

LEGISLATIVE ASSEMBLY OF SASKATCHEWAN
December 11, 1985

The Assembly met at 2 p.m.

Prayers

ROUTINE PROCEEDINGS

INTRODUCTION OF GUESTS

HON. MR. BERNTSON: — Mr. Speaker, I would like to take this opportunity to introduce to you, and through you to the Assembly, some people in your gallery, sir. First, Mr. Peter Pocklington, chairman of Gainers Incorporated of Edmonton; second, Leo Boleans, also from Edmonton and president of Gainers; third, Robert Autry, vice president of international marketing from Gainers; fourth, Doug Ford, executive director of agricultural services at Gainers; fifth, Garth Larson, president of the Saskatchewan Pork Producers Marketing Board; sixth, Wayne Vermette, director of the board; and finally, but by no means least, Jim Morris, general manager of the Saskatchewan Pork Producers Marketing Board. And I would like them all to stand up and be recognized.

HON. MEMBERS: — Hear, hear!

HON. MR. BERNTSON: — I would like all members, Mr. Speaker, to join with me in a welcome to these people to our Chamber today, and to the province of Saskatchewan, for those from out of province. I will be making a statement later in the day as to the reason for them being here, and I'm quite sure it will excite all members.

HON. MEMBERS: — Hear, hear!

MR. SMITH: — Mr. Speaker, I would like to introduce to you, and through you, 52 students, adult students, from Moose Jaw Coteau Range Community College. They are down here to see the proceedings in the legislature. I'm quite sure they are scattered all over the city of Moose Jaw, so I presume the member for Moose Jaw North will also be recognizing them, and we'll meet with them at 2:30 in the rotunda. I wish all members to welcome them here.

HON. MEMBERS: — Hear, hear!

MR. PARKER: — Thank you very much, Mr. Speaker. I would like to take this opportunity to join my colleague from Moose Jaw South in welcoming our group of visitors from the Coteau Range Community College in Moose Jaw. The Coteau Range Community College is providing an excellent service for the city of Moose Jaw and the surrounding community, and the level of interest is exemplified by the fine group we have down attending today's session.

I hope they find question period enjoyable, and I would like to encourage the members of the opposition to refrain from their usual lack of decorum during question period so they just might hear the answers to the questions which have to come from across the floor.

So with that, I hope you do enjoy yourselves, and I look forward to meeting with you at the end of question period for pictures and refreshments.

HON. MEMBERS: — Hear, hear!

HON. MR. McLAREN: — Thank you very much, Mr. Speaker. It's an honour and a pleasure for me to introduce to you, and through you to the members of the Assembly, a gentleman from our neighbours to the South, the United States of America, and in particular the state of Wyoming, Mr. Stanford Smith, who is the state treasurer for the state of Wyoming. Mr. Smith is in the Speaker's gallery.

Mr. Smith and his delegation from the Wyoming Workers' Compensation Board are touring the

Saskatchewan Workers' Compensation Board for the purposes of examining our workers' compensation board's computerized system. Saskatchewan has developed a very successful assessment system which has been of interest to many states and the provinces in Canada. Mr. Smith is a sheep and cattle rancher by background, and is a graduate of the United States Naval Academy. A long-time representative in the state legislature, Mr. Smith is nearing the completion of his four-year term as state treasurer, and it's my understanding that he will be running for the governor of Wyoming in 1986.

Mr. Speaker, it's a pleasure to introduce this gentleman. I would ask all members to please recognize him in the usual manner.

HON. MEMBERS: — Hear, hear!

ORAL QUESTIONS

Pork Processing Plant

MR. ENGEL: — Mr. Speaker, my question is to the Premier, and it deals with your early Christmas gift that Peter Pocklington received this morning at Saskatchewan taxpayers' expense. Christmas came early for the fine gentleman.

Can the Premier justify a \$10 million gift to an Alberta multimillionaire when he claims the government can't afford to reduce taxes on ordinary Saskatchewan people? This Tory leadership candidate gets a \$20 million Sedco loan, 20 for building \$26 million worth of plants, and \$10 million of that is nothing more than a gift — a grant, a forgivable loan that Sedco will write off.

Can you tell me whether that same \$10 million was offered to a Saskatchewan-based company to consider the same kind of expansion or to build new facilities?

HON. MR. DEVINE: — Mr. Speaker, as my hon. colleague probably knows, expansion and economic development and processing in the province of Saskatchewan is popular; people want to see it happen. We have the Saskatchewan Economic Development Corporation in place, and it offers the same economic incentive to Saskatchewan firms or other Canadian firms or others who will come in here. And it operates much the same as it did under the previous administration.

The people involved in this project will receive, Mr. Speaker, less economic incentives than they would have received in either Manitoba or in Alberta. We have taken an operation that would have gone in Edmonton and brought 100 brand-new jobs, and a new bacon manufacturing into the province of Saskatchewan.

SOME HON. MEMBERS: — Hear, hear!

HON. MR. DEVINE: — Mr. Speaker, people in Saskatchewan and farmers in Saskatchewan, people who want to see jobs in Saskatchewan, small business in Saskatchewan, like to see increases in processing and manufacturing here. The same program applies to all Canadians. We were just able to take this particular program and put it together so that we would have a brand-new bacon manufacturing plant here. And if producers respond, and if they will increase supplies, there's many, many more to come in the years ahead, Mr. Speaker.

SOME HON. MEMBERS: — Hear, hear!

MR. ENGEL: — Mr. Premier, when we look at the package, the only sure thing that's going to happen is the \$3 million bacon processing plant. The \$3 million bacon processing plant will be built somewhere in Saskatchewan next month or starting early next year. The other two plants are way off in the distance, according to your own news release, as surpluses warrant.

My question, Mr. Premier, is very specific, and I want a specific answer: how much of that \$3 million

plant will be Peter Pocklington's money, and how much will be the taxpayers' money, of the first \$3 million — the only sure thing going?

HON. MR. DEVINE: — Mr. Speaker, the proportion that any private investor puts up with respect to Sedco is very similar. The programs that we have used in Sedco in the last few years, the programs that you have used, the industrial incentive programs that we have, are well known. So if people want to come in here, they are entitled to have access to those programs. So the Sedco programs that help small business expand, or medium-sized businesses, are the same.

Mr. Speaker, we want to see hog numbers increase in the province of Saskatchewan. In the last four years of the previous administration, hog numbers went from over a million down to around 5 or 600,000. We believe that we can do better than that. We believe that we can increase them. If we're looking at our ability to produce grains, if we can market grains through livestock, if we can process livestock, that means many more jobs here. If we can have an expansion in hog numbers and if farmers respond, we're looking at something in the neighbourhood of 1,200 to 1,400 brand-new jobs in Saskatchewan as a result of hog supplies and processing in this province.

SOME HON. MEMBERS: — Hear, hear!

HON. MR. DEVINE: — The projects and the hog producers and the hog production, Mr. Speaker, mean \$200 million more . . .

MR. SPEAKER: — Order. Order, please. I can't even hear what the Premier is saying and I'm certain that you can't.

HON. MR. DEVINE: — Mr. Speaker, I'm sure that the members opposite don't want to hear about processing and manufacturing because it's talking about success. Well, Mr. Speaker, we are going to provide as much success and as many incentives as possible to the farmers of Saskatchewan, and they will respond.

MR. ENGEL: — Seeing that the Premier's answer was very definite that there's likely none of his money in that \$3 million plant, let me go on to something very important. What are the terms of the \$21 million loan? In other words, what kind of interest rate is Mr. Pocklington going to pay on the \$21 million he's getting to build a \$3 million plant?

HON. MR. DEVINE: — Mr. Speaker, the conditions that Sedco applies to operations, and the industrial incentive grants that we have, apply to people that come in here from all across Canada, and they apply to people here.

People in Saskatchewan use Sedco; people in Saskatchewan use the Industrial Incentive Program. There is as much as \$7,500 per job created. We're looking at the possibility of producing, along with farmers, 12 to 1,400 brand new jobs and \$200 million in revenue every year. This isn't one shot. This is year after year after year. If we can use Sedco, and if we can use our Industrial Incentive Programs, and if we can use our respect for initiative and enterprise and private enterprise to create processing and manufacturing, this government is going to do it because the people want us to do it.

SOME HON. MEMBERS: — Hear, hear!

MR. ENGEL: — The question's simply put and the students from Moose Jaw want to hear the answer. What's the interest rate on the \$21 million loan? Simple.

HON. MR. DEVINE: — Mr. Speaker — Mr. Speaker, the people of Saskatchewan want to hear about jobs. That's what they want to hear about. They want to hear brand-new opportunities, incentives for farmers, all kinds of economic activity, and that's what we're providing.

MR. ENGEL: — Mr. Speaker, my question was: what was the interest rate?

HON. MR. DEVINE: — Mr. Speaker, the interest rates that apply to Sedco and similar operations will be as applicable in this case as they are in every other case with respect to what happens in the province of Saskatchewan and other Canadians coming in. We put together a package with Sedco operations. We put together a package with industrial incentive programs. And we are delighted to have people come in here and invest in Saskatchewan.

I know that you don't want to see investment. You're against trade with the United States; you're against selling oil shares to the public; you're against public participation; you're against growth; you're against increased jobs.

MR. SPEAKER: — Order, please. Order.

MR. ENGEL: — Mr. Premier, the people of Saskatchewan are interested in what the interest rates are. Are they zero per cent? Is that what you're telling me?

HON. MR. DEVINE: — Mr. Speaker, the programs and the packages put together by Sedco are the same or similar with respect to all other operations that come into this province or those that are here. You offer them a package and it's based on performance, and then we can use Sedco to help people establish and build here as opposed to some place else.

So we got a packing plant or a bacon plant out of Edmonton and it's going in here, which is a net gain to the province. And Sedco has helped put that together. And you're against it. I don't know why you're against that bacon plant. Why are you against it? Why are you against the jobs — 100 new jobs? Why are you against more processing? Why are you against Sedco helping us build a bacon plant here? Why are you against it?

Well I'll tell you, the people of Saskatchewan aren't against it. They like to see processing in this province, and they will see more and more of it as a result of programs put together by Sedco, by industrial incentive programs, and because people are prepared to invest.

SOME HON. MEMBERS: — Hear, hear!

HON. MR. BLAKENEY: — Mr. Premier, today you have announced a deal with Gainers or Pocklington. Do you refuse to give us the interest rate which is going to be charged?

HON. MR. DEVINE: — No, Mr. Speaker, I do not refuse to give the interest rate. I don't have the interest rate right here in front of me. I will provide you the Sedco package.

Mr. Speaker, we had a complete briefing with the media this morning, the minister, did with respect to the complete financial package. And if you want to get all the details from the Minister of Economic Development, well I'm sure that he can respond.

HON. MR. BLAKENEY: — Supplementary, Mr. Speaker. Are you, Mr. Premier, telling us that your minister has agreed to a \$21 million loan and you don't know the interest rate?

HON. MR. DEVINE: — Mr. Speaker, they can't find anything to say about this, except that they're going to be worried about the interest rate with respect to what Sedco operates on. Well, Mr. Speaker, I'll tell you the people of Saskatchewan are going to look at you and say, well, what a restrictive bunch of people. All you want to see is: I want this to fail; I want that to fail; I want this to fail. And if somebody does something positive, just because you're not here, you pooh-pooh it. Well I'll tell you, Mr. Speaker . . .

SOME HON. MEMBERS: — Hear, hear!

MR. SPEAKER: — Order, please. Order, please. Order, order. I'm going to ask the members in the gallery not to participate in the actions of the Chamber. Only those who are elected are allowed to

get involved here.

Order, please. When I'm on my feet there is to be no talking on this side, or this side, and I'll ask members to follow that rule.

HON. MR. BLAKENEY: — Mr. Speaker, a question to the Premier. And I want to ask the Premier how he convinced Mr. Peter Pocklington to take the taxpayers' money for this business, because if it's the same Peter Pocklington who was recently the federal leadership candidate for the PC Party, there must be some mistake.

In a 1983 article we have the headline, 'Pocklington talks of pure free enterprise.'

We have another article which says, 'He wishes government involvement to be sliced to the bare bones.'

Here's another one which says:

The best way to provide jobs and create growth in your economy is to permit the market to regulate itself. 'I wouldn't provide bail-outs or subsidies,' Pocklington said.

Now my question to you, Mr. Premier, is this: in the light of Mr. Pocklington's total dedication to free enterprise, and his oft-stated position of opposition to any government involvement in business, and particularly any government subsidies, how did you convince him to take our money?

HON. MR. DEVINE: — Well, Mr. Speaker, we couldn't find a socialist to invest in Saskatchewan.

