

The Assembly met at 2 p.m.

Prayers

## ROUTINE PROCEEDINGS

### INTRODUCTION OF GUESTS

**MR. JOHNSON:** — Thank you, Mr. Speaker. As Christmas rolls around every year, so does Agribition. It gives me a great pleasure to introduce to you, and through you to this Assembly, three lovely little girls sitting in the Speaker's gallery that are visiting with us today. They represent the Hereford Association of Saskatchewan. I'll start off by introducing Patricia Kuhar from Punnichy, Saskatchewan, representing the north-east zone.

**HON. MEMBERS:** — Hear, hear!

**MR. JOHNSON:** — Next would be Judy Scherloski. She comes from Gerald, Saskatchewan, the great town that I represent.

**HON. MEMBERS:** — Hear, hear!

**MR. JOHNSON:** — The next on, I have a problem with her name, is Cadieu, and her name is Melanie, from Spiritwood, Saskatchewan.

**HON. MEMBERS:** — Hear, hear!

**MR. JOHNSON:** — She represents the north-west part of our province. And along with her today is Mrs. Helen Holizski from Claybank, who is their chaperon for this afternoon.

**HON. MEMBERS:** — Hear, hear!

**MR. JOHNSON:** — I hope you'll enjoy the question period this afternoon, and I'll visit with you for pictures after question period is over. Thank you.

**MR. ENGEL:** — Thank you, Mr. Speaker. On behalf of the official opposition, I too would like to extend my welcome here and hope you enjoy the session this afternoon. I'm not sure if the Hereford Association is going to pick a queen and princess. My paper says that they did that. I'm glad I wasn't a judge because it would be hard to decide which one" the best looking, but I think the ladies are going to do this legislature justice this afternoon. Thank you.

**HON. MEMBERS:** — Hear, hear!

**HON. MR. LANE:** — Thank you, Mr. Speaker. It's my pleasure to introduce to you, and to the Assembly, a troop of Scouts from Fort Qu'Appelle, Saskatchewan. They are nine in number. They are accompanied by Fred Swirp, the Scout leader, Joan Swirp, and Jim Sebastian. They're in the Assembly for question period, and I will have the pleasure of joining with them after question period for refreshments.

Mr. Speaker, I hope that the Scouts enjoy the afternoon, have had a good tour of the Assembly in Regina, and I would ask all hon. members to join with me in welcoming them to the Legislative Assembly.

**HON. MEMBERS:** — Hear, hear!

### ORAL QUESTIONS

**Use of Public Relations Firm for Health Care Information**

**MR. LINGENFELTER:** — Mr. Speaker, a question to the Minister of Health. It has to do with questions I asked previously about a PR firm he has hired at taxpayer's expense to pump out political propaganda out of his office, out of a minister's office which, given the most recent staffing in your office, sir, you already have five executive assistants and two legislative secretaries, and on top of that you have hired a PR company to pump out propaganda.

I wonder, Mr. Minister, if you can confirm that this firm is called SJM Communications Services Ltd.; can you explain to the Saskatchewan taxpayers who hired these people, and why you need them at a time when you're spending this kind of money on executive assistants within your own office.

**HON. MR. TAYLOR:** — Well, Mr. Speaker, first and foremost I would like to correct the observation by the member opposite saying that this is political propaganda. This is an attempt to bring in the people of Saskatchewan in a consultation, as I said the other day, for discussing the future of long-term care, the care of the elderly people in Saskatchewan. I don't see that as political propaganda at all. I think that's consideration for the needs of the health care of the elderly.

As far as the firm, it is SJM Consultants, a firm based here in Regina.

What was the other part of your question that you had? I'll sit down and let you come with that.

**MR. LINGENFELTER:** — Well the question was, Mr. Minister — and if you would care to answer — do you pay them a retainer or a commission? How do they get paid? A salary for each speech, or how have you arranged to pay these people who are doing your — and I'll continue to call it — propaganda promotion that you're sending out, literally thousands of speeches around the province and using an out-of-office firm as opposed to using your staff — and I'm sure they would admit — could write better speeches than the ones I've seen so far.

**HON. MR. TAYLOR:** — Well, Mr. Speaker, again I will indicate that this is a consultative process of which 1,200 people have attended workshops, three of them that we've had around the province, and plan to have another three or four in the coming year.

As far as speeches, we have a mailing list of over 2,500 people who have received these speeches. There have been 10 speeches that have been sent out, and I don't know who he's listening to, but many of the people that I have seen that have turned up at workshops have been very pleased to be involved in the planning of health care with Saskatchewan. They indicated to me that it is something that they are not accustomed to; that they never had the opportunity to do that in the past.

**MR. LINGENFELTER:** — I wonder, Mr. Minister, if you would take this occasion to answer the question I've asked twice. First of all, how is this company paid, and what is the total amount, then, that you've paid for those 10 speeches?

**HON. MR. TAYLOR:** — We started the consultation type of speeches and conferences in April. For the period of time since April there's been \$41,000. There have been 2,500 people receive 10 different speeches which comes down to approximately \$1.64 a speech. The consulting firm have also done a lot in setting up workshops, as I said. We've had three very, very successful workshops, and, as I said yesterday, I don't think this is anything new to government to use a consulting firm in this type of operation.

