

The Assembly met at 10 a.m.

Prayers

### INTRODUCTION OF GUESTS

**Hon. Mr. Morin:** — Thank you very much, Mr. Speaker. On behalf of my colleague, the member for Wilkie, this morning I would like to introduce 13 grade 9 students from the Landis School in Landis, Saskatchewan. They're seated in the Speaker's gallery. They're accompanied by their teacher, Mr. George Hindley; chaperons, Joyce Laval and Bernie Cey. It will be my pleasure to join with these people shortly after 10:30 to discuss the goings on in the Assembly and how it works, and I would ask all members in the Chamber to join with me in welcoming them here.

**Hon. Members:** Hear, hear!

**Hon. Mr. McLeod:** — Mr. Speaker, it's my pleasure today to introduce to you, and through you to all members of the House, on behalf of my seat mate, the Minister of Economic Development and Trade, a group of 33 grade 7 students from Elizabeth School in Kindersley. They're accompanied here today by their teacher, Dave Burkell, their chaperon, Nancy Anderson, and their bus driver, Jim Baker. I would just like all members to join with me in welcoming the group from Kindersley here to the legislature today.

I know that they have been in Regina and seeing some of the sights of our capital city. I hope they're enjoyed that. I hope you will enjoy and find the proceedings here today both educational and interesting, and I would ask all members to join with me in welcoming them here to the House today.

**Hon. Members:** Hear, hear!

**Hon. Mr. Devine:** — Mr. Speaker, it's a pleasure for me to introduce to you, and through you to the members of the legislature, 27 grade 5 and 6 students from Abbey, Saskatchewan.

They are seated in the west gallery, and they are accompanied by their teachers, Bev Burgess, Brenda Fahselt, and chaperons Bernice Braaten, Dianne Jorgensen, Colleen Smith, Beth Nobbs, and Sandra Watson. We had some pictures taken this morning. This class is particularly special to me because my niece, Dana, is in the class. And we had a little tour of the Premier's office and we saw the cabinet room where all the important decisions are made — or sometimes made in Saskatchewan. And I would encourage all members to welcome them to the legislature. I hope that they have a safe trip home and have had an enjoyable stay here in the legislature.

**Hon. Members:** Hear, hear!

**Mr. Swenson:** — Thank you, Mr. Speaker. It's a pleasure for me this morning to introduce to you, and through to the rest of the members of the Assembly, 50 grade 2 and 3 students from Lindale Elementary School in Moose Jaw.

This is the second group of Lindale students that we've had in this week. And as I mentioned earlier in the week, Lindale, although it is located in the city of Moose Jaw, is all rural kids from the riding of Thunder Creek, and is my former Alma Mater in my primary grades. Their teachers today are Mrs. Erna Adamache and Mrs. Marlene McBain. I would like to say to the teachers, I appreciate that you've continued on the long tradition which has occurred in Lindale school of bringing students down to the legislature. I hope you enjoy the proceedings today and learn something about government in Saskatchewan and Saskatchewan history. I would like all members to join me in welcoming them here today.

**Hon. Members:** Hear, hear!

### ORAL QUESTIONS

#### Saskatchewan Commercial Bingo Inquiry

**Mr. Tchorzewski:** — Thank you, Mr. Speaker. I have a question to the Premier in the absence of the Minister of Consumer and Commercial Affairs. Mr. Premier, more than a year ago your government appointed an inquiry to study the operations of commercial bingos, saying at that time that there was an urgent need for action. But yesterday when your minister released the report, all that she announced was a study to study your study.

This stalling tactic, Mr. Premier, effectively prevents any action for at least a year on what, in your own words, was a very urgent problem.

Can you explain your reluctance to get on with the job when your own board of inquiry says in its final report, and I quote: "The time, therefore, for policy and administrative action is now, in order to ensure that (the) benefits of gaming activity to society exceed the costs." Why can't you have legislative changes before this Assembly in the next few days so that you can get on with the job?

**Hon. Mr. Devine:** — Well, Mr. Speaker, we've had the report finished and completed where many people in the public have put together their ideas, and they've made recommendations to the Government of Saskatchewan. Not all their recommendations are accepted by this administration, and people around the province of Saskatchewan are saying they don't agree with all the recommendations, as well.

So in the next few weeks we are going to have the opportunity for people to give us their best views and their sincere views on the recommendations of the report. And we are prepared to move on the report, but we don't agree with all of it, and we want to make sure that the public is comfortable with the kinds of things that we're going to do in the future with respect to the whole question of gaming and bingos.

**Mr. Tchorzewski:** — Supplementary, Mr. Speaker, Mr. Premier, you have had the report for over six months. Not having called an election, you're now trying to find another way to stall providing any action to it. The minister, in her tabling of the report, argued that she

needs more public input, as you have just said.

Can you confirm, Mr. Premier, that the board of inquiry received 513 written submissions, held public hearings in 11 Saskatchewan communities, sent extensive questionnaires to every commercial bingo hall operator in the province, sent extensive questionnaires to every major, non-commercial bingo hall operation in the province, and sent extensive questionnaires to every bingo licence holder in Saskatchewan?

Mr. Premier, who did you miss?

**Hon. Mr. Devine:** — Mr. Speaker, it's not that we missed anybody, but the recommendations coming forward by the report are not necessarily endorsed by everybody in Saskatchewan, and we want the people of Saskatchewan to see the recommendations of the report. I believe that that would be fair. And they are already calling and saying they agree with this recommendation; they don't agree with that one. And we feel the same. Some of those recommendations are right on the money; others are not, as far as I am concerned. And we want the public and those that have made contributions to the report to be able to look at it in the near future — a matter of weeks — look at it, give us their best opinion of it, and then we will be in a position to make a response.

**Mr. Tchorzewski:** — Supplementary, Mr. Speaker. Mr. Premier, your inquiry held public hearings around the province and received submission from almost everyone who was concerned and involved. Can you report to the House how much this massive report has cost the taxpayers — this report on which you're not prepared to take any action?

**Hon. Mr. Devine:** — Mr. Speaker, let there be no mistake, just so everybody in Saskatchewan knows that we will take appropriate action. So let there be no mistake about that.

I don't have the costs on my desk with respect to the report, but we are going to make sure that all the diverse opinions with respect to the bingo operations are well heard so people have every opportunity to express their views in the next few weeks. We will be making a decision, as we always have, and we will, and the member can rest assured that that will be the case.