SOME HON. MEMBERS: — Hear, hear!

HON. MR. DEVINE: — Mr. Speaker, I'm advised that the interest rate . . . Responding to the member for Assiniboia, I'm advised that the interest rate that Sedco uses on this and other projects is the government rate of borrowing at the time of disbursal.

HON. MR. BLAKENEY: — Supplementary, Mr. Speaker. In view of the fact that your capitalists require government involvement of at least three-quarters of the capital they are investing, what did you offer to people who are asking for government involvement as opposed to these people who are steadfastly opposing any government involvement?

HON. MR. DEVINE: — Well, Mr. Speaker, when we have expansions in industry by private entrepreneurs, whether it's in the oil patch, or whether it's in processing, or whether it's in agriculture, and so forth . . . I know the members opposite are not fussy about seeing the energy business expand and private entrepreneurs come in here. I know that. You're against them. And I know that you're against private entrepreneurs coming in here in meat packing and processing. I know that.

At the same time, the NDP have put money into projects, all kinds of money. The NDP in Manitoba just put \$75 million into a starch company to get Canada Starch to come into Manitoba. The NDP have a record here as long as your arm associated with what they would do to try to bring business into Saskatchewan.

Well the reason, sir, the reason that you lost in '82 is that business would not come under here or into this province under your administration. That's the reason. That's why you lost and they turfed you out. We have created more jobs with private sector co-operation in a recession than you did in the good times of the 1970s and '80s.

SOME HON. MEMBERS: — Hear, hear!

HON. MR. BLAKENEY: — Supplementary, Mr. Speaker. Isn't this just a little bit like Will Klein and

Pioneer Trust? Isn't this another case of a profit, of free enterprise being the first one to line up at the public trough when a desperate government was preparing for an election?

HON. MR. DEVINE: — Mr. Speaker, I believe what the public of Saskatchewan is interested in, the students that are here watching today, everybody in Saskatchewan, is that they want to see jobs in processing and manufacturing based on Saskatchewan strength, which is agriculture, and hogs, and processing, and oil, and energy, and timber, and the kinds of things that we've been trying to do despite economic conditions in this province.

We will encourage and invite other Canadians to invest in Saskatchewan. We like to see it grow; we like to see the population grow. And despite high interest rates, and drought, and grasshoppers, and so forth, entrepreneurs, an investment in this province, plus the co-operation of this administration — not hindering them but in co-operation with them — will make sure that Saskatchewan is number one in the country again.

SOME HON. MEMBERS: — Hear, hear!

HON. MR. BLAKENEY: — Final supplementary, Mr. Speaker. Mr. Premier, can you advise whether at the present time there's a substantial over capacity of hog slaughtering capacity in the province, or in fact, do we have a shortage of hog slaughtering capacity in the province?

HON. MR. DEVINE: — Mr. Speaker, what this administration and farmers want to do in Saskatchewan is take advantage of the fact that we may be into a period of low grain prices. We have hog numbers now lower than they should be. They used to be up to a million and a half. If we can increase those in this province — if we can increase those — and provide incentives for farmers to increase production, they can market more and more and more of their grain. More of their grain is going into the high yielding varieties. If we can combine the meat and the grain business in the province of Saskatchewan, it means hundreds and hundreds, and indeed, a thousand jobs in one project.

So, Mr. Speaker, our objective is to provide the meat and the grain business with all the incentives to come together, to increase, so that we can have increased productivity and profits at the farm level, and increased jobs for young people all across the province in processing and manufacturing.

SOME HON. MEMBERS: — Hear, hear!

Federal Impaired Driving Legislation

MR. PETERSEN: — Mr. Speaker, thank you. I direct my question to the Minister of Justice. It concerns calls from several of my constituents this morning about news reports whereby some new legislation announced by Mr. Crosbie would have farmers who are convicted of impaired driving offences prohibited from operating tractors on their own land in their farming operation.

I ask the Minister of Justice if he can verify this or explain whether or not that's true.

HON. MR. LANE: — Thank you, Mr. Speaker, and I thank the hon. member for the question. Yesterday the Minister of Justice for Canada indicated that farmers, that were convicted of drunk or impaired driving and lose their licence as a result and are under a court prohibition order, would not be able to drive on their private property.

Quite frankly, that was in error. That was the original proposal, Mr. Speaker, of the Government of Canada in the proposed Criminal code amendments. It was at the initiative of the Government of Saskatchewan that that law was, in fact, changed; that proposal was changed.

I do have correspondence, Mr. Speaker, which, as I know, cannot be tabled in question period, which indicates that it was at the initiative of the Government of Saskatchewan to deal with the question of restricted driving privileges for hardship cases, particularly farmers. And farmers under

the new legislation, as a result of the intervention of the Government of Saskatchewan, will in fact be able to drive their farm equipment on their farm property.

SOME HON. MEMBERS: — Hear, hear!

Protest of Arcola Farm Family

MR. ENGEL: — Mr. Speaker, a question to the Premier, and it has to do with this morning your government gave the multimillionaire, a corporate welfare bum, a wonderful Christmas gift. Are you concerned about helping an Arcola family that's parked out in front of your Minister of Agriculture's office? I'm talking about the Bryce family who've launched a protest because they're going to be evicted from their farm on December 31st. Has the Premier taken the time to personally review this situation, and if not, will your promise to meet with the Bryce family later today to see what action you can take to help them save their farm that they've been on for 30 years?

HON. MR. DEVINE: — Mr. Speaker, I'll ask the Minister of Agriculture to respond.

HON. MR. HEPWORTH: — Mr. Speaker, I'm not about to comment on the individual case the hon. member raises because, in fact, it is before the courts, and I think any further comment would be inappropriate. But I will say this, Mr. Speaker, that the 12,000 leaseholders that are clients of lands branch, those facing economic difficulties, our view as a government is that we will put ourselves through the same kinds of rigorous procedures, and provide the same kinds of protections for those clients, as we would expect other financial institutions to provide through the legislation we have in place — and I think of things like The Farm Land Security Act, the debt moratorium on farm land foreclosures.

What I'm saying, Mr. Speaker, is that we will not only walk an extra mile for people in financial difficulty, but an extra 2, and 3, and 4 miles. I want to give all the members of the Assembly that assurance, that those extra miles have been walked in any case, Mr. Speaker.

MR. ENGEL: — One short supplement to the Premier. You have asked some of our people to come and have a coffee with you when we had a question before, Mr. premier. Will you take the time to meet with this Arcola family personally?

HON. MR. DEVINE: — I will be glad to, Mr. Speaker.

SOME HON. MEMBERS: — Hear, hear!

Tax Measures Implemented by Last Budget

MR. TCHORZEWSKI: — Mr. Speaker, I want to direct a question to the Premier, and it deals with the record tax increases introduced by his government in last April's provincial budget.

Following your government's loss, Mr. Premier, in the Regina North East by-election, you claimed that you had heard the message and that you would be quick to respond to that message. Well people are wondering whether you heard anything at all.

And I ask the Premier, Mr. Speaker: will you respond by announcing, prior to the House rising for this Christmas break, that your government will roll back all of those unfair and cruel tax increases contained in last April's budget?

You've given an early Christmas present today to a multimillionaire. You said you were unable to find a socialist to invest. You obviously found a corporate welfare recipient. Why not a tax break for ordinary Saskatchewan people?

HON. MR. DEVINE: — Well, Mr. Speaker, I would be glad to review all the tax breaks that we've

initiated since 1982, to correct the statement that we have had nothing but tax increases. I won't do that, but I would be glad to respond in terms of listing them all, and they're worth about \$1,500 a family in Saskatchewan.

With respect to any other changes that I might make with respect to taxes, and so forth, I will be making them in due course, Mr. Speaker.

MR. TCHORZEWSKI: — Supplementary, Mr. Speaker. I might remind the Premier that nobody believes him when he talks about his so-called tax breaks — \$20 million for one individual and his company, but nothing for taxpayers.

I wonder, Mr. Premier, why it's taking so long for you to respond to that message you claimed that you had been listening to when, in fact, two of your cabinet ministers have already repudiated those tax increases — the Minister of Social Services and, indeed, even your Minister of Finance. In light of the fact that your Minister of Finance has said that the last budget is perhaps an example of doing things that were out of step, as quoted in the Saskatoon *Star-Phoenix*, or a little too aggressive, and in light of the fact, Mr. premier, that only a few months ago your Finance minister . . .

MR. SPEAKER: — Order, please. The member rose on a supplementary, and if you will refer to *Beauchesne's* it will tell you very directly that you're not allowed to use a long lead-in to a supplementary. In fact, there should be no lead-in.

MR. TCHORZEWSKI: — Mr. Speaker, new question. In light of the fact, and I repeat again, in light of the fact, in this new question, that the Minister of Finance has repudiated his own budget, clearly stated in the Saskatoon *Star-Phoenix*, a quote and that a few months ago that Finance Minister called this the most intelligent budget in Canada — now even he has repudiated it — why don't you repudiate it, Mr. Premier?

HON. MR. DEVINE: — Mr. Speaker, I won't repudiate the budget or the previous budgets with respect to the tax breaks that we have provided farmers and home owners, and interest rate protection for people across the province. The hon. member from Regina North East says, well, Mr. Premier, you lost yourself a by-election and you'd better learn the lesson. Well, Mr. Speaker, I will say that in 1981 and in 1982 people were trying to get to the member opposite and they said, would you listen to us? Would you protect our homes against 22 per cent interest rates? Would you protect us against high taxation? And they said no, and they didn't learn the lesson. They lost the whole bunch.

Well, Mr. Speaker, we lost one by-election. And yes, I learn from a loss in a by-election. And, Mr. Speaker, I will respond, and the people of Saskatchewan can count on the fact that I will respond better than they did and not end up over there.

SOME HON. MEMBERS: — Hear, hear!

MINISTERIAL STATEMENTS

Pork Processing Plant

HON. MR. BERNTSON: — Mr. Speaker, I want to offer this ministerial statement today but I sense, based on the thrust of question period, that there may have been a leak. But I think the news is good enough that it bears repeating.

I want to start, Mr. Speaker, by giving you some background of Gainers. Gainers has been in business in western Canada since 1891, Mr. Speaker. It is one of the three largest meat processors in Canada. It has the sale of over \$400 million a year and employs more than 1,500 people.

Over the past years the company has aggressively expanded its markets and distribution channels across North America, creating a need to expand its processing capability. And I am

pleased to announce that, Mr. Speaker, that that new capacity will be built right here in Saskatchewan.

SOME HON. MEMBERS: — Hear, hear!

HON. MR. BERNTSON: — This expansion will involve a phasing in of a bacon plant, a slaughterhouse facility, and a pork processing plant. The total commitment will be \$36 million in capital cost and working capital. And when they reach full capacity, these plants will employ 600 people.

I'm sure you understand, Mr. Speaker, that this didn't just happen. There were incentives . . .

MR. SPEAKER: — Order, please.

HON. MR. BERNTSON: — I will give you a brief summary of the financial package, Mr. Speaker.

Of the total of approximately \$36 million required in plant and working capital, Gainers will provide \$15 million outright investment. Sedco will loan Gainers the remaining 21 million, secured by mortgages on fixed assets.

The incentive package we've agreed upon employs the performance-based concept which we first introduced when we launched the Industrial Incentives Program back in 1984. And here's what it means in dollar terms for Saskatchewan, Mr. Speaker.

Mr. Speaker, of the \$21 million being loaned by Sedco, Gainers will be able to earn a forgiveness of up to \$10 million under a formula. The formula takes into account the capital investment, the number of new jobs created in these plants, and the number of Saskatchewan hogs purchased. The target, Mr. Speaker, are 600 jobs and 1 million Saskatchewan hogs within five years. Only if these targets are met will the full amount of the incentive be earned.

And what does this mean for Saskatchewan? It means \$200 million per year going into agricultural economy through increased hog sales. It means 12 to 1,400 new jobs, 600 in these plants, and another 6 to 800 in the hog production, feed supply, transportation, and services. It means \$150 million of new investment in hog production facilities, and it means \$250 million in new exports annually. It means millions of dollars in new tax revenues, Mr. Speaker.

This is, Mr. Speaker, a very important day for Saskatchewan. It is important because we are announcing new investment, new jobs, new economic activity, but it's important, Mr. Speaker, for much more compelling reasons.

For the first time, Mr. Speaker, in over 40 years, we have a government in Saskatchewan that says, we are tired of sitting by and watching while other provinces use incentives to attract agricultural processing away from Saskatchewan. We're tired of sitting by and watching other provinces diversify their agricultural production while we continue to produce export grains for world markets which are increasingly competitive because of foreign subsidies.

