once again, the same as The Vehicles Act, after a great deal of consultation with the industry and with all levels of government, being urban and municipal. But I believe we have before us in the Assembly a very workable piece of legislation.

New Programs, Mr. Chairman: I am pleased to announce tonight that we will have the extension of the primary highway system take effect on June the 1st, and I will be sharing more of those details with the members either the end of this week or the very early part of next week.

This year will be a very large extension to the primary highway system in the province of Saskatchewan. This will reduce transportation costs to not only the trucking industry, but to the shippers as well. And once again, Mr. Chairman, the Progressive Conservative government in this province is listening to the needs of people and will be providing them with an even better transportation system for the future.

Mr. Chairman, I would like to end off my remarks tonight on what we consider is a very delicate subject maybe with members opposite, but it's a subject that is very dear to our government's hearts and thoughts when it comes to safety.

Mr. Chairman, we started in 1982 with a new direction to work with people, to work with other agencies to reduce not only fatalities but accidents on provincial highways and on the provincial highway network. And Mr. Chairman, I'm very pleased to stand here tonight to report that it is working. We still have too many fatalities take place in the province of Saskatchewan, but when we started in 1982, we had 262 fatalities. We went then to 240, then to 235, and last year we're down to 221.

Mr. Chairman, our government is very concerned and very committed to a safe transportation system. This cannot come about just by government coming in with a big hand and controlling or forcing people. It has to be done through working with community groups — working with people, Mr. Chairman.

I believe the results are here. Our injuries are down. And yet last year there were more registered vehicles in the province of Saskatchewan, there were more individuals that had had motor vehicle licenses, more miles travelled. And yet we have less accidents, less fatalities.

Mr. Chairman, I would just like to thank all of the motoring public that is working with our government to enable these figures to come forward, and very hopefully that I can report to this Assembly next year that fatalities will still have decreased more, accidents will be down, injuries will be down. And, Mr. Chairman, anything our government can do to provide a safe transportation system — it is one of the commitments of the Progressive Conservative Government of Saskatchewan.

MR. LUSNEY: — Thank you, Mr. Chairman. I have listened with some interest to the Minister of Highways making his few remarks on how good a system he has in highways in Saskatchewan.

Well, Mr. Minister, he talked about his commitment, to put it in his words, to provide a safe transportation system for the province and the people of Saskatchewan. Well, Mr. Chairman, I

guess he would have to say that. He hasn't done very much about it. He hasn't built any roads. He hasn't put any money into highways to provide that kind of system, but he does talk about it. The minister will talk about it, that much I must say, Mr. Chairman, that the minister continues to talk about all of the good things that he hopes to be doing for the people of Saskatchewan.

Well, Mr. Minister, or Mr. Chairman, it takes more, it takes more than just talking about it. What it takes is a little bit of action on the part of the minister, but we haven't seen any of that. He talks about the decrease in accidents, the decrease in claims that SGI has been having. Well, Mr. Chairman, I think we can hardly attribute that to the Minister of Highways or to the road system that he has in place.

I think what we would see, as far as the decrease in claims is concerned, would be relative to the \$500 deductible that was introduced by this government. So therefore what we see are more dented fenders driving around our highways, and our streets not being repaired, rather than fewer of some of those claimable accidents. That, Mr. Speaker, or Mr. Chairman, would be the reason for the decrease. So again the minister can hardly take credit for the decrease in accidents in Saskatchewan.

He also talked about somehow announcing or improving . . . What did he say? Extending the primary highway system, and that's something he's going to announce soon. Well, Mr. Chairman, I don't see anything in his project array for 1985-86, doesn't say anything about any great extension to our primary highway system. Supposedly, by his words, he's going to be announcing something. Well probably he will.

The interesting point in there will be, Mr. Speaker, is when that's going to take place. I know they've made a lot of announcements, some of them five to six years from now, and maybe that's what the minister is going to do — he's going to announce double-laning one of the highways, or improving one of our primary highway system, maybe in four or five years time. But, Mr. Chairman, what we need from the minister is a commitment to do something now.

What we needed was a commitment by that minister three years ago to keep the highway system in good shape, keep it in the condition that it was in before. But, Mr. Speaker, the minister did not do that. The minister didn't even maintain the road system that we had in place. In fact he let it deteriorate.

We have to look at the condition of our highways. It's no wonder that they call him the minister of pot-holes.

One can only look at the papers, and you would have to go and look at the one that was in the *Leader-Post*, May 15th. Here is a car sunk in a pot-hole, and it's one, maybe about a three-foot diameter pot-hole. The wheel is hanging right in there, and the car is resting on it, and it says, ". . . more money needed for road repairs . . ." Well, there's no question that that article is correct. There is more money needed for road repairs. This happened in Regina.