**MR. LINGENFELTER:** — Well, Mr. Speaker, final supplementary to the minister. You are using different numbers than what others would. Divide 41,000 in 10 speeches looks to me about 4,100 per speech. But I would say to you that at a time when you're using thousands of dollars on executive assistants, five of them in total in your office, and you also have a firm, as you have mentioned, which has incorporated very recently in the province of Saskatchewan, November of 1984, and you talk about all the experience they have, I would ask you whether or not you feel it necessary to go outside

of your office and pay as much as \$14,000 per month to get speeches written?

**HON. MR. TAYLOR:** — Mr. Speaker, I think this has been a very good investment for the future of health care in Saskatchewan. Out of this consultation, as I say, over 1,200 people have turned up at the workshops. He talks about partisanism. If he would check with some of his members, I'll take the member for Quill Lakes who was invited to attend Humboldt workshop and chose not to come; the member for Pelly who was invited to attend the Yorkton workshop and chose not to come.

So I would say this an investment in the future, and I just want to reiterate what I did yesterday. Out of these three consultation meetings to this point has come a white paper that is out there for a future direction for home care, to beef up home care services in the province of Saskatchewan, and that has come directly from those people through this consultation process.

So if he wants to call consultation, in talking to the ordinary person out there in Saskatchewan, as political propaganda — be it so. But I think if he would take part in one of these, and he's welcome to come to any one, when I have one in Swift Current you'll be on the top of the list to be invited. I would like you to come and hear and see the dialogue that takes place there, where grassroots people in Saskatchewan, people with concerns for long-term care can talk to the minister first off, a type of process that is greatly appreciated. I make no apology for it.

**MR. LINGENFELTER:** — A new question to the minister. I wonder whether or not he can inform the Assembly whether or not any of the directors of the company that he's using to promote him, himself personally, as many people are suspecting, are associated with Bud Sherman, the former deputy leader of the PC Manitoba Party?

**HON. MR. TAYLOR:** — As I answered the other day in the House, Mr. Sherman has nothing to do with this company.

**MR. LINGENFELTER:** — Mr. Speaker, I wonder whether the minister would tell us whether or not one of the three directors of the company is a Byron Milton, who the minister will know as Bud Sherman's business partner, and whether or not he doesn't see that as a conflict of interest, very clearly, and whether or not you can tell us whether or not Byron Milton is, in fact, a director of that company?

**HON. MR. TAYLOR:** — Byron Milton is the owner of the company. There is no association with Bud Sherman.

**MR. LINGENFELTER:** — I want to ask the minister again whether or not the Byron Milton, who was the owner of the company, is not a business partner with Bud Sherman?

**HON. MR. TAYLOR:** — I don't know all of the business interests of Byron Milton. I know that Byron Milton owns the company, S.J.M., and Bud Sherman has nothing to do with it.

**HON. MR. BLAKENEY:** — Just one point, Mr. Speaker, if I may. You don't know whether Mr. Sherman is associated, or you say he is not associated with this company which you have hired, and you say that Byron Milton is the owner. Is this the same Byron Milton who, together with Bud Sherman, performed services on behalf of your department under the name, Associated Health Planners, and was paid a very substantial sum of money which went either to Mr. Sherman or to Mr. Milton? Is this the same Mr. Milton who was Sherman's partner when they were working for your department?

**HON. MR. TAYLOR:** — I said with S.J.M. Consultants, that Bud Sherman has no association with it. I said I do not know all the business associations that Byron Milton has had in the past. At one time Byron Milton and Bud Sherman were partners in a company, but not this company that is under question.

### **Funding at Regina General Hospital**

**MR. TCHORZEWSKI:** — Thank you, Mr. Speaker. I have a question for the Minister of Health, and it has to do with his spending priorities. We've had some talk about that in this question period while, Mr. Minister, you're dishing out thousands of dollars to a public relations firm to write your speeches and other political propaganda. And I wish to point out to you that there's a difference between listening to people and consulting, and trying to do a salesman's job which a public relations firm does.

While that is happening, Mr. Minister, the Regina General Hospital has been forced to take a number of Draconian steps to cut costs due to inadequate funding from your department. I ask this question as one who believes that there can be no higher priority than health care in any society.

Is the minister aware that the Regina General Hospital is now pushing doctors to discharge patients before 11 a.m. in order to save the cost of a noon meal, that the hospital has increased rental charges to things like crutches, and that it has cut back on the number of sheets and towels and uniforms it cleans each month? I ask: how many times can you use the same sheet by rolling it over and turning it over? Is the minister aware of these changes, and do they make him proud of his performance as the Minister of Health, and will he talk about these changes in his next public relations firm's speech?

**HON. MR. TAYLOR:** — Mr. Speaker, once again the member opposite calls it political propaganda, and I think if they would take the time — and I would invite each and every one of them here right now to the next consultation meeting — please take the time to show up, gentlemen; come and see if that's political propaganda or people telling the direction that they feel health care should move.

Mr. Speaker, I know this is very foreign to the members opposite because in no way did they ever do that type of an exercise in Saskatchewan. But I would say to the member when he is quoting from the Regina *Leader-Post* today as he was about the Regina General Hospital, it would only be fair if he looked at the whole article and just not picked out a few items.

The beginning statement is then that Royce Gill, who is the executive director of the General Hospital says: 'with these and other cost cutting measures, the 483-bed hospital will break even, and the quality of patient care will not be affected.' That's what Mr. Gill, the executive director, says. He goes on to say how he's had to up the cost of renting crutches because in many cases they're never returned.