Today, ladies and gentlemen, Mr. Speaker, we are telling the world that we, in Saskatchewan, are going to build on our major strength — agriculture.

And one more thing, Mr. Speaker, this is a day of challenge. It is a challenge to Saskatchewan farmers to gear up for the next five years to produce an additional 1 million hogs annually. It is a challenge to the Government of Saskatchewan to develop programs and support systems to help the farmers produce these hogs. And this government has already begun the job of planning programs and strategies to make sure farmers are able to take advantage of this opportunity. It is a challenge to the pork producers marketing board to assist the farmers and the processors in maintaining fair and equitable marketing systems and in co-operating with the government, the processors, the producers, to help develop programs to expand Saskatchewan's hog production facilities. It is a

challenge to Gainers to build and successfully operate these new plants and to establish it as a productive corporate citizen in Saskatchewan.

It is a challenge, Mr. Speaker, to Intercontinental Packers in Saskatoon to prepare itself for new competition for the western Canadian and Saskatchewan hog supply. This competition is going to come, no matter where Gainers builds its plant.

But with the benefit of having the new plants in our province, and resulting new hog production in Saskatchewan, Intercon and Saskatchewan will become part of the most modern and efficient hog processing complex in Canada.

I want to stress, Gainers has agreed, Mr. Speaker, to a program whereby hog producers marketing board will ensure that Intercontinental's hog supply will be protected. That means, Mr. Speaker, the employees at Intercontinental have no reason to fear the loss of their jobs as a result of two new plants in this province.

This is a challenge for all of us, Mr. Speaker, and a challenge to build on our strengths. I invite all members, Mr. Speaker, to compare this challenge with the challenge of members opposite when they spent \$10 million to gain 40 per cent . . .

MR. SPEAKER: — Order!

MR. ENGEL: — Thank you, Mr. Speaker. I appreciated that long history that he gave us, and I have some brief remarks I want to make in response to this.

Yes, Mr. Minister, Gainers has been around since 1981 — or 1891, I'm sorry, but under the present management the term hasn't been quite that long, Mr. Minister.

I visited in Alberta just this past Thanksgiving. During that little tour I did of northern Alberta, I happened to visit two hog productions. One of them is on the Alberta hog marketing board. Mr. Minister, I'm not sure if the Saskatchewan hog marketing commission is up to the challenge that they're going to be facing under this new proposal, because you have set out that this man is going to get his \$10 million if he can get the hog production up to 1 million extra hogs a year, almost double of what we have at the present time.

I think that there is a real challenge for the Saskatchewan hog producers. Are they going to be able to keep their commission intact? Are they going to be able to operate with this kind of competition, with this kind of an operation, where Gainers is trying to undercut . . . (inaudible) . . . and where Gainers is trying to offer more money and break the backs of the Alberta hog producers.

That's what we're looking at, and that's the incentive you've built right in here. That's the incentive that's been built right into this package. You buy a million hogs in five years and you'll get your \$10 million. I don't like that kind of an incentive, Mr. Speaker. I'd like to see growth.

I can remember not too long ago when I got elected in Saskatchewan, Mr. Speaker. In 1971, Saskatchewan Government Insurance, under the leadership of Ross Thatcher, was out investigating some fires around Saskatchewan; many, many fires. And Mr. Minister, I smelled pork burning from my own yard when a pork processing plant, when a pork factory, that was stimulated and brought in under Thatcher's program to induce farmers to get into pork, and they couldn't make it pay because the price of pork dropped to 17 cents a pound.

At 17 cents a pound is when I got elected, Mr. Minister, and I want to tell you that during my short term of office we saw the pork prices stabilized under SHARP. We saw a program that was working where farmers and pork producers in Saskatchewan have maintained a level price. And now we're seeing the government build in a little incentive. And the government is building in a little bit of competition with their friends. And I don't think this is good news for the people of Saskatchewan.

I don't think it's good news for the people of Saskatchewan because Premier Getty and the Alberta hog marketing commission wouldn't deal with them people. And these are the people you are saying are good business men. This is a sound business proposal? We are putting up \$21 million for a \$3 million little plant, and that's going to make bacon . . . as my colleague says, to a company that is mortgaged and bankrupt and all run out of finances, and we're putting a \$21 million loan up front for \$3 million. In five years they have chances to go on, and I think that the capital operation that's there — the capital that's put in place where you have 3 million now; 20 for a future slaughtering plant; another \$3 million for a pork processing plant; 26 million and \$21 million worth of loans.

(1445)

Any good contractor will build that for himself under those terms. He's not putting up any of his own money. I tried to get the minister to answer today and say how much of that \$3 million is Peter Pocklington putting up, and the answer we got was zero because he didn't say. He didn't say he's got 50 per cent or 75 per cent or that he's got some capital up front. No. The taxpayers of Saskatchewan are putting up the front for this man that goes up and down. Peter goes up and comes down. And here's a story you could read in *Business Review* on, 'The Pock's struggles to hang on.' And part of this struggle led him over to his friends, who didn't support him in the leadership, but they sure found their support to support him now and to bail him out. And they're taking on mortgages, and on fixed assets they're saying. But I think this is bad news for Saskatchewan when the hog producers can see the day when they will again see 17 cents a pound pork.

I'm not sure it's good news for Saskatchewan. When the minister stands up and says that there's a challenge for the pork producers, I want to tell him there's a challenge — there's a challenge to hang on and see if they can maintain the kind of programs they have in place today and the kind of market stability that they know. I can see that here's a start to eroding what's really happening in the pork process where the free enterprise is saying, put here on the free market; we don't need government control; I'll come to Saskatchewan, because there's no government control and there's no marketing boards. I'll come and I'll see that free enterprise works.

Well, Mr. Speaker, if he is coming to Saskatchewan to buy pork for 17 cents a pound, I wish him the downs rather than the ups because I don't think the pork producers in -Saskatchewan are going to tolerate that kind of operation.

SOME HON. MEMBERS: — Hear, hear!

ANNOUNCEMENTS

CPA Dinner

MR. SPEAKER: — Before orders of the day, I would like to remind all hon. members of the CPA dinner tonight, and I look forward to seeing you there at 6:30 for 7.

Saskatchewan Heritage '85 Album

HON. MR. FOLK: — Thank you, Mr. Speaker. Before orders of the day, I'd like to draw the MLAs attention to the album that was on their desks today. It's an album called 'Saskatchewan After Dark,' which features over 100 of Saskatchewan's finest performing artists. It is a project done by heritage '85, and it was felt that it would be not very good if 1985 went by and we did not feature Saskatchewan talent. So this record was produced by Studio West, just outside of Saskatoon, and is 100 per cent Saskatchewan talent and is now available all the way throughout Saskatchewan. And if the members will notice that there are four categories of the music that is on there: pop, rock, country, and folk. I'm sure every MLA is going to enjoy this to the fullest extent, and I would encourage all MLAs to promote the record as it is Saskatchewan talent and it is Saskatchewan Heritage 1985. Thank you.

HON. MEMBERS: — Hear, hear!

MR. SHILLINGTON: — Thank you very much, Mr. Speaker. I want to begin by welcoming the minister back from his full-time employment, which seems to be curling, to a part-time job, which seems to be minister of the Crown. I want to say, Mr. Speaker, that it is a tragedy that so little of the money that was spent on Heritage '85 actually went to Saskatchewan artists and performers. The great tragedy, Mr. Speaker, is that this represents virtually all that was done for Saskatchewan artists and performers during this three and one-half years.

And that really is a tragedy. Considering what was spent on Heritage '85, it ought to have been a banner year for Saskatchewan artists. And Saskatchewan does have some artists and some performers, some song writers and some craftspeople of whom we can be very proud. What we have, Mr. Speaker, is a minister who seems to be more involved in curling than he is in his department, and a governmental program which virtually all went to advertising, and very little went to Saskatchewan people.

I say, Mr. Speaker, that the real tragedy is that this represents such a small portion of what we spent on Heritage '85.

ORDERS OF THE DAY

GOVERNMENT ORDERS

SECOND READINGS

Bill No. 135 — An Act to amend The Mentally Disordered Persons Act

HON. MR. LANE: — Thank you, Mr. Speaker. In light of the past comments of the hon. member, this is appropriate that we proceed with The Mentally Disordered Persons Act at this time.

Mr. Speaker, this amendment is essentially consequential to The Mental Health Services Act passed in the spring session of the legislature. The Act's predecessor, The Mental Health Act, contained provisions relating to estate issues. In particular, I refer to the certificate of incompetence, which is a legal document signed by a physician, which states that a person who is subject of the certificate is incompetent to manage his or her estate.

A decision was made by the government at the time that The Mental Health Services Act was drafted to restrict that particular Act to issues of health care. At that time the government decided that the estate provisions of The Mental Health Act should be transferred to the Department of Justice which has related responsibilities, including the office of the public trustee, and the... (inaudible) ... provisions of The Mentally Disordered Persons Act.

These amendments finalize those arrangements. The provisions are transferred from The Mental health Act to The Mentally Disordered Persons Act without any significant policy changes. The only area of concern with the transfer was the role of review panel. It has been determined that review panels under The Mental Health Services Act will be used. Those panels have been continued from The Mental Health Act and, as such, the people serving on those panels have had some experience dealing with the review of the issuance of certificates of incompetence.

It should be noted that while we are merely moving sections from one Act to another for administrative reasons, I have instructed my officials to review the entire area of the law relating to persons under disabilities, including the issues of personal guardianship. Of dependent adults. The Mentally Disordered Persons Act, and the law respecting the custody and guardianship of children.

It is to be hoped that legislative change will be possible in the very near future.

Mr. Speaker, I move second reading of An Act to amend The Mentally Disordered Persons Act.

MR. KOSKIE: — Thank you, Mr. Speaker. We'd like to have a look at the provisions and the comments of the minister, so I'd beg leave to adjourn the debate.

Debate adjourned.

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

HON. MR. LANE: — Mr. Speaker, the proposed amendments to The Public Trustee Act are simply consequential to The Mentally Disordered Persons (Amendment) Act. The amendments confirm the authority of the public trustee to act on the basis of a certificate of incompetence issued pursuant to The Mentally Disordered Persons Act; therefore I move second reading, An Act to amend The Public Trustee Act.

MR. KOSKIE: — Mr. Speaker, we will have no problem with proceeding with the amendment that is introduced by the Minister of Justice in respect to this And I believe he said it was consequential in respect to the previous Bill, and since we have asked for an adjournment of that, we'll look at the two in conjunction, so I beg leave to adjourn the debate.

Debate adjourned.

COMMITTEE OF THE WHOLE

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

Clause 1 (continued)

MR. KOSKIE: — Mr. Chairman, Mr. Minister, in respect to the proposed prospectus that you have and that we have been dealing with, I'm wondering . . . this was the preliminary prospectus dated October 18th, 1985. In view of the fact that there has been some significant changes, I guess, in the prospectus, that is the preliminary prospectus, I'm wondering whether that has any significant disadvantages of you proceeding with the final prospectus. In other words, what you set before the people of Saskatchewan and the Securities Commission was a proposed preliminary prospectus, and I guess what I'm asking is, there has been some significant changes with respect to it, and whether or not that is going to have consequential effects?

HON. MR. SCHOENHALS: — Mr. Speaker, the answer to the question, in short, is no. What will take place is that all the changes will be indicated to the Securities Commission, who will approve this prior to the filing of the final prospectus, and we don't believe there's any thing significant in the changes that have been approved.

MR. KOSKIE: — Well just for clarification, does there have to be a significant similarity between the preliminary that you have filed and distributed and the final one that you will put before the securities? Do they have to be significantly the same?

HON. MR. SCHOENHALS: — Mr. Chairman, I would assume that the term material or significant indicates something that would change the investors' opinion, that would change the influence that the material in the prospectus would have. We don't believe there's been any such changes. Consequently, we don't see a problem.

MR. KOSKIE: — Well let me just get it a little clearer then. I take it that if the preliminary prospectus which we are dealing with, in indeed there had been some changes which were, as we said, significant, then you have problems with filing the final prospectus unless you go the route again, is that it, of reissuing a new preliminary modified prospectus, put it before the securities commission, and then from that get your final prospectus.

Because, you see, it's a fairly significant, it seems to me, Mr. Chairman, that the people of Saskatchewan — this is a public document — that they know what, in fact, has been changed in the

prospectus. And so what I'm saying is: what are the areas that cannot, in fact, be changed, and why do you not consider the change that is proposed in respect to the share options not a significant change?