And we can look at the budget and see what the minister has provided for urban surface transportation. And when you look in there, you see, Mr. Chairman, that urban surface transportation has been cut from 1983-84 by some \$8 million to 1984-85, and now from '84-85 to the '85-86 budget, we see it cut in half once more. We're down to \$5 million.

Mr. Chairman, it's no wonder that we see articles like this in the paper, where the cars are hanging in a pot-hole and they can't move. When the money isn't provided, you won't see any roads or streets built. That, Mr. Chairman, is the pure and simple fact of it all.

Mr. Chairman, the condition of the highways is not only recognized by the people of Saskatchewan, the drivers, the motorists on our highways, but Mr. Chairman, we can go to another organization that says the same thing, that's the road builders association. They are

saying that we are not having adequate amount of funds provided for construction of highways in our province. And one can go and look at what they wrote in the book, and to summarize it, there's an article in the paper extracted from their report, from the TRIP report, Mr. Chairman, and it says — Mr. Speaker, the minister says it was a good report.

Well, I might just read a little bit out of that article, Mr. Chairman, and it says, "It (and this is Garner's assessment) is plain misleading because it's only part of the picture, Barkman said." And I think that's very clear, Mr. Chairman, that what the minister is saying is very misleading. Just about everything he says is misleading, in most cases, because it's not the true facts, he only uses the part that he wants to say. And it goes on to say: "If you take into account all of the provincial roads in Saskatchewan, instead of 6.7-per-cent, we'll very probably have a 40- to 50-per-cent deficiency." That, Mr. Chairman, is the fact.

That is what the situation is in Saskatchewan. When you look at some of our primary roads, yes, we've got a 6 or 7 per cent deficiency. But when you look at the whole road system in Saskatchewan, or highway system, then we are way behind, Mr. Chairman, we are way behind. Some 40 to 50 per cent. What we require is more money. More money put into highways to keep the roads up.

(21:45)

The road builders association is saying, that if more money isn't put into highway construction and maintenance, what we are going to have is an eventual cost to the public that will almost be prohibitive. It will virtually be impossible to catch up to the kind of road construction and maintenance that will be required. That is what the road builders are trying to tell the minister — that what we have to do is start putting some money into it now, that we have to put money into the system so that we can continue to have that proper and good road system in this province.

But if we let it deteriorate, what we are going to see is the eventual collapse of our total highway system, we are going to see a road system in this province that will be nothing but pot-holes. Some of those roads are considered to be that now. And Mr. Chairman, the road builders are trying to tell the minister that. They are trying to tell the minister that the time to put some money into highways is now.

Not only will you maintain a good highway system but by doing that, by putting in some additional funding into highways you will be doing two things: you will be providing a good road system, maintaining the kind of road system that the people of Saskatchewan are used to; and number two, you will be providing employment.

And at a time when we are suffering from very high unemployment in this province, what we should be doing as a government is putting more money into services that are required: construct some roads; employ people; take them off unemployment; take them off welfare; let them go back to work where they can be productive, where they can be paying taxes. It would bring more revenue for the province, and at the same time would make these people useful rather than cutting back on the expenditures now and leaving everybody on welfare and on unemployment.

Mr. Speaker, it's a very clear indication by the road builders of Saskatchewan as to what should be done. But is the minister listening? No, he doesn't listen to the road builders; he doesn't seem to listen to anyone. I don't know it it's because he can't convince his colleagues in cabinet that roads are important and that they should be putting some money into it.

The roads are almost as important as trying to bail out some of their friends in Pioneer. There's

money for Pioneer. What we should be doing is putting in a similar amount of money into road construction in this province, and creating a lot of employment, and allowing our construction industry in this province to be viable, to stay in operation. The way the minister is going, I don't know how long the construction industry will even be able to survive in this province.

Mr. Chairman, the Yellowhead Highway Association — another organization that is telling the minister virtually the same thing. They're saying what we should be doing is putting money into upgrading the Yellowhead Highway system. We should be trying to work with the federal government. The minister should be out there trying to convince the federal government that they should be putting money into the highway system, that they should be putting money into the Yellowhead system. This is what the Yellowhead Highway Association is saying.

And again they are saying, not only will it improve the highway system, it'll increase tourism into this province into the northern part of the province, it'll be a long-term benefit for Saskatchewan. And at the same time, again they are saying that it will create employment. And we need employment. We need employment.

Red Coat Trail Association — another one. Everybody is telling the minister the same thing. Everybody is telling the minister that. But is the minister doing that? Is he rebuilding any roads? Is he putting more money into the highway system? No, Mr. Chairman, he is not doing that.

Mr. Chairman, what we should be doing is looking at maintaining a good, safe highway system in this province — something that we had, something we were used to. The minister talks about it, but there is nothing in his actions to indicate that he is prepared to do that. He only talks about it.