At the end of the article also, Mr. Speaker, it would be interesting to know that the member opposite omitted to include, as he looked at this article, that: 'the hospital is also preparing for the arrival of a new CAT scanner probably early next year. The General (Hospital) will be the first to receive one of the six new scanners approved by Health Minister Graham Taylor for hospitals in Regina and Saskatoon' — things that the government opposite ignored for 11 years in this province.

**MR. TCHORZEWSKI:** — Mr. Speaker, supplementary. Surely the minister cannot stand up in his place and say that a CAT scanner without adequate staff to run it is going to do the kind of job that's necessary in our hospitals.

Yesterday, with the problems with answering the question, he referred to 1974. I want to tell the minister, in asking my next question, that the problem is today, and the people who are ill are concerned about tomorrow, and it's time that the minister address that question.

I say to him: is the minister aware — and I'm now looking at the latter part of this article, and if he wishes, I can refer to it some more — but is the minister aware that the Regina General Hospital today has a waiting list of 950 people for elective surgery, and another 300 people who are awaiting day surgery? How can he justify the expenditure of hundreds of thousands of dollars on a public relations firm to pump out speeches and direct mail propaganda for him when the patients are not getting adequate care when they need it. A few of those dollars would go a long way to help the emergency . . .

**MR. SPEAKER:** — Order, please. Members have been . . . Order. Members have been tending to make very long questions and, instead of getting to questions, are literally making speeches. I'm going to insist that you get back to questions during question period. If you have a question, I'd like to hear it.

**MR. TCHORZEWSKI:** — Mr. Speaker, I recognize what you're saying and, being that I'm new at this, I'm going to have to learn how to ask questions.

But I repeat my question, Mr. Speaker, and simply this: how can the Minister of Health justify the expenditure of those thousands of dollars on a public relations firm with five executive assistants, who can probably do a far better job, who are already being paid, when there are these kinds of problems in our hospitals throughout Saskatchewan?

**SOME HON. MEMBERS:** — Hear, hear!

**HON. MR. TAYLOR:** — Well, Mr. Speaker, it is obvious, very obvious, from the comments of the members opposite that they do not believe in consultation. They do not see the benefits of going out to 1,200 people across this province, asking them, and to another 2,500, to let them know some of the directions that we would think health care may be going in and to get their feedback.

Just to illustrate this, we were going to be bringing in a piece of legislation for a new home care Act in Saskatchewan. Because, if you will remember, Mr. Speaker, the former government brought in home care. They never did bring in any legislative basis for it. It kind of grew like Topsy.

We're improving home care, and we're going to have it meet the needs of people in Saskatchewan. As I talked to the home care association, and I said to them, 'Do you want input before legislation; do you want a white paper?' and overwhelmingly they said to me, yes, Mr. Minister, that's what we want — and I want to tell you that's what they're getting.

As far as the expenditure of money, and I listened intently while the member opposite questioned, and to show the grasp that these people have of health care, he says, who would dream of bringing in a CAT scanner without staff. Well I want to tell you, when we bring in a CAT scanner, there will be staff to run the CAT scanner also. And the amount of money for a CAT scanner is about \$1 million each, and that's a true expenditure to the needs of the people, which will reduce the waiting list that he's talking about.

**MR. TCHORZEWSKI:** — A final supplementary, Mr. Speaker. I hope that the future record is better than the past record with regard to staffing, and I will have more to say about it another time.

I want to ask a brief question as a final supplementary to the minister. Can he justify or can he defend a situation which recently occurred in one of our hospitals, where an appendicitis patient had, on an emergency basis, to go to the emergency in the hospital and wait for eight hours for the appendix operation because he couldn't be handled in a shorter period than that?

**HON. MR. TAYLOR:** — Well certainly, Mr. Speaker, I'm concerned if the person has to wait that period of time. I would like the member to bring it to my attention, and I would certainly look into that and ask the hospital for an explanation of that type of having to wait that long. I'm certainly concerned about that.

As far as the expenditures and comparing records, I would like to tell the member opposite when he was minister of health, when he was minister of finance in the government previous, that I will compare records any day, because our record does not have a deletion of 400 positions and does not have the moratorium on special-care home beds, which they cannot deny they had.

**SOME HON. MEMBERS:** — Hear, hear!

### **Work Stoppage by Guards at Prince Albert Correctional Institute**

**MR. MEAGHER:** — Thank you. Thank you, Mr. Speaker. I have a brief but important question to the Minister of Justice. My information is that 18 jail guards walked off the job today in Prince Albert, from the Prince Albert Correctional Institute, and they cite, as a reason for their walk-off, job security concerns, and specifically, three inmates being held as young offenders with respect to the murder charge of the teacher on the Indian reserve. And I would like to know what the Department of Justice is doing with respect to the walk-off and with the bigger question of how young offenders, who are charged with this kind of very serious offence, are going to be dealt with.

**HON. MR. LANE:** — Mr. Speaker, I happen to have a . . . I happen to have, Mr. Speaker — if I would not be so rudely interrupted by the opposition — I happen to have a telex indicating the statement of the 18 correctional centre guards at Prince Albert, that they walked out again to protest what they say are unsafe working conditions. They indicate that they are concerned that two of those being charged with the shooting death at Red Earth should be kept in more secure facilities.

Yesterday, cabinet designated four cells, two in each of Saskatoon and Prince Albert correctional centres in the more secure units, as young offender detained units. Young offenders that are perceived or considered to be more dangerous, aggressive, disruptive will be maintained in the four cells that have been specially designated under the provisions of the Young Offenders Act.