(1500)

HON. MR. SCHOENHALS: — Mr. Chairman, I believe that what we have is a slight problem in terms of the term 'significant.' It is not the role of, I don't believe, even the legislature in this case, to determine if there's been significant change. That is obviously the role of the securities commission. We will inform the securities commission of the proposed change. If in fact they believe an amendment is necessary, they will do that. However, I am advised that what we will see is, since the filing of the final prospectus is in all likelihood very near, they would simply indicate to make the changes in the final prospectus.

And I repeat once more that any investor considering investing in this issue will have a final prospectus before any investment is made. I think that the reasons for that are fairly obvious. But the definition of the term 'significant' is an interpretation that the securities commission will make.

MR. KOSKIE: — Well, in launching the privatization of the corporation, what you have in fact put out to the public was a preliminary prospectus and distributed across the province. And what I'm asking you is: is there a time limit as to how long the preliminary prospectus can be out before it is transferred into a final prospectus? In other words, is there a stale-dating of a preliminary prospectus which is affected by the securities regulations?

HON. MR. SCHOENHALS: — Mr. Chairman, once a preliminary prospectus has been filed, the time period is 75 days. If that time passes, then a new preliminary prospectus must be filed.

MR. KOSKIE: — Thank you, Mr. Minister. I just want to move over to the public offering of shares once we have finalized the Act. You have indicated that you're going to have the widest possible participation by the people of Saskatchewan, the little investors, and so on. I think that's a laudable objective.

My question to you is: how are you going to achieve that? I think you have indicated that the stockbroking firm is going to be purchasing all the shares and looking after the distribution and then getting a percentage — 4 to 4.5 per cent. What I'm asking is: once this is completed, how do you intend to go about, once they're listed, intend to put into effect this here 'Saskatchewan people first'?

HON. MR. SCHOENHALS: — Mr. Chairman, what we have undertaken, and I think it's fairly well known, the member asks a very pertinent question in terms of wide distribution in Saskatchewan. We have already discussed in this Chamber the town hall meetings that were held in 27 different communities throughout Saskatchewan. We had a toll-free number in place that was widely used. We had an opportunity to clip coupons and mail them in, literally thousands and thousands of unsolicited requests in that method.

As well we have indicated that we will distribute the shares through all the investment dealers in Saskatchewan — through the banks, credit unions, and trust companies. And the method of attaining the broad distribution that the member talks about will be through those mechanisms.

MR. KOSKIE: — What I was wondering then, in respect to your distribution system, you say that you are using the banks and the credit unions and other trust companies and so on for the availability to the Saskatchewan people. And I'm wondering: have you worked out any expertise advice that will be available to those going in to purchase shares or to seek some advice? Because here it's clearly different, Mr. Minister, because it's not a participating bond which you issued before, which was guaranteed by the government. There was a guaranteed interest rate plus a participating on the basis of the performance of the corporation.

Shares are indeed very speculative, and what I'm wondering is, can you indicate to us . . . I know that normally when investors are buying shares, either in oil companies or other companies, that normally what you do is to get someone that can give you professional advice in respect to the purchasing of shares.

And I'm just wondering: you put them out into the credit unions all over the province, and I'm not sure that the credit unions have been in the practice of dealing and selling shares. So what I'm asking you: is there any system set up where there may be some expertise, so that the public who are buying these speculative shares may in fact be properly advised?

HON. MR. SCHOENHALS: — As the member has indicated, the clear objective, the primary objective, was to acquire the widest possible distribution. We have talked publicly about the possibility that a bank teller, a credit union teller, may not be completely conversant.

In an attempt to deal with that in the best way we could, in order to get the best balance, the financial advisers to the corporation met with representatives of all the banks, credit unions, and trust companies who are involved in the distribution — that is all of the ones in Saskatchewan. They had educational forums in which they emphasized the risk and the nature of the investment opportunity.

Beyond that, Mr. Chairman, I could indicate that certainly at the four or five town hall meetings that I attended, without exception there was a bank or credit union person in attendance at all of them. I believe that the people in those institutions took the responsibility rather seriously and did attempt to make themselves as aware as possible.

However, we readily admit that there is a balance between the objective of broad distribution and the objective of clearly indicating the complete nature and the risk of the investment. We did the best we could to achieve a reasonable balance. We'd like to think we've done that, I suppose. We hope we have, at least.

MR. KOSKIE: — Once the public offering is made of the shares, it's open to the general public within the confines of the Act. Is that not clear? Sort of first come, first served basis up to the maximum that is provided within the Act?

HON. MR. SCHOENHALS: — That is correct. The other element, I think, in terms of where the information that the member requires, is that within the underwriting agreement there is a clear concept, a clear statement, that the underwriting groups will fill all small Saskatchewan orders. That is a clear commitment and is included in the underwriting agreement.

MR. KOSKIE: — It will be interesting to see the particular undertaking, but I'll take it at your word. Since it's a public offering, I guess one of the results that could happen with the public offering is that the majority of the 40 per cent shares that you're offering to the public could, in fact, end up being controlled outside of the province of Saskatchewan. That is certainly a possibility, is it not?

HON. MR. SCHOENHALS: — Mr. Chairman, in the initial offering we can certainly control the amount. We have again indicated that the largest percentage of the shares will be sold in Saskatchewan.

Once the shares are listed, obviously the holder of the shares has the options of selling or trading those shares at any time. I would suggest that the best way to prevent shares from flowing outside the province is to, in fact, acquire that broad distribution that we have talked about.

History would show very clearly . . . I've already mentioned the Alberta Energy Corporation where a large number, I believe something in the order of 30,000 people in Alberta, still hold less than 1,000 shares in that corporation. I believe that the large majority of people in Saskatchewan, once in possession of those, will tend to hang on to the shares.

MR. TCHORZEWSKI: — Thank you, Mr. Chairman. I just have two or three brief questions. I was

glad that we were able to establish in this House that the share offering, option offering, was not required as earlier we had discussed, and the minister was indicating.

I certainly welcome the minister's willingness finally to indicate that he was prepared to look at some other kind of arrangement, and I think that that was important, and one of the important achievements of what has been happening in this committee on the part of the opposition.

But there are some potential effects out of all of this. The reason that you have given, Mr. Minister, why this was necessary was to make the company of Saskoil taxable federally. What I would like to get from you or have you answer is: what effect will this now have on Saskoil? What kind of taxation do you expect to have to respond to with the federal government because of this new status of Saskoil?

HON. MR. SCHOENHALS: — I should clarify just briefly the statement the member made. The corporation will be taxable. The reason for the option was in order that the corporation could bring forward, as I've said many times, \$300 million-plus of tax benefits which will carry the corporation forward, in the short term, for a number of years, despite the fact that it will be taxable in a non-taxable position. That is the reason for the option. The numbers have changed. The fact of the option has not changed. The reason has not changed.

Following that, the corporation, at the time that the share offering is completed, will be in the same position as any other private company. It will exist under the Saskatchewan Business Corporation Act.

MR. TCHORZEWSKI: — I'm aware of that, Mr. Minister. I'm wondering . . . Let us assume that Saskoil made a profit of \$44 million, as it did last year. In that kind of situation what kind of federal tax would it have to pay?

(1515)

HON. MR. SCHOENHALS: — Mr. Chairman, to the member, the only tax that Saskoil does not pay now that it will have to pay is the federal income tax. The result of the process we have been discussing at great length in this House is that we can be assured that in the next year Saskoil will not pay any taxes beyond that. It's difficult to take with absolute assurance, but we believe there may be a period of, in the short term, of a couple, three years — we're not sure — where the corporation will not pay any taxes. But the answer is that it is federal income tax that the corporation will now be required to pay.

MR. TCHORZEWSKI: — I'm aware of that, Mr. Minister. I guess you're telling me it's not possible to indicate in a situation where Saskoil made a certain level of profit what kind of taxation level it would then have to pay to the federal government.

Can I ask, therefore, another question associated with this, and that is: is this accumulated tax credit which you have spoken of so many times in this committee a one-time tax credit situation, or has all of the benefits that could have happened in the future been done away with the change to national energy policy?

HON. MR. SCHOENHALS: — Mr. Chairman, the tax pools that we are bringing forward could continue to accumulate to the corporation in its new form. That will be dependent on their drilling activity and so on. But the process or the ability to collect them does not end. We are simply ensuring that the ones that have been collected to date do, in fact, flow forward.

MR. TCHORZEWSKI: — You're saying therefore that the policies and the program that were in place, which have caused the accumulation of these tax credits, are still in place for the future.

HON. MR. SCHOENHALS: — Well I mean, it's the federal programs they've changed, obviously, with the signing of the western accord, the elimination of the national energy program. There are

different . . . But anything that's available now will be available afterwards.

MR. TCHORZEWSKI: — I'm led to understand, therefore, that everything that's available now that has resulted in the accumulation of tax credits, and therefore it will be available in the future. That's what you're saying.

HON. MR. SCHOENHALS: — Mr. Chairman, let me try to be very concise. The specific pools of money that we're discussing in large part were accumulated under the national energy program, PGRT, PIP, etc., etc. Now the fact is that those ceased to exist with the western accord, so that there have been changes. The changes exist today. The day that this corporation becomes a corporation under the Saskatchewan Business Corporations Act, the opportunities that are available in terms of tax credits prior to that will still be available after. The change in status will not change. It will continue forward. But in terms of the specific money we're talking about, that was in a different fiscal regime previously.

MR. TCHORZEWSKI: — That's the point, and I just wanted to get that clarified, because I think there are some implications in the future on the kind of costs that Saskoil shall have. The fact of the matter is, I believe, that the rate of accumulation of those tax credits under the old energy program was a lot greater than what you will have under the new policies. I don't think that there's any denying of that.

So my concern is that: that the Minister of Finance, who has not spoken on this Bill, may want to stand up and clarify on that, but having been the Minister of Finance, I know that I would be, and he should be, concerned about the implications that this Bill has on his treasury. That implication is very severe. And that's why I found it rather interesting and unfortunate that the Minister of Finance has not been prepared to speak on this Bill, because one would think that certainly any minister of Finance would be concerned what the implications are.

But my concern is this, that here we have what could be, to a large extent, one-time money, the tax credits.

HON. MR. SCHOENHALS: — Mr. Chairman, I apologize. I apologize. I can't hear because of your friend. Could you start the question over again, please.

MR. TCHORZEWSKI: — I'll speak louder. Mr. Minister, I'm concerned that this \$300 million, which is your figure, is one-time money, and in future we will not see that kind of money coming out of any kind of tax credits, or whatever the federal government now calls them, under the new policies; whereas what you have done to Saskoil is going to be a continuing cost to the Saskatchewan taxpayer. There is going to be potentially income tax paid to the federal government. There are going to be dividends paid on 40 per cent which you have said you are going to be selling out. Some people will argue that it's giving away, and there are other kinds of new costs that are associated.

So I suspect that there may very well be to the taxpayer of Saskatchewan a net loss out of this arrangement. And that's one of the points that I think I want put on the record in this House, because that's one of the things that we certainly are going to be watching very carefully as the development of Saskoil continues under this new arrangement which you have brought into this legislature.

HON. MR. SCHOENHALS: — Mr. Chairman, I don't believe that the member is correct. In fact the pools of available deductions that we are discussing will be available, and will continue to grow, and will continue to offset taxation. I would once again direct your attention to the second paragraph on page 32. I believe it's the last sentence of that paragraph that explains the expenses we're discussing:

The successor provisions essentially provide for the continuation of unamortized balances of Saskoil's Canadian Exploration Expense, Canadian Development Expense, and Canadian Oil and Gas Property Expense for future amortization, but only against income from Canadian resource properties in which it had an interest immediately prior

to the event invoking the successor provisions.

That comes forward. They remain in place then for future development. They will still apply to Saskoil in its new form — no change.

MR. TCHORZEWSKI: — Well, Mr. Minister, I'm prepared to take your word for it — and that's quite a big concession — but I'm prepared to take your word for it and watch the results as they develop in the months and years ahead and determine whether, in fact, there is not going to be a net loss to the Saskatchewan taxpayers as a whole. I happen to be one of those who believes that there's going to be, not only because of the result of the tax option and the income taxable situation, but the whole scheme as it exists now.

I don't have any further questions at this time,; I just wanted to make that point.

HON. MR. SCHOENHALS: — Mr. Chairman, I appreciate that the member's prepared to take my word. I think it's even more significant, though, that the securities commission is prepared to take the word of what appears in the prospectus, and that probably has more meaning.