And Mr. Minister, I think what you should be doing is getting off your kick on publicity and trying to convince people by telling them that everything is going along fine; that you are doing so much for the Department of Highways and the highway system in Saskatchewan; that you are creating a highway system that is better than anywhere else; and rather than do that — talking about it and just using the publicity and convincing people — convince them by providing them with some half-decent roads in this province. Eliminate all those pot-holes that we've been driving through.

And Mr. Chairman, then I think the people would say that when the minister says he is doing something about it — if they had a good highway system, they might believe him. But today they certainly are not believing him.

They are not believing him, Mr. Chairman, because there are very few roads in this province that haven't deteriorated to a point where they have to be rebuilt, where people are driving on pavement and all of a sudden they're hitting a gravel patch, or they're hitting a pot-hole, or they're having to try to pass around it.

That's the kind of system we've got, Mr. Chairman, and that, Mr. Chairman, is what we have to change. The minister should at least try to convince his colleagues in cabinet that it would be beneficial to the province to put some money into the Department of Highways and Transportation — not only by creating good roads, not only by increasing tourism, but also by increasing employment for Saskatchewan people.

Mr. Chairman, I think there is not much more sense in talking about what the minister isn't doing. There are a number of questions that I'm going to bring up yet.

What I would like to ask the minister at this point is, could he tell me what kind of arrangement he has with IMC at this point on the highway between Esterhazy and the U.S. border? How much are they putting into it? How much are you spending on those roads?

HON. MR. GARNER: — Well, Mr. Chairman, while the officials are looking it up, I think we have

to maybe set the record a little straight here. And the member said that we weren't going to be extending the primary system and that. Well we might as well announce it here tonight, to set the record straight.

We will be expanding the primary weight system in the province of Saskatchewan from . . . (inaudible interjection) . . . Well I can explain that to you if you'll just be patient. Just be patient . . . (inaudible interjection) . . . Yes, it's a highway, and we can give you the map of all the highway.

The present weight system on the primary one system, Mr. Chairman, is 2,000 miles.

Mr. Chairman, I'm very pleased and proud to stand in this Assembly tonight and announce that, effective as of June the 1st, the primary weight highway system, the primary system one, will be expanded from 2,000 miles to 4,200 miles. This, Mr. Chairman, is a very significant expansion of the system, and it almost speaks for itself as to what condition the roads are in the province of Saskatchewan.

Mr. Chairman, I was a little concerned when he started talking about a pot-hole and cars driving in these pot-holes. I believe it's the one that I had replied back to the member in the Assembly about a culvert that had washed down. But what does concern me, Mr. Chairman, I can see it starting right now that the opposition is literally condemning every Department of Highways and Transportation employee that is out there, whether it's on snow removal in the winter time, or summer maintenance, or the individuals, Mr. Chairman, that take care and do an excellent job of maintaining this system in the province of Saskatchewan.

Mr. Chairman, I have a few more things. He states that we are way behind in road construction. We need more money, Mr. Chairman, into the system. Well, Mr. Chairman, I'll just share a couple of other little real facts with you. The three years of the previous administration's budget for transportation, '79-80, '80-81, '81-82, came to a total of five hundred and nine thousand, eight hundred and fifty-three, four hundred and thirty dollars. Mr. Chairman, '82-83, '83-84, '84-85, under a Progressive Conservative administration, Mr. Chairman, is six hundred and forty-two thousand, one hundred and seventy-one, three hundred and ten dollars. Mr. Chairman, the member opposite states that we're not putting any money into the highway system. It's just not true. It's just not accurate.

Mr. Chairman, the member states that we're not building any roads. Well, we'll just go through them slowly — '83-84, grading, 319 kilometres; surfacing, 358 kilometres; oil treatment, 179 — '83-84. '84-85 — I don't have to read them, Mr. Chairman, but I can — approximately 980 kilometres of highways reconstructed in the province of Saskatchewan. That was last year. This year, 940 kilometres of highways reconstructed in the province of Saskatchewan.

Mr. Chairman, the member is definitely trying to mislead, not only the members of this Assembly, but the people of Saskatchewan. And I believe it is our job to set the record straight.

Now, Mr. Chairman, the member opposite talked about the Yellowhead system, and the Yellowhead Highway Association. I believe it was about three weeks ago that I was at their annual meeting held in Yorkton, along with the NDP minister, Mr. Plohma from Manitoba, and I remember at that meeting very specifically there was nothing but praise for the Saskatchewan Department of Highways and Transportation.

In fact they even presented our government with a plaque in recognition of the good job that is being done on the Yellowhead from the Borden Bridge to finishing and completing, paved shoulders right through the province of Saskatchewan, Mr. Chairman. Fact, not fantasyland, Mr. Chairman.

