

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

ORAL QUESTIONS

Federal Excise Tax on Farm Fuel

MR. ENGEL: — Thank you, Mr. Speaker. I have a short question for the Premier and it has to do with your first minister's conference in Halifax. During this first ministers' discussion on agriculture, did you ask for, and did you get, a commitment from the Prime Minister, Brian Mulroney, that his government will roll back the 9 cents a gallon federal excise tax, the increase that was introduced last September on gasoline and diesel fuel — the harvest tax — did you get a commitment to roll that back?

HON. MR. DEVINE: — Well, Mr. Speaker, this is the first opportunity I've had to speak in the legislature since it . . .

AN HON. MEMBER: — . . . since the by-election.

HON. MR. DEVINE: — . . . since the by-election, right. Just before answering the question, I wanted to, if it . . . I'm sure I'll have leave of the House to congratulate the new member representing Regina North East and his successful campaign.

As I was saying to him earlier, I can recall when I had a couple of lickings laid on me, one by Wes Robbins in Nutana, and another one by the Hon. Jack Chapman from Estevan. I know that it feels good to win one when you can come back like that, and I understand how he must feel, and I congratulate him and wish him the very best.

I also want to take the opportunity to — and I've done it personally — congratulate the member for Shaunavon for the quick, and I understand, good recovery of his daughter who was in that rather unfortunate accident. We all have families, and we all have children, and given the fact that they can recover and we have people in cheering for them is a Saskatchewan thing that we're all proud of, and I congratulate him and others.

With respect to the question: I asked, as you may have seen, the Prime Minister to look at taxation in agriculture in all its parts, including fuel. I said the things that we've done recently, and those in Alberta would give him the lead in terms of reducing those taxes in areas that we think are jurisdictions of strength, like farming and agriculture.

I went on at some length, and I will be giving a brief ministerial statement after question period about some of the things that came out of it. I went on at length. I said farmers find it really difficult to figure out why they should be taxed on their fuel when they're driving up and down their farms, not on anybody's land, not on an airport, not on a piece of property or anything else but their own farm.

So I said if you're looking for areas to reduce taxes and to stimulate production and help farmers, Mr. Prime Minister, it would be right in the area of farm fuel to help keep the cost inputs down; similarly with respect to other inputs associated with fertilizers and fuels and energy. So he got the message and I will, if you like . . . he agreed to a very strong and powerful program to move on agriculture in terms of disaster mechanisms, to look at input costs and interest rates and the restructuring of farm debt, to look at trade, and to look at research and so forth, and I would be glad to elaborate on those in as much detail as you like, but I will be making a ministerial statement at the end of question period.

MR. ENGEL: — Short supplement on that first question. Did you get a commitment that he'll roll back the 9 cents?

HON. MR. DEVINE: — The Prime Minister never said to me that he would roll back 9 cents; he never said to me that he wouldn't. What I suggested to him, as well as nine other premiers with respect to agriculture, was that if you want to start relooking at tax reductions, agriculture is the best place to look at, not just in Saskatchewan, but indeed in Ontario where it's extremely high. We all asked to have tax reductions in the area of agriculture because it was a productive sector and now, while it had been very good to us, right now it needs us, all governments, from the provincial to the federal level.

MR. ENGEL: — Next question, Mr. Speaker. The farmers would be happy is they could have said, good work, Brian, you did it for us. You didn't.

European Beef Imports

What about the imports, Mr. Premier. During your discussion on agriculture issues in Halifax, did you get a commitment from Brian Mulroney that his government will reverse its decision to quadruple the level of European beef coming to Canada?

HON. MR. DEVINE: — Well, Mr. Speaker, and we all did . . . I think we had a little bit of fun with respect to European beef when we received . . . (inaudible interjection) . . . Just let me finish. I'm not making fun of your question. When we come to the conclusion, Mr. Speaker, as a result of the information we were receiving, that some of the policies in the European Economic Community, called common agricultural policies, have resulted in such bizarre subsidies that they have huge surpluses of butter, and they have so much butter they don't know what to do with it, that they're now feeding the butter in Europe to cattle as a source of feed to make beef.

And there are people starving in Ethiopia, there's people in Saskatchewan and people in Montana and people across the world that are in financial trouble. So you've got some starving in some places, and you've got some that are in financial trouble, and in the middle with some really protective, not very reasonable supply oriented policies, huge surpluses of butter are being fed to beef. It's literally coming out of the end of the cow and going into another, and then the beef ends up coming into Canada — into here as a result of the surplus.

So we said, Mr. Speaker, if you're going to start dealing with agricultural policies and you want to look at those that have an impact on Saskatchewan, then we also have a responsibility to look at protectionism in the United States, and marketing policies and internal policies in Europe, and put all the policies together as we deal with improvements for farmers.

Pricing of Farm Chemicals

MR. ENGEL: — The answer to that question must be no, they didn't get a commitment either.

The third question, Mr. Premier, as short as I can make it. Did you ask for, from Brian Mulroney — did you get a commitment that he will launch a national inquiry into the pricing practices of farm chemical corporations? And did you ask for changes to federal legislation which would make the production of generic farm chemicals here in Saskatchewan possible?

HON. MR. DEVINE: — Mr. Speaker, I never raised that specific question with the Prime Minister. We did say, however, Mr. Speaker, good work, Mr. Prime Minister, in providing the \$150 million to western Canada in the last week because people appreciated that. And he in turn says, well, he was happy that it was matched by the province of Alberta and Saskatchewan in terms of something like between 3 and \$400 million that will be distributed across Saskatchewan. So while we didn't get every specific thing you might have asked for, I will say that we did provide each other with some congratulations with respect to 3 or \$400 million that went out across western Canada that

certainly was asked for.

Emergency Farm Relief Program

MR. ENGEL: — Thank you, Mr. Speaker. That leads me to my next question I was going to ask, and maybe you've got a list of this already. But the emergency farm relief program; you said you complimented on it. We feel it's very inadequate — less than \$10 an acre to those hit hardest by drought. Did you ask the Prime Minister why even this meagre assistance won't be available before next spring?

HON. MR. DEVINE: — Mr. Speaker, I believe it's fair to say that while you might have recommended, and perhaps still do, that all of the assistance into agriculture would go into a relatively small area — about 15 per cent of Saskatchewan's agriculture area in southern Saskatchewan — I have said, with the agreement of the Alberta government, that farmers across the province deserve interest rate protection and deserve fuel adjustments. Even like the 9 per cent or 9 cents a gallon, I believe, that you were asking for; that should apply all across the province.

Now I complimented the federal government in taking what it does and putting it right on top of what we do. If you took all of the money — just to be fair — if you took all of the money, 3 to \$400 million, and you put it in an area of about 15 per cent of Saskatchewan . . . (inaudible interjection) . . . Okay, if you want it all. I just want to make it clear. If you want the equivalent of all the fuel money and all the low interest money and all the deficiency money just into three or four ridings in southern Saskatchewan and southern Alberta, fair enough.

And I'm saying is that the Government of Alberta and the Government of Saskatchewan and the farmers in Nipawin and farmers in Melfort and farmers in Meadow Lake and farmers around Saskatoon or the Quill Lakes . . . I mean, the member from the Quills, his farmers, I'm sure might appreciate the fact that they can get access to low-interest, stable loans for across their particular farm, and not see 3 or \$400 million just go into three or four ridings in southern Alberta and southern Saskatchewan.

Now the federal government made their mind up. They said, it's a drought-related, production-related problem. We'll put the money there and the provinces can put it across the province. So the fellow in the drought area gets this: he gets most of the money from the feds, in fact all of it; on top of that he gets a fuel rebate or protection, depending on how we design the legislation, and he gets access to 6 per cent money. So he gets all three. Plus on top of that, as you know, he got his \$60 a head and he got the majority of the crop insurance payments. So you put those together, plus the federal program, and you say, now to be fair — and if I'm a farmer at Nipawin or I live in Saskatoon or I live on Albert Street, it seems to me that that is targeted almost entirely in southern Saskatchewan, with some support across the province.

So, Mr. Speaker, I would say yes, we said most of it should go Saskatchewan, but it also should go to other parts of the province so farmers wherever . . . And you're the agriculture critic, sir, for the entire province. I believe you would like to talk to your colleagues from the Quills and others, and saying, I'd like some action there as well as just into southern Saskatchewan.

SOME HON. MEMBERS: — Hear, hear!

MR. ENGEL: — Mr. Speaker, if your memory has failed you, I just want to reiterate. The question was: will that payment be made before spring and did you ask for it to be made before spring? I never asked you that big long harangue. The question is this: if the federal government is going to make a payment, are you going to see to it that the farmers get it, or are you going to keep it yourself like you did with the \$30 drought payment? And are you going to insist that he makes the payment now, not at Easter-time or some time in spring? You didn't answer my last question.

HON. MR. DEVINE: — Well I apologize to my hon. friend. I had it on the tip of my tongue when I was about to sit down and must have been distracted. I must have forgotten. In the excitement of the debate, I forgot.

I understand that 95 million will be delivered in this year and 55, I believe, will be delivered in 1986. Now I'm not sure whether it's before January 1st or how much is . . . (inaudible interjection) . . . Well then, I will go and take notice and find out for sure. Maybe the Minister of Agriculture knows. Do you know exactly when the information is?

All right. When we will get the information with respect to the date of the 95 million and the 55 million. Ninety-five comes first, whether it's January 1st, and the 55 comes second. Now the same with respect to our programs as they apply . . .

Mr. Speaker, my hon. friend asks the questions, will it go to the farmer? Will it go to the provincial government? The provincial government spent its 80-million-some-odd dollars and the corresponding amount coming from the federal government is completely separate. You're looking at the neighbourhood of \$150 million in total in the last week out across Saskatchewan. And again, I would say I'm glad to see that it went . . . It's a universal program and I would think that leaders of the opposition talk about universal programs. Fifty dollars an acre just for a few in southern Saskatchewan might be better received if they get most of it. But a great deal of it can go right across the province into the Quill Lakes and into Pelly and into ridings and jurisdictions right across the province.

Transfer Payments to Provinces

MR. KOSKIE: — Thank you, Mr. Speaker. I'd like to address a question to the Premier also on another important issue that was discussed in Halifax, and that is the Mulroney government's plan to reduce the increases in the transfer of payments to the provinces for health care and for financing secondary education.

I wonder, can the Premier tell the Assembly exactly how much Saskatchewan stands to lose in the transfer of payments from Ottawa as proposed by the cuts proposed by Mulroney. It is estimated that it's over \$2 billion by the year 1990. Can the minister indicate how much this will affect the province, and can you indicate what was your stand in respect to these massive cuts in the transfer payments?

HON. MR. DEVINE: — Well I'm glad the hon. member asked that question. As I pointed out at the first ministers' conference, I said very clearly to the Prime Minister, unilateral changes and established program financing are not the way to go. We don't like surprises. The whole mechanism of sitting down and consulting and negotiating with each other with respect to three and five year programs will not frighten people. They will, in fact, make us agree on the kinds of things that we should do.

With respect to, I think you used the word, massive changes and the effect that it had on Saskatchewan, the day before it came up Saskatchewan had received in the neighbourhood of something like \$80 million from the federal government with respect to this drought assistance program. Somebody asked me, he says, well what is this one going to be worth to you. And I said well they haven't told us yet but it's about \$20 million the first year and then it could build and over time, and I'm not sure how long, it could be . . . (inaudible interjection) . . . I said about \$20 million the first year, ball park, and then it could increase as we go over.

Now I said to the Prime Minister, don't do it that way. If you want to look at some alternatives, I said, look at duplication at the federal level. You have almost 70,000 people working in departments and Crown corporations that are duplicating what the provinces are doing. Why don't you take a look at that? You're looking at tens of tens of millions of dollars.

You've got a corporation, for example, in Ottawa like the Post Office, Mr. Speaker. It's been identified where they're wasting tens of millions of dollars, and all political parties agree — we've got to do something with it. So I said to the Prime Minister, I appreciate the money that you are allocating to agriculture, I don't appreciate your approach that you are taking with respect to

unilateral decisions. If you want to look at saving some money with respect to the budget, I suggest that he goes back and look at duplication as opposed to just saying, well, now we're going to change our suggestions and our ideas coming out of Ottawa.

MR. KOSKIE: — A supplement, Mr. Speaker. Mr. Premier, what the people of Saskatchewan want to know: are you, in fact, going to fight on behalf of the people of this province in respect to the massive cuts that are being proposed by the federal government in the transfer of payments? Any reports that came out, you were the most smiled on; on the Prime Minister; in fact, you indicated, good work, Brian, keep up the good work.

I'm asking you, what actions are you prepared to take to stand up for Saskatchewan people in the education and health system of this province?

HON. MR. DEVINE: — Mr. Speaker, what I did was say to the Prime Minister, what you're doing is wrong. Don't take unilateral changes and cuts without negotiating with the provinces, okay . . . (inaudible interjection) . . . Well I said that right on the television. We'll get you the tape if you want to look at it. Other premiers said the same; they said, I don't like it, I want you to change your mind, and other premiers argued with him.

What we've got out of the process from what I can see, and you can read the press results and so forth, is that we've got ourselves a process on trade and a process on agriculture. And the ministers of finance will meet on the 12th of December, I believe, with the federal Minister of Finance who has now heard all the concerns of the premiers, and we'll say, why don't you look at a long-run process as opposed to this all of a sudden, bang — that's what's going to be.