Secondly, Mr. Speaker, in response to the hon. member's questions — and again if the opposition want to keep interrupting me, that's fine, that's their choice — this afternoon . . . Well I gather the application has already been made by Department of Justice prosecutors to ask for a court application, ask for a court order to make the transfer from the minimum security to the more secure units.

#### **Use of Executive Aircraft by Minister of Highways**

**MR. LUSNEY:** — Thank you, Mr. Speaker. I have a question for the Deputy Premier. Mr. Deputy Premier, are you aware that last Sunday morning one government aircraft travelled from Regina to Unity, and that when it arrived at Unity, there were no ministers or government officials on it, and the only passengers that that aircraft picked up at Unity were the wife and family of the Minister of Highways? And are you aware, Mr. Deputy Premier, that the following day, on Monday, that aircraft once again returned to Unity and that the only people to depart from the aircraft were again the wife and family of the Minister of Highways? Can you explain, Mr. Deputy Premier, who authorized this flight and what the purpose of the trip was, since this aircraft is paid by the taxpayers of Saskatchewan?

**HON. MR. BERNTSON:** — The question was: am I aware that an executive aircraft of CVA went to Unity last Sunday. And the answer is, no, Mr. Speaker, I was not.

**MR. LUSNEY:** — Thank you, Mr. Speaker. Mr. Speaker, maybe I should direct my question then to the Minister of Highways who is in the Chamber. Mr. Minister, did you authorize the trip to Unity using the executive aircraft?

**HON. MR. GARNER:** — Mr. Speaker, the aircraft did pick myself and my family up last Sunday morning.

**AN HON. MEMBER:** — Are you sure?

**HON. MR. GARNER:** — Yes, I am very sure. It did bring myself, my family into Agribition for a function last Sunday morning, and I did return with them last Monday morning as well.

**MR. LUSNEY:** — Supplementary, Mr. Speaker. Mr. Minister, could you tell the people of Saskatchewan what that function was, since apparently, checking into it, the cost of that flight, those two flights, would have cost the taxpayers about \$3,400. Could you explain to the people of Saskatchewan what the function was that you had to attend with your family? And could you repeat

again that you returned back to Unity on Monday. Were you not in Regina on Monday?

**HON. MR. GARNER:** — Yes, Mr. Speaker. I was in Regina on Monday. I will give the member a full report of it later on.

**MR. LUSNEY:** — Supplementary, Mr. Minister. What was the function that you and your family attended in Regina when you came here on Sunday?

**HON. MR. GARNER:** — Mr. Speaker, I had a meeting with executives and departmental officials, getting prepared for the session and for a news conference that will be taking place today with other officials. Since I had to come to Regina — the plane was coming empty — I brought my family along so that we could be together at least for part of Sunday.

### **Status of RCMP Investigation regarding Peter Grady**

**MR. SHILLINGTON:** — Thank you. My question is to the Minister of Labour. It deals with the RCMP investigation into the activities of Peter Grady, your former deputy minister and a former chairman of the Workers' Compensation Board. You first confirmed that a police investigation was under way last spring. A number of months have passed. Mr. Minister, my question is: what is the status of the investigation? Have charges been laid or will charges be laid in connection with this investigation?

**HON. MR. MCLAREN:** — Mr. Speaker, the situation is still in the hands of the RCMP. It's been turned over to the Justice department, and I have not had any information concerning that case since my last report to you.

**MR. SHILLINGTON:** — Mr. Minister, have you asked for a status report on that investigation? Eight months, which by my calculation would have passed, seems like enough time to investigate the matter. Have you asked for a status report on it?

**HON. MR. MCLAREN:** — Mr. Speaker, yes, we have, and we have been advised that we will be notified once the results come out of the Justice department.

**MR. SHILLINGTON:** — Mr. Minister, is the investigation, to your knowledge, completed?

**HON. MR. MCLAREN:** — Mr. Speaker, I have no idea. I have not heard any results of the investigation since I last reported to the Assembly.

**MR. SHILLINGTON:** — Mr. Minister, when you asked for a status report, you must have been told when the matter was likely to be completed, or indeed whether or not it was complete. Mr. Minister, when you asked for a status report . . . When did you ask for a status report, and were you told whether or not the matter was completed?

**HON. MR. MCLAREN:** — Mr. Speaker, I haven't been advised whether it has or hasn't. As I said, it was turned over to the lawyers and it's in the Justice department, and we'll be notified once we have those results.

**MR. SHILLINGTON:** — Supplementary. Mr. Minister, I ask you again: when you asked for the status report, what were told about the likely date of its completion?

**HON. MR. TAYLOR:** — Mr. Speaker, we weren't advised as to when it was going to be completed. We were told we'd be advised once it was and the results of the investigation known.

### **TABLING OF ANNUAL REPORT OF SASKATCHEWAN LEGISLATIVE LIBRARY**

**Mr. Speaker:** — Before orders of the day, I would like to lay on the Table the annual report of the Saskatchewan Legislative Library.

**ORDERS OF THE DAY**

**GOVERNMENT ORDERS**

**SECOND READINGS**

**Bill No. 119 — An Act respecting Saskatchewan Oil and Gas Corporation**

**HON. MR. SCHOENHALS:** — Mr. Speaker, it gives me great pleasure today to rise to move second reading of Bill No. 119, An Act respecting Saskatchewan Oil and Gas Corporation.

Mr. Speaker, the purpose of this Bill is to convert the Saskatchewan Oil and Gas Corporation from a Crown corporation to a private sector corporation. At present Saskoil is structured under The Saskatchewan Oil and Gas Corporation Act which was initially passed in 1973.