**Mr. Tchorzewski:** — Supplementary, Mr. Speaker. Mr. Premier, you're in your fifth year of your term of government. Like on so many other things, you're still talking about taking action.

Mr. Premier, the report which you did not give information on has cost Saskatchewan taxpayers tens of thousands of dollars. It took nearly a year to complete. You have sat on it for over six months. It received input from most people, if not everybody who was concerned, and yet you and your bureaucrats have rejected almost all of those recommendations before you even got into your so-called consolation.

The board of inquiry . . . In light of the fact, Mr. Premier, that the board of inquiry made 36 recommendations, and the response which you released, or your minister

released yesterday, rejects all but 11 of them — rejects them out of hand and only agrees with some of those on a conditional basis — how can you claim that you want public input when you have rejected already so many of those recommendations which were based on widespread public input?

**Hon. Mr. Devine:** — Mr. Speaker, let's make it very clear that the member opposite laughed and pooh-poohed the whole inquiry into bingo when we started it, and they howled and howled and laughed and said the whole thing wasn't necessary at all. That was their opinion — wasn't necessary. The NDP opposition, they laughed at the report when we initiated it. And now they're coming back and saying, oh well, it's such an important report, why aren't you going to act on it immediately?

Well you can't have it both ways. It's the same thing that they were doing last night in Agriculture estimates. One says he's socialist, and one says . . .

**Mr. Speaker:**— Order. Order, please. Order.

**Mr. Shillington:** — Mr. Premier, in light of your clarity of purpose, by sitting on this report for six months and then releasing late in the session, after it's too late to take action — thus making it clear that you have carefully staged the matter to avoid taking action — will you not admit, Mr. Premier, that your reason for stalling on this report is the simple fact that you're afraid to come down hard on the commercial bingo hall operators? Isn't that the reason why you so carefully staged this matter to avoid taking any action?

**Hon. Mr. Devine:** — Well, Mr. Chairman, the hon. member knows that bingos can raise an important amount of money for people in Saskatchewan. We want to make sure at the same time that they are operated fairly and for the right purposes, and there can be broad range of reasons that you can hold a bingo and an awful lot of different kinds of people involved in that. We want to make sure that the public is confident that it is going to the right kind of people, the money stays in the communities, that local people can involve fund raising through bingos to help their local facilities and so forth. So we want to make sure that it's fair, but that it's available for the public to use.

Now there are several recommendations how you make an impact on that. And that's why we are saying that we want to have not only the people of Saskatchewan look at the recommendations, but ask them to tell us whether they think the recommendations were in the ballpark. We've also stated that we didn't agree with all the recommendations; some we do and some we don't. And we will be quite prepared to make the final decisions when we know that the community is comfortable with the decisions that are made.

Now you didn't even think we should have an inquiry. I mean, you laughed at it to start with, and you thought it was really something that we would even call an inquiry. Now you're saying it's the biggest thing that ever hit the province, and it's just a crying shame because we haven't had the final decisions made. Well you can't have it both ways. If it wasn't important then, then why is it so

important now? I mean, you might as well get your story straight. I mean, the people of Saskatchewan saw you laugh to start with, and now you're trying to look very serious. I mean, your credibility is dropping a little bit.

**Mr. Shillington:** — New question, Mr. Premier. I might say by way of passing, you ought to recognize a drop in credibility when you see one.

Mr. Premier, I find your claim hard to believe when you see the final report. The report states that last November, even before the board of inquiry had completed its work, it sent a letter to the minister urging action on a number of urgent issues. Among them was a concern that bingo hall operators were consistently breaking the rule that they shouldn't take more than 20 per cent. The letter said in part, and I quote:

It appears to the Inquiry that by allowing charges of 20 to 25 per cent for expenses, hundreds of thousands of dollars have gone to hall operators which should have been going to the sponsoring charities.

In light of that statement from the board of inquiry, how can you possibly justify another year's delay before taking any action.

**Hon. Mr. Devine:** — Mr. Speaker, the member is not being fair. I didn't say a year's delay, I said in a matter of weeks we will get the recommendations of this report responded to by the general public. And that's precisely what we're trying to do. And at the outset, he didn't even think it was important that we examine it, and now he says that he can't wait a few weeks as we get the final recommendations reviewed by people who made their submission.

So we want to make sure that the public is comfortable with the final policies that we set forward, and that's precisely what we're doing.

**Mr. Shillington:** — Final question, Mr. Speaker, on this subject. Mr. Premier, the board of inquiry states, and I quote:

Large scale bingo halls have definitely harmed small community halls and traditional church bingos.

And the board's report goes on to make a number of recommendations to try to save those smaller bingos, such as limits on prizes and a ban on accumulating jackpots. But your department has rejected each of those recommendations.

Can the Premier tell me why your government has no concern for the viability of small community bingo operations or for the struggling bingo operations run in church halls around the province? Why are you only interested, it seems, in protecting the large commercial operators?

**Hon. Mr. Devine:** — Mr. Speaker, I mean, it's a little bit ironic, the member from Regina Centre standing there and saying that there are such terrible things going on

with the commercial bingo halls. It was the NDP administration that licensed them. The first people to license commercial bingo halls was the NDP administration. Then when we were going to have an inquiry into the activities of commercial bingo halls, they laughed at it and pooh-poohed it, and they said that it wasn't even worth it.

Now, Mr. Speaker, after we have examined it, they are standing up and saying, oh, in sheer panic, that we have to do something by Tuesday at 4 or else the sky is going to fall in. Well you started it; you laughed at the whole project when we were going to examine it, and now you're in a panic saying, oh, for Heaven's sake, you have to make your decision by some particular date.

Well you can't have it both ways, boys. You started this operation; you laughed at the whole outfit. I decided to have an inquiry and an investigation, and that's where the public has some input. And finally the public in Saskatchewan is going to have their full say on how bingos operate, and it's about time.

**Mr. Sveinsson:** — Just one short supplementary, Mr. Premier, and it regards sports clubs and their use of bingo halls as avenues to raise funding. The minister said in a radio interview that they may be eliminated as qualified aspirants in raising funding through sports clubs. I heard it this morning; I had a couple of calls. I would like you to clarify that statement, and will sports clubs be eliminated as aspirants for the use of these facilities to raise funding?