I also said, there are expenditures in our province in health and education, advanced education; we're up 9 per cent to 10 per cent, much higher than the national average. So I said to him, when are you going to be dealing with keeping it up with inflation? and the Prime Minister said, well I'm increasing it with the rate of inflation; 5 per cent. The premiers come back and say, well that's fair ball, but the expenditures in health care and education are going up faster than 5 per cent, and it won't keep up. So why don't we sit down and negotiate what this is. Then a premier from Newfoundland would speak up and say, well, for heaven's sakes, I've got a 12 per cent sales tax rate and high income tax, and I'm expected to handle it the same as Alberta that has no sales tax and low income tax, that isn't fair either, and he has a good point.

So the whole question of how we allocate it, how we work it out, and the process, will be brought up, not only again at the next first ministers' meetings, but at the finance meetings which will take place on December 12th.

MR. KOSKIE: — Final supplemental, Mr. Speaker. Mr. Premier, can you give your unequivocal commitment that this will be a high priority, and that you will take a very strong stand against your friend, Brian, in order to protect the health and education here in Saskatchewan?

HON. MR. DEVINE: — Well, Mr. Speaker, my hon. friend has my commitment that the best interests of Saskatchewan in health and education, and in agriculture, and in trade, and so forth will be the thing that I will be protecting at all times. And when we can use to our advantage co-operation with the federal government to build programs, whether it's in agriculture, whether it's in energy and jobs, I'll build on that advantage. When I don't think it's to our advantage, he'll know about it, and that's exactly how we'll deal with it.

SOME HON. MEMBERS: — Hear, Hear!

Status of Lloydminster Oil Upgrader

MR. LINGENFELTER: — Mr. Speaker, my question is for the Premier, and it has to do as well with the meeting in Halifax. Before you left for Halifax, your Minister of Energy indicated that you would be using the conference to meet in private with federal officials and federal government members to

bring you up to date on the status of the Lloydminster upgrader. I wonder if you can inform the Assembly whether you took that opportunity to get an updating, and, if you can inform the Assembly, when that will be concluded and when we can expect an announcement on the beginning of construction of the Lloydminster upgrader.

HON. MR. DEVINE: — Yes, Mr. Speaker. I had a chance to visit with federal cabinet ministers, well, not energy officials, but some of the Prime Minister's officials and others with respect to the project. I believe it would be fair to say that the federal government's number one concern is what oil prices will do. They've got conflicting forecasts. They have one bank or financial institution that will say oil prices will go this, and you've got another one that says it will go this, and some say it's going to go like this. It's just a little bit like the Premier of Ontario, Premier Peterson saying, well look, I can get economists, and then if you can get your economists, we can talk about the pros and cons of trade, and so forth. We have to be able to sit down and agree that this is the case.

With the changes in the western energy accord, and with changes obviously that take place from time to time with respect to what United States is doing, and so forth, the feds are saying: I want to look at what oil prices will do, and I also want to be able to forecast with some conviction when that upturn will take place. It's not so much that they don't think that it's going like this and won't turn around. It's how long this change is in the . . . (inaudible) . . .

And so the Royal Bank, just in the same time, forecast that energy prices are going to be going up through the 1980s. By 1987 and 1990 it looks very positive for the provinces of Alberta and Saskatchewan with respect to energy. Toronto Dominion Bank says, no, that's not the case; they're going to dip and they're going to stay there for a while. So that's obviously what they're looking.

I'm very committed to the project, as is the Premier of Alberta, in the sense that if we can process Saskatchewan oil now and build now, we'll have a capacity to be not only independent but to have much more market power when it comes to marketing internationally, both for crude and diesel fuel, gasoline, and the various kinds of synthetic crude we want to make. It gives us more market power, and those arguments are the same that we had used for the co-op, and I'm sure that they would say much the same.

MR. LINGENFELTER: — Supplement to the Premier. Mr. Speaker, I'm happy that the Premier outlined that oil prices go up and down, and in the industry this isn't a new phenomenon. Major decisions have to be made, based on what we know at the present time.

What I would ask you, sir, is: what were the indications in terms of a time line? When will the officials be getting back to you to indicate whether or not this major project, which has been announced three or four times by your government, when the sod turning will be, and when will we start construction of the Lloydminster upgrader?

HON. MR. DEVINE: — Well, Mr. Speaker, the officials have put the information together, and I believe that they will be briefing the Minister of Energy for Saskatchewan and the Minister of Energy from Alberta, plus members of parliament, and so forth, within the next week — something like that. Obviously then, the Premier of Alberta and I will be briefed, and we'll be looking at it in terms of what do the numbers say and what do you expect, and we'll have our opportunity to argue about it.

I would like it confirmed. In question periods I can't ask questions. But I would like it confirmed that you would sincerely like to see the project go ahead.

And if that's the case, that would also help. Because if I can take to the Prime Minister, okay, that it has complete, solid endorsement by all political parties in Saskatchewan — and if nodding your head is affirmative — I'm not nodding your head any way that it shouldn't be nodded, but if it is up and down, that you endorse this project in Lloydminster, then we have the support, Mr. Speaker, of the previous Liberal government, because they put it together, the Progressive Conservative government here and in Ottawa, and the NDP opposition here. And if the NDP

members of parliament would support it, then politically we'd certainly have it covered.

And the down side then with respect to say, governments coming back and say, well I will support this for whatever reason, would be very helpful. So if I could confirm that you have affirmed that, I'll take that right to the Prime Minister.

SOME HON. MEMBERS: — Hear, hear!

MINISTERIAL STATEMENTS

First Ministers' Conference

HON. MR. DEVINE: — Well, Mr. Speaker, I get a chance to do this again. I just wanted to briefly and in a very non-partisan sense, Mr. Speaker, because we're supposed to do it that way in the legislature when it comes to ministerial statements, give a summary of what went on at the first ministers' conference. And I will take the opportunity to give a little bit of the information with respect to what led up to the conference and the results that we got out of it.

When we're approaching a first ministers' conference, we want to identify always the kinds of benefits that we could get out of the province, for the province, as quickly and as well in advance as possible. So we want to identify the things that could be our key objectives. We want to establish a strategy that would take us in there. We want to work hard on the background analysis. And then obviously we want to get a consensus as much as possible to pull them out.

Well we had three major areas that we wanted to see success in. The areas were agriculture, and trade, and the whole question with respect to economic activity associated with opportunities for everybody, but particularly including women.

And if you will recall, Mr. Speaker, when we had the first ministers' conference here in Regina, one of the things that we focused on was a mechanism of dealing with our differences between the provinces; not that we wouldn't have differences, but how would we deal with them.

And I believe people across the country and certainly the Leader of the Opposition would recall that there would be pretty strident arguments between provinces and the federal government, and often it would get to the point where people would say, well co-operative federalism is dead, and it doesn't work, and all the rest of that. And I think the general public, and certainly the people, would say, I think you should get on with working and building and being as co-operative as possible. So while we were here in Regina we focused on job creation and training, investment, and trade.

Well we from that built the agenda, Mr. Speaker, to the kinds of things that we wanted to do in the Halifax conference. And we had an earlier meeting of premiers in St. John's, Newfoundland, and there I argued to get agriculture on the agenda, not only in St. John's, but for the first time in a long time, if ever, to get agriculture as a priority item for the premiers and the Prime Minister to discuss all at the same time.

So we had on the agenda, then, the five following things: the review of federal-provincial relations; the review of economic and fiscal situations; agriculture and fisheries; trade; and five, economic and social developments, and particularly women's issues.

Well, very briefly, to report specifically on those five, Mr. Speaker: with respect to federal-provincial relations, we wanted to communicate to the federal government, and our objective was to say, stay the course with respect to as much consultation as possible. Don't revert back to the old ways. Co-operative federalism can work if you negotiate with each other. If you have your ministers and officials, then it will work out to be positive.

The result was that we did maintain that process and despite the differences as were raised, like established program financing and others, we found that we were able to get a consensus on several

items. I will elaborate on them in just a moment.

We needed to continue to communicate the results of these — this is one of our objectives — to the general public. We presented, for example, our information on agriculture and we presented it well in advance of the conference. We got much of a consensus before we even met. As a result of that, it obviously led to the various kinds of things we said were possible at the conference.

With respect to the economic and fiscal situation, the second was a combination of things. We wanted to communicate the concerns to the federal government with respect to the economic conditions, but also identify those areas that worked. In terms of just generally how we are doing, we all recognize the fact that interest rates are down. Inflation is down. Unemployment is down across Canada. Investment is up and growth is up. The general markets across the country are up. I think the Prime Minister announced that while we were there the latest StatsCan figures on growth in Canada are the highest they've been in 1 year. So we can take some satisfaction that we've turned the country and the co-operation has helped us build some things.

Now obviously, Mr. Speaker, with respect to the whole economic picture, we're not out of the woods yet, because we have some significant problems of deficits at the national level — and we identified those — and in agriculture. We suggested several things that they could do in terms of addressing all of these: move towards more tax reform, and I got good co-operation from my colleagues in Manitoba; move to provide more opportunities to participate in the public sector through Crown corporations; review the spending priorities, and we asked them to do that; avoid duplication, and I touched on that in question period because it would be very helpful if they would clean their own house and look at the duplication of services right across Canada before they would come out into the provinces and look at them.

Well the result was that we did get a commitment by the federal government to continue the process of consultation even with ministers of agriculture, or finance, and others.

Let me turn to agriculture. Our objective in agriculture was to, number one, get it on the agenda; and number two, get a commitment by people in agriculture, the Prime Minister and the premiers, to adopt a brand-new agricultural strategy and be committed to making some major changes. We proposed several areas. I proposed them to the complete conference and received unanimous consent that we do the following: number one, that we kick into gear a process that will lead towards a brand-new agricultural strategy in this country; and number two, that we work on four major parts to that.

1. At developing a national emergency assistance program. We had consensus — in fact even the recent payment by John Wise. The Minister of Agriculture in Saskatchewan says this is the pilot project that we will use to develop a new national disaster mechanism across western Canada.

2. That we move towards a restructuring and a re-evaluation of the entire farm debt situation. That would include looking at interest rates in agriculture, taxing in agriculture, and all the things that we could do to reduce the input costs in agriculture.

3. That we move towards a massive exercise in agricultural trade, move to more trade, a reduced protectionism, find better markets, higher prices, and also take that as far as we can with respect to agriculture in advance of GATT. And I recommended to the Prime Minister, and I suspect he's looking at it seriously, that he consider calling an agricultural conference, and international conference, prior to GATT. He can invite the President of the United States and the President of France and so forth.

4. And a brand-new technology in resource development when it comes to agricultural research.

Well we will be reporting back and our ministers will in the months ahead, in January and February and March, and we're putting them to work on a disaster mechanism and on restructuring the debt in agriculture and so on and so on. And that is in the process.

And on trade, Mr. Speaker, to be as briefly as I can, we went into the meetings with a great deal of scepticism with respect to whether we could get provinces to agree on a comprehensive process to more trade. We had comments coming out of Ontario, certainly out of Manitoba and other places, that it wouldn't work and it might work and so forth.

To make it as brief as possible, Mr. Speaker, we now have a process where the prime ministers and the premiers of this country can work together towards a comprehensive free trade arrangement with the United States. Over the next 90 days, we will be dotting the i's and crossing the t's and filling in the blanks on how we can move to that mechanism. This was agreed upon by every premier. Obviously Liberal premiers, NDP premiers, Conservative premiers, Social Credit premiers, and so forth, agreed that trade was a good idea, that the process was very important, and as we move into that process, we should make sure that we protect those that need to be protected and not frighten anybody in the process.

Finally, Mr. Speaker, with respect to economic and social development, I believe that you will see, not only at this first ministers' conference, but in first ministers' conferences to come, that women will be involved in more and more of the economic issues, right in the middle of the discussions and not confined to an unfortunate social issue or just a problem. But looking at the fact that women are not the problem, they are very much a part of the solution, and they deserve to be, and things that we could suggest with respect to access to credit, more training, economic management, and the success that they've had to date would make it much better for Canadians from coast to coast.

So in general, Mr. Speaker, we went in with a big agenda. Obviously there was some doubt of whether we could get agreement on various things. We got agreement with respect to agriculture and trade and economic issues, and we put the ministers to work with respect to financial issues, and I did, and I will again, congratulate all the premiers, particularly the new premiers, and indeed the Prime Minister, for their co-operation and their hard efforts, and I look forward to the results in the near future.

HON. MR. BLAKENEY: — Mr. Speaker, I would like to comment on some of the points made by the Premier. It is clear, I think, that turning first to agriculture, there was virtually no single commitment received by the Premier that would be of interest to farmers. There was no raising even of the issue of agricultural chemicals, the cost of them, as the Premier was free to admit in question period. There was no commitment respecting the importation of European beef, in spite of the rampant protectionism practised by the Europeans that the Premier outlined in one of his answers during question period. There was no commitment to debt restructuring, and this is one that I thought there might well be something concrete on, because a good deal of prior work had been done on that, and it clearly involves federal-provincial participation, involving as it does the Farm Credit Corporation and Bankruptcy and Farmers' Creditors Arrangements Acts, and other matters in the sphere of the federal government, together with provincial legislation directed to moratoriums and similar assists to farmers. No commitment on that at all.

In fact there was no commitment at all except to study; a commitment to meet; a commitment to have ministers meet. All I can say is, if studies could solve farmers' problems, every farmer in Saskatchewan would now be a millionaire.

With respect to transfer payments, we have an acknowledgement that the proposals by the federal government are going to cost us \$20 million the first year and more thereafter, at a minimum \$100 million during the course of the five-year plan outlined by the government opposite, and more likely \$200 million during that period. And this poses a major threat to our hospital system, to our medicare system, to our universities and other post-secondary educational institutions.