HON. MR. BLAKENEY: — Mr. Chairman, just a couple of questions. I missed some of the discussion, and I understand that all aspects with respect to the nature of the option to senior officers has been disposed of in the sense that it is now concede that an option of . . . a modest sized option would serve to trigger the operation of section 149, so that section 149(1)(d) . . . so that the corporation would not longer be tax exempt.

I understand also that the position of Northgate Funland has been dealt with and that the function of this corporation, as I understand it, is that it's going to be amalgamated with Saskoil and thereby give Saskoil the financial strength which will permit it to be an appropriate purchase for insurance companies and pension funds, and I think that's strictly accurate, is it not? If you had not amalgamated with Northgate Funland, Saskoil would not have been an eligible investment and now that you have amalgamated with, or proposed to amalgamate with Northgate Funland, it will be an eligible investment for pension funds, insurance companies, and the like. Have I got that right, that Northgate Funding is shoring up Saskoil in that respect?

HON. MR. SCHOENHALS: — Mr. Minister, I'd like to welcome the Leader of the Opposition back. I'm sure that his experience and legal expertise will add considerably to the debate, and I believe he has a fairly accurate grasp of the situation regarding Northgate.

HON. MR. BLAKENEY: — There was quite a serious point I did want to raise. I'm not suggesting the other wasn't serious, but I want to raise, and it stems from the earlier discussion — and I refer to page 34 of the prospectus, which has the balance sheet there set out, and I refer to the equity advances of \$145.5. million. And I refer to the proposal to convert the government holdings into common shares at \$9 per share. And we reviewed that, and I expressed my view that the \$9 per share was too much, and we are, I think, familiar with those arguments.

What I was wanting to ask now was the very narrow question of whether the question is going to get shares on the basis of \$9 per share, based upon a government equity of \$145.5. million, or on some other figure. You at one point indicated, but didn't state clearly, I think fair to say, that that figure might be revised upward on the basis of a revaluation of the property and equipment, and that the number of shares which would be received by the government would not be \$9 divided into 145.5 million, but \$9 divided into a different figure. If this be so, could you indicate the basis for calculating the government shares?

(1530)

HON. MR. SCHOENHALS: — Mr. Chairman, for the benefit of the Leader of the Opposition, I referred last night to page 3921 of *Hansard*, and I think the quote attributed to myself just before the House rose sums that, and I'll simply repeat it:

For the reason we cannot provide the exact numbers, the book value is \$145 million — book value. The fair market value will be something higher than that. That exercise has not been completed as yet. When that exercise is completed, we will have a number that is slightly higher than 145 million. That number will be divided by nine, and we will have the number of shares.

I'm not sure if that answers the question, but that's how it's determined.

HON. MR. BLAKENEY: — That is an exact answer to the question I asked, and the next question which follows on is, basically, how would that fair market be calculated? It will be \$145.5 million, obviously, plus something else. What is the something else? I understand you cannot quantify that now, but you can tell me what elements will make up the calculation.

HON. MR. SCHOENHALS: — Mr. Chairman, I'm not sure we're retreading ground. I hope not. The fair market value will be determined just prior to the filing, using the three multiples that we talked about a number of times. I believe you were in attendance at that time. The emphasis will be on the price cash flow multiple. That is determined to be the one that is most commonly used for oil and gas corporations. The conditions in the market-place at the time of the pricing will obviously be a factor, again, indicating why that exercise is left until just prior to filing. I think anyone who follows the oil sector will realize there has been some statements and rumblings and some reactions to that. Obviously those things may in fact be a factor.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I understand your answer to mean that the equity advances of 145.5 million, which are represented by cash or were represented by cash, will stand, and that there will be a calculation of other assets, notably the assets which were evaluated by Coles and Nikiforuk, that is the reserves and the undeveloped land, and out of that a current market value will be arrived at, and then a calculation will be made based upon \$9 per share. I think I am clear on this, but I'll ask the question so that the record will show it. Is it the intention of the Government of Saskatchewan to acquire any preferred shares?

HON. MR. SCHOENHALS: — No, Mr. Chairman, the Government of Saskatchewan will not purchase preferred shares.

HON. MR. BLAKENEY: — Mr. Chairman, and Mr. Minister, I have already pointed out why I believe that the property and equipment is undervalued, and I'm using a 20 per cent discount rate. I've already indicated why I think the shares are undervalued, suing a value for the issued and outstanding shares of 60 per cent of the base assets. I simply refer the minister to the earlier arguments and will not rehash them.

I note that this company, so far as the share issue to the public is concerned, that 100-plus million, about 70 per cent of it is in preferred share and about 30 per cent of it is in common shares, a fairly low proportion of common shares so far as the public offering is concerned. There is, in addition to that, \$25 million or so in bank loans and \$25 million or so in long-term debt.

So we have got about 70 million in preferred shares and about 50 million in loans in the ordinary course of events. Now the 50 million may be reduced somewhat by some infusion of cash, but you tell us that that's not going to be used to retire indebtedness but to develop oil. So we have a substantial amount of the capital of the company provided in loan capital or preferred shares. This makes the common shares somewhat volatile. There's still a lot of them, but there's still about 175 million in commons, roughly, and 125 or 130 million in loan capital employed. A fair amount of volatility, a fair amount of leverage for an oil company, for this kind of an oil company anyway, which is an exploration company and not an integrated company.

We have then a situation where a substantial amount of the risk — and risk can go both ways, up and down — is being assumed by the government, and that will be the case since, let's see, at least four-fifths of the common shares will be owned by the government. Is it the intention to set up a

vehicle whereby the government will be taking most of the risk, will be enjoying the gains or suffering losses, and if this is the current situation and this is the key, are you proposing to sell off more common shares?

HON. MR. SCHOENHALS: — Mr. Chairman, I think the missing element in the Leader of the Opposition's covering of the ground is the convertibility of the preferred shares and the incentive to convert in the first three years. I think that is the element that would change things. I believe as well that the member discussed \$40 million of debt that exists in the corporation. I'd point out that in the statement the \$25 million of long-term debt that was due November 1st of this year has been paid off. The only debt remaining in the company is the debt accrued through the participating bonds issue, or the \$15 million.

MR. SVEINSON: — I have a couple of questions of the minister that I'd like clarified. It appears that the timing of this underwriting may be, as far as the investor is concerned, moving into a market — an oil market — that's probably, for the investor, the worst we've seen for at least seven or eight years.

On the weekend the OPEC (Organization of petroleum Exporting Countries) ministers met and the Saudi Arabian delegation indicates that we could be facing oil prices next year of \$20 a barrel. I just wonder what that does to the profitability of Saskoil and how it affects the investor. I realize that two-thirds of the shares sold are preferred shares and that you can sell your common shares as quickly as you feel the market, and the profitability of those shares is not going to be enhanced down the road or at least in the near future. I would just like an answer to \$20 a barrel on crude and how that affects Saskoil.

HON. MR. SCHOENHALS: — Mr. Chairman, I don't think I take exception with the intent of what the member says. However, to indicate that things are in the worst position they've been in seven or eight years is simply not true. There's been a number of periods in the past that were.

As well, the OPEC spokesman did not indicate \$20 oil. Various analysts, reacting to the statements which were an intention to guard their market share, have analysed that in various ways, and the \$20 number has come out.

In terms of what that means to the corporation, we have indicated throughout the various marketing activities that Saskoil, because of the diversity and the blend of its products, because of its financial position, is in a very strong position and is better equipped than an awful lot of oil companies to withstand that. In fact, at \$20 oil Saskoil would still be in the black, albeit obviously not as well.

I think the key point is that investors . . . Again it's the element of choice. The investor will have to assess that, make his own decisions, and I would suggest, for the first time in terms of investment in Crown corporations, that opportunity rests with the people of the province and not with the government. I think that's the significant difference.

MR. SVEINSON: — Basically, I think if you notice the market or follow the market at all, Monday oil shares in Canada and across all markets in the world tumbled fairly dramatically as a reaction to, in fact, the Saudis' position on what they're prepared to sell oil for.

As an investment, I realize the common share could be a short-term investment because you can sell it at any time. The market for the preferred shares on the other hand . . . I see in the prospectus that the government is prepared to pick up 1 per cent of the preferred shares. I believe it's in the first year that they're on the market — at a fixed price. That fixed price will, in fact, if share values tumble, I think, affect the profitability. And I believe, as a shareholder, if I saw 2 or \$3 Saskoil shares, I'd want to cash in my preferreds as quickly as possible.

The question I asked earlier doesn't really . . . I think \$28 a barrel is presently the international price for oil, or somewhere in that range. Losing \$8 a barrel certainly would affect dramatically the profits of Saskoil. The minister just indicated that they would still be in the black. That's approximately 25

per cent of your revenues, and I don't think that the profit would be 25 per cent, even for last year. Maybe you could expand a little on how you're going to maintain a position in the black if, in fact, oil tumbles \$8 a barrel.

(1545)

HON. MR. SCHOENHALS: — I suppose the assumptions that led to the comment would be: one, that you would have to continue to sell oil in the volumes that we are presently selling it at; secondly, that the corporation would obviously have to keep track of its expenses; would have to make sure that they were operating within cash flows.

Obviously things would be tighter with that value for oil. Once again we suggest that because of the product blend between heavy, medium, and light, and because of our opportunities in natural gas, we see this corporation well situated in that respect, and the financial structure of the corporation leaves it in a strong position.

No doubt though, if prices drop, it certainly does increase the risk. That's very clear.

MR. SVEINSON: — At \$20 a barrel what would you anticipate the share, the common share value of Saskoil to be?

HON. MR. SCHOENHALS: — That question is very hypothetical. We simply don't 'have the facilities to answer that question.

MR. SVEINSON: — As a small investor, from time to time I've experienced situations . . . (inaudible interjection) . . . as a small investor, certainly. But I've experienced situations where a run on the market can happen very rapidly, within two or three days.

Now at \$9 a common share, if you're going to get your money back and if the market in oil shares is falling, you're going to want to sell it fairly quickly. Does the legislation on the sale of common shares affect those shares that are put on the public market, in that, could one purchaser purchase from the market-place all the common shares that are offered to the market after this underwriting is complete?

HON. MR. SCHOENHALS: — No, Mr. Chairman. The Bill there has a complete section that deals with the 4 per cent limit, the decisions that can be made, and what takes place in that case. And I think when we come to clause by clause review, it is laid out very clearly.

But the general premise or the general rule is that no one investor or organization can hold more than 4 per cent of the shares. And there are conditions laid out for association, and so forth. And I think that when we come to clause by clause, the member will be well satisfied that that possibility is clearly taken care of.

MR. SVEINSON: — But doesn't that in itself . . . Doesn't that help to depress the value of a common share on the market-place, when you limit the purchasing power of any group or individual on the market-place when he goes to sell his share?

HON. MR. SCHOENHALS: — Mr. Chairman, no. I think what it does is assure wide distribution, which is one of our primary aims in this issue.

MR. SVEINSON: — Well, wide distribution of BRIC (British Columbia Resources Corporation) certainly didn't maintain a very high value for that share issue. In fact it created an atmosphere where it tended to depress the value of the share.

HON. MR. SCHOENHALS: — Mr. Chairman, let me be very clear. This offering is not a BRIC. It is totally different, a better, a model, if you will, as AEC or PWA. In general terms, in BRIC the Government of B.C. gave everyone a couple of shares and then sold some. The result was that there

was no after-market, no demand. And the reason the BRIC shares fell was because of a lack of demand.

And I think it's very important to point out that the model that this is based on has absolutely nothing to do with BRIC. It's a completely different situation, as I indicated. The Alberta Energy Corporation or the PWA offering are both better examples of a public corporation that entered into a public participation mode and sold shares to the people.

MR. SVEINSON: — Well I'm not debating on whether it's better or whether it's worse than BRIC. You just mentioned that the wide offering of the shares for some reason enhanced the viability of the company.

Another problem that I have with the issue: why weren't all shares issued as common shares? Why did you go the premise that some should be offered as preferred shares?

HON. MR. SCHOENHALS: — I think the objective was to ensure that the small Saskatchewan investor had the opportunity for the guaranteed yield on the preferred shares as well as the growth associated with the common. Consequently the unit concept was developed, and the shares have been offered in that manner. And it was, I think, a serious attempt to try to match the offering to the people who we saw as the primary target.

MR. SVEINSON: — So basically what you're saying is that you don't feel that the purchaser of the share issue will be a very sophisticated investor. You're looking at a broader base of Saskatchewan people who aren't very familiar with market investment, and basically what you're doing is guaranteeing him some return on a part of his investment, rather than offering him a larger return on shares that would, in fact, be elevated in value if the success of the corporation is such.