**Hon. Mr. Devine:** — Well, Mr. Speaker, I believe the hon. member is not accurate. I believe, if you read the report, you'll see in there that we rejected the fact that we couldn't have sports groups operate bingos. I doubt very much if the minister said on the radio that she would do this because I know, herself, that she didn't believe in it, and I don't, so I would be glad to correct or get the transcripts of the radio.

The confirmed is that we rejected that report because we believe that athletic groups should be able to operate bingos and raise money. It's a very popular way for them to raise money. So let's make that very clear; that's the position that we've taken.

### Sanctions on South Africa

**Hon. Mr. Blakeney:** — Mr. Speaker, I direct a new question on a different subject to the Premier. Mr. Speaker, the question deals with the Mulroney government's decision yesterday to impose new economic and diplomatic sanctions on South Africa. And among the moves is a decision by the federal government to no longer purchase South African products.

And my questions to the Premier are these: does the Government of Saskatchewan support the Mulroney government's decision, and if so, will you move to ban the purchase of all South African products by all Saskatchewan government agencies, including the purchase of South African wines by the Saskatchewan Liquor Board?

**Hon. Mr. Devine:** — Very briefly, Mr. Speaker, yes, I

support the moves by the Prime Minister and his recent announcements with respect to incremental and increasing sanctions against South America . . . South Africa, pardon me.

Secondly, the minister will be making a brief ministerial statement with respect to South African wines right after question period. But in essence he will be saying that we haven't been re-ordering them, and they will be taken off the shelves.

**Hon. Mr. Blakeney:** — Supplementary, Mr. Premier. The Mulroney government is also urging Canadian companies not to invest in South African or to do business with the South African regime. Can you, Mr. Premier, or can one of your ministers inform the Assembly of approximately how much Saskatchewan goods has been sold to South African in the past year, and will you undertake to curtail, to the extent that the Government of Saskatchewan can curtail, the sale of goods from Saskatchewan to south Africa?

**Hon. Mr. Devine:** — Well, I can certainly get that information for the hon. member. I expect that it would be very small — items that we would export into south Africa — and I expect it probably has been declining because of the increased difficulties over there. I don't have the figures with me but we'll dig them up. But I suspect it's very small, and probably declining.

#### **Impact of Land-fill Site on Regina Water Supply**

**Mr. Tchorzewski:** — Thank you, Mr. Speaker. I have a question to the Minister of the Environment. Mr. Minister, my question deals with concerns that have been recently raised about the Regina land-fill site and its impact on Regina's water supply.

Can the minister inform the Assembly and the people of Regina what tests his department does in and around the land-fill site to make certain that the toxic materials discarded there are not polluting underground water used by the city of Regina residents, and can he inform us how frequently those tests are taken?

**Hon. Mr. Embury:** — Mr. Speaker, I'd like to first point out that there is no danger to the water supply to the city of Regina from the land-fill. The member should be aware that there has been ongoing studies in that land-fill for some years because of the problems of leaching into the aquifer. There is a study presently under way again dealing with the land-fill and the leaching into the aquifer.

The water is tested regularly, not by my department but by the city and the Health department. But the water obviously is tested daily for the city of Regina, and I can assure you and the people of Regina that there is no need for concern for the water supply in the city.

**Mr. Tchorzewski:** — Supplementary. Mr. Minister, I think there are quite a number of people who are very concerned, and I think it's only fair that they be assured. You did not indicate, Mr. Minister, whether your department does any of the testing. Can you inform . . .

**An Hon. Member:** — Yes, he did.

**Mr. Tchorzewski:** — No, he said tests were made. Mr. Minister, can you tell the Assembly and the concerned citizens when the last test was made by your department, and were there any traces of contamination in the test results?

**Hon. Mr. Embury:** — Well, Mr. Speaker, if the member had been listening, I had indicated to him in my previous answer that we weren't doing the testing; the city was doing the testing. Those tests are sent to the lab here in Regina. Those tests are done daily. And there is no — I want to repeat — no concern for the supply of water to the city of Regina. I don't have to remind the member opposite who was in government when the city of Regina was not informed about PCBs in and near their water supply for a number of years. But I can assure you that the situation at the land-fill in the city of Regina is being studied and has been for some time. The water is tested very regularly and there is no concern now.

**Mr. Tchorzewski:** — Final supplementary, Mr. Speaker. Mr. Minister, does your department or do the officials of your department feel that there is a potential for the land-fill site to eventually pollute Regina's water supply?

**Hon. Mr. Embury:** — Mr. Speaker, we're concerned, as is the city of Regina, and there has been a concern for some time with that land-fill site. And that is one of the reasons, of course, that the city of Regina has been undertaking a study to find a new land-fill site. That decision on behalf of the city of Regina has not been made. That is, the city has not made the decision of where to put a new land-fill site, but that was one of the results of that concern is to find a new land-fill site.

As I have indicated to the member, there are ongoing studies on that land-fill site, and for the third time I want to assure him and the people of Regina that there's no concern with the water.

#### **Power Line from Uranium City**

**Hon. Mr. Berntson:** — Mr. Speaker, I think twice in the last week I was asked the question relative to the electrical rates on the northern grid that would follow from the building of the transmission line from Uranium City to Wollaston Post and the branches out from that to about eight communities in the North.

And the answer in a general way, Mr. Speaker, is that residential hook-ups will be at the grid rate, or the same as we pay in the South immediately upon hook-up. And that will be for an unlimited amount of electricity.

As it is now in those communities, not only do they pay the diesel rate, but the more they consume, the higher the rate is. And that's simply because of the limited nature of diesel units to deliver electricity. And you can appreciate the more that is consumed, the more costly it is if you have to bring more diesel units on stream. So it will be at the grid rate for an unlimited amount of electricity for residential.

Mr. Speaker, on the commercial side, or the government

side, that rate has yet to be firmly established. There is negotiation going on now with the federal government Department of Indian Affairs and SPC. And that rate is likely to be at least approaching the diesel rate for some period until the capital cost of the transmission line is recovered.

But the short answer – I know the member from Athabasca is interested in this answer, Mr. Speaker, and I think that's why he asked the question, and that's why I've come in to provide him with this information. The short answer is that the grid rate will apply to residential application immediately upon being hooked up to the grid. Commercial and government rates are yet to be negotiated, but will probably approach diesel rates for some period, Mr. Speaker.

