

LEGISLATIVE ASSEMBLY SERVICES

December 9, 1985

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

MR. RYBCHUK: — Thank you, Mr. Speaker. On behalf of the Minister of Advanced Education and Manpower, Hon. Gordon Currie, who is unable to be here this afternoon, I would like to introduce to this Assembly a group of 40 mature students who take classes at the Wascana Institute of Applied Arts and Sciences. I'd like to inform the Assembly that one of their instructors is Gordon Barnhart, our Clerk of the Assembly.

The majority of the students are involved in administration and law classes, and they have a particular interest in computerization and visual communication in the Legislative Building. I would like the Assembly to welcome them here this afternoon.

HON. MEMBERS: — Hear, hear!

HON. MR. BERNTSON: — Mr. Speaker, I'd like to introduce to the House through you, another student of a different kind, a Mr. Wang Gang from Chiang-cheng in Jilin province in the People's Republic of China. Mr. Wang is employed by the foreign affairs of the people's government of Jilin province. He serves as an interpreter during foreign dignitaries' visits to China, including the Premier's visit to China about a year ago, and my visit to China last May.

Mr. Wang visited Saskatchewan in September of '84 when the Jilin deputy governor, Liu, visited our province. He's here studying English at our university for one year, and this is part of the protocol that was signed while our twinning arrangement was being negotiated between Jilin province and the province of Saskatchewan. And Mr. Wang has demonstrated that he's a very capable and articulate interpreter and is a friend of all us here. And I welcome him to our legislature, and I wish him well in his studies at the University of Regina. I would ask that all members join me in the welcome.

HON. MEMBERS: — Hear, hear!

ORAL QUESTIONS

Performance of Potash Corporation of Saskatchewan

MR. KOSKIE: — Thank you, Mr. Speaker. I'd like to address a question to the minister responsible for the Potash Corporation of Saskatchewan. Mr. Minister, it deals with the sorry performance of the Potash Corporation of Saskatchewan. PCS has, you have reported, lost more than \$21 million during the first nine months of this current year. It's well on its way to its worst record in its history. I want to ask you: can the minister inform the Assembly at what rate the four PCS mines in the province are producing at today compared to their total productive capacity; and secondly, what percentage of total capacity do these PCS mines plan to be producing in the new year?

HON. MR. SCHOENHALS: — Mr. Speaker, I can get that information if you want it specifically broken up for each of the four. Consequently, I would take notice. I would indicate, however, as I have several times in this Assembly, that the problems that exist in the potash sector are not related strictly to PCS, and in fact are world-wide problems as exemplified by shut-downs that have been announced at Kalisalz in Germany, and by shut-downs equally unfortunate at the private sector mines throughout the province. We have a significant oversupply situation in the world. As producers we are working to deal with it, and we will continue to do that.

MR. KOSKIE: — Supplement, Mr. Speaker, I want to ask you, Mr. Minister, whether your

government has even more cut-backs at PCS under consideration. You have already had massive lay-offs this year in the publicly-owned potash corporation of Saskatchewan and have given dozens of workers their permanent lay-off.

Can you at least assure the Assembly and those workers that there will be no further lay-offs of PCS for the next year?

HON. MR. SCHOENHALS: — Mr. Speaker, again you will remember that we had some extended lay-offs in the late summer, early fall session. At that time we indicated that we would take those steps in order that the employees at the potash corporation would not face those types of lay-offs over the winter, particularly around the Christmas period, as some of the private sector mines are now forced to do.

We cannot give assurances, obviously, that there will be no further need to control inventory. We obviously can't run the bins full as the previous administration did prior to the last election. We will take reasonable and rational decisions in this regard.

I think it is important though, in assessing this situation, to understand exactly where the problems originated. The previous administration, through their taxation systems and PCS . . . PCS took some very real decisions to expand the corporation at a time when things were operating in good shape. The private sector in Saskatchewan was prevented from expanding at that time, which they may very well have done, based on the information that was available, because of the tax system in place. Consequently, PCS took some expansion decisions, as did a number of other jurisdictions that we are now having to deal with, and it is these expansions which turned out to be very ill-advised that have caused the current problems.

However, we are doing all that we can to make sure that lay-offs are to a minimum and to keep people working through the winter months.

MR. KOSKIE: — A further supplement, Mr. Speaker. I'm wondering why, Mr. Minister, your government has decided, in fact, to go into a shell rather than try to get out there and compete aggressively for the potash markets? PCS, as you know, is large enough to set trends in the markets, in the industry, world-wide. And why aren't you out there pushing for sales on behalf of the Potash Corporation of Saskatchewan rather than sitting back and twiddling your thumbs?

HON. MR. SCHOENHALS: — Mr. Speaker, a number of points. First of all, in terms of aggressive marketing, PCS has, in the domestic market, been as aggressive as is possible. In July of 1985 . . . (inaudible interjection) . . . And I don't think the members want to hear this. In July of 1985, PCS had 56 per cent of the domestic market, the highest level it has ever attained. Those types of gains, however, are short term and tend to cause price declines. The price of potash today is edging down towards the cost of production. Aggressive all-out marketing, particularly in the export market, would drive that price even further down and would cause problems.

I think the other point — as everyone in this province is aware, North America agriculture is in some considerable problems. They have high inventories, low commodity prices — familiar scenes for Saskatchewan farmers. They exist in the United States as well, particularly in the mid-western states where a lot of our sales go. Demand is considerably down, and despite the fact that PCS is competing aggressively as evidenced by July's results, there is not a lot to be gained in simply going out and undercutting the price.

MR. KOSKIE: — New question, Mr. Speaker. Mr. Minister, I'm surprised to hear what you have just said to the House, because in the November 19th edition of *The Star-Phoenix* you admit that PCS is holding back and not marketing aggressively. The article in part states:

‘Rather than trying to undercut other producers on price,’ he said, ‘PCS is adjusting its marketing strategies to suit the world-wide situation.’

And what I say to you, Mr. Minister, you're adjusting all right. What you're doing is giving up the market to the private corporations in the province and let . . .

MR. SPEAKER: — Order, please. Order, please. We're in question period, and the member is giving information rather than seeking information. If you have a question, I'd like to hear it.

MR. KOSKIE: — I had a new question, Mr. Speaker, and that was the initial preamble to the question. I ask to the Minister, having that background of what you have said and quoted in *The Star-Phoenix*, why isn't PCS (Potash Corporation of Saskatchewan) in fact aggressively pursuing the potash sales throughout the world. Why are you sitting back and handing it over to the private corporations?

HON. MR. SCHOENHALS: — Mr. Chairman, as I indicated, in July and these short term figures, no doubt we had 56 per cent of the domestic market, the highest ever. If, in fact, as the member would argue, we are stepping back and leaving markets for the private sector, then possibly the member could explain the shut-downs at the private sector mines that have taken place in Saskatchewan of late. And I will just go through some of them; IMC, (International Minerals and Chemical Corporation), eight weeks, from December 8th to March 8th; Cominco, shutting down from November 9th to 25th, and again from December 20th to January 5th; Central Canada, shutting down indefinitely on December . . .

MR. SPEAKER: — Order! Order, please. When the members ask questions, I think they should be courteous enough to listen for the answer.

HON. MR. SCHOENHALS: — PCA . . .

MR. SPEAKER: — Order, please.

HON. MR. SCHOENHALS: — And Kalium running at 80 per cent. For PCS's we will have normal Christmas shut-downs. That will be the extent of the shut-downs that are planned at this time. As I indicated, Kalisalz, the largest German corporation, has also announced extensive lay-offs over the Christmas period.

What we face in potash is a world-wide situation and to play politics with it when people are, because of the market situation both in the private and the public sector, being forced out of work, I take some exception to. We are working with this problem. We are working in a number of fronts to try to resolve it. The problems of lay-offs are very real, but the problem is not isolated to PCS. It is not an isolated situation. It's a world wide situation, and I think anyone who has looked at it understands that.

MR. KOSKIE: — Rather surprising, Mr. Speaker, that the minister can outline all the details of the private corporations and doesn't know anything about the public ones.

I ask you, Mr. Minister, as a supplement: is it not true that all the signs point to your government's withdrawing PCS from the world market, rather than aggressively pursuing the market of the corporation around the world? In fact, Mr. Minister, are there not, in fact, rumours that you are considering looking at the long-term closure of PCS mines and further withdrawing from fighting for the markets on behalf of PCS?

HON. MR. SCHOENHALS: — Mr. Chairman, I don't know what rumours there are, but that is absolutely false. There is no intention to close mines. The member, in his first question, asked about capacities. Specific capacities, I can bring. He then asked about closures. I went through the closures in the private sector, and I am telling him that PCS will be shut down for its normal Christmas closures, and that is all. Five days; that is the extent. There are no closures in PCS.

MR. KOSKIE: — A further supplemental. I'd like to specifically ask the minister this, and it's an important question to the employees of PCS and Saskatchewan taxpayers: within the past 12 months, has PCS considered the closure of one or more of its mines?

HON. MR. SCHOENHALS: — Mr. Chairman, I have said publicly, in the past 12 months PCS has looked at options that range from one end of the spectrum to the other. The board of directors have chosen a course, and there is no intention to close a PCS mine. There is no policy along that line, and there will be no mines closing.

MR. KOSKIE: — A question, Mr. Speaker, to the minister. I can understand why the minister is being very cautious. I have here, Mr. Minister — don't laugh too soon — a copy of the Potash Corporation of Saskatchewan's strategic corporate plan. This is a confidential document dated July 15th of this year. To quote from the report . . . I want to quote from the report, Mr. Speaker, 'Supply management.' It says under that:

Shut out plants on a high cost basis. The highest cost division should be shut down for a long period of 5 years.

I ask you, Mr. Minister, how can you stand here before the employees and the people of Saskatchewan and mislead the House when in fact you have corporate plans which set in motion the consideration, and the serious consideration, of shutting down plants for up to five years?

HON. MR. SCHOENHALS: — Mr. Speaker, obviously the member opposite did not listen to my last answer. We have considered plans that range all the way from one end of the spectrum to the other. That is one of the plans that was considered.

MR. SPEAKER: — Order, please.

HON. MR. SCHOENHALS: — As I indicated, Mr. Speaker, we have considered plans from one end of the spectrum to the other. The document that the member has in front of him was a plan brought forward by management for board consideration. It was categorically rejected and there are no plans at this time, and have never been plans, to close a mine.

And that is the key element. That document was brought forward by management. It was considered in some detail. It was discussed and categorically rejected.

MR. LINGENFELTER: — My question is to the minister in charge of the potash corporation. It deals with another area, and that is the sale of assets. Given the report, Mr. Speaker, it's obvious this government isn't finished with its fire sale prices. I quote from the report:

This strategy (referring to the sale of assets) could itself be approached in different ways; sell to current participants in the market or sell to new participants. Both have negative and positive implications.

Other than selling assets, there appears to be no viable way to improve the debt situation for the rest of this decade.

Well, Mr. Speaker, I would ask you, rather than sell off another profitable Crown corporation, would you consider aggressively going after the markets that you've given away in the past three years to the private sector corporations in the potash area?

HON. MR. SCHOENHALS: — Mr. Chairman, the member's definition of profitable corporation and mine are certainly different.

As I indicated, there have been discussions at a management and at board level on a number of alternatives. There are no plans at this time to sell any elements of the corporation. An aggressive marketing strategy, I assume, is referred to in the export market. An aggressive marketing strategy there means further cutting of the prices. There is are not a whole lot of ways you can make money if you're selling the product at less than it's costing to produce it, and that would be the situation we would soon find ourselves in.

So consequently, Mr. Speaker, the offshore marketing strategy has been developed in concert with the rest of the producers in the province, as well as with Canpotex. Canpotex in 1984 had record tonnage sales; 1985 is down. We are developing the program at this time. It will be aggressive for 1986 and we expect to see some tonnage increases in the next year.

MR. LINGENFELTER: — Mr. Speaker, a new question to the minister. It deals with this document which outlines the morale in the corporation as being low, and in large part, Mr. Speaker, due to the fact that employees know they are being cut back on production to allow the private sectors into the market. I want to quote from the document on page 14:

... there is a credibility gap between the higher levels of management, middle management and general employees. The gap has tended to increase in breadth and depth rather than be reduced over the last year.

Morale, organized structure and Internal Communications were all estimated to be weak.

I wonder, Mr. Minister, whether or not you can't understand how the employees of this corporation, which were involved in making a product that was sold on the world market at a profit up till the time you took over, if you would let them again compete in the market against the private companies with the same advantage, so this could once again be a profitable and producing mine and corporation, so that the 141 million that we made in the last year of our operation would come back into being.

HON. MR. SCHOENHALS: — Mr. Speaker, the member has his ideological blinkers on again. PCS is competing very aggressively, as I have indicated. I have given July's percentages, evidence of that, and will continue to. I'm not sure that the point about staff morale has to do. I'm sure staff morale in all the potash mines in Saskatchewan is very low. It's obviously a very serious situation, something we're very concerned about, something we're working very hard on and will continue to work hard on.

MR. KOSKIE: — A question to the minister in charge of the potash corporation. Mr. Minister, you indicated here in this House that you have been pursuing aggressively the markets on behalf of the Potash Corporation of Saskatchewan. From this confidential report it says:

PCS Sales trails behind all other Saskatchewan producers in market share to production capacity ratio.

Trails all other potash corporations. It goes on to say:

In the first half of 1985 PCS Sales market share is virtually the same as that of IMC which has half the production capacity.

How can you stand here and say that you have been aggressively pursuing markets on behalf of the Potash Corporation of Saskatchewan?

HON. MR. SCHOENHALS: — Mr. Speaker, that situation has existed since the potash corporation came into being. The potash corporation has never ... has traditionally had between 25 and 30 per cent of the domestic market, has time immemorial. And that remains the case today.

As I indicated, in July of this month we were up to 56 per cent. Granted, a short term, but in this type of market where sales are very short-term, that's the way it takes place. And the fact that he has risen has not changed since the corporation came into being.

MR. KOSKIE: — Question to the minister — supplement. Is it not true, Mr. Minister, that previously on offshore sales that the Potash Corporation of Saskatchewan had 62 per cent of the market and that under your administration that that has dropped to 40 per cent, in that range? How can

you stand here and say that you're pursuing actively, aggressively, the sales on behalf of the potash corporation?