I'm disappointed that the urgency of this situation was not more forcefully put to the Prime Minister by the Saskatchewan delegation. It's clear that the Prime Minister was not impressed. He's quoted as saying: 'I listened and I acted; I said no.' Someone needs to speak more forcefully on behalf of these vital programs, vital to the people of Saskatchewan.

I turn now to tax reform. I regret very much that no steps were announced towards a reformed tax system. Everyone knows that there are unconscionable flaws in our current tax system, and it impacts both on the federal government and the provincial government. No one has put that more forcefully than the Minister of Finance, the member for Kindersley.

We have the tax breaks which can only be called unconscionable to people like Dome, costing a billion dollars and Gulf costing a billion dollars, but no steps were taken at this conference to announce that these loopholes would be plugged or that steps would be taken to have a minimum income tax on the wealthy, a minimum income tax threshold, which will apply both for federal and provincial tax purposes.

Turning to trade. As far as I could see what was achieved was that we were going to have further consultations to arrive at a process whereby we might consult. I think that does not represent a very long step forward. The *Globe and Mail* puts it as a shadowy promise, a thin promise of participation on the part of the federal government that provincial governments would have some process of participation.

Turning to the last item mentioned by the Premier. If there was any definite decision on improving the place of women in the economy, I missed it. I didn't see it in the final communique nor in the press reports. Admittedly, you can't cover everything definitely in a short conference, but I find virtually nothing of firm decision taken by this federal-provincial conference, and I find, I regret to say, very little evidence that the Government of Saskatchewan pressed and pressed hard for a short list of decisions which would be of great benefit to the people of Saskatchewan and which the government has often spoken of here in Saskatchewan, but apparently does not speak with such force in Halifax or wherever the first ministers meet.

SOME HON. MEMBERS: — Hear, hear!

ORDERS OF THE DAY

GOVERNMENT ORDERS

SECOND READINGS

Bill No. 117 — An Act to amend The Agricultural Credit Corporation of Saskatchewan

HON. MR. HEPWORTH: — Mr. Speaker, it's with honour and pride I rise on behalf of the Saskatchewan farmers today to move second reading of legislation that will implement a potential \$1.2 billion production loan program for Saskatchewan farmers. Mr. Speaker, this represents the single largest cash injection into farming ever undertaken by any government in the history of Saskatchewan. It will give farmers the support and confidence they so urgently need as they plan for next spring's planting.

This cash injection will ensure farmers — I might say, Mr. Speaker, all farmers in Saskatchewan — that they will have the necessary cash flow to undertake the annual spring megaproject. This cash injection will assure the small businessmen of Main Street, rural Saskatchewan; the chemical dealer; the fertilizer dealer; the fuel dealer; the equipment dealer; and so on; that farming operations will not be trimmed back; farming operations will not be jeopardized because of tight cash flow on the farm.

This cash injection, Mr. Speaker, will further assure the people of Saskatchewan who work directly and indirectly at jobs in this business of farming that those jobs will be maintained. And, Mr. Speaker, I need remind no one in this House that in Saskatchewan one out of five jobs are either directly or indirectly part of the agriculture industry.

(1445)

Mr. Speaker, the government of Premier Grant Devine, in fact the Premier himself, said in this legislature he would put the treasury on the line for the Saskatchewan farmer. Mr. Speaker, I would suggest to you the treasury of this province is on the line for the Saskatchewan farmer and I might say, Mr. Speaker, with pride. It's there, Mr. Speaker, because we believe in our farmers; we have faith in our farmers and we are not about to let them down.

Put simply, the changes to The Agricultural Credit Corporation of Saskatchewan Act will provide for a \$25 per-cultivated-acre operating loan at 6 per cent to a maximum of \$100,000 per individual farmer, repayable over three years. Additionally, Mr. Speaker, I'm happy to report that elevator companies have agreed to help. Applications will be available at the elevators in the new year.

What does this mean, Mr. Speaker, for example, for a 1,200 acre farmer? Well what it means is that he will be eligible for \$30,000 cash — hassle-free cash, I might add, Mr. Speaker — to use as he sees fit. It is not assignable. It's cash that is available to him without going to lending institutions on bended knee or cap in hand, and it's cash that's available at an interest rate of 6 per cent, not 12 per cent as might be the going rate today at many financial institutions, not 18 or not 24 per cent as might be the interest charged on outstanding trade accounts today, Mr. Speaker, but in fact, at 6 per cent.

The interest saving to that farmer in the first year could be \$1,800 or, in the case of trade accounts at 18 per cent, it could even be a saving of \$3,600 and more. And I might say, Mr. Speaker, that this is not just a program in response to the hardships in farming today — hardships caused by drought, or hardships caused by a rainy, wet fall, or hardships caused because crops are still under snow, or hardships due to grasshopper damage or diamond-back moths or wheat midge or high input prices and low commodity prices.

To target at just one of these areas, Mr. Speaker, would be unreasonable and unfair. It was our view, Mr. Speaker, that the time had come to address the financial hardship of all Saskatchewan farmers, whatever the problem, wherever the location.

It was designed as well, Mr. Speaker, to be fair, to be responsible, yet responsive; to be sensible, yet sensitive. But that, Mr. Speaker, does not mean to say that some targeted help was not necessary for those suffering especially and particularly from weather or pests. And that is why, Mr. Speaker, Premier Devine announced changes to the crop insurance program this summer, and that is why the livestock sector was particularly addressed this past summer in response to some special problems created by prolonged drought.

And what was the drought aid, Mr. Speaker, that was announced this past summer? It was targeted, as I've said, unlike this program. And to give members opposite an example, I would like to return to my example of a 1,200 acre farmer. In fact this farmer, Mr. Speaker, has 1,200 acres of cultivated land; has 600 in crop; he has a 60 brood cow-calf operation. In fact he farms in the Assiniboia area, Mr. Speaker, on average soil type. He's had excessive production losses for several years due to drought and grasshoppers; his crop insurance was down to 70 per cent of the average district yield, and where the yield there is normally 25 bushels to the acre, his yield in 1985 came up to four bushels per acre.

Now this farmer might be somewhat smaller than, for example, the agriculture critic in opposition here, Mr. Speaker, but I think it will serve as well to make our point in so far as how there has been targeted aid, and how it dovetails quite nicely with this program here, Mr. Speaker.

First of all, Mr. Speaker, in early spring, when that farmer was threatened with the lack of pasture, there was a grant available to the tune of \$3,200 to move those cattle to summer pasture. And later in the summer, in July, after meeting with the Saskatchewan Stock Growers and the Saskatchewan Association of Rural Municipalities, and having heard from many farmers from across that area, a \$60-per-head grant was made available on the breeding stock, Mr. Speaker — 100 per cent of the breeding stock, not 85 per cent; no retention requirements, Mr. Speaker, and that program today has put out something in the order of over \$25 million. And for this example here, Mr. Speaker, of the 60

cows, that's \$3,600 cash in his pocket. And I would be remiss if I did not acknowledge the efforts and the contributions and the unselfish way in which farm organizations and farmers gave their time in helping design those programs this past summer.

And I specifically think, Mr. Speaker, and I would like to publicly acknowledge the efforts of the Saskatchewan Association of Rural Municipalities, the Saskatchewan Stock Growers, the Saskatchewan Wheat Pool. And many of my colleagues in the government benches here, and particularly the member for Saltcoats, my legislative secretary at the time, Walter Johnson.

At the same time, Mr. Speaker, to try and maintain the brood cow factory in the province, recognizing full well that it might not have made any sense to try and force a rancher at Climax, Saskatchewan whose pastures may have been as bare as this table, we introduced a program of \$125 per head, cash advance, at zero per cent interest rate for all classes of livestock. That program today, Mr. Speaker, has put out \$125 million, in fact closer to \$130 million, Mr. Speaker, and as well those government cheques are going back out to farmers three days after we receive their applications. That program from my example from my farmer from Assiniboia has meant \$15,000 in additional cash flow for him and an interest benefit of something in the order of \$1,500.

Changes to crop insurance, Mr. Speaker, or the provincial treasury, top loading the crop insurance program, restoring to full coverage, and increasing the minimum to count to five bushels to the acre, on this example, have meant a net benefit of 14,400 in the case of restoring full coverage and 9,600 in increasing the minimum to count, Mr. Speaker.

This \$25 per cultivated acre, 6 per cent operating loan, as I pointed out earlier, would have at least a net benefit of \$1,800 and a program that we'll talk about later in this House. The 21 cent per gallon oil royalty pass back would mean, I think, something in the order of \$1,300. And I use these numbers, Mr. Speaker, to point out that there's been a cash benefit targeted to that drought area, either through targeted programs or access to universal programs of something in — this example of a farmer at Assiniboia, Saskatchewan — something in the order of 35,400 and in fact, to the tune of 77,100. And that doesn't include things like his regular crop insurance payment, the grain stabilization payment this spring and this fall, nor this most recent federal announcement, Mr. Speaker.

So I think, although some might argue that this program that we announced, this \$25 per acre, should have just been targeted at the drought area, Mr. Speaker, I think you will see the changes that we've made, and the programs that were put in place over the last six months, in fact, have gone a long ways to assisting those in the drought area.

As I said, Mr. Speaker, the legislative changes were not just targeted to one group, or one area of farmers, but this program I can say, Mr. Speaker, this \$25 an acre at 6 per cent, is targeted at a consistent farm threat, and that consistent farm threat, Mr. Speaker, has been high interest rates. It's been unpredictable interest rates, Mr. Speaker, and it's been unstable interest rates. Time and time again, farmers have told us that the number one problem facing them is interest rates.

The Saskatchewan Wheat Pool has had for more than a year now a resolution asked by their membership calling for 7 per cent interest rates. The briefs that we received at the conference in Saskatoon, Mr. Speaker, virtually every one of them made reference to the interest rate problem and the need for low, stable interest rates. And that was the same message, Mr. Speaker, that the Premier took to Halifax first ministers' conference, and I would suggest to you, Mr. Speaker, that when it comes to interest rate relief, interest rate relief is a trademark of the Devine government's understanding of the farm problem.

We now, Mr. Speaker, have in addition to the 6 per cent operating loans that are being put in place by this legislation, we have programs to compliment that interest rate relief through the 8 per cent money for the purchase of farm land for young and beginning farmers, and as well 8 per cent money for livestock and irrigation development. And those programs themselves, Mr. Speaker, have

provided substantial relief, interest rate relief. Something over 4,700 young farmers are today enjoying 8 per cent money to buy their first farm, in many cases, and that's not a rebate, Mr. Speaker, down to 8 per cent money that's in the order of \$250, or \$279, or \$300. Those rebates total, on average, something in the order of \$5,000 and I would suggest to you, Mr. Speaker, that that is significant interest rate relief.

Loans made by our young farmers totally something in the order of \$.5 billion are protected by those programs and I'll compare that any day, Mr. Speaker, to the intergenerational transfer mechanism put in place by the previous government, known as land bank, and in its entire existence, 10 years, only helped 2,700 farmers — even with low-cost rental, if you like — and certainly in so far as helping them purchase the farm, the family far, 152, I think is the number that were helped in that regard, Mr. Speaker.

In addition to the 6 per cent, the 8 per cent, the zero per cent interest rates on the livestock cash advance, Mr. Speaker, I would suggest to you that farmers can approach farming in this province with some degree of security and confidence when it comes to addressing the interest rate question.

So I would suggest to you that, Mr. Speaker, not only does this program address that question, but as well it puts cash in farmers' hands. I think we've all seen editorials, letters to the editor, briefs to ourselves, that suggest the big issue out there was the cash that would be needed to plant crops. And, Mr. Speaker, we are covering both those issues.

And I would further suggest, Mr. Speaker, that some of the young farmers today would not be in trouble if there had been action when interest rates were 22 per cent in this province. If members opposite, when they were government, had wrestled with that issue of 20 and 22 per cent interest rates, Mr. Speaker, young farmers today — and whatever the number is, 2 or 3 or 4,000 of them — would not be in trouble, would not have the burdensome debt hanging around their necks, because nothing was done when interest rates were 22 per cent and the viability if the family farm was threatened by those members opposite because of inaction.

SOME HON. MEMBERS: — Hear, hear!

HON. MR. HEPWORTH: — Where were the NDP, Mr. Speaker, when interest rates were 22 per cent? Where were they, Mr. Speaker? Where were they when the interest rates were piling up and piling up until today, Mr. Speaker, we have facing these young farmers a burdensome and, in many cases, very difficult-to-manage, burdensome debt.

The roots of this problem, Mr. Speaker — and I see the member for Regina North East chirping about, be nice. I would say to him: where were the NDP in 1983 when homeowners were faced with 22 per cent mortgages? Where was the thirteen and a quarter per cent, Mr. Speaker? The root of the farm problem today, Mr. Speaker, the root of the . . .

MR. SPEAKER: — The minister is introducing a Bill in second reading, and I would ask him to stay on the subject of the Bill. Interest on farm homes is not involved here.

HON. MR. HEPWORTH: — Thank you, Mr. Speaker. Your point is well taken.

The roots of the interest rate problem today, Mr. Speaker, in the farm community, I would suggest to you, were seeded in the decade just previous — the decade of the '70's, the late '70's and early '80's — when there was no compassion shown for farmers, but rather simply one of contempt, Mr. Speaker, contempt for the family farm.

It is our hope and intention that debate on these amendments, Mr. Speaker, will not degenerate into political rhetoric. I know there are some out there who say it's too little too late. I know there are some out there who will say it should be \$50 an acre or nothing.