**Mr. Thompson:** — Mr. Speaker, Mr. Minister, you stated in March that lower rates would, and I quote:

. . . spur additional business opportunities which until now have been hampered by limited supplies of electricity and higher utility bills.

Now this was your statement. However, if large industrial or commercial power users are going to have to pay higher rates until the cost of the line is fully recovered, how will this spur additional business interests in this region? And you have just indicated that commercial users will be staying on the old diesel rates.

**Hon. Mr. Berntson:** — Now, Mr. Speaker, my friend, the member from Athabasca, obviously couldn't hear clearly what I was saying because the member from Shaunavon was shouting in his ear. I expect that's the reason.

What I said, Mr. Speaker . . . What I said at the announcement, as you quoted, is probably quite accurate. And what I said today doesn't in any way alter the reality of what's going on as it relates to rates in the North. Commercial expansion will come because commercial activities were limited, because the more power they use under the diesel rate, the higher the rate became. Now the rate will be flat for unlimited consumption. Okay? So it has the effect of bringing the rate down, number one.

Number two, you said – you said – that the rate would be higher under the new system for commercial rates; I didn't. What I said was that it would probably approach, at least approach, current diesel rates. And that is to say the current minimum diesel rate, not the escalated one for consumption. So the net effect is that the rate are immediately cheaper, both for residential and commercial use, but significantly less for residential.

It will be only for some specified period that the rates would be at the diesel rate for commercial. Once capital cost is covered, it will go to the grid rate, which is, in some instances, as much as a 75 per cent saving.

## MINISTERIAL STATEMENTS

### Removal of South African Wines and Spirits

**Hon. Mr. McLeod:** — Mr. Speaker, I rise in the House

today, in my capacity as minister responsible for the Saskatchewan Liquor Board, to inform you of the Government of Saskatchewan's decision to remove South African wines and spirits from the shelves of liquor outlets in the province. I have also instructed the Saskatchewan Liquor Board to remove these products from their procurement and retail lists altogether.

These actions are being taken in response to several new developments, Mr. Speaker: first, the mounting violence and political oppression in South Africa; second, the recent conclusion of the Commonwealth Group of Eminent Persons on South Africa that there is no genuine intention on the part of the South African government to dismantle apartheid, so that steady economic pressure in the form of sanctions is now the most effective recourse; and third, yesterday's announcement of four new sanctions on South Africa imposed by the federal government, one of which solicits provincial co-operation and parallel action in ending government procurement South African products.

Mr. Speaker, this government has consistently supported the "gradualist" approach to Canadian economic sanctions on South Africa that the federal government articulated on July 6 and September 19, 1985. We continue to support this policy with this initiative today.

We are also firmly committed to co-operating with all persons and parties in exploring new avenues through which truly effective pressure can be brought to bear on South Africa to change its abhorrent policy of apartheid. Thank you, Mr. Speaker.

**Mr. Shillington:** — Mr. Speaker, the tragedy which is unfolding in South Africa may well be the worst international tragedy in this century. We have, Mr. Speaker, a government of 4 million people, if my memory is accurate, suppressing the rights of 20 million people.

Mr. Speaker, the tragedy has come to this point because right-wing governments around the world have turned a blind eye to the most blatant abuse of civil liberties in centuries occurring in that country. The abuse of civil liberties has been winked at by the Margaret Thatchers and the President Reagans for long enough that this problem is now assuming huge proportions.

Mr. Minister, when called before the bar of history, the hands of right-wing governments out of South Africa are going to be as bloody as the hands of those who actually sit in Pretoria. The governments around the world could have prevented this, but chose not to because they like the conservative politics of that government.

Conservative governments around the world share the blame for the god-awful bloodshed that is almost certain to occur in South Africa, and this government is as guilty as any in terms of its inaction. It was nine months ago that I, I assume as a member of the Regina chamber of commerce, got a letter from Joe Clark urging that businesses in Canada not do business with South Africa.

Since that time I have attend two rallies in front of liquor board stores in Regina, with other people, trying to bring to the attention of this government its moral

responsibility. Finally, long after all other governments in Canada have ceased buying South African wines, this government finally acts.

I say to members opposite, your hands are as bloody as any. They're bloody because of your inaction and your blindness to a tragedy which is unfolding before our very eyes.

**Mr. Sveinson:** — Briefly, in response to the ministerial statement, Mr. Speaker, I would like to suggest that our trading partners — the U.S., South Africa, and many others around the world — I believe we're finding difficulty in exporting Canadian goods into these markets. And I find it very questionable whether stopping the import of South African goods into Saskatchewan will in fact alter that situation.

I think the member from Regina Centre somewhat overstated the position in South Africa. I believe many Canadians and many Americans and many Brits who support at least trading with that country do so in good . . . certainly in the best interests of their countries. And I believe that what we've done here in Saskatchewan today, without researching it to a far greater degree, was done strictly in response to Mulroney's decision in Ottawa. And I think that Saskatchewan should have maybe taken a little more time in assessing the situation and possibly continue to trade with South Africa.

### INTRODUCTION OF BILLS

#### **Bill No. 57 — An Act respecting Prepaid Funeral Services in Saskatchewan**

**Hon. Mrs. Duncan:** — Mr. Speaker, I move first reading of a Bill respecting Prepaid Funeral Services in Saskatchewan.

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

#### **Bill No. 58 — An Act respecting The Saskatchewan Pension Plan and Providing for the Payment of Minimum Monthly Pension**

**Hon. Mr. Lane:** — Mr. Speaker, I move first reading of a Bill respecting The Saskatchewan Pension Plan and Providing for the Payment of a Minimum Monthly Pension.

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

#### **Bill No. 59 — An Act respecting the Establishment of Ambulance Districts and Boards, the Licensing of Ambulance Operators and Emergency Medical Personnel and the Provision of Ambulance Services in Saskatchewan**

**Hon. Mr. Taylor:** — Mr. Speaker, I move first reading of an Act respecting the Establishment of Ambulance Districts and Boards, the Licensing of Ambulance Operators and Emergency Medical Personnel and the Provision of Ambulance Services in Saskatchewan.

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

#### **Bill No. 60 — An Act respecting the Payment of Benefits to or on behalf of Certain Senior Citizens**

**Hon. Mr. Dirks:** — Mr. Speaker, I move first reading of a Bill, An Act respecting the Payment of Benefits to or on behalf of certain Senior Citizens.