HON. MR. SCHOENHALS: — Mr. Speaker, again the member confuses the two markets. There are two distinctly different markets in the potash business. One is the North American or domestic market, the other is the export market. Traditionally the shares have not changed. We will be at about 49 per cent of that market next year, based on our capacity. It was 41 or 42 this year, again based on capacity.

The year that the member indicates were years when the supply-demand balance was reversed. There was much more demand than there was supply. Some of the private sector mines did not fill their Canpotex allotment; PCS had the opportunity to step into that void. If that situation ever occurs again, we would be very glad to sell further tonnage in that market.

MR. SHILLINGTON: — Thank you, Mr. Speaker. I want to read for the minister's benefit another comment made in this document which you admit was prepared by your management. It says with respect to marketing policy:

Current strategy has resulted in loss of both market share and netbacks.

Mr. Minister, how do you pretend to come to this House and deny what your management admit, and that is that your marketing strategy is giving away Saskatchewan jobs and PCS's share of the market?

HON. MR. SCHOENHALS: — Mr. Chairman, the point that the management people are making in that statement is that aggressive marketing — aggressive marketing, which is exactly what we have been doing in the domestic marketing — has been met by other competitors. They are not going to back out. The result is that we get no more share of the market, and we lose more money. And that is exactly the point.

MR. SHILLINGTON: — Mr. Minister, I don't know what your definition of strategy is, but most people believe it to be an intentional plan. And it says 'current strategy,' not current competition, but 'current strategy has resulted in a loss of market share and netbacks.'

I ask you, Mr. Minister, to accept the plain, ordinary meaning of the English language and admit to this House that the strategy of PCS has resulted in a loss of market — not aggressive competition from competitors over which you have no control.

HON. MR. SCHOENHALS: — Mr. Chairman, the current strategy is aggressive marketing. Aggressive marketing in the domestic market has not resulted in increased market share, and has driven price down. That is exactly what the item says, and that is exactly what has happened.

Aid to Columbia

MR. ENGEL: — I have a question on a new topic, and it's to the Minister of Economic Development and Trade. Mr. Minister, my question deals with the victims of last month's disaster down in Colombia. The people of Saskatchewan have contributed generously to this emergency relief program. It's nothing unusual. The emergency relief organization, which was set up the day of the disaster, has collected some 15 to 20 tents — they tell me they weigh 620 pounds — nearly 1,900 pounds of blankets, 200 pounds of cooking utensils, 70 pounds of medical supplies, and large amounts of clothing.

However, Mr. Minister, Canadian Armed Forces has refused to come to Saskatchewan and pick up these emergency relief supplies, even though there is a cargo plane travelling to Colombia from Edmonton this Thursday with more than enough empty space to take all these supplies.

Is the minister aware of this problem, and will he agree on behalf of the people of Saskatchewan to

contact his colleagues in Ottawa and urge this flight be instructed to pick up these badly needed supplies?

HON. MR. BERNTSON: — Firstly, I was not aware of the problem as outlined by the member opposite; and secondly, I agree with the member in the acknowledgement of the generosity of the people of Saskatchewan. That has been traditional here. The people of Saskatchewan, you will recall, were the single largest donators to the Steven Fonyo exercise and to the one that followed that, and people of Saskatchewan are the single largest per capita contributors to the Ethiopian relief and the African crisis, and in dealing with the crisis as outlined here, you've once again touched on the generosity of the Saskatchewan people.

I, of course, am not responsible for National Defence, but I will take the member's comments under advisement, and I will contact them to see why it is they wouldn't participate in this way.

MR. ENGEL: — Thank you, Mr. Minister. If you're not successful with your colleague, the minister of defence, will you make arrangements to have this stuff transported to Edmonton so that it can get on the plane on Thursday? I think it's imminent. In fact, in the news today, there was even one survivor found today that lived through that mud slide till today. I think that the people need those supplies very badly.

Will you give us an assurance today that you will see to it that that stuff gets to Edmonton if they won't come here and pick it up, either in Regina or Moose Jaw?

HON. MR. BERNTSON: — I'll give the member the assurance that I will look into the possibilities. As I say, I'm not familiar with the logistics of the request, etc. You're dealing, to a large degree, in the world of the hypothetical questions because I don't know whether or not the Minister of National Defence would be sympathetic to our arguments or not. I will take them to him, and if I'm not successful there, which is where we're getting into the hypothetical part, I will go to plan 'b'. Plan 'b' is to take a look at the possibilities and see just what it is that we can do.

INTRODUCTION OF BILLS

Bill No. 139 — An Act to Amend The Public Health Act (No. 2)

HON. MR. TAYLOR: — Mr. Speaker, I move first reading of a Bill to amend The Public Health Act (No. 2).

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

Bill No. 140 — An Act to amend The Public Trustee Act (No. 2)

HON. MR. LANE: — Mr. Speaker, I give first reading of a Bill to amend The Public Trustee Act (No. 2).

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

ORDERS OF THE DAY

GOVERNMENT ORDERS

SECOND READINGS

Bill No. 125 — An Act to amend The Teachers' Superannuation Act

HON. MRS. SMITH: — Thank you, Mr. Speaker. I rise today to move second reading of Bill No. 125, An Act to amend The Teachers' Superannuation Act.

On October 22nd of this year, the boards of education, the Saskatchewan Teachers' Federation, and the government signed a provincial collective bargaining agreement for 1985 and 1986. The Teachers' Superannuation Amendment Act arises from that agreement.

As the members opposite are aware, a defined contribution pension plan was negotiated in the 1979 provincial collective bargaining agreement and was subsequently established in amendments to The Teachers' Superannuation Act. Initially, teachers were given two years, until June 30, 1982, to decide whether or not to transfer from the formula plan to the annuity pension plan. In 1981 the option to transfer was extended to June 30, 1986. Section 3 of this Act will extend the option to transfer to June 30, 1988.

Section 4 of this Bill will allow teachers to establish a voluntary contribution fund. Federal legislation allows the teacher to contribute to a registered pension plan and the registered retirement savings plan or an additional voluntary contribution. This amendment simply facilitates this third option for our teachers.

It is important that this Bill is given assent prior to the Christmas break of the Assembly so that this option will be available to teachers for the 1985 income tax year.

This Bill also improves two existing sections related to what constitutes teaching service and adds a third section. An additional two years of outside service can now be counted for all purposes in the calculation and in the allowance.

In addition, board-approved paternity leave can be counted as teaching service for periods up to one year. This amendment will also remove the date of January 1, 1976, prior to which periods of maternity or adoption leave approved by the employing board of education could not be counted as teaching service. On July 1, 1986, all periods of board-approved leave for maternity, paternity, or adoption leave up to a total of one year can be counted as a teaching service.

Finally, Mr. Speaker, a teacher who taught in a technical institute prior to being employed by a board of education, and who was unable to contribute to a pension plan, will now be able to count this service for all purposes. Similar to all other buy-back provisions, the teacher must contribute the required contribution for the teacher and the employer, plus interest.

In summary, Mr. Speaker, this Bill amends The Teachers' Superannuation Act with a small number of changes which address the pension difficulties and the inequities of particular groups of teachers.

In conclusion, I again will urge the members of this Assembly to give this Bill, and the other two Bills which arise from the 1985-86 provincial collective bargaining agreement, early consideration in passing.

Mr. Speaker, I move second reading of The Teachers' Superannuation Amendment Act.

MR. TCHORZEWSKI: — Thank you, Mr. Speaker. I have very brief comments on this Bill. I'm aware that it is indeed the result of the provincial collective bargaining agreement which was signed on October 22nd. I have been in touch with the Saskatchewan Teachers' Federation as well as with the Saskatchewan School Trustees' Association, and asked for their views on it. And they have assured me that this Bill, as the other two Bills which the Minister of Education has referred to, are indeed a part of the collective agreement and that they are satisfied with the Bills themselves.

I must say that I'm not so convinced that they are satisfied with some other aspects of the negotiating process that brought these Bills about, and I will indeed, at some point in time, have a great deal to say about that. I'm sure the minister will be expecting that.

As I said, it's a result of negotiations, and therefore it makes the Bills — although they are very significant and important — to some degree, of a housekeeping nature. But because of the nature of

them, we will be allowing this Bill and the Act to amend The Teachers' Life Insurance Act to proceed today, because I think it important that people be able to take advantage of them for this tax period.

I want to say to the minister through you, Mr. Speaker, that I have some concern about one of the principles involving section 14(1) which talks about an amendment . . .

MR. SPEAKER: — Order. Order, please. In second reading we're not allowed to address specific sections. That's more properly done in committee.

MR. TCHORZEWSKI: — Thank you, Mr. Speaker. I'd forgotten that. Thank you for the reminder. But in general terms, the Bill and the minister's comments on it seem to indicate one of the concerns which I know teachers have had for some time, that of whether there is an opportunity to negotiate Superannuation so that there once again is one form of superannuation instead of the two forms which now exist. I'm taking it from the minister's comments that the door is now closed on that question. I would consider that to be very unfortunate, because I know that it is of concern to teachers, and I will be asking in committee for the minister to be very explicit and very clear on that when we talk about the specifics of the Bill rather than the principle.

The process that brought about this amendment, Mr. Speaker, is of some concern because it's a result of, to some degree, of the Minister of Education, the Minister of Finance, saying to the negotiators, here it is, take it or leave it. I do not consider that, and neither do my colleagues on this side of the House, free collective bargaining. And that was unfortunate, and that's one of the issues that the minister did not address, which I think, in the process of this year and next, we will be addressing.

There is a great cost here as well in this Bill to teachers as a result, not the Bill itself, but as a result of the negotiations. The minister didn't mention that. If someone is 15 years from retirement because there is no salary increase to the grid, a teacher could lose as much as \$21,000 over that period of time. So for the minister to get up and say the government has done such a great job with this agreement and with this legislation, I think is stretching it to some degree. That is only one small example of the implications of this last agreement.

Finally, Mr. Speaker, I want to say that, as I indicated earlier, because this is a Bill that is supported by all of the parties and principals concerned, it is a result of negotiations that concluded on October 22nd, our caucus will be supporting it and I will be supporting, and I will say no more other than to suggest that we will have questions in committee on quite a number of issues.

Motion agreed to, Bill read a second time and referred to a committee of the whole at the next sitting.

Bill No. 126 — An Act to amend The Teachers' Life Insurance (Government Contributory) Act

HON. MRS. SMITH: — Thank you, Mr. Speaker. This is the third and final Bill today and it is Bill No. 126, the teachers' life insurance Act. This is the third Bill arising out of the conclusion of the collective bargaining agreement.

The amendment before us will extend to teachers with a temporary contract longer than 49 teaching days the same insurance coverage available to full-time teachers. And for the information of this Assembly, Mr. Speaker, a teacher with a temporary contract of at least 50 teaching days will be covered by \$76,000 of insurance as of the date of assent, and will, on September 1, 1986, have \$83,000 of insurance.

This Bill, Mr. Speaker, is by far the shortest, and basically housekeeping. In conclusion I simply ask that this, too, pass prior to the Christmas recess. With that I move second reading of The Teachers' Life Insurance Amendment Act.

MR. TCHORZEWSKI: — The minister and I seem to be getting along very well here today because I am going to also indicate that . . . (inaudible interjection) . . . I qualified that by 'today,' to the member

from Regina Centre.

I want to indicate that once again our caucus will be supporting this Bill because, as the minister indicated, it is a result of the collective bargaining agreement and would, I think, be appropriate and useful and important that it be passed at this session of the legislature so that people can receive the coverage which this legislation provides.

There is a larger issue here, of course, that the Bill itself — I guess because it's here — addresses, and yet it does not address — the issue being that there are a growing number of temporary teachers who will be covered by this legislation, and to that extent it's positive legislation and an important provision. But the fact that there is a growing number of temporary teachers, I think, is indeed unfortunate.

There are school boards that are hiring more and more temporary teachers without the protective provisions that teachers normally should expect, like any other employee should expect to have. I hope that the minister, in her good wisdom, will address that when she presents her budget to the Minister of Finance in preparation for the next budget, assuming, of course, that we will have another budget before this government decides to go to the electorate — and the sooner the better, of course.

But that is a larger issue that is addressed with this kind of legislation, because it is not only a problem that exists as far as teachers are concerned; it is a growing problem in the work sector all around — the growing number of temporary employees without the coverage of benefits that any employee ought to have.

Because this Bill addresses some of that problem, we consider it a positive Bill and we are certainly supportive of school trustees and teachers who have agreed that it is important to have. So we will, as a result, be supporting this amendment.

Motion agreed to, Bill read a second time and referred to a committee of the whole at the next sitting.

Bill No. 132 — An Act to Provide Heritage Grants to Certain Senior Citizens

HON. MR. EMBURY: — Thank you, Mr. Speaker. I rise today to move second reading of Bill No. 132, a Bill to provide significant new grants to senior citizens in Saskatchewan.

(1445)

Mr. Speaker, I'm very pleased to introduce this legislation to establish the new senior citizens' heritage program for 1986 and subsequent years. This new program will provide unparalleled benefits to our senior citizens.

Seniors with spouses and combined annual incomes of up to \$25,000 will be eligible for \$700 each year. In these cases either spouse may be a senior to establish eligibility for the grant. Individual seniors with similar incomes will be eligible for \$500, Mr. Speaker.

Senior citizens with somewhat higher incomes, over \$25,000 and up to \$30,000, will be eligible for one-half of these benefit levels; that is, \$350 for senior couples and \$250 for individual seniors.

In calculating the grants, all forms of income received, from whatever source, will be included. Those seniors who reside in public housing, with a local housing authority as their landlord, will be eligible to receive a lesser amount of \$200 each. This takes into account their already subsidized housing.

Mr. Speaker, as Premier Devine noted when he announced this new program on November 19th in Saskatoon, the program recognizes the contributions made by seniors over the decades to Saskatchewan's way of life. It is indeed a dividend of appreciation for their many years of effort and

dedication.

Mr. Speaker, the net results of this new program is greater benefits to more seniors. The program replaces rebates available to seniors in 1985 and in previous years. It also replaces the previously proposed senior citizens' property tax credit which would have taken effect in 1986.