It is a corporation without share capital whose affairs are managed by a board of directors appointed by the Lieutenant Governor in Council. It pays no income tax and is an agent of the Crown, has certain other characteristics which are inconsistent with the nature of a private sector corporation.

The present Bill, which I will call the Saskoil Act, continues Saskoil as a corporation under The Saskatchewan Business Corporations Act and in addition establishes certain restraints upon the ownership of voting shares of Saskoil.

Specifically those restraints are: one, only Canadian citizens and residents of Canada will be eligible to purchase or own voting shares of Saskoil.

Two, no shareholder or group of associated shareholders will be permitted to own more than 4 per cent of all the outstanding voting shares of the corporation. The purpose of this provision is to prevent voting power becoming concentrated in the hands of one or more large shareholders or competitors of Saskoil.

Thirdly, there will be provisions enabling the corporation to enforce the citizenship or residency requirement as to ownership as well as the 4 per cent ownership limit. Corporation will be empowered in the case of a contravention of the foregoing provisions: (1) to withhold the payment of dividends on the shares of the offending shareholder; (2) to prevent the exercise of the voting rights attached to the shares held by a shareholder violating the Act; and (3) the right to require an offending shareholder to sell his shares; and finally, (4) the right to redeem the shares from a shareholder who has contravened the provisions of the Act.

There will be provisions contained in the Saskoil Act which will ensure the continued identity of Saskoil as a Saskatchewan corporation. Namely, there will be a provision requiring the head office of Saskoil to be located in Saskatchewan, and there will be a provision preventing Saskoil from changing its jurisdiction of incorporation from Saskatchewan to that of another jurisdiction. There will be a provision preventing Saskoil from selling all or substantially all of its assets and, finally, the Saskoil Act will provide that at least two-thirds of the members of the board of directors of the corporation must at all times be residents of Saskatchewan, and further, all directors must be Canadian citizens.

There will be provisions in the Saskoil Act permitting the province of Saskatchewan to appoint a number of directors to the board of directors of the corporation in proportion to the voting shares of Saskoil held by the province and its agents. This special privilege of appointment will be made by the Lieutenant Governor in Council and will be exercised in lieu of the province of Saskatchewan voting its shares at an annual meeting of the corporation at which directors are elected.

While the Saskoil Act does not itself authorize the presently contemplated public issue of shares, it gives the corporation power to proceed with that issue in the same fashion as any other private sector company, subject, of course, to all the limitations I've just mentioned.



The Act also establishes the terms and conditions of the shares to be issued, including the common and preferred shares which are the subject of the current offering, and the terms of conversion and the preferential aspects of the convertible preferred shares are also detailed.

As you know, the Government of Saskatchewan guaranteed the Saskoil bonds issued in 1984 in the amount of \$15 million. That guarantee covered both the principal and the interest payable in respect to the bonds. That offering was well received by Saskatchewan investors, and the guarantee will continue in force until the maturity of the bonds.

The Saskoil Act permits the Minister of Finance, on behalf of the Government of Saskatchewan, to lend money to, or guarantee the indebtedness of Saskoil, and to take security to assure repayments of any such loan that it makes.

It is the intention of the government to maintain a majority ownership position and to appoint a number of directors to the board of the corporation that will reflect that majority ownership. The reorganized Saskoil will not, however, be an agent of the Crown, and the government has publicly committed itself to refrain from becoming involved in the normal commercial decisions of the company. While the Government of Saskatchewan will retain sufficient shares to exercise majority control, that control would not be exercised unless matters of a vital public concern were to be at issue.

Mr. Speaker, the intent of the share offering is to allow the public and, in particular, residents of Saskatchewan to participate directly in Saskoil. Shareholders will have an opportunity to benefit from the growth in earnings and assets of Saskoil and to vote at the company's annual meeting. At the same time they'll be supporting economic activity and job creation in the province and contributing to the Heritage Fund.

As a direct result of the share offering, Saskoil will be pay \$75 million dividend through CMB to the Heritage Fund, while approximately 25 million, or the remaining amount of the issue, will stay in the company to support exploration and development projects, primarily in heavy oil.

Prior to receiving its new mandate in 1982, Saskoil was heavily dependent on government funds to support its activities. This offering will use money that might otherwise be invested by individuals or pension funds in out-of-province companies and put it to work here in Saskatchewan.

Recognizing that share ownership is a new concept for many people, steps have been taken to ensure that the offering is well understood and widely available. Residents of Saskatchewan will receive preference in obtaining the shares, and a broad distribution system including authorized investment dealers, banks, credit unions, trust companies, is designed to provide for maximum availability throughout the province. In addition, we believe that the unit price of \$29 will appeal to small investors.

I should indicate, Mr. Speaker, that small investors or small requests will be filled first and that the minimum number of units of one will be filled and, as I indicated, the smaller requests will be filled first.

Saskoil's strong performance, with record earnings in 1983 and 1984, has been a major industry success story. Now the public will have an opportunity to participate directly in that success, while helping Saskoil build for the future.

Mr. Speaker, it gives me great pleasure to move second reading of Bill No. 119 — An Act Respecting Saskatchewan Oil and Gas Corporation.

**MR. LINGENFELTER:** — Mr. Speaker, I appreciate the opportunity to have a chance to put some words on the record today, and at the conclusion of my remarks, I will be moving for adjournment of

the second reading debate.