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

**Mr. McLaren:** — Before orders of the day I would like permission of the Assembly to introduce some students that have just arrived in the Assembly.

### INTRODUCTION OF GUESTS

**Mr. McLaren:** — Thank you very much, Mr. Speaker. It's my pleasure to introduce to you, and through you and to all members of the Assembly, a group of 48 students, grade 4, from Columbia School in Yorkton. They are seated in the Speaker's gallery.

I have a soft spot in my heart for Columbia School because my children went to Columbia School as well. We would hope that you enjoy the proceedings in the legislature this morning and that you will find it educational and very interesting. I will meet with you at approximately 11:30 in the members' dining room for refreshments and pictures. I'll try to answer any questions that you may have to ask at that time.

I would ask all members to please welcome these students here in the usual manner.

**Hon. Members:** Hear, hear!

### ORDERS OF THE DAY

### QUESTIONS PUT BY MEMBERS

**Hon. Mr. McLeod:** — Mr. Speaker, I wonder if I could ask that we convert items numbered 392 through 405, inclusive, to motions for return, debatable.

Agreed.

### GOVERNMENT ORDERS

### COMMITTEE OF FINANCE

#### **Motions for Interim Supply**

**Hon. Mr. Lane:** —

Resolved that a sum not exceeding \$292,309,960 be granted to Her Majesty on account for the 12 months ending March 31, 1987.

Motion agreed to.

**Hon. Mr. Lane:** -

Resolved that towards making good the supply

granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1987, the sum of \$292,309,960 be granted out of the Consolidated Fund.

Motion agreed to.

(1045)

**Hon. Mr. Lane: —**

Resolved that a sum not exceeding \$71,915,580 be granted to Her Majesty on account for the 12 months ending March 31, 1987.

Motion agreed to.

**Hon. Mr. Lane: —**

Resolved that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1987, the sum of \$71,915,580 be granted out of the Saskatchewan Heritage Fund.

Motion agreed to.

**Hon. Mr. Lane: —**

Resolved that a sum not exceeding \$78,460 be granted to Her Majesty on account for the 12 months ending March 31, 1987.

Motion agreed to.

**Hon. Mr. Lane: —**

Resolved that towards making good the supply granted to Her Majesty on account of certain expenses of the public service for the fiscal year ending March 31, 1987, the sum of \$78,460 be granted out of the Special Projects Fund.

Motion agreed to.

The committee reported progress.

## FIRST AND SECOND READING OF RESOLUTIONS

**Hon. Mr. Lane: —** I move that the resolutions be read the first time.

Motion agreed to and resolutions read a first time.

**Hon. Mr. Lane: —** By leave of the Assembly, I move that the resolution be now read a second time and agreed to.

By leave of the Assembly, the said resolution were read a second time and agreed to.

## APPROPRIATION BILL

**Hon. Mr. Lane: —** By leave of the Assembly, I move:

That Bill No. 61, An Act Granting to Her Majesty

Certain Sums of Money for the Public Service for the Fiscal Year Ending on March 31, 1987, be now introduced and read the first time.

Motion agreed to and Bill read a first time.

**Hon. Mr. Lane: —** By leave of the Assembly, I move the Bill be now read a second and third time.

Motion agreed to and, by leave of the Assembly, the Bill read a second and third time and passed under its title.

## SECOND READINGS

### Bill No. 50 – An Act to amend The Education and Health Tax Act (No. 2)

**Hon. Mr. Morin: —** Thank you very much, Mr. Speaker. Before I move second reading of Bill No. 50, I'd like to comment briefly on Bill No. 14, introduced by the member from Quill Lakes. This Bill, Mr. Speaker . . .

**Mr. Speaker: —** Order, please. Bill No. 14 is not before the Assembly at this time. If the member is moving Bill No. 50, restrict your remarks to Bill 50.

**Hon. Mr. Morin: —** Thank you very much, Mr. Speaker. I'll attempt to do that.

Bill No. 50, I think, as everyone in the Assembly knows, is an amendment to The Education and Health Tax Act that will do away with the collection with what has come to be known as the tax on used vehicles. There have been other attempts in this House to move such a Bill. This Bill No. 50 is necessitated because other attempts have not succeeded. They would have in fact removed the tax on telephones and long distance phone calls. This Bill, Mr. Speaker, is intended to fall into line with announcements made by the Premier in December of last year, and it will re-establish the situation that has been a long-standing tradition of tax collection on vehicles in the province of Saskatchewan.

And with those few brief comments, Mr. Speaker, I would move second reading of Bill No. 50.

**Hon. Mr. Blakeney: —** Mr. Speaker, we on this side of the House will obviously be supporting this Bill. It does what we have called upon the government to do again and again and again. It does what the member for Regina South, the former minister of Revenue, Supply and Services said was bad policy. I would invite the existing minister, the current minister, to read what the former minister said in committee about our suggestions along this line. He characterized them with adjectives which suggested that we were lacking in mental acumen.

It's very interesting to know that if we were suffering from that, we have been joined, I take it, by all members opposite who are now adopting the policy which we urged so strongly on the minister.

We have had an opportunity, Mr. Speaker, to make our speech on this Bill on a number of occasions throughout this session, and accordingly I am going to spare the House the repetition of all of the things I have said on

previous occasions. Suffice it to say that we are glad that the government is introducing this Bill. We think it is the way to tax vehicles which the public wants and the public has come to accept. We are sorry that the government was unwilling to accept this last December. We are glad that they are now adopting the position that we attempted to put forward on that occasion, and we will be supporting the Bill.

**Mr. Sveinsson:** — Mr. Speaker, we'll also be supporting the Bill. I find it very interesting, and I suppose the Leader of the Opposition must have tongue in cheek when he talks about tax reductions. I would certainly pursue the idea that this government look at other reductions with respect to that particular tax. I think it's long overdue that the legislation be presented in the House so that people, in fact, realize that they are no longer paying tax on used vehicles. It's unfortunate that those who did pay the tax will not be compensated. But at least this is a step in the right direction. And I realize that in the last election campaign there were many promises that reflected on this particular tax, and I would hope in the next election campaign the same promises will surface and possibly some of those promises will be kept. Thank you very much.