The new program is superior in a number of ways. It will provide greater benefits to more seniors. An estimated 70,000 senior citizen households will receive the grants. It is a \$40 million grant program instead of a \$20 million tax credit. More seniors will receive much higher benefits of \$700 or \$500.

The program is easier to apply for. It has less red tape. Seniors will not be required to submit property tax documentation or to pay out their property taxes before receiving their benefits. These were sources of irritation for many seniors.

Seniors who rent come out far ahead under this new program. We no longer artificially distinguish between the contribution made over the years to Saskatchewan by seniors who no longer own their own homes and by those who have managed to continue to do so.

Mr. Speaker, I would like to point out that the new grants will not negatively effect provincial SAP and SIP payments which some seniors now receive. The provincial government has acted in this respect to protect the incomes of seniors who receive these types of assistance and to ensure that they receive the full benefits to which they will be entitled in the new program as well.

Based on the best information we now have, the heritage program benefits will be neither taxable nor will they have the effect of reducing GIS payments. Application forms for the new senior citizens heritage program will be mailed out early in the new year.

Mr. Speaker, compared with the previous government, this government, by its various actions and programs, has consistently shown its support for the province's senior citizens. The list of initiatives in this area is quite extensive and includes the establishment of the seniors bureau with a direct inquiry line to provide assistance to seniors; a task force in housing and a senior citizen home repair program; the chiropody program to meet seniors' particular health needs; more nursing home beds; increases sick benefits for 26,000 seniors monthly; a directory of provincial programs and services for seniors; a regular consultative mechanism known as the seniors' forum; a restructured Senior Citizens' Provincial Council; a standing interdepartmental committee to co-ordinate provincial programs and services to seniors; the senior citizens heritage rebates in 1985; and now, Mr. Speaker, the senior citizens heritage program to provide increased and continuing benefits to this province's seniors.

Mr. Speaker, senior citizens have contributed greatly to Saskatchewan over the years. I would urge all members of this House to demonstrate their appreciation for seniors in a tangible way by supporting this Bill.

Mr. Speaker, I would urge senior citizens across the province to take note of who in this House supports this Bill, and the dividend of appreciation which it will provide to them. Thank you, Mr. Speaker.

SOME HON. MEMBERS: — Hear, hear!

MR. TCHORZEWSKI: — Thank you, Mr. Speaker. I want to make some comments on this Bill and on what the minister's had to say. Then I intend to adjourn the debate because I want to study carefully what the minister said here this afternoon so that I can more appropriately respond, because I think that, as is clear to anyone, any assistance that we provide to our senior citizens is important and certainly well deserved.

These are the people who made everything that we have here today possible and who established the medicare of not only this province but, through this province, in Canada, through their efforts

and their commitment, in spite of the efforts by Conservatives in the past. These are the people who broke the soil originally, who developed our schools, built our churches, and indeed have made a lot of sacrifices in order that we can live in the relative comfort in which we and our children live today. And I think that no one can deny that these citizens of ours who have done so much for us deserve all that we can do for them.

So in principle we certainly agree with what the government is doing here, but we will have some questions about what the effect of their assistance in real terms will be. I'm not sure that I am prepared to accept at this point in time the assurance of the minister, and we will be asking the minister for more information later as to whether none of this assistance under the heritage grants to senior citizens is indeed not taxable. We will be looking for some assurances of that.

Now, Mr. Speaker, this Bill, if it was brought here as a single Bill which provided some assistance, in itself would not be so bad. But if you look at the record. I think it leaves a lot in wanting. Prior to last April there was a property improvement grant and a senior citizens' school tax rebate. The April 10th budget scrapped all that, Mr. Speaker — scrapped it, callously did away with it.

And I submit to this House, Mr. Speaker, that this Bill wouldn't be here today had not the senior citizens of this province said in no uncertain terms to this government, you're wrong, in the same way as the people did to the Prime Minister when he proposed to do away with indexing of the pension plan which none of those members over there said a word about. But the senior citizens of this nation, who know better how to organize than anyone else, stood up and said, we will have no part of it.

And I suggest that this legislation, Mr. Speaker, is here because the senior citizens of this province said to this government, hey, what you did in that budget in April is wrong and you'd better reconsider.

Well the April 10th budget scrapped all of those, Mr. Speaker, and they announced a new senior citizens' property tax credit program to take effect in 1986, with nothing for 1985. A few weeks later, Mr. Speaker, in May — this is the long-range planning of the government opposite; they really have control of what they're all about — in May this Devine government began to realize the anger that was provoked by scrapping the property improvement grants for seniors, and hastily introduced a patched-together program for 1985 only.

And now with this Bill, and the next Bill which I understand the minister is going to introduce, they are flip-flopping again. They are flip-flopping again. For these Bills repeal the program that was announced in April in the April budget, and they introduce yet another new program, the fourth one in less than two years. And I underline that, Mr. Speaker — the fourth program in less than two years.

Now those gentlemen over there really make an art out of trying to create confusion. I mean, historians write about people who practise the principle of divide and rule. Well these people in this government over there are artists at the practice of confusing people. When you have four programs in two years, that is not really an indication that the government knows what it's doing. It's an indication of a government that is sort of flying by the seat of its pants, having no directions, looking at polls and even not interpreting them correctly, and hoping that somehow, by putting something in here and something in there, it shall survive.

I submit to you, Mr. Speaker, that it's beyond that point because no one knows better, and no one has better memories, than the senior citizens of this province of Saskatchewan. They will remember as they remembered many other things that this government has undone.

I want to add that it seems very curious to me that it's the Minister of Urban Affairs who is responsible for this new program. And I ask the question, why? Why the Minister of Urban Affairs? Because it seems to have nothing to do with his department, particularly, and in fact would seem to more appropriately belong in the Department of Social Services like many other senior citizens' programs

are.

But I suppose perhaps the Minister of Social Services is too busy preparing for being the next Minister of Finance, or wherever he is destined to be going according to what the Premier tells him that he should be doing. Or maybe, as a result of his mishandling of the so-called welfare reform program, he is not being trusted to handle . . .

MR. SPEAKER: — Order, please. The member is ranging a long way off of this Bill and I would ask him to stay on the subject.

MR. TCHORZEWSKI: — Mr. Speaker, I shall try to stay on the subject. I just want to indicate that in speaking to this Bill that we hope the minister will explain very clearly the government's reasons for the flip-flops in the last two years which have brought this Bill about. I mean if he can stand in closing the debate or in committee and explain that, I would be very interested in hearing him do so.

Understandably Saskatchewan seniors, I say, are sceptical. They are sceptical about this government. They will be grateful for the assistance because that's the nature of our people in this province, but they will be sceptical about the intention of this government because they remember it as the government which broke its election promises to provide free telephones for seniors; it cancelled the senior citizens' shelter allowance program, which our government had introduced; and it fully supported the Prime Minister's plan to de-index old age security pensions. And as a result of that, Mr. Speaker, I think it's clear that not only anybody else in Saskatchewan but senior citizens in particular are going to be rather sceptical of what this government is all about.

I hope, and I ask this of the minister through you, Mr. Speaker, that when we get into committee on this Bill he will be able to provide me with the documentation that he has received from the federal government with regard to SIP (Saskatchewan Income Plan) and SAP (Saskatchewan Assistance Plan), as well as GIS (guaranteed income supplement), and whether they indeed will not be taxable. Because I have been through this process before and I suggest to him that if he still believes after being on the treasury benches for several years, that simply by word of mouth it's good enough to get from the federal government that it will not be taxable without getting the documentation from the Finance department and the Minister of Finance, then he is a dreamer.

I will be wanting, and I'm sure that there's nothing wrong with that or no need for confidentiality, for him to provide to this House, during committee, the documentation or the letter from the federal government indicating that this will not be taxable, because I would be very concerned that, indeed, if those assurances are not given, senior citizens will lose more than they already have with the present programs that are in place because senior citizens will be getting guaranteed income supplement cheques reduced very quickly, as is the case with the operations of this program under the federal government.

Mr. Speaker, with those points, I want to indicate that, as I said at the beginning of my remarks, I will want to study the Bill further and get the reactions of people who have heard or will read the minister's introduction of it. Therefore, I beg leave to adjourn the debate.

Debate adjourned.

Bill No. 131 — An Act to amend The Income Tax Act (No. 2)

HON. MR. EMBURY: — Mr. Speaker, I move second reading of Bill No. 131, An Act to amend The Income Tax Act (No. 2), which my colleague from across the floor has quite rightly pointed out is consequential to the Bill that we have just been dealing with, the Bill that is the richer of any of the Bills ever seen in this legislature meant for seniors for rebates. And this is in consequence to that. It will simply repeal section 8.4 of The Income Tax Act (No. 2) and we will deal with it, I suppose, in committee of the whole and I would urge member to support the Bill.

(1500)

MR. TCHORZEWSKI: — Mr. Speaker, my comments on this Bill are going to be briefer than they were on the one previous because as the minister has indicated, indeed, it's a result of the previous Bill and so I will pass on it and adjourn it quickly.

I just simply want to underline once again that here is an example, as I indicated earlier, of government which in two years has introduced four programs and in no way can that be explained other than, as I said, the government is not sure about what it's doing. It is a government of crisis. They will sit on their benches and do nothing. Then they find that they're in a problem situation. There may be a drought crisis or a grasshopper crisis or something of this nature, because there is pressure from people who are in need and are deserving and then it reacts.

I think, Mr. Speaker, it's clear that any government that reaches that state of its performance is a government that's no longer fit to govern. We need in this country or in any country —we certainly need in this province — a government who knows where it's going, has a clear laid-out plan, rather than jumping around as is an indication of the way this has come about. We certainly support, Mr. Speaker, assistance to senior citizens, as I indicated in my earlier remarks on the Bill previous to this one. We have no objection to that, but we think that there is no assurance because of the record of this government that this is the last of it. There is no guarantee under this government that today this Bill is here and that a year from now there may not be another Bill to take it away. That's the issue here. That is the record. There have been promises that have not been kept. There has been assistance and the legislation provided which, a few months later, is gone. I say for the people of Saskatchewan and particularly on behalf of senior citizens, under those kind of conditions they can have no assurance to how long this kind of assistance will be available.

So, Mr. Speaker, once again, we shall have some questions in committee on this Bill and I will have further remarks to make before that, and I beg leave to adjourn the debate.

Debate adjourned.

Bill No. 133 — An Act to amend The Vehicles Act, 1983 (No. 3)

HON. MR. LANE: — Thank you, Mr. Speaker. The Bill before this Assembly contains changes to the present Vehicles Act that will assist in taking effective action against drivers who have been convicted of driving while impaired. The amendments before the Assembly are a direct result of recent changes to the federal Criminal Code, proclaimed December 4, 1985.

It is our intent to ensure that the provincial vehicles act is complementary to changes made to the Criminal Code in the area of drinking and driving. I should add that the provincial Vehicles Act received the unanimous endorsement of this Assembly in June of 1983, and I hope that all hon. members will endorse the amendments proposed in this Bill.

With respect to the Criminal Code changes, certain provisions affect our system of driver licensing. We require a change in our provincial Act to ensure that the convictions for offences against the new provisions, as well as the former provisions, will still result in a suspension. The amendments we propose will ensure that persons convicted of offences under the Criminal Code are liable to the statutory suspension provisions in The Vehicles Act. This change affects what is legally termed 'conditional discharge.' The federal changes to the Criminal Code allow a judge to require a person convicted of drinking while driving to take a treatment that we hope will reduce the likelihood of a repeat offence. This Bill will ensure that a conditional discharge be granted; a suspension period will also be imposed.

In terms of discrepancies regarding suspension period length, recent federal changes allow a court of law to prohibit the operation of any motor vehicle for periods ranging from one day to a lifetime. Accordingly, this Bill changes The Vehicles Act to ensure that, should a court order suspension period be longer than the statutory suspension under the present Act, the longer suspension will apply.

I would like to point out, Mr. Speaker, that the amendments simply assure legal continuity across jurisdictions. The intent of the Criminal Code and The Vehicles Act legislation remains unchanged, only strengthened, particularly strengthened to deal with the problem of the drunk and the impaired driver.

Mr. Speaker, I move second reading of this Bill.

MR. KOSKIE: — Thank you, Mr. Speaker. I just want to say that we on this side certainly concur with the direction taken to control the carnage on the highways through drunken driving and impaired driving. I think it also would be nice if we saw consistency of approach, as you increase the penalties and stiffen the law in respect to dealing with this problem, that you also come to grips with the massive advertising that we see encouraging the use of alcohol. I think that we on our side want, indeed, to have a consistency and we would hope that the government in moving in this direction would also look at what is being done in the States, moving away from the advertising of alcoholic beverages.

We on this side have no problem in concurring with the direction that is being taken as outlined by the Minister of Finance, and any questions regarding the provisions, we'll address in committee of the whole.

Motion agreed to and the Bill ordered to be read a second time at the next sitting.

Bill No. 134 — An Act to amend The Livestock Investment Tax Credit Act

HON. MR. HEPWORTH: — Mr. Speaker, I speak on the amendments to The Livestock Investment Tax Credit Act. The amendments we are asking the Assembly to consider and pass relate to the eligibility criteria of the livestock investment tax credit program. Their purpose is to define more clearly who is eligible for and who receives the benefits of this already successful program.

The success of this innovative program is evident in the number of people who use it and the amount of tax savings they have received. In the 1984 tax year over 5,000 Saskatchewan residents received \$5 million in tax credits. That's an average provincial tax reduction of \$1,000 per applicant under the program. And some would ask, Mr. Speaker, who were the recipients of that tax saving? Some would like to say that rich lawyers, doctors, accountants, and others, who don't live and work on the farm were the beneficiaries. But as is always the case, Mr. Speaker, the members opposite who might be included in that category base their comments on political ideology and not on the facts.

The fact is that virtually all of the \$5 million in tax credits which were issued for 1984 went to Saskatchewan taxpayers directly engaged in livestock production. Approximately 95 per cent of the people who applied received less than \$5,000 in tax credits. That \$5 million in tax savings went to 5,000 Saskatchewan farm families, and not the people as some others might have identified, Mr. Speaker. Those are the facts of the situation.

Mr. Speaker, since our government was elected in the spring of '82, we have put a great deal of emphasis on the livestock industry. We introduced many innovative programs to encourage, support, and maintain the livestock sector which is so essential to our agricultural economy.