I know, Mr. Speaker, there are some out there, and perhaps some in this legislature, who would like to pit those in the South suffering from drought against those in the North suffering from crops under snow, or sprouted crops harvested under tough and damp conditions.

I know, Mr. Speaker, there are some in this House who would like to pit the farmer suffering from grasshopper problems against those suffering from wheat midge, or against those suffering from diamond-back moth. I know, Mr. Speaker, there are some in this House who like to drive the farmers in the North against the farmers in the South, Mr. Speaker.

But I would suggest, Mr. Speaker, such pretty, political rhetoric will only delay implementation of this program, and I would suggest to you it's a program which farmers eagerly await.

Specifically, we are asking that five sections of The Agricultural Credit Corporation of Saskatchewan Act be amended. I will go through those in detail.

(1500)

In section 2 of the Act, we are requesting that the definition of a farmer be changed. We requested the requirement that a farmer must be principally occupied in farming to replace the requirement that a farmer be actively engaged in farming. This change reflects the criteria of other recent programs such as the livestock cash advance program, and it recognizes the fact that off-farm income is a significant fact of life for many farmers. It enables the program to provide equal assistance to farmers who use off-farm income to build or sustain their farming operations.

The recently published report of the task force on rural development stressed the need for programs which recognize this requirement of farmers and the contribution they make to agriculture, and not base programs on whether a farmer is a part-time or full-time farmer. The production loan program is intended to help all farmers, and this change will provide the legislative authority to allow this.

In section 4 we are requesting that loan or grant proceeds payable by the corporation not be subject to assignment without the corporation's consent. This change ensures that program benefits are received by the intended recipient. It means that farmers will have control over how the money can best be put to use in his farming operation. The farmer will set and follow his own management and financial priorities.

In section 9 we are requesting that reasons for which the corporation may make loans be expanded. Under the Act as it now stands, the corporation is restricted to making loans for livestock and irrigation. The production loan program which we are proposing will provide loans to grain farmers, and as a result the mandate of the corporation needs to be broadened. This amendment will enhance the corporation's ability to respond to changing and unpredictable conditions in agriculture.

In section 22, Mr. Speaker, we are requesting that the corporation's borrowing limit be increased to \$2 billion. This increased limit is needed to implement the production loan program which has the potential to put \$1.2 billion in farmers' pockets.

And finally, in section 29, we are requesting that Lieutenant Governor in Council be allowed to define non-farm income and net worth as used in the Act. This amendment will allow for a more straightforward implementation of policies and will simplify administration of the program. For example, it will make it easier to deal with issues such as income from a job which is no longer held by an applicant, or whether capital gains from the sale of farm equipment should be treated as non-farm income. This administrative change makes good sense because it helps the corporation deal effectively with cases such as the young farmer who has made money in the oil patch.

Mr. Speaker, the Agricultural Credit Corporation of Saskatchewan will administer this program, and these five amendments will allow the corporation to get on with the job of putting low interest operating money in farmers' hands to seed the 1986 crop.

And one could say, Mr. Speaker, that we chose the low interest production loan approach for 19 very simple reasons. In meeting with farmer after farmer, and farm organization after farm organization throughout Saskatchewan, we were told that farmers didn't simply want grants. Farmers aren't simply looking for charity. Farmers told us that give-away programs by themselves don't work. Farmers said that what was needed was a program that would help get input costs down; input costs like interest. Interest charges are the number one cost to many farmers. That's what this program does, Mr. Speaker, is tackle interest costs. Furthermore, this program provides farmers with cash flow, whether they be in Maidstone or Oxbow or Carrot River or Creelman. Next year's crop will go in, Mr. Speaker.

And farmers aren't so naïve, Mr. Speaker, nor is our government so naïve as to think or suggest that governments can legislate prosperity on the farm. The initiatives of the past three and a half years that this government has undertaken will not by themselves, nor should they be expected to, buy prosperity. They cannot. We live in a global market-place. But what these measures will do, Mr. Speaker, and I would suggest to you should be expected to do, is maintain our family farms through a very difficult period.

That is our commitment to the farmers of Saskatchewan, and that is our commitment to the people of Saskatchewan. I think, Mr. Speaker, the Premier put it better than I could have said when he spoke on the agriculture issue at the first ministers' conference. And I quote, and he said:

Mr. Prime Minister and my colleagues. In my view agriculture and the food business is the backbone of the Canadian way of life. We settled this country with farmers and farm families. Every one of my grandparents were immigrants, and all farmers. They all started here in this country. It is unique. It is a much-respected way of life. It has been good to the Canadian consumer. It has been good to the economy. It has been a fine heritage and one of our long and traditional strengths. We needed agriculture to build Canada in a special way. Mr. Prime Minister, now — right now — they need us.

End of quote, Mr. Speaker. Right now, Mr. Speaker, we are delivering for the Saskatchewan farmer.

SOME HON. MEMBERS: — Hear, hear!

HON. MR. HEPWORTH: — And so it is with pleasure, Mr. Speaker, I move second reading of Bill No. 117, An Act to amend The Agricultural Credit Corporation of Saskatchewan Act.

MR. ENGEL: — Thank you, Mr. Speaker. I can understand some of the members on the other side wishing to call a question right now without any further debate on this issue.

To set a little framework for why the Bill is before the House today, Mr. Speaker, I'm hopeful that you'll give me similar latitude as the Minister of Agriculture had when he discussed the Bill.

Basically, the government decided to put out a loan program as their strategy to solve the crisis that is facing agriculture. Mr. Speaker, and Mr. Minister, I want to tell you that that is an indication and a total admittance of defeat by this government to solve the crisis facing agriculture.

When I was in construction and I was doing work, the years that I needed to borrow money for a line of credit, Mr. Speaker, were the years I wasn't making any money. And that started in 1964 when we had a Liberal government come into this province, and they start cutting grants and start shortening it up. For farmers to say that the solution to the farm crisis, and here's our major framework, how we're going to straighten things out is, let's figure out ways for the farmers to borrow money. I was really impressed with the headline talking about the agricultural strategy that our Premier suggested in Ottawa, and the headline reads: 'Devine suggests farmers sell shares.' Farmers sell shares.

A position paper dealing with the burdensome farm debt includes the sale of shares. Equity financing as an alternative to borrowing money. A program of this nature would

allow farmers to issue shares to obtain capital as an alternative to debt financing, thus reducing cash flow difficulties during the initial years of a farm enterprise, Devine's paper said. It suggests tax concessions to attract investors.

So here's a bank. I owe the bank some money. I don't have to pay that money back, but I'll give the bank an equity position in my farm. And what does that paper go on to say and to encourage the bank to take that equity position? We'll give you a little extra tax incentive. They haven't made enough profits yet — 140 per cent profits more this year than last year isn't good enough for the banks, Mr. Speaker. So this government comes along with Bill 170 and says: borrow some more money, or another alternative, sell some shares.

I'd like to continue one short quote out of here, Mr. Speaker, if I may.

In an interview Thursday, Devine said one effect of the proposed farm share program is it would encourage banks which hold over-valued mortgages on farm land to take an equity position instead of . . .

Instead of what the Premier from Manitoba asked for, instead of what we asked for. Don't tell the banks to offer write-down legislation, is what this paper suggests and what our Premier took to the conference. Don't tell them to write down because that might costs the banks some money. Take an equity position in the farm, take a share position in the land. I'm continuing to quote directly from our Premier:

I don't think you'll see any massive write-downs by many financial institutions, but many financial institutions may take equity positions. Devine said tax concessions would probably be attractive to individuals looking for a tax shelter . . .

And what scooped the whole story, Mr. Speaker, the bottom line is:

. . . and others may see shares as a good investment to buy low and sell high.

When the farmer's in tough conditions and he can't make his payments, buy the shares low — buy the shares low. When the NDP gets back in government and things pick up — like it did every time we got back in there — when the NDP get back in, sell high. Don't take a write-down on the debt. Don't take care of the farmers' situation, but to the bank, buy low and sell high. That's this government's solution to a crisis facing agriculture, Mr. Speaker. I think it's despicable. They've shown where they stand as far as the banks are concerned, and they're showing you why. They're telling the farmers, borrow some more money so you can pay your banks up, so they don't have to offer you write-down legislation. They don't have to offer write-down legislation.

Well I want to tell the minister who likes to cynically talk about how successful some of the ranchers are down south, I'd like to tell him that it's a good advantage; it's a good advantage to get 25 bucks an acre up to \$100,000. That's not bad with no strings attached, no equity position. That's not bad. Use that government money for an unfair advantage over the farmer that needs it. That farmer that needs it. They tell the banks another story. They've got another story for the farmers in trouble.

The minister has the nerve to stand up in this House and challenge me not to pit the northern farmer against the southern farmer. I've never done that and I've never intended to do that. I challenge him to stand up in this House and tell us when I was against the flood payments in the north-east. I challenge him to say that I didn't push that you come across at that meeting. You can read it over and over in *Hansard*. And with the encouragement of the local reeves, they came across and they made their payment. But, Mr. Speaker, a federal election was around the corner; a federal election was around the corner. And this government put up their 10 bucks an acre for 80 per cent of the acres that were flooded, and they challenged Mr. Whelan to do the same. They knew they had him over a barrel because of an election offing.

Why don't you do that today? Why don't you do that today with Mr. Mulroney? Why slap Mr.

Mulroney on the back and say, keep up the good work? Keep up the good work. And you know, what is the good work, Mr. Speaker? What is this good work that Mr. Mulroney's involved in? Well I want to tell you: 'Ministers see need for agriculture policy.' And the line that I read, 'Manitoba premier Howard Pawley challenged a comment by Mr. Mulroney in his opening statement that farmers must be more efficient.' Let me repeat that so that I'm sure our Minister of Agriculture hears it. Farmers must become more efficient. That is Mr. Mulroney's statement to the agriculture crisis facing us here. His statement is, get yourself more efficient. I want to challenge Mr. Mulroney to show me one bank or one oil company that's as efficient as any farmer. I don't care if it's a small farmer on a section of land, or even on three-quarters of land in the Duck Lake area, or if it's a farmer on four sections of land in my area. I want to tell you, show me a farmer that isn't efficient. Show me one. But your answer is saying that the farmers aren't efficient; the farmers aren't efficient.

That's our Premier's opening statement, and you slap him on the back and say, keep your chin up, Brian; keep up the good work. Keep up the good work. Well I want to tell you, my farmers don't think that the federal government is delivering very good work. The federal government isn't delivering very good work.

The sad part of the whole thing, Mr. Speaker, is the headline that we read on November 29th in the *Leader Post*. Trant, a senior analyst in the Department of Agriculture, a Mr. Trant:

Trant said it would probably take until March or April before agreements were negotiated with the four provinces and forms are drawn up for farmers to apply for a share of the \$95 million Ottawa is making available.

(1515)

It won't be before the middle of March or April — that's what he says — when the forms are ready.

When I heard the Premier announce this \$25-an-acre program on Bill 117, he said it's going to be out before Christmas. Now the minister says, next year you can pick up your form at the elevator. You're even taking and making this Bill an election ploy.

I think it's time this government faces the facts of life, faces the realities that are out there. Farmers don't need to borrow more money. And this Bill is a good example of the seriousness affecting the farm situation.

Saskatchewan farmers today are in debt to the tune of \$5.5 billion. That's our present debt — \$5.5 billion. And this Bill here, according to the Premier's statement that I listened to when he was on *Radio Noon* show the day I was driving up to the convention in Saskatoon, said that he's going to make about \$1.2 billion available. Now I'm going to have to study the minister's notes carefully because he's put in a few lines since then. He says that the maximum is going to be \$100,000 per farmer. I've no problem with that. But the farmers already have \$5.5 billion in debt. If there's anything farmers don't need it's more debt, Mr. Speaker.

In the last three years Saskatchewan has lost 3,000 farmers. A thousand farmers a year have gone down the road to foreclosures, bankruptcies. Forced auction sales have been occurring at record rates. And what help do you offer these farmers? More debts.

Realized net income for Saskatchewan farmers has been declining every year since 1981. And in the coming year Saskatchewan Wheat Pool estimates that the province's 65,000 farmers will have an average of \$5,000 to live on — \$5,000 a year. That's the lowest farm income in 15 years. And the prescription here is, don't touch the income. Tell the farmers to get more efficient. Borrow them some more money so they can improve their efficiency.

The volume of this year's grain crop is about a million tonnes under the average for the last five years. Grain inventories in parts of this province are at their lowest level in 30 years. Many farmers cleaned out their bins in the last year because they needed the cash. In the drought area some farmers won't

even have seed for next year, and they've borrowed seed to seed this year. And how are we responding? By jacking up the farmer's outstanding debt.

Extremely poor harvest weather has dropped grain quality all across the province. Only 20 per cent of the wheat is grading number one; 29 per cent, number two. Usually 80 per cent of Saskatchewan's wheat is in the top two grades. The Canadian Wheat Board tells us that the market for number three wheat and feed wheat is very, very, very slack; very poor. There's over-supply in the rural market. The financial loss due to reduced quality will cost farmers nearly \$60 million. And the PCs' response: load some additional debt on the backs of the family farmers.

The severe drought that has affected us this past summer, 30,000 Saskatchewan farmers in varying degrees across southern Saskatchewan have been affected. We estimate it's about 14 million acres. Half the province's seeded crop was hit by drought. Most estimates put the financial loss of the drought to about \$1 billion.