The minister will know that all of the hype that he has been trying to get going on this Bill, I think, is in many cases falling on deaf ears. He's admitted in his opening speech that Saskoil is a success story, one that about a million people in Saskatchewan have shared in, have taken the opportunity through their government to invest in the future of the province in the oil industry.

Mr. Speaker, when he says it's a success story, that didn't happen overnight and it didn't happen easily. But the simple fact is that the people who took the risk over the past number of years and were on the threshold of enjoying some of the profits, having taken that risk which the minister himself will say is the way it should logically happen, are now being told that now that the profits are going to start rolling in, you're not going to be able to share in them.

I want to just outline very shortly, Mr. Minister, for you, the people who will be able to share in the profits and those who won't because I think the dividing line is fairly clear. There are people in Saskatchewan, people in the south-west who have had five or six bad crops and can't afford to farm next year unless they get some assistance, who will not be able to share in your new-found prosperity.

The many working people who you have set on minimum wage, one increase in four years, many of the low income people who have been told that their wages have been frozen for four years; these people have been let out of sharing in the prosperity of Saskoil, having taken the risk. The newly found 64,000 people in the province who are on welfare as a result of your government's mismanagement, they will not be able to share in your new corporation.

Look at the people who the Minister of Social Services has cut their welfare by 40 per cent, a great number of those single people being women over the age of 60 who are widows. They will not be able to share in this new-found wealth.

But on the other side there are people who will enjoy your program. I agree with you there are, and they are typically the people who will enjoy the benefits of a Conservative government. They are the people who are wealthy, the people who have money, the people who will be able to go out and have money available to buy these shares in your new corporation.

And there will be the small oil companies or large oil companies that will be able to buy up to \$4 million worth. They will be able to afford to because you've given them the opportunity to increase their profits last year, my friend, by 141 per cent. They will have money available to buy these share offerings. There may be doctors and there may be lawyers who, if they're in a lucrative business, will be able to buy their shares. There will be cabinet ministers and people who will be friends of the Conservative government who have got contracts who will be able to buy the shares, I agree.

But I'm saying to you, my friend, that there are a vast majority of people in the province of Saskatchewan today who will not share in the wealth and the profits of the corporation you're setting up.

So I agree with you when you say that Saskoil has been a success story. I agree with you on that. But what I would say to you and ask you, if you would reconsider this ill-conceived idea — what was called by some to be the last spike in the most intelligent budget — to forget this deal to give away shares to your rich friends and companies, to allow the profits that should be generated by Saskoil to go to the million people who need it and deserve it.

I want to say to you, as well, that it's fairly obvious that this sell-off will not create one job in the province of Saskatchewan. It won't create a job. It may, in terms of an accountant here or there or someone selling the shares, but in terms of real employment, productive employment, it will not create employment any more than if you had left it in its original form.

I will not take the time of the House today, Mr. Speaker, to speak a long time, but what I would like to do and what other members will be doing, and I'm sure other members of the government will take an opportunity to stand in their place and defend the sell-off of those shares, I therefore beg leave to adjourn debate.

Debate adjourned.

(1445)

**Bill No. 118 — An Act to assist NewGrade Energy Inc. in establishing a Heavy Oil Upgrader in Saskatchewan**

**HON. MR. SCHOENHALS:** — Mr. Speaker, again, it gives me pleasure to rise to move second reading of Bill No. 118, an Act to assist NewGrade Energy Inc. in establishing a Heavy Oil Upgrader in the province of Saskatchewan. The development of this \$650 million facility is one of the largest single development projects in Saskatchewan history — certainly the biggest ever for Regina.

The most immediate and dramatic impact of this project will come in the form of job creation. The engineering and construction phase alone will generate nearly 3,000 person-years of direct employment with 1,300 workers employed on site at the peak of construction activity. Here in Regina the combined direct and indirect labour requirements will be 2,900 person-years.

In addition to the jobs mentioned so far, the use of Saskatchewan crude oil as feedstock for this project will sustain approximately 1,000 new jobs in the province's already extremely active oil patch. This project is one element of a major resource industry success story in Saskatchewan and will help ensure ongoing benefits to the people of our province well into the future.

The upgrader will purchase \$480 million worth of Saskatchewan crude oil annually, replacing the Co-op Refineries current feedstock which is all produced in Alberta. Providing a local market for Saskatchewan's heavier crudes will lessen our dependence on export sales, where marketing problems for just two months earlier this year cost the province over \$25 million in lost revenues.

NewGrade is currently a corporation, incorporated under The Business Corporations Act, and NewGrade will continue to be the vehicle for the upgrader project.

At present, it is intended that the transaction will take the following form: one, the province will provide funding to NewGrade by subscribing for and purchasing NewGrade debentures. The funding provided by the province through the acquisition of these NewGrade debentures will finance 20 per cent of the project costs.

Secondly, the remaining 80 per cent of the project costs during the development phase will be financed by term loans to NewGrade to be guaranteed by the Government of Canada and Saskatchewan in a ratio of 35:45.

Saskatchewan will enter into an agreement with CCRL and Canada by which it will undertake the financing commitments listed above, an agreement to provide the required guarantee, and probably an agreement with Canada and Saskatchewan as guarantors. Ancillary agreements not yet conclusively identified may also be necessary.

The province's further investment in NewGrade shares and debentures will be made from the energy security division of the Heritage fund, and the guarantees will be provided by the government, acting through the Minister of Finance.