In addition, we have improved and modified other programs to make them more responsive to the needs and the wishes of livestock producers. We have done this because no other sector of the agriculture industry creates so many jobs and generates so much economic activity throughout the province.

For example, every additional 100,000 head of cattle which are raised, slaughtered, and processed in Saskatchewan, adds \$77 million to the provincial economy. The money is generated in the feedlots and processing plants, in trucking, in marketing, and in the farm service sector. Also those 100,000 create nearly 300 jobs directly in the activities I've just listed. In addition, those animals are

responsible for creating another 600 jobs indirectly. In total, every 100,000 head of cattle create approximately 900 jobs.

These cattle are also important to our province's feed grain sector because they provide a market for five million bushels of feed grain here at home, and without transportation costs.

I think, Mr. Speaker, I could develop similar models for other sectors of the livestock industry, for example, the pork industry and, as well, the slaughter lamb industry.

And I would suggest to you, Mr. Speaker, and other members of this legislature, that those are some of the reasons our government introduced the Livestock Investment Tax Credit and other livestock programs. These programs are designed to encourage the feeding of livestock here in Saskatchewan and they have been successful; the statistics prove it. In 1981, 200,000 steers and heifers were marketed in Saskatchewan for slaughter. In 1984, the figure jumped to nearly 290,000 — a nearly one-third increase, Mr. Speaker.

Now I'd like to specifically address the changes to the Livestock Investment Tax Credit Act which are before this Assembly. The Livestock Investment Tax Credit program was introduced in our March 22, 1984 budget by the Minister of Finance. The purpose of the program was to encourage the feeding and finishing of livestock here in Saskatchewan, rather than see that economic activity leave our province.

As I said just moments ago, the tax year 1984, \$5 million in tax credits were issued to more than 5,000 applicants. The tax credit was designed to prevent the doubling up of tax credits and to prevent the transfer of tax credits between parties. However because of the tight regulations, some people were adversely affected. As the Act now stands, organizations such as feeder associations and co-operatives, to mention a couple, can not easily transfer the tax credits from the operating organization to the individual members.

To pass the tax credits on to individual members these organizations are now forced to undertake some very cumbersome and complex paper work. They have to document a change in ownership, charge custom feeding fees to their own members or even themselves, or a set up an elaborate tax system involving the issue of patronage dividends and applying the tax against the tax normally withheld on such dividends. A rather complex situation, I think you and other members will agree, Mr. Speaker.

To alleviate this situation, changes to the Act are required. The changes we are proposing will allow the benefit of the tax credit to flow smoothly to the individual members of the feeder association or co-operatives, for example. In other words, these changes will allow the credit to be more easily available to the people the program was designed to benefit, the individual taxpayer of Saskatchewan.

Also the changes will bring the Livestock Investment Tax Credit in line with Revenue Canada's rulings which allow tax credits to flow through co-operatives and back to the individual.

Mr. Speaker, it is with pleasure that I move second reading of Bill No. 134, An Act to amend The Livestock Investment Tax Credit Act.

MR. ENGEL: — Thank you, Mr. Speaker. Mr. Minister, I listened to your remarks very carefully. The original Bill that was in this legislature was assented to on June the 1st, 1984, when the Bill was originally introduced.

I looked at the Bill very carefully at that time and again today. As far as I could read into this legislation, Mr. Speaker, the Bill is very tight. It is designed to put some money in the hands of farmers that are feeding out some cattle. The intent was to give a tax credit to the person that owned some cattle, puts them in the feedlot, feeds them out and, consequently, markets or sells that animal.

(1515)

As I read this Bill, and as I listened to the minister's remarks, he tends to be expanding the Bill. The person that is an eligible claimant . . . The Bill originally introduced and assented to in June said that if you buy an animal, if you feed it out and you sell it within 10 days, or if it's slaughtered within 10 days of being sold, that person is eligible for a \$25 tax credit.

What has happened since you've introduced this piece of legislation, Mr. Minister? You brought some figures before the House today and said that in 1984, 290,000 cattle were sold; instead of 1981, 200,000. Mr. Speaker, the one thing the minister failed to inform this Assembly of: how many cattle are left in Saskatchewan? I think if you look at the total cattle numbers, and if you look at what's happening in the cattle industry, Mr. Speaker, you will find that we have slumped to the lowest number of cattle numbers in Saskatchewan in a 21-year history. We've never slumped to a lower low than we have during this government.

Your government has failed totally to bring about programs that would encourage ranchers, feedlot operators, cow-calf people, mixed farmers, to keep their herds up and to have some cattle. Is this Bill concerned with making sure, like the minister said, is this Bill concerned with those farmers that maybe are feeding their cattle out through a co-operative or through an association? Or is there some other concern there, Mr. Speaker? I'm wondering. I'm going to be asking some questions when we get to committee of the whole.

Farmers in southern Saskatchewan and around the province are waiting with bated breath for this government to act. But when it comes to helping people that are looking for a tax credit, it doesn't take very long to get your act in gear and to make some money available. But what have you done as Minister of Agriculture to encourage cattle numbers? Why are we at an all-time low, Mr. Speaker? Why have we slumped to the lowest amount of cattle population in the 21-year history of Saskatchewan?

You're prepared to talk about drought programs; you're prepared to talk about 21-cent fuel. I'm not sure how this applies to the person that's applying for a tax credit.

Here we have farmers that are applying for a tax credit. Some are ranchers, some are feedlot operators. But I want to say to the minister, when I read the explanatory note, that this new section gives the minister, through regulation, the power to recognize or designate the interest of any person as one whose interest constitutes ownership of livestock and who's eligible to receive the tax credit.

I think, as the minister said originally, the Bill was cumbersome. And the doctor or the lawyer, or somebody that had a lot of money and that made a windfall profit off this government, be it through oil or whatever, and wanted to invest in a feedlot, he had to prove ownership. He had to actually buy those cattle to get a tax credit.

Are you making a loophole here so it's easier for that individual to collect some money? Or are you concerned with helping the farmer that belongs to a co-operative? Are you being completely truthful in this legislation? I want to find that out because I think when it comes to taking care of the bankers and the doctors and the lawyers that have some money to invest, this government is quick to introduce legislation. But when it comes to taking care of the farmer, you're going to say, well we'll give you an application form. We'll give you some money, maybe — maybe. Don't get in a big rush. Don't hold your breath.

But when it comes to collecting some money for those earning millions, for those earning millions . . . I was very interested in your stats when you said that 5,000 people in Saskatchewan got \$5 million.

Here is a Bill that gave away \$5 million at a time when our deficits are high, and yet we have the lowest cattle numbers in 21 years' history. You can give \$5 million to an industry to help a few people make a little profit, but we've got the lowest cattle numbers in 21 years history.

Ninety-five per cent of the people got less than \$5,000. Well how much of the \$5 million, Mr. Minister, did those 5 per cent get that got more than \$5,000 each? I'd like that statistic. Tell us. Break the numbers down and tell us. Ninety-five per cent of the people got less than \$5,000 each. I believe that. But I'd like to know how much of the \$5 million that other 5 per cent got. Because they're the people that are saying, change this Bill a little bit. It's a little tough proving ownership just because maybe somebody borrowed some money from us or something.

I'm not sure what all the implications are. But for the minister to stand up and say, our program's successful because in 1984, 290,000 cattle were sold in Saskatchewan — those were sold in desperation, Mr. Minister. Those numbers depleted the cattle stocks or the cattle herds in Saskatchewan, to the lowest record in 21 years.

I think it's a dismal record, Mr. Minister, and as I said in this House earlier, there's reasons why there's rumours around the country as to who's going to be the Minister of Agriculture. I think this is very, very clear. It's very, very clear to all the people of Saskatchewan, Mr. Minister, and Mr. Speaker, that this minister is not looking after the right people. This minister is not looking after the people that need the money the worst. Or if you would be, we'd have cattle numbers going up, and we'd have people anxious to feed out cattle. A cattleman once told me that if you hang onto the tail of a cow, it'll pull you through. Well I told that person that this government is feeding that cow. I'm beginning to wonder if they are or not. I'm beginning to wonder if they've switched the cattle industry to the manipulators of the market-place and switched it over. And is this Bill making it easier for them? I hope not. I hope your intentions are above board.

I'll be reserving my judgement on this Bill until we discuss it and get some answers in third readings. So, therefore, I beg leave to adjourn the debate.

Debate adjourned.

MESSAGE FROM LIEUTENANT GOVERNOR

MR. SPEAKER: — I would like to ask the leave of the Assembly to read a letter from the Lieutenant Governor. Please stand.

I have a letter from His Honour, the Lieutenant Governor, dated December the 9th:

Mr. Speaker, pursuant to section 68.7 of The Legislative Assembly and Executive Council Act, I hereby inform the Assembly of the following changes in membership of the Board of Internal Economy: placing Mr. Myles Morin, MLA, on the board in place of Mr. Harry Baker, MLA, effective November 28, 1985; placing the Hon. R.D.B. Folk on the board in place of Mr. J.W.A. Garner, effective December the 9th, 1985. Yours sincerely, F.W. Johnson, Lieutenant Governor.

I lay the letter on the Table.

COMMITTEE OF THE WHOLE

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

Clause 1 (continued)

MR. LUSNEY: — Thank you, Mr. Chairman. Mr. Minister, when we adjourned on Friday in this debate on Saskoil, there was a number of comments you made, and I think there is one that I'd like to question you on right now. The question is, Mr. Minister: who owns Saskoil?

HON. MR. SCHOENHALS: — Mr. Chairman, the Government of Saskatchewan owns Saskoil.

MR. LUSNEY: — Well then, Mr. Minister, who is the Government of Saskatchewan? Who do they

Who do they represent? Do they represent the Tory party, or who do they really represent? Who is the Government of Saskatchewan?

HON. MR. SCHOENHALS: — Mr. Chairman, I assume it would be safe to say that the Government of Saskatchewan represents the people of the province. If you wanted to get into the voting split in the last election, we could get into that. I'm not sure that that is in any way relevant to what we are discussing.

Regardless of that, I suppose it's safe to say that this particular government represents something in excess of 50 per cent of the people of the province. Previous governments have represented anywhere from 38 to 45, I don't know, some percentage of that number.

MR. LUSNEY: — Well, Mr. Minister, you admitted that the government owns Saskoil, and you also admitted that the government represents the people of Saskatchewan. If you represent the people of Saskatchewan, since the government owns Saskoil, the government is a representative of the people of Saskatchewan, then could you just tell us who really owns Saskoil then?

HON. MR. SCHOENHALS: — Mr. Chairman, as I indicated, the Government of Saskatchewan owns Saskoil.

MR. LUSNEY: — Well, Mr. Chairman, Mr. Minister, when you talk about the Government of Saskatchewan, are you talking about some small body that's put together by yourself and some of your colleagues, or who really are you representing? Do you not represent all the people of Saskatchewan? Could you tell us just who it is that you represent?

HON. MR. SCHOENHALS: — Mr. Chairman, the member opposite obviously wants to discuss the ownership question which has been discussed at any amount of debate in this Assembly. The fact of the matter is that the majority of the people of this province, in my opinion, do not believe that government ownership and ownership by the people is the same thing. They believe that the opportunity to become directly involved is very popular; it's something they are interested in.

I would suggest, Mr. Chairman, that actual ownership, as I indicated in debate and I have indicated in the House, carries some rights with it. Someone who actually owns something has a right to decide, if, in fact.

I would suggest, Mr. Chairman, that actual ownership, as I indicated in debate and I have indicated in the House, carries some rights with it. Someone who actually owns something has a right to decide if in fact he wants to make that investment. And I would suggest to you, sir, that the people of Saskatchewan had no choice and probably would have expressed some considerable dissatisfaction at that decision.

I would suggest as well that you have a choice whether you want to continue to invest, and in fact if you wish to divest. And the proposal that we have in front of us, the Bill that we are debating, will lead to a share offering which will allow the people of the province to become directly involved by way of purchasing shares, by way of attending and voting at annual meetings, in the activities of Saskoil.

(1530)

If, in fact, there are a large number of people — and this will become patently obvious very soon — who are satisfied with government ownership in their stead, obviously that right will continue to exist because the government will be the majority shareholder after the issue. I would suggest that people of Saskatchewan will have the best of both worlds as a result of this issue.

However, Mr. Chairman, as I have indicated any number of times, the big significant difference in what this Bill will put in place and what has been in place up to now, particularly under that

administration, is that the people of the province will have a choice, and it's that choice that is important.

Even people — I talked with many over the weekend — even people who don't intend to invest, believe that the opportunity to make a decision, to think it through themselves and make a decision and not have big brother government make that decision for them, is, in fact, popular — is, in fact, the direction that we should be going.

MR. LUSNEY: — Well, Mr. Minister, you continue to just try and avoid the question and go on to a whole array of everything else but what I've been asking you.

Now, Mr. Minister, you admitted yourself that you are the government — you represent the people of Saskatchewan — and that Saskoil is owned by the government, which is in turn, then, the people of Saskatchewan. And, Mr. Minister, why wouldn't you just come and say that in fact what you are doing as a government and running this Crown corporation, Saskoil, is that you're running it on behalf of the people of Saskatchewan who now own it. Why won't you admit that, Mr. Minister, that the owners of Saskoil at present are really the people of Saskatchewan? Are they not, Mr. Minister?

HON. MR. SCHOENHALS: — Mr. Chairman, as I've indicated, the members opposite and the members on this side and over in the farm corner obviously have different concepts of, in fact, what ownership of a Crown corporation really amounts to.

I would suggest that I am fully prepared to stand here and admit that there is a significant difference between your party and your old tired line which you've been preaching in this province for years and years, and the one that we are presenting. Obviously — obviously — a different statement. And, Mr. Chairman, I am prepared to stand by the comments I've made on ownership.

I believe that the vast majority of the people of the province agree with the position we are taking. I believe that what has happened in Alberta with the Alberta Energy Corporation, the BRCIC exercise, the PWA exercise, all indicate that the public of this country, as well as the public of this province, believe that the concept that we are advocating here is, in fact, the right one, and it's very interesting.