Grasshoppers caused \$40 million damage to Saskatchewan farmers in 1984 and \$100 million this year. And what did this government do? A former cabinet minister's wife, and one of my colleagues has already referred to this, a former cabinet minister's wife sent me this paper — Mrs. E.I. Wood from Swift Current. And it's *Saskatchewan News* that was printed Tuesday, April 21st, 1959. And the headline in this story in 1959 says a \$1 million war was launched against hoppers. 1959. A million dollars.

And it shows a picture here of some people that a lot of people that remember agriculture back in those days; a McKenzie and a Mr. Holmes were standing beside a train load of chemical that was used to start a war on hoppers, and it was unloaded in a Moose Jaw warehouse in readiness to meet a major infestation that year. 'More than 23,000 gallons of a new insecticide is stored in the three-floor warehouse.'

And, Mr. Speaker, Mr. Deputy Speaker, that was April. This year, when we knew we're going to have the most severe grasshopper infestation in history, what did this government do? Did they bring in a warehouse full of chemical to fight grasshoppers? They had a little program to do a road allowance. That was their solution — half the cost of doing the road allowance.

I think this government's record, Mr. Deputy Speaker, is on the line as far as farmers are concerned, and farmers getting some help. The winter wheat crop was badly damaged by severe winter weather before there was an adequate snow cover. Wheat midge was another problem that was costly to the farmers. Even before the severe drought of 1985 the Farm Credit Corporation was saying that 12,000 Saskatchewan farmers were in financial trouble.

Well, the other day in our emergency debate I suggested that the farmers in Saskatchewan are in arrears to the tune of \$71 million that they owe the Farm Credit Corporation alone; \$71 million in arrears. And what does this Bill do? They tell the farmer, borrow still more money. Borrow still more money. The Department of Social Services has been forced to pay social assistance to family farms. Food banks have been set up and extended to rural clients in Saskatchewan, and the only help the PCs can think of is to provide still more farm debt.

Mixed farmers have had to sell off livestock despite the current low prices; there are fewer cattle in Saskatchewan now than at any other time in the last 21 years. We're at a 21-year low, Mr. Deputy Speaker. Failing and falling land values have hurt farmers in Saskatchewan worse than any other province, except Prince Edward Island. This is just not a loss on paper, since most farmers use the value of their land to provide collateral.

Between August of '84 and August of '85 Saskatchewan lost 75 machinery dealerships — went down the tubes — an indication of the adverse effects small business experiences when agriculture is in trouble. And again, what does the Tory government do: increase the farmers' debt problems. The preceding list is not exhaustive, but it does demonstrate well enough the great need farmers have for an adequate response from their government. So far they have not received that.

Mr. Deputy Speaker, after I review the minister's remarks, I would like to have some further comment on this Bill, so therefore I beg leave to adjourn debate.

Debate adjourned.

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Schoenhals that Bill No. 119 — **An Act respecting Saskatchewan Oil and Gas Corporation** be now read a second time.

HON. MR. BLAKENEY: — Mr. Speaker, I want to address some comments to this Bill, and I want to address the bulk of my comments to the question of whether or not this Bill is a sound business transaction, or the transaction which is being supported by this Bill is a sound business transaction. But prior to so doing I want to touch upon a number of other matters, most of which were referred to in debate by some members on the opposite side of the House.

Mr. Acting Speaker, we're debating a Bill which contains next to no information on a major business transaction which we're debating. We're talking about selling something which is owned by the Crown for \$100 million, or a larger sum of money, depending upon how you interpret the data. I would have hoped that the minister would have outlined what was being sold; what price was being received; what dollar costs and dollar benefits are of the transaction which he was recommending. Unfortunately, we received none of this essential information in the House.

The Bill before us consists of a large number of technical rules, a majority of which are required to fulfil the government's intention to restrict the ownership of shares, but important questions, such as the amount of equity which the government will retain in this company, if any, and according to the Bill it would be 100 shares, and there is no other evidence in the Bill of any other equity to be owned by the government . . . Further issues like the amount of money to be raised by the corporations offered to the public, that is not referred to in the Bill, and the value to be assigned to the government's interest in Saskoil — and that's key, and I will come to that — these are not dealt with in the Bill, nor were they dealt with in the minister's remarks. And I will come to some of these issues as I turn, one by one, to some issues which were raised in debate.

I want to mention an ancillary point because it intrigued me. Press stories indicated, as a matter of policy, that the cabinet was going to decide whether MLAs should buy these shares or not, whether it made sense for MLAs to own shares in a company which, at least according to press reports, would be two-thirds owned by the Crown. I don't know whether these press reports are accurate; certainly they cannot be confirmed, either in the Bill or in the minister's remarks.

The Act says, and it's clear on this, that the directors will be proportional, or can be proportional, to the shareholdings. Thus, if the Crown owns two-thirds of the shares, they will appoint two-thirds of the directors, and that's a fair interpretation of the Bill. And I think this raises a real question as to whether or not MLAs should buy shares in a company of which two-thirds of the shares are owned by the Crown and two-thirds of the directors are appointed by the Crown.

Yet my colleague in this legislature, the member for Melville, indicated that he proposed to buy some shares for himself and for his children, as I believe he said. I think this would be worthwhile to have a statement of government policy on this, so that we would have some indication of how the government views this matter. But that is, as I indicated, peripheral to the matter we are discussing.

Let me comment on some remarks of previous speakers. A previous government speaker expressed the view that oil companies should not be owned by governments. I wonder where in the world, outside the United States, any support for that view would be found. I just wonder, in what part of the

world other than the United States is it common for oil companies not to be owned by governments?

Some, obviously the great bulk of oil companies, are private sector companies, but many, many governments have interests in oil companies. I think of governments which now, or heretofore, have had substantial interests in oil companies. One thinks of the British government and BP, or British Petroleum; the French government with Aquitaine, which operates in this province, as I believe BP has from time to time; the Netherlands government — certainly the royal family is very close to Royal Dutch Shell, which is a major participant in the Shell Oil Company as we know it here in Canada and the United States.

I recall on one occasion I was discussing a particular form that was being used by the Shell Oil Company to gather up oil interests in Saskatchewan, and I suggested that the form might be changed. And the person with whom I dealt said very facetiously, oh, to change that form we would have to go to Queen Wilhelmina herself, indicating that, in his judgement at least, the crowned head of the Netherlands was closely associated with the Shell Oil Company as it was operating in Saskatchewan.

And here in Canada, provinces which have been involved in the petroleum industry have included Quebec with Soquip, Ontario with Suncor, Manitoba with Manoil, Saskatchewan with Saskoil, Alberta with Alberta Energy Company. I won't deal with B.C., although they have also had a Crown corporation which was interested in natural gas.

We have, federally, Petro-Canada, established by a Liberal government and now very substantially expanded by a PC government. Very high profile PCs in this province serve on the board of Petro-Canada and served when a major expansion of that corporation was decided upon, the expansion resulting from the purchase of much of the assets of Gulf Canada.

When the Saskatchewan PCs take the position that government should not be involved in oil companies, when they take the position that they're against any public participation in the oil industry, we know where they stand on the political and economic spectrum. We know that they're far to the right of the Mulroney PCs who have steadfastly backed Petro-Canada. We know they're far to the right of the Lougheed PCs in Alberta, and now the Getty PCs, who have maintained the interest of the Government of Alberta in a range of energy companies. We know they're to the right of the Ontario PCs who acquired Suncor. We know they are to the right of governments of many political hues and persuasions.

It's interesting to see the PCs adopt this hard-right ideological position that they don't believe governments should participate in oil companies, a hard-right ideological position which would bring a blush to the face of Prime Minister Mulroney or Premier Lougheed or now Premier Getty. I'm not surprised, because this has been a hard-right government espousing the economic policies of Ohio rather than Canada, but it is interesting to have this reinforced by PCs in this House saying that on ideological grounds, on the grounds of principle, they don't believe that government should participate in oil companies.

They, on the other hand, say that one of the changes that this Bill brings about is to give Saskatchewan citizens an opportunity to participate in oil ventures. It's suggested that somehow there are not now opportunities to participate in oil ventures for private citizens who wish to invest their funds in that way. And of course that's nonsense.

There's a great string of companies which are listed on stock exchanges which have substantial interest in Saskatchewan. One thinks of Murphy Oil, or Norcen International, or North Canadian Oils, or Omni Resources, or Westmin, or PanCanadian — the list goes on. In addition, there are many, many unlisted companies, small companies, or drilling partnerships, or the like, which the investor can invest in if he wishes.

There are many opportunities for the private investor now to invest in the Saskatchewan oil industry.

What is lacking is an opportunity to participate for people who cannot prudently buy shares. And there are a substantial number of people in this province who cannot prudently buy shares in an oil company, which is inherently a speculative investment. This includes a large number of Saskatchewan people.

They now have Petro-Canada, where they have some participation through their citizenship in a Canadian sense. They now have Saskoil, where they have some participation by reason of their citizenship in a Saskatchewan sense. But now they are to be deprived of at least part of that opportunity to participate in order to give still more opportunity to participate to the relatively smaller number of people who wish to participate privately.

I would reckon that probably 10 per cent of the people of Saskatchewan own shares, listed on a stock exchange, in oil companies. I think that's a very high figure, 10 per cent, but for the sake of giving every consideration of members opposite, I will state the figure as that figure. That means that 90 per cent of the people, if they are to have any participation at all, have it through the Petro-Canadas and the Saskoils.

It's somehow suggested that everyone can afford to participate on a private basis; everyone can afford to buy shares. Well, I think he's altogether too sanguine about the well-being of ordinary people in Saskatchewan. We're talking, again I repeat, about a speculative security — oil shares. Would any responsible investment dealer recommend the purchase of oil shares to the 60,000 people in Saskatchewan who are on welfare, or the 35,000 people or so who are unemployed, or the 20 or 25 per cent of farmers who are in a difficult financial situation according to the records of the Farm Credit Corporation, or the tens of thousands of people who are in fear of losing their job, or the 20,000 university students who are having difficulty financing their education? Would any responsible investment dealer recommend the purchase of a speculative security to any of those tens of thousands of people? And the answer, of course, is no.

These people should not be participating in what are essentially risky investments, so that when we move part of Saskoil from the public sector to the private sector, we are saying to 90 per cent of the people, well we are reducing your opportunity to participate. And to 10 per cent of the people — and I think that's a very high figure — we're saying, we're increasing your opportunity to participate. And the 10 per cent already have lots of opportunities, and the 90 per cent have scant opportunities, so I think we're not moving in the right direction.

Average incomes are far, far lower than some members opposite assume when they say that anyone can step up and buy shares. Obviously lots of people can afford \$29, but the question is whether or not it is a reasonable and prudent investment. And my bet is that the Minister of Social Services would view with some, shall we say reservation at least, a purchase of this type of a security by people who are receiving Saskatchewan assistance. And well he should, because it's not an appropriate investment for someone whose financial resources are strained.

It's too easy for us to assume that everyone is as well off as many well-established farmers in this province, or as well-to-do lawyers, or comfortably off teachers, or public servants. But it just isn't so — or politicians, for that matter — it just isn't so. There is hardly a single person in this House, if any, who doesn't have an income which is higher than the norm; higher than the Saskatchewan average. And there are senior public servants — or even mid-range public servants fall into that category, as do teachers, as do the great bulk of lawyers, and as do many well-established farmers. Too easy to think that this is the real world. It isn't the real world and it shouldn't be the main concern of this House.

To paraphrase Franklin D. Roosevelt, the measure of public policy is not whether we add to the wealth of those who have much, but rather whether we add to the well-being of those who had too little. And applying that test to this measure which is before us, it's difficult to see how this proposal adds to the well-being of the neediest in our society, those who have the first call upon our concern and the improvement of whose status ought to be our first duty.

I touch on one or two other matters before I turn to the burden of my remarks. I note that the shares are being sold in a most unorthodox way. Now these shares are not bonds. They can go up in value and they can go down in value. Certainly that's true with the common shares. Assuredly these are not Canada Savings Bonds which can be cashed any time. They fluctuate in value, and anyone who doubts that should recall the share issue by the Government of British Columbia of the British Columbia Resources Corporation, commonly known as BCRIC. Those shares were sold by the Government of British Columbia for \$6 and can be readily bought for half of that now. So shares can go down in value. Yet these Saskoil shares are being sold by hard-sell methods which would not be permitted to anybody else selling this kind of security.

If anyone can recall any occasion when shares of an oil company listed on a stock exchange were sold by a method of touting public meetings, one would have to look long and hard. Now someone may say that someone may mention Alberta Energy Company, as my colleague from Regina Centre did. But when one looks at the situation here in Saskatchewan, one would have to look long and hard to see this type of a security sold that way. It seems to me that our whole security set-up is organized on the basis that when people buy a speculative security they have a right to get some advice from a registered dealer.

And I wonder whether or not we should have departed from that particular mode of operation on this occasion. It can only indicate that there was a feeling that these shares would not move through ordinary channels. I'm surprised to hear that, because I think they're a good buy. I think they're a pretty good buy. And I'll say that. I don't think they're as good a sell, for reasons which I will try to indicate, but I think they're a good buy.

It can only be, I suppose, that some people have a lingering belief that the government opposite may well survive another election and that they, appointing directors, will bring to the corporation the same level of business expertise they've brought to most of the management of this province's financial affairs, and that that would bode ill for anyone who bought shares. I don't know. All I know is that for some reason a method which is unique to this sort of a share offering is being relied upon.

One can mention Alberta Energy Corporation. One could mention Coenerco. But in any case where they are touting meetings, was there a road show? Not to my knowledge. Not to my knowledge in this province. So I am wondering why the government opposite has decided that they wanted to sell this speculative security in that manner.