Specifically dealing with the new legislation, the legislation is to authorize all of the above mentioned financial commitments and agreements, and the legislation will take the following form: in the operative sections, the first operative section, section 3 of the Bill, empowers the Minister of Energy and Mines to enter into such agreements with Consumers Co-operative Refineries Ltd., the Government of Canada and NewGrade, or any others the minister may consider necessary for the purpose of facilitating the development, construction, and operation of the heavy oil upgrader and related facilities in Regina.

Section 4 empowers the Minister of Finance with the approval of the Lieutenant Governor In Council, to provide the necessary loan guarantees for the project.

Subsection 4(2) caps the maximum amount of the loan guarantee at 360 million, which is the province's share of the project's 80 per cent debt, based on a maximum total project commitment of \$800 million. That's the maximum commitment, not the anticipated cost.

The final part of the section provides under subsection 4(3), the Lieutenant Governor In Council with the power to prescribe the terms and conditions and form and manners of any guarantees and outlines in subsections 4(4) and 4(5), the conditions surrounding any guarantees made under this Act.

Subsection 4(6) provides for the payment of any funds required under the terms and conditions of any guarantees provided under this section. And finally, in section 5, the Minister of Finance is empowered with the approval of the Lieutenant Governor In Council to enter into such agreements as may be required to implement any guarantees provided under this Act.

With that background, Mr. Speaker, once again, with pleasure, I move Bill No. 118, An Act to assist NewGrade Energy Inc. in establishing a Heavy Oil Upgrader in Saskatchewan.

**HON. MR. BLAKENEY:** — Mr. Speaker, I will want to examine the remarks of the minister and will, at the conclusion of my brief remarks this afternoon, be asking for leave to adjourn the debate.

But I want to say a few statements in a preliminary way. First, with respect to the upgrader, I know that everybody in Saskatchewan will welcome the proposal to have an upgrader in Regina. The NewGrade proposal involving as it does, providing feedstock for the Consumers' Co-operative Refinery Ltd., and involving as it does, the use of Saskatchewan heavy and medium crude, is a happy project in its conception. Since we would like to think that we in Saskatchewan were burning crude which came out of Saskatchewan wells, there is a certain security in having a market for Saskatchewan crudes here in Saskatchewan — certain security against adverse market conditions beyond our borders.

There are however a couple of points which need to be stressed with respect to this upgrader. This is a guarantee arrangement by the Government of Saskatchewan and the Government of Canada. There is, if I understand the terms correctly, no direct participation in any risk taking by anybody else but the Government of Canada and the Government of Saskatchewan. If the project fails, then 100 per cent of the cost of the failure will be borne by the taxpayers as represented by the Government of Canada and the Government of Saskatchewan. None is being borne by any private sector company or co-operative company.

The co-ops would perhaps be adversely affected because the operation of their refinery would be adversely affected, and I'm not suggesting that they would not feel an adverse affect. What I'm saying is that the NewGrade project, as I understand its financing is one which all of the money will be at the risk of the Government of Saskatchewan and its taxpayers, and the Government of Canada and its taxpayers.

And that is a unique situation. The Government of Canada has given guarantees on occasion, I won't

deal with them, but the Government of Saskatchewan has given guarantees on occasion for steel mills and pulp mills and the like, sizeable guarantees in the context of government at that time; always in a context whereby the sponsors of the project lost money if the project failed; always in the context that while the government could lose, the sponsors of the project also faced a substantial loss if the project failed.

This was always thought to be a useful safety valve because it involved a hard analysis of the project, not only by the Government of Saskatchewan, who is guaranteeing, but also by the sponsors who were risking their money. In this case that will not be the case, or if the case, not be the case to anything like the extent, because as I say while it might upset Consumers' Co-operative Refinery somewhat to have the project fail, they will not directly lose any money nor will any other sponsor, private or co-operative.

**AN HON MEMBER:** — Which way do you want it?

**HON. MR. BLAKENEY:** — A member asks which way do we want it? Shortly put, we say that if it's to be owned to a substantial degree by anybody else but the Crown, it would then be advisable for somebody else but the Crown to assume some of the risk. And that would seem to be a logical approach.

With respect to the Co-op, I understand that they were unwilling or unable to assume that and we have taken this extraordinary step of being 100 per cent liable as taxpayers, federal or provincial.

Now that may be acceptable and I'm not now arguing against it and we can discuss it later, but what it does do is impose upon the government an extra responsibility of being able to demonstrate the viability of the project because there's no back-up. No one else has an interest in showing that the project is viable to anything like the like the extent of the people who are assuming 100 per cent of the financial risk.

So we will, at the appropriate time, ask the minister to demonstrate for the satisfaction of the legislature, that he has examined into the financial viability of the project and is satisfied with that financial viability. That surely must be the case if we, in Saskatchewan, are assuming about 65 per cent of the risk, and the taxpayers of Canada assuming 35 per cent.

One other point I will make along the same line, and that has to do with the risk factors involved in an upgrader project. There are the normal risk factors of technology of there being bugs in the technology, and the upgrader technology is not . . . There are not a great number of upgraders around. There are not a great number of upgraders using any particular technology, and accordingly, there is always that risk factor.

I would suggest that it may well be that this technology is perhaps rather better proven than some other technologies that have been suggested for other projects, and I won't now dwell upon that. I think the risks here, with a little luck, are not inordinately high on the technical level. However, the nature of the economics of an upgrader are that it depends upon the spread, the difference in the market price between the feedstock of heavy and medium crudes, and the market value of the upgrader product. I will call it the syncrude, the synthetic crude, and the difference there in effect depends upon the difference between the value of heavy and medium crudes on the market, and the value of light crudes on the market.