Once again I refer to the document that I talked about in second reading to indicate that the previous administration, when considering a very similar, very, very similar, concept, looked at those corporations I've mentioned and indicated that they would do it. However, they appeared to have backed off from that position and now are advocating the one they had. But to the member, I would say: yes, sir, we do in fact have different opinions as to what ownership really means.

MR. LUSNEY: — Well, Mr. Minister, it's quite obvious that we do have different opinions of who owns it, and in your interpretation of who owns Saskoil as a Crown corporation, it appears that you don't think that the people own it, for some reason or other. It appears that you are the ones, as an elected body, that own it, and the people have no part in it. This is why you're going in the direction that you're going in now — to try and destroy Saskoil.

Mr. Minister, since the people do own it — and you don't want to admit that — I might ask you some other question then. You're the government. You say that you're going to pay a dividend to the Heritage Fund. At least this is where you said it's going. Where's that dividend really going, Mr. Minister? What is it going to do?

HON. MR. SCHOENHALS: — Mr. Chairman, just to conclude the ownership argument, if you will, in the democratic system, we are obviously elected to represent the people who elected us. I would suggest to you that in what we are proposing in this Bill, we are in fact representing the people who elected us and that they approve very much of what was done. And I would suggest to the braying donkey across the way that it was not an oil company that elected — it was the people of this province in vast numbers that elected this government.

What was the question? The question was in terms of the 75 million. The \$75 million will flow from

Saskoil to Crown Management Board, from there to the Heritage Fund. It will be used to fund the four pillars that were identified in the recent provincial budget, I think four pillars that anyone in this province would clearly support. Once again, those are agriculture, job creation, health, and education.

MR. LUSNEY: — Well, Mr. Minister, I'm not sure if that dividend is going to exactly do the things that you're saying it's going to do, because with the deficit you've got, I think what it has to do first is service your deficit.

Mr. Minister, if in fact what you're saying is true, that it's going to be used for programs that are going to help people, that means that what you are doing is saying that Saskoil had generated a certain amount of revenue, and the sale of it now, from that sale, that this money goes back to the people who owned it. This is basically what you're saying with your answer, Mr. Minister, although you don't want to admit that the people own it. But you are saying that you're going to be paying a dividend of 75,000 — or 75 million — to the people of Saskatchewan.

Now, Mr. Minister, since the people are getting a \$75 million payment from Saskoil, or a dividend from Saskoil now, after you sell it or propose to sell it, why couldn't you just say that they owned it before and that they were getting dividends. Profit from that corporation made 44 million that goes to the people, the same as your 75 million, and the 44 million is an ongoing profit for the people. It is not one that you sell off and you get once, and after that it's gone — no more revenue.

Would it not be better, Mr. Minister, to have an ongoing source of revenue for the people of Saskatchewan by keeping Saskoil the way it was rather than selling it off?

HON. MR. SCHOENHALS: — Mr. Chairman, once again I'm prepared to admit a basic difference. The Heritage Fund that the Leader of the Opposition spoke of on the radio in Saskatoon where he clearly indicated that there was never any intention to have dollars to build nursing homes and hospitals, is slightly different than this proposal where money will be put to the four purposes that I have indicated.

As I've indicated in debate in the last week, it stretches the bow of credibility, if you will, to have the members opposite stand in their place and talk about vast returns and benefits from Saskoil. In nine years under their leadership, Saskoil seldom made a profit and never paid one dime of dividend. And even in reading it, the member for Regina Centre had problems differentiating between \$22 million worth of retained earnings and a \$6 million loss. Nothing flowed to the government. The plans that they had in place that were adopted in 1981 would have Saskoil double its staff by 1986 and not make a penny of profit into the 1990s.

Obviously, Mr. Chairman, there's a considerable difference, and for the member to stand and say that the people will not realize any further benefits after the 75 million, is stretching the bow of credibility. And it is also false, because the government will remain the majority owner, and if in fact dividends are declared, the government will receive their share the same as the investor.

So again, Mr. Chairman, inaccurate information, but rather difficult to understand, coming from the mouths of the members opposite.

MR. LUSNEY: — Well, Mr. Minister, you continue to try and paint a picture that's going to look so good for the people of Saskatchewan and you say that the revenue is going to continue to be coming in. If you sell off 40 per cent of the corporation, you end up with 60 per cent; you're no longer going to get 100 per cent of the revenue. You may get 60 per cent. That's all you're going to get if you get any revenue. It depends what's going to happen with the corporation itself, as it will be once you sell it off.

Mr. Minister, you have put on a number of new board members recently, board members from outside the province. Now, Mr. Minister, are you telling the people of Saskatchewan that somehow those people on that board are going to run that corporation in the best interests of the people of

Saskatchewan or are they going to run it in the best interests of themselves and the people that own that oil? The 40 per cent is what they're going to be concerned about, Mr. Minister.

You don't go in there and tell the oil companies that we're going to let you have it and you can bring us a nice profit out of it. It hasn't happened. It never happened in the past and it never will. I don't blame the oil companies for that, because they're in there to make money. They're in there to make money, and if you let them, they are going to make every cent they could. That's why the people elect a government, and they expect the government of the day to see that somehow some of the money from those resources comes back to them.

But when you've got a government that is more intent on selling everything off and giving it away than they are in trying to bring something for the people, then I think we really have a problem. And this Bill appears to be doing just that.

We have an oil company that was built up over the years, built up to a point where it is able to make some money, make some profit for the people, and when it becomes profitable, the minister says that we have to sell some of it off. Why, Mr. Minister, if you thought in some of the statements you made . . . that you believe that the people should have the opportunity to invest in the oil company, that they should have the opportunity to invest in Saskoil if they want to?

Saskoil has proven that it could make money. If you want people to invest in something, why don't you go to the people — in one of your former statements that you made regarding the upgrader — and say: look, we think the upgrader is a good program. It's going to be a good project for everyone. We believe it should be in place, and we think that you should have the opportunity to invest in it.

Why don't you go to the people and say: we are going to offer you shares in the development of this upgrader. But no, you don't tell them to buy shares in the upgrader. You're saying to the taxpayers, we are going to put up every cent that's required for that upgrader. We, the government, are going to tell you how much money we're going to put in. You, the taxpayer, are going to pay for it. That's what you're telling them.

You're not telling them to come in and invest as much as they think they want to in that upgrader. This is what you should be doing. Any time you believe that there is a good project coming up, give those people that opportunity then to invest in it and let them tell you what they think of it. Don't sell off a corporation that has already developed itself to the point where it's making money, where the public is realizing some profit from it. Don't sell that one out. Give the speculators an opportunity to invest in something new; then I would say, Mr. Minister you are going in the right direction. But doing what you are doing today, selling off something that is profitable and telling the taxpayer that you are going to have to put up the money for something that we are not sure of, I think is wrong and I think the people will tell you that eventually.

HON. MR. SCHOENHALS: — Mr. Chairman, a number of points obviously were made. I'll try to respond to the ones I can remember. He discussed the new board of directors. We have been through that in some detail. I've pointed out very clearly, I think, where the three out-of-province board of directors have very deep roots in this province. I've indicated their business successes. And I would suggest to the member opposite that all board members will make decisions for this corporation that are the best for the shareholders. And the Government of Saskatchewan, being a 60 per cent shareholder, will benefit from that.

I would suggest to you that the significant difference, the significant difference between the way this corporation will behave now, under the new structure, and the way it has in the past, will be that it will not beat to anyone's political drum. Our government will not be interfering as their government so often interfered in the operations of this corporation.

(1545)

I would only point to the research structure that they had in place that was the capacity of 100,000 barrel-a-day company, 10 times the size of Saskoil, but they had this in strictly for political reasons, Mr. Speaker, and that that political interference will come out of the control of the corporation. And I strongly believe that the people of the province want that. I do not believe that the people of the province are all that excited about having the political interference that has been the case since this corporation was founded.

It's interested as well to listen to the member opposite suggesting to us that it would be a very good idea to sell shares in the upgrader. I believe was his example, but there's apparently something wrong with selling shares in this corporation. Again a rather significant inconsistency. I suppose the element of similarities with their proposal, where they propose to sell a group of corporations that had no record of making money, they would suggest to the people of the province, listen, you give us your money; we're prepared to spend it for you, but there's no way you should make a profit out of the deal.

I would suggest to you, Mr. Chairman, that what we have in front of us, this Bill and the offering that will flow from it through the prospectus that we've debated at length, is a good deal for the investor; it's a good deal for the corporation; and it's a good deal for the province.

MR. CHAIRMAN: — Order! Why is the member for Rosthern on his feet? . . . (inaudible interjection) . . . He has been trying to get on his feet for some time.

AN HON. MEMBER: — I have been for two days as well.

MR. CHAIRMAN: — I assure the member from Assiniboia-Gravelbourg that he will be the first after the member from Rosthern to ask his question.

AN HON. MEMBER: — Why should I have to go after the member for Rosthern when he can ask his questions in caucus?

MR. CHAIRMAN: — Well . . . (inaudible) . . . has the right to ask a question, as the member from Assiniboia-Gravelbourg knows.

MR. KATZMAN: — Mr. Chairman, I've heard the members from the opposite side of the House ask the minister about the amount of people voting and who the government represents. I would like to remind the minister that in 1975, when the House passed legislation in '75-76 to nationalize potash, that the members of the House on this side thought that they had the total right to demand what they so wished without allowing the other members to speak.

MR. ENGEL: — My point of order is this: he's trying to take the thought away from what the line of questioning is. His raising an issue in '75 has nothing to do with selling shares today. We are on a topic, the minister's on a hot seat, and you're letting that member bail us out that isn't even speaking about the Bill.

MR. CHAIRMAN: — I have heard the member from Assiniboia-Gravelbourg, and I believe that anything that the member from Rosthern has which relates to the Bill is in order, and I would ask the member from Rosthern therefore to proceed with his line of questioning.

MR. KATZMAN: — Mr. Chairman, it's unfortunately the opposition is so nervous this morning, or this afternoon, for some reason. But prior . . . (inaudible interjection) . . . I'm glad the member from Assiniboia said he would like me to sit down. He believes that he controls the House and nobody else is allowed to speak. Mr. Chairman, I would like . . .

MR. CHAIRMAN: — Order, order! Would the member for Rosthern refrain from commenting on other people's remarks and please get on with his line of questioning.

MR. KATZMAN: — Mr. Deputy Speaker, my question is that . . .

AN HON. MEMBER: — Mr. Chairman.

MR. KATZMAN: — Mr. Chairman, I believe that in 1975, as was earlier brought up in debate in this House on this Bill, the potash issue, where the NDP said that they were totally right to do as they pleased when they were government during Bill 1 and Bill 2 of the potash debate, and with 38 per cent of the vote they could demand to Saskatchewan anything they want.

Mr. Speaker, I believe that on this Bill that the minister is putting forward, he is indicating that those in Saskatchewan that wish to buy shares have the free and equal right to, and therefore partake in a company of Saskatchewan. Not like the former government seemed to indicate, that the only way you could own land in Saskatchewan was the government land bank to own it all. And that's what they're saying, the only way oil . . .

MR. CHAIRMAN: — Order, order! Now I warned the member from Rosthern the last time. Either come to the point of your question or you will lose your place.

HON. MR. SCHOENHALS: — Mr. Chairman, I'm prepared to respond very briefly. I think the member from Rosthern has brought into the debate another example of the point of ownership that we've been discussing, that example being point of choice. And as he so eloquently stated, in '75-76 the people of the province had no choice whether to invest in the corporation. As a matter of fact, an election was fought a few brief months prior to that in which the issue was never raised.

I believe that people in Saskatchewan who voted for us in 1982 understood that the concept of public participation was something we have talked about, something they approved of. They approved of it in 1982; they have demonstrated that approval since then in their acceptance of the bond issues. I suggest that they will very strongly endorse this issue as well, and I would suggest that the member for Rosthern has made a very salient point.

MR. ENGEL: — I'm not going to respond to either the comment that the minister made or the question that supposedly the member for Rosthern asked.

I want to follow up, and what prompted me to get into this debate, Mr. Chairman, was the fact that the minister says that some people are beating a political drum, and that they want to sell these shares to change that image out there in Saskatchewan. I want to tell the minister, be it a farm, be it Sask Power developing a coal mine down at Coronach, or be it a Crown corporation called Saskoil, I would like him to give me an example of any company that got into the business and started showing profit on year one or year two.

He makes these statements that, oh, you build and by 1986 you are going to have so and so many employees, and this was going to be such a terrible thing. Well I want to tell you that the people that were involved, and the people that you have sitting around you even today, can tell you, Mr. Minister, in no uncertain terms, that they had a direction where Saskoil was going to go. They meant business in Saskatchewan, and by 1986 they were going to do a lot of business.

As it has proven, last year this company declared \$44 million worth of profits — showed an excess over their expenditure of \$44 million. The company has finally gotten on its feet. And what do you do when you want to beat your political drum when the company gets on their feet. What is the Tory rhetoric? What do Tories say you should do with any company that makes money in Saskatchewan? So tell me, Mr. Deputy Chairman, if you could get up and answer this question . . . you'd tell me, but the minister isn't going to be truthful about it. He isn't going to tell us, because every time that a company starts making some money, and every time a company starts showing some profit, you have a little political drum you want to beat. And you say to your friend — be it in Alberta, be it an Alberta company or an Ontario company or whoever, just so you're a good Tory — you can take that political drum and you can beat the life out of it, like they did with it in my constituency.

We had a little company set up down there under Sask Power, and I want to use that as an example to

run a parallel to what Saskoil is doing. Sask Power built a mine at Popular River and built the Popular River mine, Mr. Minister. That little mine was taking off 90 feet of overburden . . . (inaudible interjection) . . . I'm right on the topic because I'm going to draw a parallel, Mr. Member for Meadow Lake. That company that Sask Power had, Popular River coal mine, had a problem. It had 90 feet of overburden and there was water on top of the coal. But because that company was able to deliver coal at competitive prices to Sask Power like they could in Estevan, where they only had 30 feet of dirt, what did this government decide to do? We've got to get that company out of the way.

Here is some place in Saskatchewan where we could generate some cheap light, and they decided to give it away for the price of two drag-lines. They gave that company away. And what are they doing with Saskoil. Here we've got a company that finally showed us some profit — that finally showed us some profit — and you put up shares for sale. Sell some bonds on it. Take in some bonds if you want to raise some money, but don't for a year and a half's profit give that 40 per cent of the company away. I don't care who's buying the shares.