**Mr. Hopfner:** — Thank you, Mr. Speaker. I, too, would just like to put a word in on this and have it recorded that our government have actually listened to the people of the province and it was not to the members opposite. It's surprising how the members opposite seem to want to take credit for the credit that we should actually — my Premier, my leader — should have for listening to the people. And I'd just like to say that in listening to the people, and the Premier took the action, and I, too, am proud to support the Bill on behalf of the people and the Premier.

**Hon. Mr. Morin:** — Thank you very much, Mr. Speaker. Just a few comments in closing debate in second reading on this Bill, and I'd like to respond to some of the comments made.

The leader of the WCC has indicated that he would hope that a number of tax reductions would be put in place. I won't run through the whole litany today, but certainly there have been a number of tax reductions in this province since we took over as government — gas tax, clothing tax, tax on power bills, some things that we've talked about in the last couple of days in agricultural estimates to provide an opportunity for people to reduce their income tax, venture capital legislation allowing people in the trade union movement an opportunity to deduct up to 40 per cent from their taxable income.

**Mr. Speaker:** — The subject before the Assembly is Bill No. 50, and I would ask the member to keep his remarks to that Bill.

**Hon. Mr. Morin:** — Thank you very much, Mr. Speaker. I will do that. I was trying to respond to the questions that were raised and certainly I would agree with the member from Cut Knife-Lloydminster's comments that this action is an action to respond to the wishes of the people.

What we found with this tax is widely known, that of all

the provinces in Canada that have a tax on vehicles, they collected in the manner which we are changing from. In terms of tax review and tax fairness and equity, we looked around the country, and we said, if everyone else is doing it this way, possibly it's the more fair way; possibly we should try it.

In an attempt to inject a little equity into the tax system, Mr. Speaker, we made the change. It's fair to say that the people of the province prefer to pay the tax on vehicles in a way that they were accustomed to, and so we acceded to their request and we have made the change back.

I think it's particularly interesting that the members of the NDP opposition often raise items such as refunding the tax, which would place the entire taxation system in Saskatchewan and in Canada in jeopardy because it would set a very dangerous precedent for any tax changes. For example, when you take the tax off clothing one day, should you refund to a guy who bought a suit the day before? Very, very dangerous precedent. Certainly when they were in government they never did anything to repeal taxes or lower taxes. And certainly on the succession duty tax, which collected considerable amount of money from people in the province, when they finally did bow to pressure to do away with that, they did not rebate.

Mr. Speaker, their comments that they have promoted and put this forward, I would just encourage the general public and any member of this House to review what they have put forward. And what they have in fact put forward is a Bill to repeal the tax on long distance calls made from pay phones. That would in fact necessitate SaskTel to change their 4,500 pay telephones across the province and would have people making long distance calls from pay phones, putting pennies into the telephones.

So, Mr. Speaker, with those few brief remarks, I will close debate on Bill 50. Thank you, sir.

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

(1100)

**Bill No. 56 — An Act respecting the Sale of Assets of Prince Albert Pulp Company Ltd. and Saskatchewan Forest Products Corporation and the Establishment of a Paper Mill in Saskatchewan**

**Hon. Mr. McLeod:** — Mr. Speaker, it give me pleasure today to rise to move second reading of a Bill respecting the Sale of Assets of Prince Albert Pulp Company Ltd. and Saskatchewan Forest Products Corporation and the Establishment of a Paper Mill in Saskatchewan.

Mr. Speaker, all of us who come to this legislature to serve our various areas of the province come here with various levels of expectation about how we can effect some change and do some good for the area which we represent.

I would say to you, Mr. Speaker, that with this transaction that will be taking place that will bring about the building of a paper-mill in this province and integrating that



paper-mill with a pulp-mill and so on, and the good that will come to the forest industry, to the forested belt of the province which I represent, and the good that will come to the people involved in the forest industry that I also represent here – this is one of those days, Mr. Speaker.

This is one of those days, Mr. Speaker, when I can say very clearly that I'm really proud to represent that area of the province, and that this is an excellent day for Saskatchewan and Saskatchewan's forest industry and the people involved with it.

Mr. Speaker, the purpose of this Bill is to effect the sales of certain assets belonging to prince Albert Pulp Company and Saskatchewan Forest Products corporation to Weyerhaeuser Canada Ltd. A condition of this sale is that the province guarantee debt to the extent of one-third of new capital investment to a maximum of \$83.4 million. In addition to purchasing these assets, such purchase to be covered by an income debenture in favour of the province, Weyerhaeuser Canada commits to build an uncoated, free sheet paper-mill adjacent to the existing pulp-mill.

The face value of the income debenture at the time of closure of the sale of the assets will be \$248 million to be repaid with interest from the future earnings of the integrated operations. The expected repayment period is over the next 20 years.

The facilities belonging to PAPCO which will be part of the sale agreement include the bleach draft pulp-mill in Prince Albert and its related assets; the shares of Woodland Enterprises Ltd. and of Prairie Industrial Chemicals Inc., and the assets of the chemical plant in Saskatoon, better known as Saskatoon Chemicals. The assets to be purchased from Saskatchewan Forest Products Corporation are those assets related to the Big River, or Bodmin, sawmill.

The pulp-mill, chemical plant, and sawmill have produced aggregate losses of approximately \$44 million over the past five years due to depressed pulp prices and tight markets caused by competition from low-cost producers in third world countries. Without some type of product diversification, Prince Albert Pulp company is projected to remain a mediocre investment, at best. The sale to Weyerhaeuser Canada Ltd. will mean an expansion of Saskatchewan's forest industries through modernizing of the pulp-mill, construction of a state-of-the-art paper-mill, and more effective resource management, harvesting, and reforestation.

First, immediately after the assets have been transferred to Weyerhaeuser, they plan to spend \$24 million to expand and modernize the wood room. The pulp-mill was designed to handle mainly softwoods, Mr. Speaker, not hardwoods such as aspen which are in plentiful supply in the province's forests. This modernization of the mill will allow for faster and more efficient debarking and chipping of hardwood, which will then result in a better utilization of the forests. As well, a new energy conservation program and other in-plant technical improvements will immediately be instituted.

Second, the new, uncoated free sheet – commonly

referred to as fine paper – the new, uncoated free sheet paper-mill will be constructed adjacent to the existing pulp-mill and will be fully integrated with the pulp-mill. In other words, because of the type of paper to be produced and the proximity of the paper-mill to the pulp-mill, the pulp-mill will have a captive market for about 60 per cent of its production. Fine paper consists of approximately 85 per cent kraft pulp, or the kind of pulp currently produced at Prince Albert.