One other little aspect of the matter I refer to. I was a little struck by some comments of one of the previous speakers, indicating that in his judgement you don't own anything unless you can sell it. You don't own anything unless you can sell it. Now I find that a rather strange position.

When I go to the University of Saskatchewan and see that fine campus, I have a sense of pride and I have a sense of ownership. Not that I could sell it. Not that I'd ever want to sell it. But there it is to serve me, to serve my children, and I am proud of that and I have a sense of ownership.

When I see great undertakings — great undertakings like the Squaw Rapids Dam or the Poplar River power plant — I have a sense of pride and I have a sense of ownership. Not that I could sell it, not that I would want to sell it, but that there is a great power utility to serve me and serve my children. And after all, that's what power utilities are for. And I'm disappointed to hear members opposite take the view that unless it can be traded, it can't be in any sense owned.

If this were true, many of the great creations of history wouldn't be there. People who built the great cathedrals of Europe did so believing that they were creating something that they had a part of. Then they have passed it on. It's one of the greatest heritages of western civilization. But they couldn't sell any of it. They couldn't sell any of it. And they simply had that sense of passing on to the next generation a world better than they found. And I think that that is a human attribute to be nourished and not to be somehow smothered in some narrow sense of ownership which involves the need to sell in order to feel any pride of ownership.

One other small matter and then I will turn to the burden of my remarks. And that is that the Bill contains in it a provision whereby the government can guarantee debts of Saskoil. Now this is at total variance with the rhetoric. The rhetoric was going to be that Saskoil was going to stand on its own feet. Indeed, the first minister of the government opposite, who was responsible for this corporation, announced very loudly that so far as he was concerned, this corporation wasn't going to get any money from the government; it was going to stand on its own feet. That's as a Crown corporation. The minister now introduces a Bill which in part privatizes the company and still has special provisions whereby the government can guarantee debts of the corporation. What the government was unwilling to do for a Crown corporation, it now stands willing to do for a private company. That's what it's saying.

I remember well the previous minister making that very clear, and now I see this minister saying, well it's not really a private company; it's not really going to have to stand on its own feet; we are in fact going to have special provisions to guarantee its debts. Now if the minister believes that there are other provisions in other Acts to guarantee the debts of companies, then he doesn't need these.

The minister is shaking his head. He's trying to assert that somehow this provision relates only to the outstanding \$15 million in bonds. It does not. A simple reading of it will mean that in the future indebtedness can be guaranteed. In the future, Saskoil can lend money to this company . . . Correction, the Government of Saskatchewan can lend money to this company and can guarantee its indebtedness. This is surely a very strange provision — strange provision.

Now, Mr. Acting Speaker, I want to turn to the burden of my remarks, and that is that I don't think this is a good business deal for the people of Saskatchewan. Again I rely on press reports, but based upon them and patching together what I can conclude, it is this: that Saskoil, the corporation, is to be continued; two, that it's to have a share structure that there are to be at least first preferred shares, second preferred shares, and common shares, and that some of the second preferred shares and common shares are going to be sold. What this amounts to is a sale by Saskoil of part of its entire enterprise.

Again piecing together information from newspaper sources, preliminary prospectuses, one can get some sort of a picture. Nobody can be sure of the facts. There are more than one prospectus round and about. Various brokers' names have been bandied about. The minister has dealt with next to none of these matters in his speech. But it appears that one-third of the entire enterprise is to be sold for \$100 million. Thus a value was being put on the enterprise of \$300 million. I will break down that figure in a moment.

I have attempted to deal in part with whether the enterprise should be sold; I am now trying to deal with the question of whether, if it's to be sold, the price is right. I believe, as I said, that the price is too low.

Let's look at the last annual report of Saskoil that was tabled in this House. It has a balance sheet on page 23, and it shows that the advances from the Crown to the company were \$145 million. And it shows that earnings that were retained in the company were \$53 million. That's a total of \$198 million of provincial equity. That's the book value. And that's at December 31st. Now, let's try to update those figures. I have one of the prospectuses which is circulating about, the one which is dated October 18th, and the one which has Wood Gundy Inc. name on it. That may distinguish it from some of the earlier prospectuses which were around and about. Now let's try to update the figures.

On page 34 of this prospectus is set out a balance sheet. And it sets out similar numbers to the annual report. It says that the advance from the Crown was \$145 million; and it now says the accumulated surplus, the money earned and ploughed back into the business, was \$78 million, making a total of \$223 million. Now that's the province's equity as referred to in the prospectus. Now that's all at book value. But everybody knows that nobody in his right mind would sell an oil company at book value — certainly no oil company that's been around for some years. That would be like valuing a farm or a

house at the price you bought it for in 1975, except that oil has gone up much faster in value than has most farm land or residential property.

I have here an annual report of PanCanadian oils. Now that, many of you will know, that's the CPR company which has been around since the 1950s under various names. Under — well it doesn't matter — Del Rio oils, and Central Leduc, and Central-Del Rio, and various names it has gone under. Let's look at the balance sheet here, and it shows that the company, that the shares have a book value of \$10, a little under \$10. But nobody in their right mind would buy or sell PanCanadian oil shares at \$10. In fact, on the market today they're selling for about \$35. Now that indicates that the book value is an unreliable measure of the value of the corporation.

And why is this? Well, very simply, the oil lands and oil reserves that the company owns are worth far more than they cost. That's true of PanCanadian, and it's true of Saskoil. The proven reserves which the company now owns are worth a great deal more than the cost to buy or the cost to find the oil. That is true of Saskoil. Its oil lands and proven reserves are worth far more than its book value. Now that point must be made.

There are some other factors in the PanCanadian case which are not relevant to Saskoil but there's no question that Saskoil's reserves are worth far more than they're shown on the books of the company. And how much more? Well let's look at the prospectus again. Let's look this time at page 38. Here it shows a book value for Saskoil's reserves — I'll use that phrase to cover its land and its oil in the ground — of \$145 million. That's the book value. But as I say, it's worth much more than that.

It was interesting that the first minister in charge of Saskoil under the current administration, the Hon. Colin Thatcher, spotted that as soon as he took over the corporation. In his recent book, *Backrooms*, at page 208 and 209, he says this, and I'm picking it out in the middle of a paragraph so as not to make the quotation too long:

I replied that I wanted to sell Saskoil as an example that Crowns can be dismantled successfully with public support. And I would love a buyer to make cabinet an offer they could not ignore. Harvey, who was a consultant, then told me about his suspicions. He had looked at the geological maps and surveys and estimates of reserves and had come to the conclusion the reserves were vastly underestimated.

And that, I think, is true. The reserves were vastly underestimated, and in fact the reserves are vastly underpriced on the books of the company. That, of course, is not at all unusual, as I've tried to illustrate with PanCanadian. Now, Mr. Acting Speaker, all this is by way of making clear that Saskoil was being fattened up for the market, to use the phrase attributed to the Minister of Finance.

Well if the reserves weren't worth the 145 million that they show on the books, but much larger figure, how much? Well the consultants have set out their report in the prospectus, and they say this: if all the oil that the corporation owned was produced tomorrow, and sold tomorrow, it would be worth \$2.6 billion. Now of course, that's far too high a price. But the common method of valuing these is to take the oil and to figure out how long it will take to produce that oil, when it would be produced, and when it would be sold. And when the consultant applies those principles, he comes up with a figure of about \$700 million for the value of the reserves, discounted at 10 per cent.

Now it may well be that some will say that a discount of 10 per cent is not enough. The interest rates may go up, but the price of oil may go down, and therefore that price for the reserves is too much. So let's take a more cautious figure, a discount rate of 15 per cent, and that's a pretty deep discount. Taking a discount rate of 15 per cent, the oil reserves are worth \$484 million — not 145, but 484.

Once again, this is set out on page 10 of the prospectus and anyone can read it who has any doubts about these figures. They're not mine. They are the figures of the consultants hired by Saskoil. The consultant has also included a figure arrived at by a 20 per cent discount rate, but surely that is unreasonably high. Surely the Government of Saskatchewan is not in such difficult financial circumstances that it must sell off future income at a discount rate of 20 per cent compounded. I

would believe that this government is in rough shape, but I will not believe that it has to sell off the prospect of future income, discounted at 20 per cent. That is surely unreasonable.

Now let's take the value of the reserves and set them out on the balance sheet to see whether we can find out what is the value of the Crown's investment in this company as it now stands. Well substituting the consultant's view of what the oil reserves are worth for the book value, we get a shareholder's equity, a Crown equity of \$562 million. Now that is a very substantial sum of money. I will round it off to \$560 million. That is what the Crown now has, the fair value of its asset.

Now what does the Bill propose to do? And here we get down to just what the government opposite proposes to do with this \$550 million, this asset in Saskoil. I'll ignore all references to this \$900 worth of common shares and say that all of that asset, that \$560 million asset, will be transferred to the private company and the Crown will get this: it will get 145 million back as a demand loan and it will get a dividend of \$75 million — total \$220 million. All the rest, the difference between the 560 and 220, \$340 million, goes to the people who pay the 100 million. All that goes to the people who pay the 100 million, and they get to keep 25 million besides. Put another way, the purchasers will be getting \$340 million for 75 million.

(1600)

Members opposite can chuckle about this but I hope they will enter the debate and refute the figures. They're all there. Members opposite may say that the Crown is going to own two-thirds of this. Where and when? There is no provision, either in the Bill or the prospectus, for the Crown to own anything more than 100 shares. There is no provision for that. If the Crown is going to convert its \$145 million loan shares, that doesn't improve the figures at all, unless the Crown is getting the shares at much less than what the public are paying, and we have no indication of that.

So what we have here — and I repeat it again — is the persons who put up the money, the shareholders, the private shareholders, get \$342 million in assets for \$75 million.

Those are what the hard figures show and that's a bad deal. You can say that I have put a wrong figure on the oil reserves, you could say that we should use a much more cautious figure, but even if you use a much more cautious figure, you still have a huge transfer of assets now owned by the people of Saskatchewan, to the people who buy the shares for \$75 million. That's what the government is proposing, and if that is not what the government is proposing, I trust some member of the treasury benches will stand in his place and outline with care what the financial transaction is.

We will have the opportunity, I'm sure, of having the Minister of Finance enter this debate. I cannot image a transaction whereby the Crown is selling, as I say, some hundreds of millions of dollars of assets for 75 or \$100 million, and the provincial treasurer, the Minister of Finance, not express any interest in the Bill.

Is the government so desperate for 75 million? Well if it is, I have no doubt that Saskoil could sell another \$75 million worth of bonds and could pay out of that a dividend to the Minister of Finance, and he would have his 75 million to meet his payroll or what ever his pressing exigency is. But it is very, very clear that that would be a very different transaction than the one we have now because under the transaction we now have, \$340 million worth of assets are being transferred for 75 million.

In the proposition which I suggest, as I say if the government is absolutely strapped for \$75 million, it could issue the bonds. Saskatchewan taxpayers would still have an investment vehicle, and Saskatchewan taxpayers would still have the oil reserves available in the future to pay off the debts which they're going to have to pay in the future because of the financial improvidence of the

government opposite.

It's bad enough to see the government mismanage the province's affairs so that future taxpayers will have to pay on the accumulated deficits for many years, for many decades to come. But it compounds the mismanagement to sell off for a quick buck now, at fire sale prices, the oil reserves which might provide some of the money which is going to be needed in the future to pay the interest and carrying costs on the deficit which is being amassed by the government opposite.

Now, Mr. Acting Speaker, I have tried to outline as carefully as I can why I believe this is an improvident deal. I have tried to use the information available from the press and elsewhere. No one can conclude anything from the Bill or from the minister's speech. If in fact the figures which I have outlined are inaccurate, then I know the Minister of Finance will enter the debate and say so. I have prepared a balance sheet as at August 31st, 1985, which incorporates a new figure for the value of reserves of \$484 million, which comes from the prospectus and from which I have concluded that the province's equity is worth \$562 million, and which they are going to dispose of by getting \$220 million. There is, I think, always some question as to what the value of oil reserves in the grounds are. No one can be sure. But I think taking the consultant's report and calculating a 15 per cent discount rate is a cautious valuation of those reserves.

If I am right in my conclusions, and I believe I am, then I can only conclude that the reasons for this privatization have nothing to do with good business judgement. The reasons for this sale have got nothing to do with selling an asset and getting a fair return from it, but everything to do with the ideological position of the members opposite who feel that any sale of a public asset at what ever price is good because the government then doesn't own so much.

I don't think that members on the treasury benches in this province, whatever their political stripe, should apply ideology to the management of the public assets to that extent. I believe that money ought to be used to get the best return from those resources. And I ask members of this House, on both sides, to ask themselves whether they believe they are getting the right return for this equity of the province of — getting the right return for this asset, getting the right return for this equity of the province of Saskatchewan valued at \$560 million. I challenge any member opposite to stand up and say that that's a fair price, that it's a reasonable price, and to show their method of calculation.

That's surely a reasonable request. These are people's assets. It's \$500 for every man, woman and child. You're selling them off, and if you're getting the right price I know you will be proud to defend it. And if you're not getting the right price, then we're going to hear all manner of stories which are totally irrelevant to the pricing of this asset which you are proposing to sell.