HON. MR. SCHOENHALS: — Mr. Speaker, I don't propose to categorize Saskatchewan investors as anything, although it's safe to say that the target group was both the sophisticated investor and the less sophisticated investor in the province. That was clearly the intent, and it was structured that way. I suppose the other element is the convertibility element in which an investor, who deems it to his advantage, can either immediately, or at a time of his choosing, convert the preferred to commons, and that's laid out in the prospectus, the mechanism for that.

MR. SVEINSON: — I find the timing again of this Bill very interesting. How long was this basic Bill, or this decision to sell Saskoil, how long has it been on the agenda of your government?

HON. MR. SCHOENHALS: — Well I think, Mr. Chairman, that this has been on the agenda for quite some time. It has been brought forward in this session of the legislature. I think that the marketing process has been gone through, and we are now in a position, once the Bill is through, to allow the people to finally participate in their Crown sector.

MR. SVEINSON: — Well if the value of oil, as it has this week, continues to drop, is there any possibility that you'll restructure the sale price of the share issue below \$9 for a common share?

HON. MR. SCHOENHALS: — Mr. Chairman, no, there's no intention. We believe that the \$9 will represent a fair price for the shares.

MR. SVEINSON: — Yesterday, oil fell \$2.28 a barrel. If it continue along that trend, Mr. Minister, I suggest to you it's a very poor investment, and that, in fact, you're going to have a look at maybe devaluing the price of your common shares that you're offering to the market.

HON. MR. SCHOENHALS: — Well, Mr. Minister, I think what the member is suggesting — I'm not sure if he's trying to counteract the work of the Leader of the Opposition in selling the shares — He's suggesting that . . . (inaudible interjection) . . . you're right here . . . suggesting at \$9 that it will not be a fair price. I would simply suggest that we believe that at \$9 the shares will be fairly priced and that there's no mention to devalue it.

MR. SVEINSON: — Well when the shares finally hit the market, the value will be determined by the market. Yesterday, Saskoil on the last production year lost approximately \$8 million in one single day. Now I'm not suggesting it's a poor investment, or it's a good investment, but the value of your common share is out of your hands the day it hits the market-place. If, in fact, they're over-valued, every small investor in this province, who decides to buy that common share on his first \$30 investment in a Crown corporation, is going to lose \$3 or \$4.

And I suggest to you that your share issue on common shares was based on approximately \$30 a barrel, and if the price continues to fall, I suggest to you that the market-place and the people that buy this kind of investment to make money — they don't buy it to lose money — will shy away from your investment and, in fact, your underwriting and, in fact, the common shares when they hit the market.

HON. MR. SCHOENHALS: — Mr. Chairman, I think the answer is that the share structure of the company will be such at the time that it is filed that \$9 will, in fact, equal a fair price for the shares.

MR. SVEINSON: — But the psychology of the market will ultimately set the value of the common share, and I'm just suggesting that the psychology of the oil market, presently, because of a depression on international oil prices will, in fact, affect the value of your common shares the day that they hit the market. Last year, the same thing would have likely been a great investment. You made \$44 million. Next year, it may be the worst investment that this government's ever offered the people of Saskatchewan. I'm just suggesting that possibly you should consider the fact that when it hits the market, it better be valued, and better be valued so that the value that the small investor pays for that share, he can at least be returned.

HON. MR. SCHOENHALS: — Mr. Chairman, I accept the advice of the member. You can be assured that we will be considering all factors in the pricing arrangement. And I can suggest very strongly that Wood Gundy, being the underwriter of the corporation, are going to be considering that very carefully, and I suppose that leaves it, then, up to the small investor, who we both seem to be speaking about and toward, to make that decision.

(1600)

MR. SVEINSON: — I don't think Wood Gundy cares what value you underwrite your shares at. They're getting their 4.5 per cent. If you can sell them to that small investor, they don't really care. They'll also collect their commission when that small investor comes back in to dump his shares when they fall to 4 or \$5. I just ask you that . . . I don't think Wood Gundy is in a position to determine the value of the shares. I think it's up to you to value those shares so the small investor isn't burned when he goes to sell his shares on the market and maybe get his money back.

HON. MR. SCHOENHALS: — Mr. Chairman, I just suggest to the member that Wood Gundy will purchase all the shares as the underwriter. If the shares are priced at a level that they won't sell, Wood Gundy are left with them at the lower value. I would suggest that everyone involved is very interested in having this thing, the share structure, so that the \$9 price is accurate. I think that's in everyone's interest. I accept your position. We have to make sure that happens correctly.

MR. SVEINSON: — But I just suggested tumbling oil prices will definitely affect your common share issue as to the return on your investment when you go to sell that share if this trend continues. And on the weekend it was indicated by OPEC that this trend will continue. I'm asking you, Mr. Minister, if in fact you've anticipated this, and whether or not you're willing to build a cushion into the value of that share issue so the small investor won't be burned if he decides to buy them?

HON. MR. SCHOENHALS: — I think the answer, Mr. Speaker, is: yes, we have considered that, and all those considerations will be taken into — or all those factors will be taken into consideration at the time of pricing.

MR. SVEINSON: — How did you select your brokerage firm, Mr. Minister?

HON. MR. SCHOENHALS: — Mr. Chairman, we invited all the major investment houses who are active in Saskatchewan to make proposals on what advice and what services they could provide. The process took, in terms of the actual presentations, in excess of two days. After that time we sat down and made a determination and chose our financial advisers.

MR. SVEINSON: — Four and a half per cent would seem very high as far as a commission on this underwriting would be concerned. Was that bid on, or was that just offered to them, or how did you arrive at the four and a half per cent for the underwriting?

HON. MR. SCHOENHALS: — Mr. Chairman, the price is not four and a half per cent. That's an inaccurate statement. I indicated a range from 4 to four and a half. That is negotiated with the financial advisers, and it is the going rate, if you will. It's competitive with what's taken place with similar transactions in the market-place.

MR. SVEINSON: — So what is that rate — 4 or four and a half or 4.25 or . . .

HON. MR. SCHOENHALS: — Mr. Chairman, in answer to that, earlier in the debate I indicated that the range is between 4 and four and a quarter. That has been negotiated. That remains to be ratified by the board at the time of the filing.

MR. LINGENFELTER: — Mr. Chairman, I won't take a long time and we'll be moving into the clause by clause on the Bill, but I would ask the minister whether or not the dividend on the preferred shares, whether you've set that yet, and whether that will be announced today. I know there are words around that you will be announcing that today or tomorrow, and I wonder whether you could take the time to announce it here in the House now.

HON. MR. SCHOENHALS: — The range that I gave earlier, I believe, still holds. It will be between seven and a quarter, seven and three-quarters. It will be finalized at the time of the pricing, which will happen immediately before the filing.

So at this time, no, I can only provide the range, between seven and a quarter, seven and three-quarters.

MR. LINGENFELTER: — Well maybe we could tighten the date down at least a little bit. If we're presuming we go through committee today and third reading, as well as Royal Assent, and we're finished with the Bill tomorrow, when will that dividend be set?

HON. MR. SCHOENHALS: — Assuming the sequence of events you laid out, I think we can count on that first thing Friday morning.

MR. LINGENFELTER: — Mr. Minister, there's one other area that I want to just get a little clearer, and that is the issue of who will own the company and what percentage the government, or the people of the province in general, will hold after this share is completed. You've indicated that you assume, or you predict, or you wish, or whatever, that it will be 60-40 split. I want you to confirm that for the committee.

HON. MR. SCHOENHALS: — I think that that number, 60 per cent government owned, 40 per cent investor owned, is certainly ballpark. It's not exact. The clear commitment is that the government will own the majority of the shares after this issue.

MR. LINGENFELTER: — The question, I guess, that I would like clearly enunciated in the Bill is that the 40-60 split, that in fact it will not be exceeded. And I wonder whether or not, in the spirit of compromise, we could move an amendment to the Bill that will include . . . and I have one proposed here which I will put forward at this time. It will read:

Amend section 6 of the printed Bill by adding the following subsection after subsection

(3) . . .

That's assuming that the five share option will be put in as clause — as subsection (3), pardon me. And subsection (4) would then read:

Saskoil is prohibited from selling more than 40 per cent of its shares to a person other than Her Majesty in the right of Saskatchewan.

And I will send that copy across and table it in anticipation of that coming forward.

HON. MR. SCHOENHALS: — Mr. Chairman, I think we have some problems with that, but if we could have a copy, we'll take a look.

MR. LINGENFELTER: — My colleague for Regina North East asked if I checked to see if anything was stapled to the back of that, and I hope there wasn't. If there is, you can send it back.

The other thing that I will table at this time and send across to the minister, and he may have a different plan for this, but this would amend section 6 of the printed Bill by adding the following subsection after subsection (2) which would become subsection (3):

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

And I will send a copy across to the minister and table one copy of that, and if we could see that they're put in at the proper spot.

HON. MR. SCHOENHALS: — Mr. Chairman, I think that in terms of the concept we understand, we're prepared to consider these. We have some concerns about specific wording and, in fact, the specific meaning of the one. But I think when we come to those in clause by clause we can discuss those amendments at that time.

MR. SVEINSON: — Is there a conflict of interest, Mr. Minister, for members of this House to purchase shares?

HON. MR. SCHOENHALS: — Mr. Chairman, possibly. I was going to get into the policy. There is no conflict of interest for MLAs. They will have to report it in their conflict of interest statements. As far as the government is concerned, we have adopted a policy that MLAs will not hold shares. And I can get into the specific wording of that policy if you wish, but you'll find it in *Hansard* from earlier debate on this topic. But the general thrust is that government MLAs will not be holding shares in Saskoil.

MR. SVEINSON: — Just one final question. Over the years when resource companies, I suppose, have been expropriated in Saskatchewan by the former government — and certainly oil companies have been developed such as the one you're presently selling — there's always been a feeling, I think, out there in the community, in Saskatchewan, that we are participants in the ownership of these companies.

(1615)

Now we have a Conservative government in power, and we've heard a lot of rhetoric coming from the socialists to my right regarding the shareholders of Saskoil, and certainly the potash companies in the province that the government owns. I'm wondering how, in your wisdom, you chose to deal the shareholders out of this underwriting, and why, in fact, the shareholders, who are, I suppose, the residents of this province, haven't been included in the offering that you are, in fact, anticipating in excess of \$100 million. And why aren't we, as shareholders in this company, as we've been told so often by the former government, receiving a cheque for the sale of part of our company?

HON. MR. SCHOENHALS: — Well two points, Mr. Chairman. If, in fact, the member has become an advocate of Crown corporations, which I kind of doubt, I would suggest that the people of the province who own the corporation through their government will have two benefits. The government will remain the majority shareholder, and there will be a \$75 million investment in the Heritage Fund, as I've indicated, for the four pillars of Saskatchewan — agriculture, job creation, health, and education — and we've been through that a number of times. But my belief is that everyone will benefit from that particular fact.

MR. SVEINSON: — Well that seems consistent with the former government's belief. Why doesn't this government offer the people of Saskatchewan that choice, and possibly these people would reinvest in the sale of your government-owned company. I have a difficult time in what they tell me, and who they tell me own this company, and, in fact, who you tell me own this company.

Are the government and the people the same? And if they are, the people have had no choice in how this money that is being derived from the sale of a public corporation is to be spent.

HON. MR. SCHOENHALS: — Mr. Chairman, I would suggest, as I have numerous times, that for the first time the people of the province do have a choice on whether, in fact, to invest or not. We have talked about the wide distribution, about the affordability of the units. I think that the choice rests with that more direct type of ownership, rather than what I'd call passive ownership.

I'm not sure that I'm answering the member's question. Maybe we'll have to continue to agree to disagree on this point. But we believe the structure that has been put in place, as I've also said a number of times, is a positive structure for the investor, a positive structure for the corporation, and a positive structure for the province and the people in the province.

MR. SVEINSON: — Well that's maybe where I differ with you. I see the investor, and if, in fact, it is positive for the investor, he'll make some money. And of course the company is also raising money if, in fact, they can entice the investor. But I'm not clear on exactly how it enhances the people of Saskatchewan who are neither investors or, in fact, have any share in the ownership of this company, but have been told on many occasions by the former government that we do, in fact, own these Crown corporations.

HON. MR. SCHOENHALS: — Once again, the benefit to the general public, is in terms of the dividend that will flow to the Heritage Fund, as well as the fact that the government continues to own the majority of the shares.

MR. SVEINSON: — Well recently in British Columbia the government is offering the investor, which, in fact, includes all British Columbians, \$2,500 in tax free — not tax-free but interest-free loans to be invested in the Vancouver Stock Exchange. So in fact they can participate. If they invest up to \$10,000; they can participate with public funds in, in fact, an investment that they believe they can make money on.