The new paper-mill will be as big as two football fields and will have a capacity of some 200,000 tonnes of fine paper a year on its uncoated free sheet paper machine. That is about one-sixth of the entire fine paper production in Canada, Mr. Speaker. This new, modern paper-mill will be the second largest fine paper-mill in production capacity in Canada, and a majority of the paper will be sold into the United States market.

The cost of the new paper-mill, including the previously mentioned pulp-mill improvements and energy conservation programs, is anticipated to be \$250 million. This mill will be financed by a one-third cash investment by Weyerhaeuser, \$83 million; one-third through debt guaranteed by Weyerhaeuser company, \$83 million; and one-third by Weyerhaeuser, debt guaranteed by the province, \$83 million.

Third, the forests in general will benefit from this project. The extensive stands of aspen hardwood in the forests surrounding Prince Albert and to the north have historically been underutilized, deferring to softwood harvesting. Much of this prolific hardwood has always been considered too small for lumber and unsuitable for other applications. Modernization of the pulp-mill and construction of a fine paper-mill will open a new market for this Saskatchewan resource which used to go to waste.

Weyerhaeuser is recognized as one of the leaders in the wood industry for its care and management of the forests which it uses. By using both softwoods and hardwoods, and by reforestation to ensure that the resources are continued, they will play an important role in the province's integrated forest management policies.

Construction of the paper-mill is expected to commence in the fall of 1986, with the new operations in production in 1989. Normal pulp-mill operations are expected to continue throughout the expansion phase. There will be 215 net new permanent, full-time jobs in the two mills and expanded woodlands. As well, there will be about 700 man-years of construction work created with about 500 jobs available at the height of the construction period.

Spin-off activity created by this project will be a real benefit to Saskatchewan as well, Mr. Speaker. It is expected that an additional 430 indirect, full-time jobs will be created in forest communities, with more than 340 indirect man-years of employment during construction and 2,000 man-years of Canadian manufacturing employment associated with supplying equipment, materials, and services.

In closing, Mr. Speaker, I would like to add some information on Weyerhaeuser Canada Ltd. It is an

integrated forest products company with operations in British Columbia, Alberta, and Ontario. The company has 1,700 employees and manufactures commodity and speciality pulp and wood products. Weyerhaeuser Canada Ltd. is a subsidiary of Weyerhaeuser Company which has been in forest-related industries since 1900. The company has a network of hundreds of facilities throughout the U.S., plus a staff of 38,000 in 16 countries. The company also has a long and successful history of forest regeneration and environmental research.

For Saskatchewan this sale means efficient utilization of the province's forests, diversified products leading to expanded markets, sales of products through an established professional market network, and an assured future for our forests.

Mr. Speaker, it give me great pleasure to move second reading of a Bill respecting the Sale of Assets of Prince Albert Pulp Company Ltd. And Saskatchewan Forest Products Corporation and the Establishment of a Paper Mill in Saskatchewan.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — Mr. Speaker, I think the member may wish to introduce some students, in which case I would like to defer to him.

### INTRODUCTION OF GUESTS

**Hon. Mr. Hodgins:** — Mr. Speaker, it is my pleasure to introduce to you, and to all members of the Assembly, a group of grade 6, 7, and 8 students. They total 14. They are from the good, north part of our province. They are from the Fulda Elementary School in Fulda, Saskatchewan, very near to Humboldt and Pilger and Middle Lake and that area. It is in the Kinistino constituency. I do understand that this group is accompanied by their teacher, Mrs. Jan Ramler, I believe; chaperons, Mr. Fleischhaker and Mr. Hebig, as well as Mr. And Mrs. Langenhoff.

I would wish the students and their chaperons and teachers a very good trip here to the legislature. I am most certain that you will find your trip here most enjoyable, informative. I do trust that you will have a safe trip home, as well. And I will be very pleased to meet with you for pictures at 12 o'clock. As well, we will be having some drinks and a small, little question and answer period.

So I would ask all members of the Assembly to join with me in welcoming these people from Fulda Elementary School.

**Hon. Members:** Hear, hear!

**Mr. Tchorzewski:** — I would also like to extend my greetings to the students and the people from Fulda. I have had many years association with that area of the province when I was the member for Humboldt, and I certainly would like to extend all of the students a welcome and wish them an enjoyable and an educational visit to Regina and a safe trip home.

**Hon. Members:** Hear, hear!

### SECOND READINGS

#### Bill No. 56 (continued)

**Hon. Mr. Blakeney:** — Mr. Speaker, I rise to enter the debate on Bill 56, The Pulp and Paper Mills Act. I will not make extensive remarks today, simply state briefly our reaction to the Bill, and then adjourn so that I may have an opportunity to study more fully the remarks of the minister.

May I say at the outset that our party, as I'm sure all the people of Saskatchewan, welcome the construction of a paper-mill in Saskatchewan. We particularly welcome any forest development which allows us to use our aspen resource more effectively. It has long been recognized that this is a valuable resource. Attempts have been made in the past to use aspen effectively, and some have been successful.

MacMillan Bloedel at Hudson Bay uses the aspen resource with a good deal of success. There were extensive examinations of the possibility of an aspen-based mill, or usually as aspen-based line for producing hardwood pulp at Prince Albert, this done by Parsons and Whittemore, and a good deal done more recently, in the early 80s, by Prince Albert Pulp Company Ltd.

And I welcome the development of the manufacture of pulp using aspen, which I understand is now going on at the mill and has been going on for some time. As I say, everybody knew that once that started there would be wrinkles, would be bugs to be dealt with. And I suspect that they have experienced some of those, and I expect they're overcoming them because no one has ever suggested that the people at Prince Albert Pulp company were not competent in the field of pulp production. And that was true when the mill was operated by Parsons and Whittemore; and it was true when it was operated more fully by the Government of Saskatchewan; and it will be true if the ownership changes and Weyerhaeuser Canada becomes the effective owner.

So I am happy to see a way to use our aspen more effectively and certainly happy to see the proposal for the construction of a fine paper-mill.