My colleague adequately made the pitch that that company belongs to all of us, that the government's are just trustees. You're not the owner, as a government. You're just a trustee of that company. You're elected with a responsibility in mind, and the people in the North East spoke out loud and clear what they think of your ideas. You had a chance to measure three years into your term what the people think if your ideas of selling off all these companies, and they didn't like you to sell off the highway equipment. They don't like you selling off Sask Power's equipment. They don't like you selling off maintenance of roads or maintenance of power. They don't like that, and they spoke loud and clear that they don't like it.

And when the minister talks about beating a political drum, I would say that there's one chief over there that should have been listening to the signals that were coming in on the drum beats over in the North East. He should have been listening to those signals loud and clear, Mr. Minister, because your leader said he's going to listen. Your leader said he's going to listen. The people in the North East weren't so happy about it. And then the one line that you talk about fear, and the member for Rosthern was going to bring up the land bank issue when I said he wasn't in order. But when you talk about selling shares, in the Saskatoon *Star-Phoenix*, November 29th, 1985 when our Premier went off to that first ministers' conference, he said: 'Devine suggests farmers sell shares.' Now it's not good enough just to sell shares in Saskoil — that's not enough — he's even telling the farmers to sell shares. The farmers should sell shares!

A position paper dealing with burdensome farm debt includes the sale of shares, equity financing as an alternative for borrowing money.

Well, I'm saying that political drum that you're beating and selling shares, you've carried one step too far because you don't have a mandate to do that. The people of Saskatchewan didn't elect you people to tell the farmer to sell his land off and sell his shares off. They didn't elect you for that. They didn't elect you to sell the coal mine in Coronach, and they didn't elect you to sell Saskoil shares either.

And I think when you carry this selling shares down the tubes, Mr. Chairman, I suggest to the minister, through you, that he holds this up until you get a mandate to do so, because you haven't got a mandate to sell shares on my land. If I owe some money and I can't make my payments because my crop insurance is slow at coming, and the payments aren't coming down the tubes, and all the Minister of Agriculture has is some more tax credits or improve the position of tax credits, and then tells me sell shares, I think you've carried this too far. I think you've carried this too far, Mr. Chairman.

The people of Saskatchewan aren't so concerned whether it's a good deal or not to sell off 40 per cent. They're saying to you, you don't have a mandate to do that. I think we should take and put a six months hoist on this Bill and wait after the next election, and then we'll decide whether you can go ahead and sell. Then you can sell 100 per cent of the shares if you get the mandate to do it, if you

want to.

If you want to get rid of government-owned businesses that return a fair profit to us, sell it all off if you've got a mandate, and I'll go along with it if you get that mandate. But I can assure the minister, he's not going to get that kind of mandate because the political drum he's talking about was deafening. If you'd have been down at Tommy Douglas House the night the results were coming in and we won every poll in that election, including poll 35 . . . you only had one little faint murmur, one little faint murmur of that political drum where the people were saying, go ahead and sell some shares. Everybody else, every, every poll in that constituency said no to you. They said no to selling the shares. They said no to these kind of Bills. They said the government needs this kind of resource base; they need this base to pay our way.

(1600)

They don't want to see us going into deficit financing, putting \$75 million into the treasury when they're taking out \$40 million this year, 44, in one year 40 per cent of that — you know what those numbers are — and you continue and escalate that; in a year and a half's time we've lost as much as they're putting into the treasury.

This is a major decision. If you take some bonds, I have no problem with that. I've no problem with selling bonds, but when you sell a share and you sell an interest in it, you're not going to see me selling a share to my farm to any banker. I'm not going to give shares of mine. Maybe you want to do it. Maybe that's a way for you to finance your farm, but it isn't the way for me to finance mine. I've never operated like that. I've never sold a share in any company that I ever controlled or ran, and I turned a profit on many occasions. The minute they see a profit being turned, then they want to give it away.

And, Mr. Minister, I don't think you're hearing the beating of the drums in this one. I'd suggest that everything will sit well. You're going to give 75 million back into the treasury and health. Just leave well enough alone. Take your 44 million in profits. If you need that little extra, take another 25 million to make your 75 million. Borrow 25 million some place. Keep running, and after the next election when you have a mandate, then maybe you can consider selling a share, but at this time I don't think you have the mandate to do this. You've carried it way further. You show me one line — you're waving early — you show me one line, and in the election strategy you had or Pioneer had, where you said you're going to sell off the resources of Saskatchewan, when you're going to sell these off.

We saw today in question period what your plans are in the potash corporation. We saw it, but you backed off on those suggestions because you know what the opinion is. Here you thought you're going to sneak in the back door and only sell 40 per cent of it. Mr. Minister, you don't have a mandate to do it. It's not a good deal for the people of Saskatchewan.

Well, do you have a mandate to do it, or don't you?

HON. MR. SCHOENHALS: — Mr. Chairman, the answer to that question is yes. I believe in the election of 1982, very clearly the people told the party opposite what they thought of their performance with the Crowns and with a whole lot of other things, and what they thought of their future plans with the Crowns which we have talked about before, and I would suggest that we definitely do have a mandate to proceed with this option.

MR. ENGEL: — Well if you have that mandate, why did they so resoundingly beat the drum in the Regina North East when this very issue was before them?

HON. MR. SCHOENHALS: — Mr. Chairman, obviously the debate has gone well off of the Bill, but I would suggest then what happened in Prince Albert and what happened in Thunder Creek deserve equal consideration. That makes it two to one for our side.

MR. ENGEL: — Mr. Minister, when Prince Albert by-election was on, or even the Thunder Creek by-election was on, there was no talk about selling Saskoil shares. There was no discussion there. The discussion of Saskoil shares were on right in the same time as our member was elected there, and the proposal to sell shares is similar to what the Premier's proposing. You have a farm with six quarters of land and you're not too sure whether you can make it go, so you sell a half section of land off. You sell shares.

And take any farmer that says he takes Devine's message . . . or as Devine suggests, farmers sell shares. Let's say a farmer sells that half section off, 40 per cent of his land. He's going to sell that quarter off. How is that farm going to pay its way faster than if half of it's going to be run . . . not only owned that, but then he's going to give the management of the half, the other section the farmer owns. As an example, you take a six-quarter farm; and he's in trouble; and you sell off 40 per cent of the shares . . .

MR. CHAIRMAN: — Order. I believe the debate is wandering. We've gone from by-elections and we're going to selling farms, etc., etc., through a share sale. I think that the member should perhaps address his remarks a little more closely to the Bill.

MR. ENGEL: — Mr. Chairman, the Bill suggests we sell 40 per cent of the shares of this company, and I suggest that the analogy is the same as a farmer that has six quarters of land and sells a half section, and then gives the buyer of that half section the right to make the decision on the balance of his farm. I'm telling you it's not going to work as effectively as the company that has full control, and I think the position that I'm pointing out is that the average farmer can understand. You don't give away 40 per cent of your farm and still expect it to return a profit with a balance. It's just not going to work that way because the guys that are going to buy the shares . . . And the minister already suggested that the Alberta Heritage Fund will likely pick up 4 per cent of them, the maximum they can get.

I think that we're giving away the ship. We're throwing out the baby with the bath water. You can call it what you want. But we on this side of the House don't think you have a mandate to do that, and to make that major a change is the point I'm trying to make. I don't believe that it's good business, good sound business practice, and I don't think that you have a mandate to do it. And on those two bases, I strongly oppose it, and I'm saying that that company will go along nicely like it is.

If you need some additional financing to carry you for six months till after the next election, I'd say do that. But hold it over; hold it over till the people can decide. Because, as my colleague from Pelly pointed out so clearly, the people own this. You're just a trustee. You're there in a trustee position. You have a stewardship position to fulfil, a responsibility and obligation you have from the people of Saskatchewan. You're negligent on that. You're negligent on that stewardship position because, as steward of a company that returned \$44 million to the treasury in one year, and all you're putting in its place is a one-shot 75 million — a year and a half's operation, little better than a year and a half's operation. And then the people are supposed to say, well, great; it was a great deal; it was great management. I don't think it was.

You're giving it to a few that can afford to buy the shares. You're giving it to a few that can afford to buy it. Maybe they'll make a . . . When I'm watching the media and I'm looking at the news last night, and I see the OPEC (Organization of Petroleum Exporting Countries) countries meeting and suggesting that they're going to lower the price still further, I'm not sure this is a good deal, even for the people of Saskatchewan to invest in buying shares and fragmenting a company today, when we should be strengthening our company and making a strong unit that can produce oil as cheaply as possible; you are deciding to fragment it, and I can't see no advantages as far as the company's proposed projections to make any more money or do any better. I can't see that being any advantage, what you're doing here, at all. I can't see where it's going to help.

And the only reason you're deciding to do this, it's like you said earlier — and I think that was an error for you to put that in and be so blunt about it — but you said you're not going to beat that

political drum.

Well, Mr. Minister, I'm not afraid to be the political drum and say that here's a company that we built, that was put in place in Saskatchewan, and the benefit flowed to all the people of Saskatchewan, not to a select few, not to a few choice people that beat your political drum.

The only drum-beating you hear are the millions of dollars that flow into your party to run the next campaign. That's the only drum you can hear. You don't listen to the people that could benefit from a company like this. And I think this is where you're making your error, Mr. Minister.

HON. MR. SCHOENHALS: — Mr. Chairman, very briefly, the member has just in his farm analogy clearly indicated that he has yet to figure out the difference between an asset sale and an equity sale. We're not selling any assets of the corporation, and I don't believe the suggestion there, as something to explore, indicate that anybody should sell a quarter section.

And I would suggest that you maybe sit down with your leader and discuss those differences, because I think he understands it very clearly. I think as well you indicated a very significant lack of understanding for democratic process, because to suggest that the people in Regina North East have the right to overturn the mandate of the rest of the people of this province is stretching a very long bow. I find it unbelievable that you can even suggest that. And I have great respect for the people of Regina North East, but I don't believe that when they cast their ballot they were telling the rest of the people of the province, oh by the way, sorry, your vote doesn't count any more.

And so, Mr. Chairman, I think there are a number of points that could be made out of that, mostly to indicate that his lack of understanding and lack of information is incorrect, but I'll let him ask a question possibly.

MR. ENGEL: — Mr. Minister, when you fragment ownership — the analogy I was drawing between a farmer that is giving up 40 per cent of his ownership in his equity — and the comment is if you divide the value of my farm into quarters, and I'm selling a quarter of it, and you're leaving it in operation, you're putting in another operator, I'm saying to you that farm isn't going to do as well as when I ran it as a unit.

And if you don't like that analogy, you can make fun of it. That's no problem. But it's an analogy that an average, flat-footed farmer understands very clearly.

And the other point you're making, Mr. Minister, you have an ongoing mandate that takes into account the kind of programs you implement and the kind of acceptance the public is getting. And when your candidate, which was an excellent candidate — you couldn't have found a better candidate to represent that area, someone that has served the area as well as she did for as many years as she did in council — when you moved her into the political arena and she had to be sacrificed on your behalf, I think you didn't do her a favour, but the people of Saskatchewan should have given you a message.

The point I'm making is that you have moved beyond your stewardship. You have moved beyond the authority you were given by the voters of Saskatchewan because you never told the Saskatchewan people — you never told the Saskatchewan people that you're going to sell off the companies that you did. You didn't tell them you we're going to sell off parts of Sask Power. You didn't tell them you we're going to sell the highway equipment. You didn't tell them any of those things that you're going to give away to your friends. And when the people tell you in the only way they have to give you a message is through a by-election, and the by-election that's been taken since you've taken these drastic steps reflects loudly and clearly on what the decision of the people of Saskatchewan is.

I'm saying to you that you take and delay this action, delay this bond issue till after next June, or give it six months till the people have to decide to give you another mandate or otherwise, and I'd suggest to you if that were on the mark, that people would know that this is what they're voting for. They'd do

to you exactly like they did to Wilma Staff. They would give you that exact same message and you, personally as a minister, wouldn't see the light of day in this House. You wouldn't see the light of day in this House because the people don't want to give away the assets of this province that are giving everybody a fair share, rather than give it to a few select people that can buy up controlling interests.

HON. MR. SCHOENHALS: — Mr. Chairman, I believe that the Premier of the province and everyone in this government has said that we have listened, and we'll be attempting to understand the message of Regina North East. I would suggest though to the member opposite that the people of Regina North East in no way intended to say to anyone that our votes will overturn the mandate of 1982, and that is clearly the case.

I would suggest, as well, that when you say that in the 1982 election people did not understand what we were talking about about Crown corporations, would you accept that they understood what you had done for the last decade and clearly indicated that they were not satisfied with that performance in the Crown sector?

I will suggest, as well, that for you to stand up and say we somehow didn't lay out the agenda, and then look back on the election of 1975 and what happened shortly after in the potash industry in this province, is absolutely hypocritical. As well, sir, if you want indicate who'll be seeing the light of day in this House, I'd suggest you remember the name of Bill Fancourt.

MR. LUSNEY: — Thank you, Mr. Chairman. Mr. Minister, I have some difficulty in really understanding why you would be wanting to get rid of equity in a company that appears to be doing quite well. You're trying to make the distinction between equity and assets. Well, Mr. Minister, when you sell off that equity, you are pretty well selling off the assets of Saskoil because you are going to lose control of it. That's what's going to happen. You sell off a portion of it now and then you're going to offer a few more shares on the market and before you know it, it won't be 40 per cent equity that will be gone. The people of Saskatchewan will be losing more and more as time goes on, because I think you left it quite open in the prospectus that you can sell more shares if you so decide.

Mr. Minister, why would you really want to sell any kind of equity in a company where, using the words of some of your own executive, say that:

Record earnings and cash flow, surpassing 1983 records, have resulted in a very healthy financial position. The Corporation has the financial capability to support the ongoing expansion of its oil and gas reserves.

(1615)

Now, Mr. Minister, at a point when the corporation has proven that it's doing well financially, it's making money, it's returning dividends to the people of Saskatchewan who own it, it's returning dividends to them now, and it apparently has no problems financially to expand its operation, why would you want to all of a sudden sell off equity in it?