We are aware that the upgrader product, which I am calling syncrude, is closely associated in price with the price of light oil. It may be worth a dollar or two more a barrel than light oil, but the price of the syncrude will ride up and down with the price of light oil, and I think we all agreed on that.

And accordingly, the economics of the project depend upon the spread between the feedstock, the upgrader feedstock, thus the heavy and light medium crudes, and the value of light oil. And we're talking now, now about 30 days or three years, but a projected 10-or 15-year period, perhaps, to make a judgement as to what that spread will be, because on that spread depends the viability, the

financial viability, of the upgrader.

And so we will be asking the minister to give his best projections as to what he sees to be the future value of light oil, and the future value of heavy and medium crudes. No one asks him to give guarantees along this line. There is no such thing in life in the industrial world as a guarantee. There is, however, informed judgement, and the minister has the staff and the resources at his command to formulate an informed judgement. And I am simply saying that we will be asking him to give the benefit of that informed judgement from his staff and from his consultants and from others who would be able to inform him — give the House the benefit of that and give us his price projections.

(1500)

Because I look at the project, that is the area of greatest potential difficulty in a financial sense for this project, this project which as to 65 per cent will be financed at the risk of the taxpayers of Saskatchewan; and as to 35 per cent will be financed at the risk of the taxpayers of Canada.

Having outlined those couple of points, Mr. Speaker, that we will doubtless be raising in more detail at later stages in the progress of this Bill, I beg leave to adjourn the debate.

**SOME HON. MEMBERS:** — Hear, hear!

Debate adjourned.

#### **Bill No. 121 — An Act to amend the Heritage Fund (Saskatchewan) Act (No. 2)**

**HON. MR. SCHOENHALS:** — Mr. Speaker, Bill No. 121 deals with the same topic as we just discussed under the NewGrade Act. Very briefly, the consequential amendments to The Heritage Fund Act are to clarify the powers of the minister; to direct funds for the project for both NewGrade shares and debentures; to ensure that as to all funds so used, the minister will have the right to take or instruct the taking of all action necessary to administer or otherwise deal with the financing commitment so made and to dispose of the project's interests.

So it's consequential to The Heritage Act simply to enable the Minister of Finance to carry out the project requirements and I move second reading of Bill No. 121 — An Act to amend The Heritage Fund (Saskatchewan) Act (No. 2).

**HON. MR. BLAKENEY:** — I think it would be easiest to deal with this Bill in tandem with the NewGrade Bill and accordingly, I beg leave to adjourn debate.

Debate adjourned.

#### **Bill No. 120 — An Act to amend The Municipal Employees' Superannuation Act**

**HON. MR. DOMOTOR:** — Mr. Speaker, I rise in this Assembly to give second reading to an Act to amend the Municipal Employees' Superannuation Act.

The majority of the amendments proposed are of a housekeeping nature and are requested by the commission as a consequence of the commission's desire to continually improve the provisions of the municipal employees' superannuation plan.

The most noteworthy change, Mr. Speaker, is the proposed amendment to section 41 to allow for earlier, non-reduced pensions to all its members, provided the age service requirements are met. Policemen and firefighters who contribute a larger percentage of their salaries to the plan would be able to retire when their age and service total 75 years, provided they are at least 50 years of age. All other members would be able to superannuate without penalty when their age and service total 85 years, provided they are at least 55 years of age. In all cases, only service in the new plan from July 1, 1973 would be counted for the purposes of establishing under section 41.

Mr. Speaker, none of these amendments would have financial impact on government funds. All additional costs involved as a result of these amendments would be borne by the municipal employees' superannuation plan. The fund is in a strong surplus position and, according to commissions actuary, is well able to bear the costs involved without foreseeable increase in contribution rates.

It is my pleasure, therefore, to move second reading of Bill No. 120 — An Act to amend The Municipal Employees' Superannuation Act.

**MR. SHILLINGTON:** — Thank you very much, Mr. Speaker. I rise on this matter although I think, strictly speaking, my new colleague from Regina North East is the critic. I'm going to at this point in time adjourn it. We spent time in caucus trying to understand what the legislation is intended to do. I may say, having listened to the comments of the minister, we're not much wiser. And I suspect that he joins us in not understanding the legislation very well.

He is right that the municipal employees' superannuation fund is in good financial condition. I think the opposition want to be sure that the fund stays that way. I think we therefore, Mr. Speaker, want to attempt to come to terms with the Bill. As I say, the comments of the minister weren't of much help and I suspect he doesn't understand it either. I suspect he doesn't understand it either. I suspect the minister read a speech written for him by the department — at least in your case I think that one was written by the department.

**AN HON. MEMBER:** — Bud Sherman may have written that one.

**MR. SHILLINGTON:** — I doubt that Bud Sherman wrote that one.

Mr. Speaker, I therefore beg leave to adjourn the debate so that we can consider the Bill.

Debate adjourned.

**HON. MR. BERNTSON:** — Mr. Speaker, over the last three days, Monday, Tuesday, Wednesday, and today being Thursday, I think because of the co-operation of all members we have done well to fill the work day each day in the House, with the blues being relatively cleared up last spring and the notice requirements necessary to get the work on the order paper this fall.

So tomorrow brings a new day and ample opportunity for the opposition to prepare for the debate on the Bills that are now before the House, Mr. Speaker. I appreciate the co-operation of all members thus far this week, and I now move that this House do now adjourn.

The Assembly adjourned at 3:07 p.m.