The second point that took place at that meeting, was a group of people, Mr. Chairman, from Manitoba. And they were very upset with their Minister of Transportation there because there

aren't any wide paved shoulders on the Yellowhead route in the province of Manitoba, Mr. Chairman.

Just trying to point out what goes between an NDP government and a Progressive Conservative government that is really building a highway system.

Mr. Chairman, I was very surprised that the member opposite would raise the Red Coat Trail as a problem. In the last three years, Mr. Chairman, in the last three years, we spent in excess of \$24 million on the Red Coat Trail Association — \$24 million.

I was just out there, Mr. Chairman, on Monday and opened another section of the Yellowhead Association, or pardon me of the Red Coat Trail. Another section from Eastend west. Later this summer we'll be announcing another ten miles of reconstruction on the Red Coat Trail . . . (inaudible interjection) . . . Mr. Chairman, well Mr. Chairman, now Mr. Chairman.

MR. CHAIRMAN: — Order.

In Committee of Finance all members get an opportunity to rise and speak to the items. There'll be all kinds of time in another day.

One thing I would like to bring to the attention of the committee on both sides of the House, that “mislead” or “misleading” is unparliamentary language, and I would ask members on both sides of the House not to refrain from using unparliamentary language in committee.

HON. MR. GARNER: — Well, Mr. Chairman, I sure would; I was not aware of that, so I would withdraw any statement that I had made because I would not want to set a bad example, Mr. Chairman, of our government, so we won't use the word “misleading”, we'll say, maybe, “distorting the facts.” We could use that word, Mr. Chairman.

But regarding the Red Coat Trail, Mr. Chairman, as I stated, we opened a section just from Eastend west just this Monday, and the member from Shaunavon was in attendance, so I will let him maybe enter this debate a little later on. But once again, 150 people out to take part in this official highway opening.

Mr. Chairman, there is no problem either with the Yellowhead Association or with the Red Coat Trail Association. They're very pleased with what this government is doing for their association and for their specific roads that are going through the province.

I will share with you now in just a minute, Mr. Chairman, the IMC information. The current fee is \$44.81 per ton for an approximate volume of about one million tons per year.

MR. LUSNEY: — Mr. Minister, I can't help but comment on some of the statements you made. You talked about June 1st, I believe you said it was, you're going to be putting another 2,000 miles into the primary highway system . . . (inaudible interjection) . . . 2,200, okay. We'll get it right down to the miles — 2,200 more miles into the primary system.

Well, Mr. Minister, it's not difficult to put another 2,000 miles into the primary system. The question is: is that road system going to be able to handle the additional weight that the minister is going to allow over it? Has that road system been upgraded to the point where it could be a primary highway and it could handle the extra loads on it? That is the question, Mr. Chairman. That is the question. Can that highway handle the extra load? I don't know of 2,000 miles that the minister has upgraded that's going to be able to handle the extra weight.

Mr. Chairman, he talks about all the roads that they have built in this province and the huge comparisons of a year and two back. Well, Mr. Chairman, if we want to make some comparisons, we can go back to 1982, and we can use his 1985-86, and all we have to do is look at how many

May 28, 1985

miles were on the project arrays in those years. And I'm not going to use any of the figures that will be used as carry-over. I will be using the figures deleting the carry-over figures.

(22:00)

Now if you want to go under grading, in 1982-83, Mr. Chairman, we had under grading, 507 kilometres. Mr. Chairman, under grading in '85-86 we have 314. Somehow that doesn't seem to match up. I don't know how the minister figures that he is building more roads now than was under the previous administration.

And Mr. Speaker, we see by the project surveys — and they're here, he can look at them. I'm looking at them; I've got them here. We can see that what he is saying is not necessarily true. Somehow the figures don't seem to add up, in my opinion, Mr. Chairman.

Mr. Chairman, in looking at some of the figures that the minister is talking about for he's going to send them over for revenues from IMC on the potash haul that they have to the States. Well, Mr. Chairman, looking at some of the figures I have here . . . And it appears that in the last couple of years the government has been spending some large amounts of money. And we can look at the '83-84 year where they had \$3 million spent on that road from Esterhazy to the U.S. border, highways 9 and 22. In 1984-85 another \$3.6 million.

And Mr. Speaker, what did they get in revenue? In '83-84, \$408,000. In '84-85, \$450,000. Spending \$3 million and getting \$450,000. Well, Mr. Speaker, I can see why the people of Saskatchewan are driving on poor roads. We can see where the money is being spent. But the minister is not collecting his fair share from the people that are using those roads.

That, Mr. Chairman, is the big problem. There are a number of other things that I have to question the minister on, and I know we don't have time, it's 10 o'clock. So we'll have to just carry it over to another day.

The committee reported progress.

The Assembly adjourned at 10:03 p.m.