HON. MR. SCHOENHALS: — Mr. Chairman, I simply don't accept the argument that we should wait until the corporation is losing money in order to sell off shares, in order to make an equity offering, in order to allow the public of Saskatchewan . . . We saw in the information I read into the record in this House the party opposite's concept of taking eight or nine very questionable corporations, roll them together, and offer the people an opportunity to invest in them. Clearly their concept is that, you can give the government the money, we will spend it, but you can't make any money.

I repeat once more that what we are suggesting in this Bill, of which the prospectus will be a result, is a good opportunity for investors, a good opportunity for the corporation, a good opportunity for the province and the people in the province. And I continue to suggest that.

In terms of control, you can look at history if you will. The Alberta Energy corporation has been mentioned a number of times. It was a similar situation. Today in Alberta there are still over 30,000 people who hold less than 1,000 shares each — many, many small investors who over time have continued to hold their shares in AEC. And I would suggest that the same thing will happen in Saskatchewan.

Those small orders will be filled. There will be a very, very significant number of those small orders filled, and they will continue to be held in the province. Control of the corporation will, in fact, remain in Saskatchewan and that is simply a scare that has no basis, either in history or in the intention of this offering.

MR. LUSNEY: — Well, Mr. Minister, somehow you're trying to make the public believe that what you are doing is in their best interests; that somehow, they are going to benefit from all this. But yet, Mr. Minister, there is nothing to indicate that this is going to happen and there is really no reason to believe that it's going to happen, because looking through the report, it tells you quite clearly that the profits to the people are in the corporation as it exists today. That's where the profits are for the public of Saskatchewan because they are the owners of that corporation.

You seem to think, Mr. Minister, that somehow, since it is a Crown corporation, a publicly owned corporation, that because you are the government, the public no longer owns it. Well that is not our interpretation of it. As you said, we differ in what we believe — and that's quite obvious. We believe that as a crown corporation it's the people that own it and no government has the right to say that they own it. It belongs to the people and it has proven to itself that it could make money and I think a lot of people in Saskatchewan know that many of the Crown corporations have made money and they were a profit for the individual of Saskatchewan. You are saying that somehow this corporation, since it is very viable and everything . . . that every executive within the corporation indicates that this has to be one of the best corporations going.

I can read you just another quote here and it says:

Saskoil has evolved into one of the most profitable companies in the Canadian oil and gas industry and we are proud of it.

Well, Mr. Minister, I'm proud of it and I'm sure the people that own it are proud of it — that is everyone in this province. It has become one of the best corporations in this province and it's returning a profit to the people. Why, Mr. Minister, would you want to get rid of it? You say that it's giving an opportunity for the investors to invest in the corporation now that it's making money. Who are those investors going to be? Can you guarantee that everyone in this province is somehow going to benefit from making that investment? I don't think you could, because it's going to be a few people that are going to make that investment that will have the opportunity to make the most money.

And I think in time you'll see that there may be some small investors in there, but little by little they will sell off and you're going to have a handful of people owning that 40 per cent. That's what we'll have, just a handful of people owning that 40 per cent and little by little we'll see that we're going to lose control of that corporation and the profits will no longer be going to the people of Saskatchewan but to some of those that are looking for that opportunity. And it's a golden opportunity for a few people to take control of this very lucrative and very profitable corporation, as you state in your own Saskoil report.

We won't be having any more reports after this. We won't know how that corporation is doing because it won't be a Crown corporation after your Bill passes. Once you sell off Saskoil it's going to be then another industry that's owned . . . It's going to be a company where the government will have part ownership and someone else will have the rest of it.

And it will be a report then, not going to this House where the people can discuss it, not going to the Crown Corporation Committee; it's going to be a report that'll be lost in the shuffle and nobody will know what's happening or who's making the money out of it. That, Mr. Minister, is what's going to

happen. I ask you again: why would you want to sell off something that, through your own admission, is doing well, is making money for the people? Why would you want to get rid of it and deprive the majority of Saskatchewan people to benefit from it, rather than just having a few people benefit from it?

HON. MR. SCHOENHALS: — Mr. Deputy Chairman, I believe that the comments that we've just heard from the member from Pelly, more clearly and concisely than anything I could say, demonstrate the attitude of the people who sit in those benches. He just said that Saskoil would no longer turn out an annual report and that the people wouldn't have a chance to review it because it wouldn't go to Crown Corporations Committee. Under the securities commission requirements, there will be quarterly public reports made, and I suggest that the people in Saskatchewan, if they want, have every bit as much ability as you, sir, to interpret a report.

We have the example, Mr. Chairman, of the member from Regina Centre picking up that annual report and suggesting that in 1981 the corporation made \$22 million. In 1981, the corporation had a retained earnings at the start of the year of 22 million, and lost 6 million. And I'll suggest that the people of this province can read an annual report every bit as well as the member from Regina Centre, or as you.

Secondly, Mr. Chairman, I also disagree with the suggestion that the member from Pelly makes that what should happen is that the government should gather up all the losers and sell the losers to the public and keep the ones that make money. What we are providing here, as you clearly said, is an opportunity for the public of Saskatchewan to invest in a corporation that is doing very well — and I'll come to that in a second; it is doing very well. And I thank you for the endorsement and I hope the people of the province are listening because it is an opportunity for people to invest and it is an opportunity that is positive for the people, positive for the corporation, and positive for the province.

I think I should take a moment or two — and I apologize to the committee for repeating myself, but it seems to be the style in here — that why this corporation has suddenly done very well. Prior to 1982, the corporation, as I've said, seldom made a profit and never paid a dividend. In 1982, this corporation was reorganized. Staff was reduced. It was put in the mode of real oil company and no longer organized like a government department. Since that reorganization, the performance of the staff, the performance of the management within that reorganized structure have been absolutely exemplary and the results speak for themselves, as you clearly indicated.

I would wonder why your administration never chose to take a look at this corporation and say, hey, if we make this thing operate like an oil company, we might make a buck, but if we continue to operate it as a department of government with a research capacity that should be in the research council — as it is today — maybe it's not going to. And I would suggest that that's why you adopted a corporate plan in 1981 that would have a doubling of the staff by 1986, and it would have the corporation not realizing any profit until well into the 1990s. And I believe in 1982, as we've said, the people indicated what they thought of that path and made the changes that have led to where we are today, and that the people agree with what we're doing today.

MR. LUSNEY: — Well, Mr. Minister, you go on to say that I'm wrong, that Saskoil is going to continue to publish a report. Sure, they will. I don't disagree that they will, Mr. Minister. They're going to publish that report. Pioneer also had a report. How many of their shareholders really knew what was going on in Pioneer at the time?

The same thing is going to happen to Saskoil. It is no longer going to be a report that comes into this House, that comes into Crown corporations, where everyone can look at it, the members that are representatives of the people will have an opportunity to look at it, discuss it, and see how it's doing. That won't be the case after you get rid of this corporation, Mr. Minister. It's going to be much the same as Pioneer or many of the other corporations that publish their reports.

Mr. Minister, you also made the statement that somehow we're saying that you should be selling off non-profitable corporations to the public. Well, Mr. Minister, that is not what we're saying. We are

saying that Saskoil is a profitable corporation and it's making money for the people. Why doesn't it stay there?

If you want the people to invest . . . You are always talking about some new ones, and you've got a new project coming on now, and that's your NewGrade Bill or your upgrader. Why don't you allow the people, the people that you say should have the opportunity to invest, why don't you give these opportunists the chance to invest in the upgrader? Sell them shares in the upgrader. It's a new project.

But no, you're not doing that. You're asking the taxpayer to totally shoulder the burden of the costs of the upgrader. You're not prepared to tell the investors that they should have an opportunity to invest in the upgrader, but you're saying they should have the opportunity to invest in something that's already proven, that's been developed, that's been paid for by the public, and the public should have the chance to reap the benefits of it now.

Don't go telling me or the public that, oh, these reports are going to be there and they'll continue to be there and everybody will know what's going on. The public has seen that too often. Whether it's CCB, or whether it's Pioneer, or it's Northland, or any other corporation that some of your people get control of, they eventually seem to go under and people wind up losing.

Here, at this point, the people aren't losing. It's been profitable, and I think the public would like to see Saskoil stay where the way it is, where it will bring some money back to them.

And if you want them to invest, Mr. Minister, if you want people to participate in a program or in a project, tell them that you're prepared to sell shares on the upgrader. I think that would make more sense than trying to sell off Saskoil.

HON. MR. SCHOENHALS: — Mr. Chairman, somehow the member opposite would suggest that because a corporation issues quarterly reports that guarantees viability. I don't know of anyone on this side of the House suggesting that.

Let me take an example of a corporation that has mixed ownership in terms of government and public that the people of Regina will be very familiar with. Ipsco, on the north end of Regina, has an ownership structure in some ways like the one we're suggesting here. They issue their reports; people read them; they understand what's going on at Ipsco. It's a major employer in the city of Regina and surrounding areas, and does very well. I think that to suggest that because a corporation issues an annual report and has financial troubles, there's some kind of link, is strange.

But I think the key element of everything that the member opposite and other members of his caucus have said today is clear indication of something we've been saying for some time — that these people have not changed, that they don't want to see any change in the status quo, that they believe that the Crown corporation sector should continue to dominate the economy of the province in exactly the way that it's gone on today. And I would repeat again what that small-business man told me last week when discussing this whole issue — and I mean the issue in the broad sense, not the specific issue of shares. He said the problem that exists with the NDP is that they're simply not contemporary. And I think everything that the member from Pelly has been saying today would indicate very clearly that he is not contemporary.

(1630)

When you look at corporations, as we've mentioned, like AEC and Ipsco, and so forth, PWA — successful corporations with a mix of government and public ownership — once again, what we are saying here, this is a good corporation, this is a good opportunity for investors, for the corporation, and for the government — hence the people, as you indicated.

MR. LINGENFELTER: — Mr. Chairman, and Mr. Minister, I have a few questions of the minister who's handling this Bill, or supposed to be handling it, and it has to do with the value of the company.

MR. LINGENFELTER: — Mr. Chairman, and Mr. Minister, I have a few questions of the minister who's handling this Bill, or supposed to be handling it, and it has to do with the value of the company we're talking about. We've had a discrepancy in the debate over what you believe the value to be, and what we believe it to be. But in your own words, will you give me the value that is placed on Saskoil, the company we're now in some way splitting up? What do you think it's worth exactly, today?

HON. MR. SCHOENHALS: — Mr. Chairman, as I've indicated numerous times in this debate, we place a market value range on the corporation between 200, \$250 million, somewhere in that range. We have been through the various multiples that we use to arrive at that. We can go through that again if the member wishes, but possibly if he would like to ask specific questions we will try to clarify that one more time.

MR. LINGENFELTER: — The number lies, as you say, somewhere between 250 million, upwards of \$500 million . . . (inaudible interjection) . . . no, not in your terms; in our terms. We have argument that would say it is in the area of 450 million or 500 million. You say 250 million.

The point I want to make, and it's not totally relevant to the argument of how many dollars it's worth. At the present time, Mr. Minister, you'd be hard pressed to make anyone in the province believe that they don't have a direct interest in Saskoil in the area of \$250 a person, 300 or 400. And you can pick your number, but for argument's sake, let's saw it off and say at the present time every taxpayer has a direct investment through their Crown corporation, administered by whatever government is in power, of \$350. Let's use that as the example. We won't argue whether your number is right or mine. But each individual now has, and we'll use the number \$350.

What we are saying is we're going to sell off 40 per cent of the company. What we're saying then is that each shareholder who now has 350 will have their component reduced and reduced by 40 per cent. So, -Mr. Minister, the 90 per cent of the people in the province who don't buy any shares in Saskoil, the 90 per cent who don't buy any shares in Saskoil, when this little transaction is over, will in fact have less invested in the oil industry of the province than they had before.

For the majority of the people in the province your little exercise in Bill 119 in selling off 40 per cent of Saskoil means 90 per cent of the people in the province will have less investment in the oil industry than they had before you started. Now your argument that you're opening it up so that the people in the province will have a direct investment is not to be believed. Very clearly, when you are finished with this little operation, the majority of the people in the province, about 90 per cent, will have less invested in oil. They'll have less invested in oil, and if my numbers my colleague is working out are right, they won't have \$350; they will have 210. On the other end of the spectrum there will be those will have a greater interest in Saskoil. They'll have a greater interest in oil up to \$4 million per person — and some will. Some will be able to purchase 4 per cent of the shares that are being offered — 4 per cent of \$100 million. Some individuals will have \$ million invested in the oil industry through Saskoil.

Well get this: this is the picture as it now stands. Each individual through this Crown corporation that they've invested in for 5, 10 years, taken the risks, had built up an equity position of \$350 — each person. And you may not believe in co-ops, and you may not believe in Crown corporations, and you may think that the whole thing has to be turned over to the private sector, and that's an interesting position. And we can argue that, but there's many countries around the world that have come to the belief that you need a mixed economy — that you need a strong public sector, you need a strong private sector — and you need a strong working group of people through their arrangement of unions or through their arrangement of associations.

Now if you get the new formula in place, you will then have — not every person in Saskatchewan having \$350 invested in the oil industry or for a family of four about 1,500 bucks — you will reduce 90 per cent of the people to \$210, and some will increase to 4 million. Now that may be your philosophy, and you may be able to sell it to the 10 per cent who are going to be able to make a fairly

good profit on these shares, because I'll tell you, you'll make sure they make a profit at least until the next election. But of the 90 per cent who don't buy, who don't buy shares — and a good number of them will not buy because they can't afford to — you are taking money away from them; you're taking money away from them.

And if you go down the Bill, my friend, to a section which will allow loans to this company interest free, you are not only guaranteeing them a profit, but you are then going to give those 10 per cent interest free loans up to \$145 million — give that \$145 million. These are the people who said that Crown corporations shouldn't get interest free loans out of CIC when 100 per cent of the people were involved. No way. No interest free loans for Crown corporations when everyone in the province would share from that benefit, but when you divide it down into 10 per cent of the population, then we can give out loans interest free.

And I quote from the Bill because the minister doesn't seem to realize what page this is on, but I want to just relate to him the section so he can have a little look at it, the section that will refer to the interest free portion, but it is section 3 (7), and it says very clearly, '... to the extent of 145 million converted to a loan to Saskoil, which is repayable on demand without interest; ...