I call upon you, the Minister of Finance, or the person he designates to stand in his place. Say it's a good business deal if he believes it, outline why he believes it's a good business deal, outline why he believes that the public should sell these assets for that price. And I invite him to anchor his argument on information which has been made public to this House — anchor his argument on the Bill, anchor his argument on the minister's speech, anchor his argument on other public documents. And I don't believe that if he does that, he will be able to establish that his price was right, but if he's able to do so, then we'll have an opportunity to debate it in full. That's what we're here for. We're here to protect the public's assets. We're here to see that they get a fair return. If you believe that these should be of a private sector, fine. We can debate that policy issue, but we can separate that from the question of whether we're getting the right price. I don't believe you can show you're getting the right price, and I'm going to listen with a good deal of interest to the minister who stands in his place and attempts to defend this price for the assets which are being sold.

I will not be supporting the Bill in its current form.

SOME HON. MEMBERS: — Hear, hear!

MR. SPEAKER: — I recognize the member for Regina Centre.

HON. MR. BERNTSON: — Mr. Speaker, the member opposite did not, in fact, adjourn debate, but in fact was called by the clock on the last day of the House.

MR. SPEAKER: — That's right. The member was on his feet when I adjourned the House and so has the right to continue his speech today.

I'm sorry. I was in error, Mr. House Leader. The member had to take his first opportunity to rise to speak and he didn't take it . . . (inaudible interjection) . . . No. The first opportunity was when the Bill came back to the House, so you have lost your opportunity to speak.

MR. KOSKIE: — Thank you, Mr. Speaker. I'm pleased to have the opportunity to speak in respect to Bill 119, and as in the words of the minister in his opening remarks, in those brief words that he put forward in the explanation of one of the major economic decisions of this province, he indicated that this Bill was a Bill which would in fact turn the Crown corporation, the Saskatchewan Oil and Gas Corporation, from a Crown corporation into a private sector corporation.

What I want to do first of all, Mr. Speaker, is to take a look at what, indeed, we had in Saskoil. Saskoil was indeed a Crown corporation which was involved in the development of oil and gas in the province. I think it's only fair that the people of this province know exactly the position and how well Saskoil was doing on behalf of the people of this province.

I want to indicate to you, Mr. Speaker, and to the people across this province, that Saskoil was not dominating the development of oil and gas in this province, because when we dealt with Saskoil in the Crown corporation review, the minister indicated that Saskoil produced about 8 per cent of all the oil that was produced in the province. Eight per cent is what the involvement is of Saskoil. Ninety-two per cent is being developed by the private sector and if we look at the 1984 report dealing with the Saskoil, I want to allude to some of the facts that are contained in the Saskoil 1984 report, and if you look on the third page it says, 'Saskoil is a 100 per cent Saskatchewan-owned crown corporation.'

(1615)

Saskoil is a 100 per cent Saskatchewan-owned Crown corporation, not investors from Toronto or Bay Street down east. One hundred per cent owned by the people of this province . . . (inaudible interjection) . . . And who is the government? The member who has no party says, who is the government? Well let it be known that when we govern, we are the representatives acting on behalf as agents to the people of this province. 'The corporate philosophy dictates . . .' It says this is how it was operating.

The corporate philosophy dictates competition without special privilege in the industry while providing suitable return to the shareholder through payment of dividends and growth in investment value.

That was the position of Saskoil overall in the picture of developing oil. The member sitting next without a party will have an opportunity to get up and speak, I'm sure. He won't have much to say but I'm sure . . .

MR. SPEAKER: — Order, please. I'm going to ask the members to give the member that has been recognized the opportunity to speak.

MR. KOSKIE: — Thank you very much, Mr. Speaker, and I'm sure if he will listen, he will gain some knowledge.

I want to go on from the report in respect to Saskoil in 1984 and this is the Chairman of the Board, Mr. Herb C. Pinder, Jr., commenting in respect to Saskoil, and the people should know what the former chairman of the board had to say in respect to Saskoil and how successful it was in representing the development of resources here in Saskatchewan. He goes on to say:

Operational and financial results for 1984 illustrate that Saskoil is a corporation with many strengths and a bright future. As the only major oil company with its head office in Saskatchewan, Saskoil is the third largest oil producer in the province and among the top 20 in Canada. Return on average capital employed of 21.8 percent makes Saskoil one of the most profitable corporations in the country.

AN HON. MEMBER: — Who said that?

MR. KOSKIE: — This is the president of Saskoil. Here is a corporation where the president of the board in 1984, the chairman of the board, indicated that Saskoil was one of the most profitable corporations developing.

And let's not stop there. On page 5 it goes on. This is the president's report. And he says:

In 11 years, Saskoil has evolved into one of the most profitable companies in Canadian oil and gas industry.

And so I want to say, and the people of Saskatchewan are asking, if those are facts — and why should we doubt them — these are the statements of the people that have been working in respect to Saskoil. If indeed, they have been making great progress, have been making a profit to be paid as a dividend to the people of this province, then we have to ask why the transaction to privatize?

I want to say that Saskoil played an important role, over and above producing 44 million last year and some 30 million the year before, which can provide revenue to the government to provide the services which they were elected to do. But Saskoil has another important function, because when we want to deal with the policies of the government opposite, in their give-away to the major oil companies in this province of \$300 million annually of tax holidays, do you know how we can find out exactly, as members of the opposition, what is really going on in the industry? Well, Saskoil, I'll tell you, is a window to the industry because we can look at the annual report here, and we can find out that Saskoil, producing about 8 per cent, made \$44 million last year.

Now take a look at 92 per cent that is produced by the private sector, and I'll tell you it's around \$500 million, but they say the private sector is so much more efficient, and probably are producing more on the better Crown lands, and that profit could be more substantial. That's our eye into the window of the industry. But also, I'll tell you, these boys across the way say, ah, we don't need a Crown corporation; all we have to do is set the rates. We even negotiate the rates with them.

Well, I'll tell you that happened in the potash when we were setting up the potash regime, too. Potash corporations across this province said — do you know what they said? — we cannot pay a regime that you have out in place; we are not going to pay the royalties and the taxation that you put in. We said, all right. And you know what? We set into place Crown corporations in a portion of the industry — about 42 per cent publicly owned. And I'll tell you that the companies during that period of time when we were the government, paid the regime that they said they could not. I'll tell you that you cannot negotiate out of lack of strength. The only way you can negotiate and get a reasonable return on the resources of the province is to negotiate from some strength. And the very existence of Saskoil gives you a monitor as to what your regime should be.

Here we have Saskoil, all of the people of this province participating. There's no doubt about it. In 1983, \$30 million, you paid a dividend out of that of \$30 million, went to the people of this province. This year you had \$44 million and you paid another dividend of \$6 million. And I suppose you didn't pay a bigger dividend to the people of the province because you were setting up this here scheme for your friends, to hand them a good deal, a better deal than . . . (inaudible interjection) . . . This fellow is talking again, Mr. Speaker, and he is going to have his opportunity if he could possibly spend a little time thinking about what he might say.

So what I'm saying, Mr. Speaker, is that we had Saskoil, the Crown corporation, it made 30 million in

1983; in 1984, \$44 million. And what I'm saying is that all of the people of this province shared in that profit. And accordingly we have to ask: why privatization?

And I want to say, first of all, what the government did was to offer to the general public what they called a participation bond, and they gave them a specific return or interest on the bonds. And I say that's reasonable. There's nothing wrong with offering to the public a participation bond if the oil company, Saskoil, were going to go out and borrow money for future work. But here we have the privatization — and let there be no mistake — of the public, because when you go to the privatization and the selling of shares, there's not the guaranteed return that you have with the bond.

And I guess the people of Saskatchewan will be familiar with yet another corporation that started in this province. It was a private company, and this company was known as Pioneer Trust, Pioneer Management, and many, many people in Saskatchewan invested, and they bought shares. And I'll tell you, many of the same shareholders who invested in Pioneer Management saw Pioneer Trust go down, and much of their investment was lost. Indeed, the taxpayer paid out \$28 million to bail out the depositors.

And so when you start talking about privatization, and if you look at the Bill itself, once you turn it loose on the stock-market that there's no doubt about it that the small investor does not have the sophistication of being able to cope with the knowledge and the movement of shares on the Toronto exchange or the Vancouver exchange.

In fact, you know, if you look at any of the advisors advising people in respect to investments, one of the things that they will say is for a small investor not, in fact, to invest in speculative shares. This is what they say to the small investor. You're better off taking bonds, participating bonds, buying your Canada Savings Bonds — fine. But they say in the speculative market it's very, very difficult for the average investor to know the full details of the market-place and the share structure.

And so, Mr. Speaker, you have to ask: why are we privatizing? Well obviously the president — the former chairman of the board of directors of Saskoil, who was chairman of Saskoil for 1984, and I believe is the same chairman of the board at the present time. You will recall that there is a philosophical position being taken by the very chairman of Saskoil at a Chamber of Commerce meeting, where he indicated that this government wasn't moving fast enough in the privatization of the Crown corporations. And he puts it into his report here indicating the direction of this government, the position of the board of directors. He says:

During 1984 Saskoil introduced a Participation Bond issue of \$15 million which was quickly subscribed by the people of Saskatchewan.

Now from that he goes on to say:

This suggests that the time is appropriate for public participation in the ownership of Saskoil.

Now I say who, in fact, owns Saskoil? The people of this province. It's run by the board that is appointed by its elected government. All of the profits stay here in Saskatchewan. What government would not want to increase the profits in order to be able to provide the services to the people of this province?

An so, Mr. Speaker, you have to ask again, why privatization? Who is going to benefit? And if you look at the Bill itself, it says that no one person can have more than 4 per cent of the voting shares. And I suppose to get to 52 per cent of the voting shares, 13 people could in fact have 52 per cent, each having 4 per cent of the voting shares. And let's face it, in the corporate structure it doesn't matter whether you have 100 common shares, voting shares.

It's like, I say, Pioneer Trust and Pioneer Management. People all over Saskatchewan had common shares in Pioneer Management, and did they actually have participation in the running of Pioneer

Management? And what we're going to do here is have a group — or potentially you could have a very small group — with the complete and operative control of the Saskoil.

(1630)

And if you take a look at it, we have the sad situation of the executive officers of Saskoil that have been executive officers during the past number of years, and do you know what they provide to the executive officers of this new privatized company? They get an option to buy shares. Here is a group of people that have been paid a salary to operate and direct Saskoil. They've put up none of the risk as ordinarily executive officers of a new corporation, but they're going to be given an option on a large block of shares. And they're going to be able to hold that option on shares for some three months, and if the shares go up, then they can simply exercise their option and, conceivably, to the extent of doubling or tripling their money. Nice deal for the people of Saskatchewan. Not even every person that is buying shares gets that kind of a deal.

And let's take a look, as has been indicated before — privatization — allowing the public participation, says the minister. And look at the thousands of people in Saskatchewan who are benefiting from the profits, and who will be denied a right access to that profit, because what you're doing is saying: are there some rich people across Canada who will buy this here give-away that has been demonstrated by the former Premier of this province, the Leader of the Opposition? Many people in Saskatchewan will not, in fact, be able to invest.

As has been indicated, all of the young people, all of the unemployed, all those on minimum wages, many, many of the farmers who are fighting for survival, a large number of our small-business community will not be able to participate. So there are two reasons, I think, and probably more. One, this government is directed by a segment out there that believes that privatization must be at any cost. These are the Boyd Robertsons of the world. At the Canadian Chamber of Commerce meeting when a resolution was moved to help bail out the farmers or give him some subsidy, he said no way. The Chamber of Commerce, and I am against it he said. I stand, he said, for free enterprise, democracy and capitalism.

AN HON. MEMBER: — Sounds like Will Klein.

MR. KOSKIE: — Yeah, and Willie Klein was that type of boy, too. Now maybe Willie will come back and be an executive director of this corporation, but I hope for the people of this province that you keep clear of him. So they could be setting it up for their friends to take control of the very, very profitable Crown corporation.

Secondly, I think that this party across, which sits in government benches, has run this province into financial ruin. What have they sold off up to date? They've sold off the potash equipment and leased it back. They've sold off a packing plant. They've sold off some power equipment. And besides having sold all of that off, having drained off some of the retained earnings in the potash corporation, which during their time of office was not making a profit, they are \$1.5 to \$1.6 billion in debt and they are desperately struggling to survive until they can go to the people again. They hope that there will not be an exposure of the financial position of their running of this province.

So I say this is a major deal, Mr. Speaker. I say this government has about four months, and it will basically have fulfilled its mandate. Four months and there should be ordinarily an election. Here they are rushing into a major economic deal. They never told the people of this province when they were running around seeking votes in '82 that one of the first things we will do is sell off and privatize Saskoil which is making money for the people of Saskatchewan.

I say, Mr. Speaker, the people of this province have to ask: what's next? Saskoil today. And if these birds are re-elected, I'll tell you all of the assets that belong to the people of Saskatchewan will be given away — gobbled up — either by their friends or their investors in eastern Canada who I am sure will invest, and invest substantially, in taking over Saskoil.

So I say, Mr. Speaker, that as we approach an election, I say that the results of the by-election in Regina North East clearly indicates that this government does not, indeed, have a mandate to proceed. The people of Regina North East said, get rid of them; they can't run this province.

And I say that on the fiscal management of this province, I can concur with them. We have 1.5, \$1.6 billion deficit. The Crown corporations have increased from a little over 3 billion to over 7 billion, and here what they're doing is desperately selling at a bargain-price sale an asset that has been making substantial returns for the people of this province.

And I want to make it clear, because one of the other members speaking, the member from North Battleford, I believe, he said in part, if I may, Mr. Speaker, he says, that's basically a blended instrument, what we're offering. It's not quite a bond; it's not exactly a full share. But what the people are getting for \$29 is not a share, but it's three opportunities, he said, to participate in an oil company.