Now I say to you that many people in this province would like to be purchasing shares in Saskoil who can't afford them. If some of the money would have come back to the individual that they could have reinvested in their company with, they could, in fact, have become shareholders in their own company as so many times these people to my right have claimed we are.

Clause 1 agreed to.

Clause 2

MR. CHAIRMAN: — I must bring to the attention of the House that the minister has submitted an amendment to clause 2 which reads — the amendment reads as follows:

Amend clause 2(1)(m) of the printed Bill by striking out 'incorporated' in the second line

and substituting 'continued'.

MR. SHILLINGTON: — I'm not sure, Mr. Chairman, if the minister has broken precedent and has decided to inform himself of this amendment. He hasn't with the rest of the Bill, but if you have with respect to this amendment, perhaps you could give us the benefit of your explanation of it.

HON. MR. SCHOENHALS: — Mr. Chairman, I think the member will admit that it's a technical change. Under this clause, Saskoil is continued — or under this Act — but not incorporated, and we're simply making that technical change in the wording.

Clause 2 as amended agreed to.

Clauses 3 and 4 agreed to.

Clause 5

MR. CHAIRMAN: — I must once again inform the House that there is an amendment to clause 5. The amendment reads as follows:

Amend section 5 of the printed Bill by striking out 'subsection (3)' and substituting the following:

Subsection (3): At least two-thirds of the directors are to be residents of Saskatchewan but if, as a result of a vacancy on the board or of a director ceasing to be a resident of Saskatchewan, fewer than two-thirds of the directors are residents of Saskatchewan the directors then in office may continue to exercise all the powers of directors, and all proceedings of the board are valid until the next annual general meeting at which directors are elected.

MR. SHILLINGTON: — Is it the intention of the government to appoint those two-thirds . . . You indicated yesterday, as I recall it, that you felt that six out of 10 would be Saskatchewan residents, would be appointed by the Government of Saskatchewan. How do you intend to ensure that two-thirds are Saskatchewan residents? Does the Government of Saskatchewan intend to appoint nothing but Saskatchewan residents? Or do you intend to hope that the shareholders will elect some Saskatchewan residents as well?

HON. MR. SCHOENHALS: — Mr. Chairman, in the process, and I suppose it's the timing, the government will make its declaration or its appointments prior to the annual general meeting, and I would assume that the government would make sure. I would suggest that they would appoint a mixture of in and out of province and, consequently, then the board of directors would appoint the others. Is that fair enough?

MR. SHILLINGTON: — Do you intend to make your appointments after the shareholders elect their four directors? Is that my understanding?

HON. MR. SCHOENHALS: — Mr. Chairman, possibly I would direct the member's attention at this time to page 16 of the Bill, section 17. He could go through that, and then, when we come to it, that lays out the method of appointment. We could discuss the questions that he's raised if that's satisfactory.

MR. LINGENFELTER: — Mr. Minister, I wonder if the directors and officers . . . In the prospectus we have the now directors, Pinder, Bentall, Brennan, Douglas, and so on, Ted Hanlon. I won't read them all out. But there are eight listed here, and you've given an indication that there are nine. Can you give me the ninth name, please?

HON. MR. SCHOENHALS: — The ninth name, Mr. Chairman, is Garnet Wells, the present president of CMB — I suppose the legal term is the CIC, the crown investment corporation — and a

Regina resident.

Clause 5 as amended agreed to.

Clause 6

MR. CHAIRMAN: — I once more must inform the House that there is an amendment to clause 6 submitted by the member for Shaunavon, and it reads as follows:

Amend section 6 of the printed Bill by adding the following subsection after subsection (2):

Subsection (3): Saskoil is prohibited from providing in any manner for the purchase of any more than an aggregate of five of its shares by all the officers of Saskoil on any terms or conditions that are not available to all other persons by whom the shares may be purchased.

HON. MR. SCHOENHALS: — Mr. Chairman, we would prefer the following words, and I'll send over a copy after I've read it to see if it's satisfactory to the opposition. Moved:

That section 6 of the printed Bill be amended by adding the following subsection after subsection (2):

Subsection (3): no more than five shares of Saskoil to form the subject matter of any options to purchase shares of Saskoil given to officers of Saskoil in conjunction with the first primary distribution to the public of shares of Saskoil following the continuance of Saskoil under The Business Corporations Act by virtue of this Act.

MR. LINGENFELTER: — The intent here is being missed I think, of what we're trying to avoid, and that is that the officers of the company would at this time not get a share option, but if you decide, and the Bill is wide open, that another share option offering could be made later in your term, for example, in 1986, that the option could be in place. And very clearly, this amendment says that only for this offering is the 50,000 option not available, but in a subsequent one it could be — in a subsequent share offering which could happen in April or May or June, because the Bill has no limit, that there could be a share option to these officials.

I don't know for the life of me, Mr. Minister, why you're doing this. I don't know why you're doing this. The optics of this are terrible. Now it could be that you don't intend to have a share option for your officers, your senior officers, in another share offering. And you certainly can't say it's needed for tax purposes.

(1630)

So what I'm saying is: why not leave it out, unless you intend to do it? And we get into the same hassle as we spent three or four days on. And I would propose that you would not move that amendment, because I think that it gets us back into the same kettle of worms that many people are phoning us saying, we don't believe that the five senior officers should have an advantage over other residents of the province.

HON. MR. SCHOENHALS: — Mr. Chairman, the member has certainly pointed out the limitations, the intention of the wording that we are proposing. The point is that it has nothing whatsoever to do with future share offering, has nothing to do with the continuance of the company, as we've been debating in this House. The Intent is not to tie the hands of the directors.

If at some time in the future they choose to make share options a portion of the management remuneration package, that is certainly within their right. And I don't believe it's the intention of the members opposite to tie the hands of the board of directors if, in fact, they choose to offer that type of

remuneration. It has literally nothing to do with any future share offering. It simply would not apply.

MR. LINGENFELTER: — We're back at the same point, Mr. Minister, of talking about the fairness of officers of this company having the advantage of getting a share option, and we're not in agreement with that. And I'll tell you that if, at some future date, the legislation would have to be amended, then it would have to be amended. But we simply aren't going to agree that later — not this year but next year, for example — if there's another share offering — and there's a good chance there will be because the Bill is going to be wide open to allow you people to do that — that the 50,000 shares you took away right now will be put in a few months from now.

And basically we haven't solved the problem, and I can tell you we're very much opposed to your amendment, and the agreement that we had, you're trying to slip it in through a back door. That's what you're doing. You're saying it last night that you apologized for trying to get the 50,000 shares in, and I believe now you're trying to say we'll wait until the House is finished; we'll wait until this share offering is put away; but then we'll do it when we don't have to come before the people, when we don't have to come before the legislature. And I say that's not what you said the other night. You said there would be no share option for the officers. What this amendment does is say we're not going to do it right now; we'll do it a little bit later when people aren't watching.

And I say you've broken your word. You made a commitment that there would be five shares to the officers, and now you're backing off that and you're saying, not now; you're saying, not now, but a little later we will. And I'll tell you we're going to be held up here a long time unless you change this, because this isn't fair. What you told us the other night is now inoperative. It doesn't apply now because you're saying something quite different by this amendment.

HON. MR. SCHOENHALS: — Mr. Chairman, that's obviously incorrect. What I said the other night, and clearly said the other night, was that we would amend the prospectus to indicate five. We have laid out very clearly the reason for the share option in this prospectus.

If a share option were ever offered again it would have nothing to do with taxation, nothing to do with a future offering. It would be a determination of the board of directors that would be confirmed by the shareholders as a method of remuneration of the executive or anyone else in the corporation. It is simply absolutely unfair to suggest that the hands of the board of directors should be tied in a standard business practice. I suggest to you that your argument is simply without basis and fact.

We've been very, very clear on the reason, on the process we've gone through, and we've agreed to reduce this, very clearly indicating what the result would be under either number. We indicated, and you can look up *Hansard*, I said very clearly, we will amend the prospectus to indicate that. And we're prepared to do that.

We have gone as far today to say, all right, we will not only amend the prospectus, we will amend the Bill. But we are not prepared to tie the hands of the corporation in the method in which they remunerate their employees. That simply is unreasonable, and I suggest to say that is unreasonable. In the case we're dealing with, with this prospectus, it is not remuneration. If it ever occurs in the future, I'm telling you it would be remuneration and it has to be left to the discretion of the board and the shareholders.

MR. LINGENFELTER: — Well very clearly, Mr. Chairman, we are now hung up on the same disagreement we had before. Look, on page 31 of the prospectus you have an incentive for employees of the corporation. Right? These individuals, the five officers, can get a 10,000 interest-free loan, the same as any other employee. Now we could have made the argument that these officers shouldn't get the 10,000 interest-free loan; they can get that.

But what you're saying is the next, or the clause before that, the share option of 50,000 shares — we're not going to give them that option now. We lost that little political battle in the House where we wanted to give them some remuneration, because you're now saying and telling us the truth

about it, that that was the case. You're saying, we want to give them that in the future, after the House adjourns, and when we get the next share offering out on the market. And I say, if you want to get that kind of an offering, special deal for these people, bring the Bill back here and we'll see whether we do or not.

AN HON. MEMBER: — That's arrogance.

MR. LINGENFELTER: — No, you say arrogance, what I'm saying is fairness. Why give someone or allow someone to have special advantage in a company that is 60 per cent owned, by the minister's admission, by all the people of the province? Why do you want to do that? Just take it out and we'll get on with the bill; we'll get on with passing the Bill before 5 o'clock. I'll guarantee you that. But I'll tell you, we're going to be hung up here for days, and it's going to be at your doing, if in fact you continue on in this arrogant manner.

HON. MR. SCHOENHALS: — Let me try one more time to indicate. The concern that the members of the opposition expressed was that, on the day the prospectus was filed, from that period forward . . . (inaudible interjection) . . . Mr. Chairman, I will try once more. The concern that they expressed was that on the day it was filed, the executive members would have a six-week period from when it was issued — the shares were issued — they would have a six-week period in which to assess the market and make a decision as of the end of February, having not taken any risk.

I indicated that there would be no windfall profit. I have agreed since, having achieved the ruling from the federal revenue people, that five shares was fine; we'll put that number in. all right. That's the concern. And I trust that the members will acknowledge that that is the concern. All right.

If there is another issue, it will have nothing to do with the stock option. If the board of directors at any time in the future give the option to purchase shares to the executive, they will have to purchase them at the price of that day. There is no opportunity in there for a windfall of any kind. They will buy them on that day, and the facts of the market will determine. And in that case, it will be a remuneration.

It's not intended . . . (inaudible interjection) . . . To meet the needs that we have laid out very clearly. And we have accepted the fact of your possibility. We have made it very clear there would be no windfall profit. However, we have reduced that number, we have reduced it in the prospectus. We have agreed to reduce it for this issue, for this purpose in the Bill, but there is no danger in the future, and there's no reason not to accept this wording.

MR. LINGENFELTER: — Mr. Minister, you have a different view of what is going on here than what the public believes will be going on if we pass this amendment. What I think is going on here, and I'll just run it by you, is that there was 50,000 share option put in the original prospectus, not to met any tax purposes, because five, you have admitted, would have done that, and I'm sure the people over there know that.

There were 50,000 share options put in here so it would be an incentive, as you talked about earlier, for the five senior officers. Now what I'm saying is, you've agreed that we won't do it now. But what I think is going to happen, and what the public will perceive is going to happen, is that there's another share offering coming, in which the five officers will have delayed that kind of an option. It may not be 50,000; it may be 100,000; it could be 200,000. It's left wide open.

I say to you that that isn't fair. And in a company that's owned 60 per cent by the public of the province, we as legislators have an obligation to see that those kinds of windfall profits, the possibility of windfall profits . . . And I'll tell you, if you are trying to get it with 50,000 shares, slip it by the committee in public, what will you do behind the closed doors of a meeting when there's no public scrutiny? I say to you that we're not going to allow it and it's going to get stuck here.

HON. MR. SCHOENHALS: — Mr. Chairman, the member may feel that he is on to some excellent political point. I suggest he has the same intention he has had for two weeks, to stall this Bill. It is

clear, clear, that we have agreed to reduce the number in the prospectus. We have agreed to reduce the number in the Bill. We are not prepared, however, to tie the corporation's hands and say, here is a standard remuneration method that is available to corporations that we are not prepared to let you have.

There will be no opportunity for the windfall aspect which . . . (inaudible interjection) . . . Well I would . . . Stand up and explain that, then.