Now an interest free loan of 145 million? ... (inaudible interjection) ... Well, sure it is. It could be. It could be. You say it isn't. I say it's written right here that you can. You can have loans of 145 million.

And I say to you that where you had a corporation that had the assets dispersed equally among all the people in the province, every family had an interest. A family of four, they would have \$1,500 through their Crown corporation. And if they had money left over and wanted to invest in the oil industry, they could go out and invest on the Toronto Stock Exchange or the Calgary exchange or Montreal or New York, in companies that were drilling in Saskatchewan. They had that choice. They had, through the public sector, a direct investment. They had the option of going out and investing through the stock market. They had a choice.

But what you're doing to many people who are on welfare, who are on minimum wage, who are in nursing homes, who have seen their nursing home rates go up by 24 per cent, can you tell me those 9,000 people are going to be able to go out and buy shares in your Saskoil share option and have the advantage of interest free loans? Of course they're not.

For many people you're taking money out of their hands. The simple point is on this Bill, is that Bill 119 will take money from 90 per cent and give it to 10. In the simplest of terms, that's what happening. You're taking money away from 90 per cent and giving it to 10. But I say to my colleagues, and they know full well when you have Conservative governments, what is new?

This isn't startling to us. It isn't startling to the people who have had Conservative governments in the United States, in Great Britain, or in Manitoba under Sterling Lyon; it's not startling that you would take money from the majority and give to a minority and, I say, who already have more than they need. This isn't startling because when you elect radical right-wing governments, they do it every time.

What is also astounding to me, Mr. Chairman, and Mr. Minister, is when I look around this room of the 55 who are here with us, many of them are voting on this Bill, not even for their own benefit or for their family's benefit, but for someone who pays their bills in the next election. That's the sad point, that the 90 per cent who are going to lose money by this deal is not morally, or in any words, is not right and should not be allowed.

But it's not unlike what is happening in other parts of Saskatchewan and other parts of the economy. We've seen it with oil companies where their profits have risen in Saskatchewan by 141 per cent while minimum wage is frozen and welfare recipients take a 40 per cent cut.

The reports that are coming out, done by many groups, show that Saskatchewan has the fastest growing group of poor people of any place in North America. Now that's a proud record. That's a

proud record of a province that was built on caring and sharing, using Crown corporations, co-ops, and a free enterprise system, together with working people, to build an economic base.

And I say to you that this Bill is merely a continuation of that. It's not going to go unnoticed. And every time the shares go up for those 10 per cent who buy, we are going to be telling the 90 per cent who lose, very clearly, that it is as a result of your government that this is happening.

HON. MR. SCHOENHALS: — Mr. Chairman, I will only make two points to that. Obviously the member has some political dictum he wishes to get on the record.

Clause 7 is simply the method of handling the present equity investment that has been in the Crown corporation. I think you understand that clearly enough. Within a week it will be converted to shares. If you read the next clause, you'll understand that.

The second point I would make, Mr. Speaker, I would merely suggest to the member opposite that when he throws his 90-10 in terms of interest around, he is going to be sadly mistaken in terms of those numbers.

MR. LINGENFELTER: — Well, Mr. Minister, you say in section 3(7) that this is going to be converted. But it's interesting that in that statement it also says, 'may' as opposed to 'will' or 'shall.' Can you give us your guarantee that when we get to this section, you will amend it to say, 'shall' rather than 'may'?

HON. MR. SCHOENHALS: — Mr. Chairman, the commitment is clearly spelled out in the prospectus. However, we'll look . . . (inaudible interjection) . . . Mr. Chairman, if they will just quiet and listen.

The commitment, as I indicated — is clearly in the prospectus, as you know — is legal. We will take a look at the legal implications, and if there are none, we are prepared to make that amendment when we come to it in committee.

MR. LINGENFELTER: — Well I would ask you again, in the clause that we're talking about, clause 3(7)(b), where:

the Crown Investments Corporation of Saskatchewan may agree with Saskoil to convert the loan of 145,499,100 mentioned in clause (a) into fully common, paid common shares of Saskoil . . .

. . . whether or not you agree that that gives you much leeway and doesn't give any indication or guarantee that in fact what you are saying will happen.

And there's a reason why you're leaving it open. And I wonder whether you'll give the committee your assurance that when we get to that clause that you will amend it to change it from 'may' to 'shall.'

(1645)

HON. MR. SCHOENHALS: — Mr. Chairman, the advice I have is that the only reason that this is a 'may' rather than a 'shall', or some word to that effect, is that after the Act is passed there is then a process to go through on the corporations part to issue the shares. Now if something should happen in that interim, the corporation's hands would clearly be tied, and this would then not make a whole lot of sense.

However, what we will commit to do is take a look at that, and if there is no significant problem, when we come to that as we go through committee, through the bill, we will entertain the amendment. The only reason it's written that way is to maintain the corporations flexibility if, in fact, the share offering did not take place for whatever reasons between the time the Bill is passed and it happened.

MR. LINGENFELTER: — Well if the minister would, over the supper hour, take the time to see whether that change could be put into place . . . And I find it hard that he wouldn't 'have already checked that out because we are talking about \$145 million on an interest-free loan. We're talking about \$14 million to be charged to the taxpayers of the province, I say again for the benefit of the 10 per cent. And I think I'm high when I say 10 per cent are going to buy. Fourteen million from the general taxpayers to the 1- per cent who are going to buy these shares seems awful high. I say to you as well, I think that you will find that you will leave it open, because I think the reason it's put there is for quite a different reason than what you're explaining. I think it's put there to guarantee that the 10 per cent who buy shares are going to be making money at the expense of the 90 per cent who are being asked to pay the bill here. That's what happening.

In every part of this Bill this deal is stacked for the 10 per cent who buy shares and stacked against the 90 per cent who are selling something that you are giving away cheaper than it's really worth, for less than it's really worth, and also guaranteeing interest-free loans to make sure it works until the next election. I say to you that that is an unfortunate position to be in. Even politically it makes no sense.

Yet the issue that's going to be raised here when people understand that a \$145 million interest-free loan is being given to guarantee this; you're going to have 90 per cent of the people who are going to have money taken away and 10 per cent who will become more wealthy than they already are — I say to you that we will see over the supper hour if this can be taken out. It may be a gesture of good faith to the people of the province if you were to take it out.

Then there's another clause that deals with . . . It will be an amendment that we will move after supper, that is an amendment to section 6 of the Bill, and it will come after subsection (2), and I'll send the minister a copy across and I will table this. But it then becomes sub (3) which will say:

Saskoil is prohibited from providing in any manner for the purchase of its shares by officers of Saskoil on any terms or conditions that are not available to all persons by whom its shares may be purchased.

I'm going to send this across to you as well.

If we can get those two changes made, we still won't agree with the Bill, but I think it would be a gesture, as I mentioned, to the committee and to the people of the province that some of the major loopholes that are included in this Bill will be cut off. I'll table that now and send it across. Then possibly we can go on to a few other questions, then after supper work on some of these amendments in committee.

HON. MR. SCHOENHALS: — Mr. Chairman, I would just indicate that the 145 million that the member is talking about as some fancy interest-free loan is the same equity that has been in the corporation for years. The comment is simply not the case. However, as I've indicated, we will take a look at the concept of a 'shall' versus a 'will.'

On the other issue, I have indicated clearly in this Assembly that the rationale for the share options has to do with the tax process, that the reason that we cannot entertain an amendment to that portion is because we have approval from Revenue Canada that if in fact the Act is put in place this way, we will be able to bring forward the \$300 million worth of tax credits that the corporation has built up.

I am amazed. I really don't believe that the members opposite would want Saskoil to turn over \$300 million worth of tax credits to the federal government. And consequently we simply cannot amend that because of the approval that we have received. To do so would serve no purpose, and I can only reiterate once more that there will be no windfall profits, which appear to be the concern of the opposition relevant to that clause.

But the approval of Revenue Canada is absolutely imperative to the continuing of the corporation as a non-taxable entity over the short term, and we simply have to have that aspect or else we're giving

up \$300 million. And I really don't, as I indicated, believe that the opposition wish Saskoil to take that step.

MR. LINGENFELTER: — Well, Mr. Minister, we have story number two on the share option now. Initially when you were explaining it you were saying it's because the 100,000 a year they were making wasn't enough and that they were underpaid and that they ... (inaudible interjection) ... He made that statement in the Assembly. He said they were underpaid by industry standards and they needed this on top of it, indicating there would be a profit.

And, Mr. Minister, you know full well that when he was giving the indication earlier it wasn't because it was a necessity. What the explanation was is that their salaries were too low at 100,000 a year and they needed this because they needed their salary topped up.

Now we have yet another story. Now we have the story that, in order for tax purposes, you have to have this kind of a share offering. Well I'm not sure which one the public is supposed to believe but I will ask you this, sir: can you tell me whether or not this share offering couldn't have been given to anyone else, this share offering could have been given to anyone else, and why these five were chosen to reap, as I will choose to believe your first story, that there will be a profit involved?

HON. MR. SCHOENHALS: — Mr. Chairman, the member tends to mix up his facts. I will once more indicate where in the debate I directed your attention to the second paragraph on page 32. We then got into a long discussion, and I believe the member from Regina Centre led it, in which he tended to slam the members of the corporation and I tended to defend them for the outstanding job they have done. And I don't apologize for that at all.

I have never indicated other than the rationale for this being in place that I have given you before, and if it is of any benefit I could read the rather lengthy letter from Revenue Canada that gives us that approval. If you feel that is worthwhile, I'm prepared to do that.

MR. LINGENFELTER: — Well I would just ask you again. The question was: could anyone else be given the share option; and why were these five people chosen?

HON. MR. SCHOENHALS: — Mr. Chairman, the answer to the simple question — could the options have been given to someone else? — the answer is yes. We could have given the option to the Leader of the Opposition, for example. However, the details of the share offering had to be filed in the prospectus. It was simply more appropriate and more in keeping with normal business practices to do it the way we have. I repeat once more that there will be, as I have indicated many times, no windfall profits.

Possibly it would clarify things if I read into the record the letter that we have received from Revenue Canada, the pertinent parts dealing with this, and this will take a minute but I'll beg the understanding of the committee. Item 11 in the letter says:

Approximately one week prior to the issuance of the final prospectus in respect of the public offering of securities of Saskoil, an option will be granted by Saskoil to each of its five most senior officers to acquire up to 10,000 common shares of Saskoil, 50,000 share in aggregate, with the exercised price for such options being \$9 per share and equal to the issue price of the common shares pursuant to the public offering. This option will lapse approximately 45 days after closing of the public offering, or at some other stipulated ate (which we know to be the end of February). It will be a condition of the option agreements that Saskoil will have the right to repurchase any shares acquired under these options. In the event that the public offering is not completed, the purchase price will be \$9 plus any verifiable out-of-the-pocket expenses incurred by the officers in the exercise of their option. Saskoil will provide no financial assistance to the officers to facilitate the exercise of their options. Further, the officers will be required to purchase each option for \$100 cash as consideration.

Further down in section 13, it says:

Provided that the facts and proposed transactions as described above are accurate and constitute complete disclosure of all the relevant facts and proposed transactions, our ruling is as follows:

13(a) when Saskoil grants the options to its officers noted in paragraph 11 above, it will cease to be exempt from the income tax and its taxable income under Part 1 of the Act, pursuant to subparagraph 149(1)(d)(i) of the Act. Pursuant to paragraph 140(10)(a) of the Act, when Saskoil grant the options to its officers, its taxation year that would otherwise have included that date will be deemed to have ended and a new taxation year shall have deemed to have commenced immediately thereafter. Subsequent to the options being grants to its officers, each of Saskoil and Northgate will be a taxable Canada corporation by virtue of the definition in paragraph 89(1)(i) of the Act.

And of course, the reason it must be a taxable corporation is so that we can bring forward and maintain the \$300 million-plus of tax credits that Saskoil has built up over time. And I'm sure, as I indicated, that the opposition does not wish Saskoil as a corporation to give up those \$300 million-plus. Consequently, that is the reason, that is the rationale, and that is the approval that we have talked about.

MR. LINGENFELTER: — Mr. Chairman, the minister has quoted at length from what he says is a letter from some tax official. I would like him to table that. I would very much like to have a look at that. The other thing that you still haven't clarified is why you would choose those five individuals.

Well are we tabling it or not?

I say to the minister that it is obvious that it could have been any other of the shareholders of Saskoil, any of a million people who have taken the chances on Saskoil — could have been anyone in the press; could have been my neighbours at the farm; could have been you. And I say to you that, in choosing the people that you did, I think you're making a mistake.

Also the 50,000 shares — I haven't read this letter, but I will be sure that it wouldn't have had to be 50,000 shares. I'm sure it could have been all of the taxpayers of the province, including the five you choose. But the more we read this Bill, the more we understand that your whole operation is not being fair with the taxpayers and that somebody is going to make a lot of money and the majority of people are going to have less, because that's the only way you people know how to operate. And I say to you again that after the supper break we will have an opportunity to move some amendments, to see whether or not some of the unfairness of this Bill can be removed, and so that some of the money that is about to be lost by the majority of the taxpayers will not be set in motion.

HON. MR. SCHOENHALS: — Mr. Chairman, the only comment I would make — it seems to me from listening to the member opposite that the more he reads the Bill, the less he understands it. However, he is right that the shares could have gone to the esteemed colleagues and the press up there; they could have gone to the Leader of the Opposition; they could have gone to anyone. It seems to me that it makes eminent sense that the people whose names you put on those options would be the five senior members of this corporation.

Now if the member chooses to argue that is not true, I accept this argument. However, I don't agree with it. I think anyone sitting down and looking at this thing in a sensible vein would suggest that that was in fact a reasonable position. I've indicated numerous times that Saskoil must have the \$300 million of tax credits that have been built up. I've indicated that there will be no windfall profit from this transaction, and I've committed that as we go through the process we will keep the opposition clearly, and the public, clearly informed on what has happened with those options so that they can see very clearly.

And I would imagine that the members opposite, as they raise their very deadly political argument,

would be interested in seeing these shares exercised and a windfall profit does in fact take place. I can only assure them that will not happen. Sorry.

MR. CHAIRMAN: — It being near 5 o'clock I do now leave the Chair until 7 p.m.

The Assembly recessed until 7 p.m.