Well, it's not quite a share and it's not quite a bond. I'll tell you what it is. This is a major rip-off against the people of this province. I'll tell you, Mr. Minister, if you have so much confidence in the performance of your government and the management of this province, I think it would be honourable for you and your colleagues to go to the people of Saskatchewan — go to the people of Saskatchewan before entering into this deal — because I want to say to you, I am getting more and more convinced that your time is numbered. And I'll tell you that when we take over, we would like to have something left, not the total economic base destroyed, given away to your friends.

I want to say, Mr. Speaker, it's very difficult to have confidence in this transaction on behalf of the people of this province, because one only has to look at the record of this government, as I have said. If you look at the record of the government, the people have lost confidence in this government. And for that reason, Mr. Speaker, I believe that Saskoil has performed a very useful function as a window to the industry. It has been able to provide a dividend to the people of this province. It has been the only oil company with a head office here in Regina, and it has provided employment.

You know, the other day that same member from North Battleford, he said, oh it was such a terrible corporation. And he said in part, we found that we were staffed up at the same rate of 10 times the private sector — private sector oil company of similar size and similar reserves. Clearly top heavy.

And when you look, you know, at the overall employment, you'll find that the number of employees . . . You know, 1979, there was 121 employees. That's under the New Democratic at Saskoil. 1980 there was 180; and in 1982, 315. In 1984, 259 are employed. But the member from North Battleford gets up and says, oh it was top heavy with employees.

And, you know, he stands up and he says, we will privatize this corporation and it will perform miracles. He said, one, it's going to provide more jobs. Well I would like to ask him, why couldn't Saskoil, by greater involvement, by increasing their activity, provide more jobs? If it's going to provide more investment, why can't Saskoil in fact provide the additional investment? Indeed, what we're doing here is privatizing the Saskoil, retaining 25 million out of the 100 million raised on shares, and giving it to a private group of investors to use, which rightly belongs to the people of this province.

Mr. Speaker, there's no doubt that the reason that we're proceeding here is twofold: the philosophy of the right-wing party opposite, and secondly, their desperate attempt to sell off an asset in order to get some quick bucks.

Certainly on this side of the House, and certainly I say to the members opposite, I thought offering the participation bond has merits, and I congratulate you for proceeding on that basis. But I think you're wasting an opportunity. I think there could be a tremendous opportunity if we use Saskoil in a broadened way.

It seems to me that what we could have done here is to continue with Saskoil. Saskoil has a lot of knowledge in respect to the geology of Saskatchewan. And what we could have done is to encourage entrepreneurs here in Saskatchewan to set up private oil companies on their own, to seek out the assistance of Saskoil and the expertise that they could offer, and within Saskatchewan we would have had small private companies operating and being assisted by Saskoil.

I say we have lost an opportunity, and I say that in the end very few people, regardless of the distribution of the shares — a very, very few people — will indeed have control of Saskoil. Accordingly, Mr. Speaker, I will be opposing the position of the minister.

HON. MEMBERS: — Hear, hear!

(1645)

MR. SVEINSON: — Thank you, Mr. Speaker. I see Bill 119, Mr. Speaker, as probably the first example in this legislature of a government that was elected as a Conservative government demonstrating a free enterprise philosophy in the province.

We've heard the rhetoric of the socialists over the last two days in debate, outlining the reasons why Saskatchewan benefits from Crown corporations such as Saskoil. The reasons are somewhat shallow; the rhetoric is somewhat shallow.

I think the people of Saskatchewan, Mr. Speaker, have to look back to 1982 and ask themselves why they so totally admonished the socialists of that day. It was partly because of the decision of this group of people to get involved in things such as the potash industry, without first going to the people and getting a mandate to do such and to invest in such an industry . . . (inaudible interjection) . . . The member from Regina Centre suggests I should sit down. I'm sure the member from Regina Centre will incest, and will invest as much as he possibly afford . . .

MR. SPEAKER: — Order, order.

AN HON. MEMBER: — I have not said a thing.

MR. SVEINSON: — Quit heckling then . . . (inaudible interjection) . . . That's fine. I'll accept your apology. Thank you.

But there are a couple of things that I feel, with respect to this Bill, that the people of Saskatchewan are losing out on. Simply, we have a government, or a former government, that continued and throughout this debate have indicated to the people of Saskatchewan that they participate in Crown corporations. We now have a Conservative government in the province selling off a Crown corporation, or privatizing a Crown corporation, without including as possibly a recipient of a dividend the people of Saskatchewan.

For the record, I think a portion of the 100 million or 100 million-plus that they will be raising could have been paid in the form of a participation dividend of some sort back to the residents of this province who in fact, under the regime of the NDP, have been told that they own Saskoil and they own other Crown corporations.

I would hope in future that something of that nature could be done if, in fact, for instance, the potash industry is again privatized in this province. I think that a revenue share should be returned to the people. It happens in other jurisdictions and one comes to mind, that of Alaska. They do pay a dividend to the people of Alaska. They do it on an annual basis as a result of their participation in that state's oil revenues. Last year, each resident of that state received in excess of \$600. I think that, to be fair, 50 million of the share issue that was sold or will be sold could have been paid back to the people of Saskatchewan in the form of a cheque. And certainly, Mr. Speaker, just before Christmas would have been a politically expedient time to do it.

I will support the legislation. I feel it's the only way this province can go. I somewhat question the reasons why this government waited so long to privatize one of its profitable Crown corporations. They're certainly aware that the pressure on the price of oil internationally is downward. I don't know recently of any major underwritings of oil companies that have been absolutely successful. I may have overlooked some.

I certainly don't agree with the Leader of the Opposition who, in debate this afternoon, suggested they're spending too much in advertising. I think it's important, certainly important in this case, that this share issue be sold, and as quickly as possible, to as many people in Saskatchewan as possible.

The Hon. Leader of the Opposition suggested that the equity far exceeds the investment. Well that should in fact translate into a share offering that will rise rapidly on the market-place. I would hope that the people of Saskatchewan realize that it's an opportunity to invest in their own resource and I would hope they get out and participate in that resource. I would also suggest to the NDP that it might be a good revenue sharing involvement to raise money for a party.

The only question I have — and it's certainly not to the government — but what happens, what happens if in fact the NDP assume power in 1986 or '87? It's not an unreal possibility. What happens to your share value at that time? That's the only down pressure I can see on purchasing the shares in Saskoil.

I would hold that the whole debate that I've seen in this House, which basically is free enterprise versus socialism, that the people of Saskatchewan realize that at this point in their history they've seen enough socialism to know that it doesn't necessarily lower their taxes; it doesn't necessarily make their life any easier; it certainly doesn't necessarily give them any more for a bushel of wheat. I suggest to them that certainly in coming months, when they've got to evaluate whether or not they want to replace this government with this opposition, they do so very carefully.

I believe that had the people in Regina East had the opportunity . . . And certainly in a by-election it doesn't indicate that they're necessarily going to vote that way in a general election. But as shareholders, certainly I would expect that it gives the government an opportunity to send those people out into the province and expound on a philosophy that I think certainly we haven't seen any kind of participation in that philosophy since 1971.

So I will be supporting the legislation, Mr. Speaker. And on its merits, I think this province merits more investment. I think that investors around the world are certainly afraid of us because of our position we've taken vis-à-vis expropriating properties in this province in the interests of government, not in the interests of people. Because I have seen very little benefit derived from the purchase, for instance, of the potash mines, come back to me as a taxpayer in this province.

But I know that when the Minister of Industry and Commerce travels the world, he certainly gets feedback from investors about the position in North America of our province, vis-à-vis our philosophy. And I think this is just a single, and the first legislation that I've seen in this House, which can at least direct that investor to the possibility that Saskatchewan is changing. And from that position, I hope we can only improve.

It's just that I can't understand why it's taken them so long to introduce this kind of legislation, and I would hope more would be forthcoming. And I understand that the interest of people in Saskatchewan is very high, and it should be. Anybody that follows the market knows that if the interest is that high, there's going to be pressure on those shares in an upward fashion when they hit the market.

That only means profit. And if anybody in this province can share in a profit initially, so be it. And if a few people, as they mentioned, have the interest in purchasing these shares, whether it be 4 per cent or 3 per cent or 2 per cent, it demonstrates they have confidence in our economy, and they have confidence in the direction of the government in this province.

And, Mr. Speaker, I believe that it's the only way a small province with the resource base we've got, and with the few people we have, can participate fully in the production of those resources and the development of those resources. And certainly I have no doubt that anyone in this province who has \$100 in the bank will look carefully at participating in this share issue. And I would hope they would. I think the Leader of the Opposition has been the greatest benefactor. He's sold me on it several times this afternoon with the arguments he used that it was a bad investment.

I also heard the member from Regina East suggest that it's a bad investment because it's a bad policy. I mean, what kind of an argument is that? He also suggested that the share issue should hit the market, not at a fixed value, but the market should set the value when it hits the market.

Now coming from a former finance minister, I find that hard to believe — very difficult to believe. I mean, you've got to fix a price on something to sell it. But only coming from a socialist, could he suggest that you don't fix the price before you sell it, that you let the market . . . Well, what's the market? To a socialist, there isn't a market.

Well I can tell you that there is a market, and it's going to be proven that this province is willing to change its politics, even with the red Tories that . . . I see the Minister of Finance today is wearing his red jacket. I mean even with that pressure on the government to maintain these Crown corporations, I believe they're going to turn it around because after this share issue, people are going to realize that there is a value in their resource, and there's a value that they can participate in as investors.

I notice that a school unit in British Columbia, one of the northern school units, is actually going to start teaching their students to be entrepreneurs. Well it's about time that school units realized that people aren't just employers. We can be investors. We can also be employees, but I think our school systems — and the item certainly outlined that — trains our people to be employees, to be followers of socialism instead of participants; participants as investors and as business owners and as employers.

Also, and it might be something that this government should look at, the British Columbia government is presently legislating, it's presently on the floor — I don't know the name of the Bill or the number of the Bill — but they are allowing investors who invest up to \$10,000 on the Vancouver Stock Exchange to borrow \$2,500 interest free so that, in fact, they will initiate a market-place, and certainly some first-time investors are going to invest. Now they would have to lose the 10,000 in order that they don't pay the \$2,500 back, but it does develop a pool of resource that can be invested in the private sector. And they've also enlightened that sector with some legislation that's allowed pools of resource to develop in this province, but I think that's something they should look at.

And certainly, I don't think I can expound enough of the fact that I think they've somewhat defrauded the public by not allowing them to participate in this first issue of shares to the private market-place in this province.

And I will be supporting the legislation, and thank you very much, Mr. Speaker, for allowing me to speak.

HON. MR. SCHOENHALS: — Thank you, Mr. Speaker. In rising to close debate, I will attempt to respond to a number of the statements and criticisms that have been levelled by the members of the opposition.

In order to try to bring some order to the debate, I have grouped these comments or attacks into four distinct groups. One are comments that are so trivial or meaningless that they don't deserve response and, consequently, will get none. That includes most of the speech of the member from Regina Centre and the member from Quill Lakes.

There are other elements that are best answered in committee, things like executive stock options, things such as the arguments put forward by the Leader of the Opposition in which he somehow tried to identify and say that a sale of assets is the same as a sale of equity. We can discuss that, I'm

sure, in committee and resolve that issue to everyone's satisfaction.

There were a number of other points made that I would classify as requiring minimal response and then some that, in fact, require some considerable response, and I'll try to make those.

First of all, a couple of items were not part of the debate on the Bill that were introduced by the members opposite. The member of Shaunavon seemed to take some considerable delight in knocking the Saskatchewan Roughriders. I'm not exactly sure what that had to do with the debate in front of the House. I would assure the member that the Saskatchewan Roughriders are an integral part of this province, have been part of the fabric of our society for a good number, 75 years, in fact. They have provided a great deal of excitement and entertainment and, despite the fact that they may have fallen on hard times, I for one will be supporting them through the years and would hope that most members of this Assembly would.

SOME HON. MEMBERS: — Hear, hear!

HON. MR. SCHOENHALS: — There was some discussion about the lack of information in the Bill. I would indicate again that the corporation will be continued under The Saskatchewan Business Corporations Act, and I think again the member for Shaunavon would have done well to have spent some time dealing with that Bill before he made the comments.

The length of the speech I made was also criticized. I'll try to make this one a little longer and maybe cover some of the points that caused problems. We have had, Mr. Speaker, a great deal of discussion in this Assembly of late on the question of ownership, the fact, as put forward by the members of the opposition that the residents of this province do in fact own Saskoil at this time. I would suggest that there is a difference between government ownership and ownership by the people.

I think that the significant difference has to do with a matter of choice, and that it is in this Bill that the people of the province will in fact have some choice on whether they choose to invest or not. If you do in fact own something it's not just that you have the right to sell it. It's the fact that you have options or choice. You in fact have a choice whether to get involved in the first place. I'd suggest that the people of this province had no choice in investing in this corporation in the beginning. You have a choice whether to continue to invest and again the people don't have that option, and you have a choice whether to divest, and once again, Mr. Speaker, these have not been the case in the past.

As well, if you own something you have the opportunity to influence how it operates, what happens with it, and I would suggest that for the first time people in this province will, in fact, have an opportunity to have some influence on the activities of Saskoil. There will be some debate. The member for Quill Lakes suggested that that may or may not be major, but it will be relevant to their investment. And I think again it's the choice that is the key figure. Mr. Speaker, even if, as a citizen of ownership that comes from having the government own it for you — that opportunity will still exist. The government will still own . . .

MR. SPEAKER: — It being 5 o'clock I leave the Chair until 7 p.m. this evening.

The Assembly recessed until 7 p.m.