MR. LINGENFELTER: — I will. The amendment that we moved says that no senior officer can have more than five shares at any time, an option where they could make a windfall profit. Okay? . . . (inaudible interjection) . . . Well, I'll tell you again.

If this share offering is undervalued, as the Leader of the Opposition has over and over explained, and the shares go from \$9 to \$15, there was a chance of a profit, windfall profit, of \$300,000 being made. The public understands that; the press obviously understand it. The only people who don't seem to understand it are the members of the Conservative caucus. And I say they understand it but they're not admitting it.

But now what we're offering up is that we're not going to do it right now. That's what you're saying. We're not doing it right now, but we're going to give the board of directors the power to give that kind of an option to the senior officers in the next share offering. And it may not be 50,000 — we're not saying 50,000 — we're saying it could be any number. It could be 100,000. And if the next share offering is \$9 and it's undervalued and it goes to 15, their arithmetic is very easy.

And I can't understand why you people are hung up on this. Why do you want to open the door for this kind of windfall profit? Why is the minister taking this advice from his officials who stand to gain by it — who stand to gain by this? Nobody else can gain by it. Obviously you're not going to give this option to the public or you would have done it in the original Bill, which you didn't intend to do. But your five officers are advising you to put it in, to put it in so they can benefit.

And I say to you: why are you getting caught up in it? You've sat there embarrassed for four days with your officials, and now they hand you an amendment which will allow this to happen later, and you gaily hand it in the Chair and say, I'll give it to you later. I made the commitment earlier, but now I'm going to make you wait till the next share offering. And I say to you, we're not going to let it pass today.

If you want to insist that it be passed, you have the mandate and the power to do it. You could push this through that there could be a share option to your five senior officers. But what I can't understand is how you are allowing your officials to pass this by unless there is some other arrangement that's being made between your officials and yourself, because it makes no sense.

HON. MR. SCHOENHALS: — Mr. Chairman, let me indicate once more that the purpose of the share option for the executives was strictly a tax mechanism. It was never going to be dealt with in terms of achieving a windfall profit of any kind. It was merely for that taxation item and that was why once we had approval from federal Finance, we had no problem whatsoever in changing that number. We have changed it in the prospectus; we are prepared to change it in the Bill. However, we don't believe that it's reasonable to tie the director's hands in the future.

(1645)

However, Mr. Chairman, I will try another wording that hopefully will be acceptable to the members opposite and we will send over a copy. Let me suggest this wording because I think it solves both problems. I move:

That section 6 of the printed Bill be amended by adding the following subsection after subsection (2):

(3) No more than five shares of Saskoil are to form the subject matter of any options to purchase shares of Saskoil given to officers of Saskoil in conjunction with any distribution to the public of shares of Saskoil.

So we are saying to you: this share offering and any other one, we will not have a share offering share option of more than five shares for the senior officers. However, if at some time unrelated to an offering the directors choose to use that method of remuneration, that standard method, that is within their right. We'll send over a copy.

MR. CHAIRMAN: — I'd like to call the House to order, please, and I would like to clarify to the House that the motion before the Assembly . . .

AN HON. MEMBER: — We understand that.

MR. CHAIRMAN: — Well I'd just like to go through it. The motion before the Assembly is the motion introduced by the member for Shaunavon. And that must be dealt with first, and then, depending on what happens, we will deal with the proposed amendment. Okay? Is that clear?

MR. SHILLINGTON: — Mr. Minister, we understand that we're dealing with an amendment put forward by the member from Shaunavon. What the minister is trying to do is to provide an alternative which would be satisfactory to him and us. We need a couple of moments to consider his amendment.

MR. LINGENFELTER: — Mr. Chairman, I think I understand what's happening here, but I have a great deal of difficulty understanding how the hand-written amendment is any different than the one that we have put on the table. I mean, they say the same thing. I understand that we may be trying to save some face here, and if we want to go through this charade, you can vote ours down and we'll accept yours which is exactly the same as ours, if you want to do that. Or we can just vote in favour of the one that we put forward, but yours does what we wanted and, in fact, is basically the same as the one we proposed and so whatever you want to do.

HON. MR. SCHOENHALS: — There are two differences, I think. One is that the one we propose is consistent with the terms of the Act. The second is that yours has — and I don't think it was your intention — prohibits the senior executive from partaking of the employee unit purchase plan. I just don't think that was your intention; so consequently, I'd recommend this one.

MR. LINGENFELTER: — I understand exactly what you're saying and I fully agree that — and I said that earlier, not 10 minutes ago — that the employee unit purchase plan, if you're going to have one, should certainly apply to all people.

And the wording of it, if it meets the technical part of the Bill, I suppose less understandable . . . I always wonder why Bills have to be printed in such a way so lay people can't understand them. But if you insist on writing it in those kinds of terms, we'll agree to that. Basically the principles that we wanted in our amendment are being met by your amendment and therefore, when we get through this process, I think we have a deal.

MR. CHAIRMAN: — The amendment moved by the member for Shaunavon on clause 6. Agreed?

Amendment negatived.

HON. MR. SCHOENHALS: — Mr. Chairman, I would like to move the following amendment to section 6 of the printed Bill:

That section 6 of the printed Bill be amended by adding the following subsection after subsection (2). Subsection (3): no more than five shares of Saskoil are to form the subject matter of any options to purchase shares of Saskoil, given to officers of Saskoil in conjunction with any distribution to the public of shares for Saskoil.

MR. LINGENFELTER: — I did have one point if . . . if I could go back and make one point, but it's no . . . I wanted to just say that the amendment that we were dealing with obviously restricts for this share offering that no options will be given and for future ones, and I just wanted to make the point that I find it hard to believe that you would come in and try to get through the Assembly that there would be this kind of an option in future share offerings. For the life of me I can't understand why you would do that after what we've been through the last number of days.

And I just want to make that point because having argued this point day after day after day, then to come here and try to slip it through again when we're very near the completion of the Bill, was very, very hard for members of the opposition to understand.

HON. MR. SCHOENHALS: — Mr. Chairman, if this is going to be a game of who gets the last word, I'm prepared to give you the last word. However, the intention was not, as I explained I think very clearly, not to tie the hands of future boards of directors and how they remunerate their employees. I think we've agreed that future share offerings should not have in excess of five shares, and we are prepared to accept that, and if in fact the objective is to get the last word, you have the last word, sir.

MR. KOSKIE: — I want to have a little comment on this, too, Mr. Minister. Indeed it may or may not be the last one. But let's put the facts on the table again.

What we did is move an amendment to eliminate the options to executive officers. And you get up with the first amendment that you pass over to us and said you aren't going to tie the hands of the board of directors. Well I'll tell you, we're representing the people of this province who own this asset and we think that if you're going to offer the shares then every person in this province should have to pay for them, rather than have the board of directors decide who is going to pick up the options.

That's what you're doing. We ran through this. And what I've said to you . . . I want to say to you that you've been constantly trying to slip one by. And now you have come and agreed with exactly the proposition that we have asked for.

It's been very difficult, Mr. Minister, dealing with you, because we have debated here for some time. I'll just draw to your attention another commitment that you gave us and which you have apparently side-stepped, and that's back in section 3, subsection (7), where you gave us a commitment. And now you have left that blatantly open so that the \$145 million can end up as just a loan to the company and not invested in the common shares.

AN HON. MEMBER: — You said you were going to amend that . . . (inaudible) . . .

MR. KOSKIE: — You said you were. But I'm saying to you, Mr. Minister, you tried to slip her by again, and you got caught. And that's the impression that the people of Saskatchewan have of you, is that either you don't know what you're doing or you're trying to build it up to enhance your friends who are going to be taking over the operative shares of Saskoil. There's no doubt about it.

MR. CHAIRMAN: — I would like to inform the House that there's a further amendment to clause 6, which reads as follows, introduced by the member from Shaunavon:

to amend section 6 of the printed Bill by adding the following subsection after subsection (3):

(4) Saskoil is prohibited from selling more than 40 per cent of its shares to a person other than Her Majesty in right of Saskatchewan.

Is the amendment agreed?

HON. MR. SCHOENHALS: — Mr. Chairman, I think we're doomed to go through the same process.

I will send over a copy of a different wording that I hope will be acceptable, which will say that:

Amend section 6 of the printed Bill by adding the following subsection after subsection (3):

Subsection (4) would read that:

In the initial public offering of securities in Saskoil, Saskoil is prohibited from selling more than 49 per cent of its shares to a person other than Her Majesty in right of Saskatchewan.

MR. LINGENFELTER: — The minister will, I'm sure, send that across to us. But I do have one question of the minister, if we could. And this would take leave of the committee, Mr. Chairman, to do this, and we'll see whether or not we can get the co-operation of the committee to do it.

In section 3 of the Bill, sub (7) — I just want to ask this — you had made a commitment that in subsection (7) that the portion of the Bill that refers to the \$145 million interest-free loan will be converted to shares . . . You were going to amend that, and you let that slip by, I don't know whether conveniently or inadvertently. But if you want to now write up a little amendment, we can go back to it.

Otherwise, we'll leave it and you'll have to deal with it in the public's mind, because it's a fairly large amount of money when we're talking about farmers having to pay 16 and 15 per cent to the Farm Credit Corporation, with your federal friends, and here we have an interest-free loan of 145 million that would set into place if we go ahead without your amendment that you promised us.

I don't know whether you let that slip by. You're a pretty slippery minister. We found this out over the last few days, that you're always trying to slip something by . . .

MR. CHAIRMAN: — Order. I think, while I appreciate what the member from Shaunavon is saying, I think we should finish 6 and then ask leave of the House to go back to 3. Is that okay?

AN HON. MEMBER: — Okay.

HON. MR. SCHOENHALS: — Mr. Chairman, just in comment and I'll send this over to the member so that when we have leave we can revert. I guess it's fair to say I was so overwhelmed by the spirit of co-operation that was flowing across the floor as we moved through the Bill that I inadvertently forgot that agreed-to amendment. I have it all written out and I will send it over to the member.

MR. CHAIRMAN: — The amendment by the member from Shaunavon to section 6. Is the amendment agreed? All those in favour . . .

MR. LINGENFELTER: — Mr. Chairman, we're not at the point of a vote yet. I think the committee has agreed that the minister is writing out an option to our amendment that we want to consider before we vote on it. I think that's what we're doing here, but I'm not absolutely sure, but maybe you can clarify that.

MR. CHAIRMAN: — We will take some time for that to happen.

MR. LINGENFELTER: — Mr. Minister, the amendment that you have proposed bears little resemblance to what we were wanting to accomplish with our amendment. What we had hoped you were saying is that not more than 40 per cent of the company would be offered up in shares now or in the future. And obviously what you're saying is in the initial public offering of shares, and I get the wording:

in the initial public offering of shares of Saskoil, Saskoil is prohibited from selling more

than 49 per cent.

And if you had another share offering in June of '86 then you would of course sell more than 49 per cent. And that isn't what we were attempting to accomplish with our amendment, but you may have a different explanation of it.

HON. MR. SCHOENHALS: —Mr. Chairman, the rationale for changing to 49 is simply because of the uncertainty in the pricing structure. We believe it will be 60-40, but we can't tie people's hands in that. The other element in the fact that it is in the initial offering has always been the clear statement of the government, that the intention is for the government to remain the majority shareholder after this initial offering. The reaction of the public — any number of things could influence future decisions. It's not the intention of the Bill to tie the hands of future governments.

MR. LINGENFELTER: — Mr. Minister, we have a great deal of trouble in what you tell us and then what the facts are, because you have given us an undertaking that the split would be 60 per cent owned by the government, and 40 per cent in shares to the public, and you've indicated that on and on. And now you want to write in a Bill, a split of 49-51 in the first share offering. Six months from now, the whole company could be sold and the public of Saskatchewan would have no interest in the oil industry.

Now we had thought that their interest would go down from 500 to about 350 in the oil industry. What you are saying is that it will go from 500 to zero for 90 per cent of the people of the province, and the 10 per cent who buy shares will take quite a different leap. And what you are doing with this Bill is excluding 90 per cent of the people from involvement in the oil industry. That wasn't your intent, your stated intent, when we started out.

I want to tell you that we're going to have some debate on this point.

HON. MR. McLEOD: — Mr. Chairman, I was in hopes that the Bill would pass today. I clearly heard the member say that if we passed the other amendment that the Bill would pass. I would say, Mr. Chairman, I would move that the committee rise, report progress, ask for leave to sit again.

The committee reported progress.

MR. SPEAKER: — Being past 5 o'clock, this House now stands adjourned until 2 p.m. tomorrow.

The Assembly adjourned at 5:06 p.m.