We will want to examine the financial transaction with some care. There are some aspects of it which aren't fully known but which deserve examination. The Bill before us deals essentially with the finances of the paper-mill. But he, the minister, in introducing the Bill, quite properly dealt with the finances of the whole project since they are difficult to deal with separately, more particularly because the finances of the pulp-mill purchase depend upon the success of the paper-mill.

We will particularly want to ask some questions and gain some further information with respect to the financing of the sale of the existing mill to Weyerhaeuser Canada. The transaction, as I understand it, is that Weyerhaeuser will put nothing down, will make no down payment, and will instead give a promissory note, called a debenture, with an interest rate which has so far not been disclosed.

(1115)

And I must say, Mr. Speaker, I find it surprising that we are talking about selling a public asset worth of the order of \$250 million, and the government since March has said, yes, we're going to take a promissory note – we'll call it a debenture, but that's what it is – and it's going to have a rate of interest, but we won't tell you what the rate of interest is.

And that is the situation now for the last three months, and I think that that is not satisfactory for the public. And we will clearly be pressing for the financial details of what the rate of interest is and what the repayment arrangements are. I gather, from listening to the minister, that the repayment arrangements are to depend upon the profitability of the combined enterprise, and under those circumstances one will need to know some of the charges against the gross income of the enterprise which will be permitted, otherwise one cannot make any estimate as to what the profitability will be. And without some estimate of what the profitability will be, we will have no idea whether the public will ever get their \$250 million.

And those are legitimate questions – legitimate questions which need to be addressed in the House, and are properly addressed in this House, for indeed that's what we're elected for. And accordingly, Mr. Speaker, we will be examining into this transaction, which is unusual . . . Nobody suggests it's usual to sell a pulp-mill on a "no down payment" note by the purchaser for the entire balance, and the note payable out of profits. That is a highly unusual sale. One would seek long and hard to find any other pulp-mill in Canada that's been sold on those terms.

This doesn't mean it's necessarily bad for the people of Saskatchewan; it does mean that it's highly unusual and needs to be looked into with care by this House and by all who were elected to this House and whose obligation it is to see that the public domain, the things owned by the people of Saskatchewan, are disposed of on proper terms if, in fact, they're disposed of.

We will also want, Mr. Speaker, to ask a number of questions about forest use, about the protections which are there for the access to the forest by native Northerners who must look to those forests for their future livelihood. Many of them, as existing traditional resource bases of trapping and hunting and fishing, are unable to support the increased and growing population of the North.

And all of those need to be addressed, Mr. Speaker, as does the role seen by the government and Weyerhaeuser of small contractors in harvesting pulp and other wood products for the combined operation. We'll want to ask questions about whether or not any policy is stated in the documents concerning pesticides and spraying and forest management generally. We will want to find out what commitments Weyerhaeuser is undertaking.

More particularly we will want to know, Mr. Speaker, whether or not Weyerhaeuser is firmly committed to building the paper plant if they purchase the pulp-mill, and we will want to know what their commitments are with respect to reforestation. Certainly nobody should

suggest that any publicly owned paper-mill in this province should be sold to a private operator, private owner, without firm commitments on reforestation.

And I think all of us are getting concerned about whether or not we, in the last good number of decades, have been vigilant enough with respect to reforestation. And that will need to be addressed . . . (inaudible interjection) . . . Mr. Speaker, I'm getting some assistance from some members opposite, but I will attempt to direct my attention to the Bill before us.

There is a further area of concern, and that deals with the Bodmin sawmill. The Bodmin sawmill serves two purposes. One, it harvests, it provides a market for saw timber, and thereby uses a resource. But secondly, it provides an economic base for the town of Big River. And we will want to know what the commitment of Weyerhaeuser is with respect to that latter aspect. There have been many arguments which would suggest that in pure commercial terms that sawmill would be better located in or about the pulp-mill in Prince Albert, in the general Prince Albert area.

Right now, Mr. Speaker, when trees are harvested in that area north of Big River and the Dore Lake-Smoothstone area generally, saw timber is taken out. A sort has to be made as to which part of the tree goes to Big River or Bodmin as saw timber and which part of the tree goes to Prince Albert as pulpwood. And this is perhaps not the most economical way or organize things from a strict financial point of view, and therefore there may be an argument, and I've heard them many times, for having the sawmill at Prince Albert.

If we did that, the town of Big River would be without a financial base. And I will want to know, Mr. Speaker, what undertakings Weyerhaeuser is willing to undertake or give with respect to the continued operation of the Bodmin sawmill in that location. That is important since the economics may dictate something else.

These arguments have been marginal, we know that, because many of us have gone through them. But when looked at from the point of view of public policy, there was nothing marginal about it. We needed an economic base for the Big River-Bodmin area, and the mill, when it burned some years ago, was rebuilt in that area because, while the economics might have been doubtful – nothing more than, Mr. Speaker – when considered with public policy, the decision was clear.

We will want to know just what the situation is now where . . . because obviously this will be the first time that that sawmill has been owned privately for many years. It has been publicly owned since . . . well certainly since 1950, and maybe many years prior to that.

**Mr. Speaker:** — Why is the member on his feet?

**Mr. Smith:** — I would ask leave, Mr. Speaker, to introduce a school.

## INTRODUCTION OF GUESTS

**Mr. Smith:** — Mr. Speaker, I'd like to introduce to you,

and through you, a group of 24 students from the St. Margaret Elementary School in Moose Jaw, grade 4 students. They are a French immersion school in Moose Jaw. Their teacher was unable to get down here today, but Vi Hamel is their host today. I think the children have enjoyed themselves in the legislature so far. I've met with them and had pictures, and I ask all students to give them a warm welcome here today.

**Hon. Members:** Hear, hear!

## SECOND READINGS

### Bill No. 56 (continued)

**Hon. Mr. Blakeney:** — Mr. Speaker, I want to raise only one more point and then beg leave to adjourn the debate. And that point deals with the permanent job creation aspects of the proposed project. I'm surprised somewhat to hear the figures quoted by the minister and will seek an opportunity to have the minister explain where the additional jobs are likely to be found on a permanent basis from the combined projects of modernizing the paper-mill, the pulp-mill, the now 20-year-old pulp-mill, and the construction of the new fine paper-mill.

With those comments, Mr. Speaker, I will seek an opportunity to review more fully the remarks of the minister, and beg leave to adjourn the debate.

Debate adjourned.

## ADJOURNED DEBATES

### SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Folk that Bill No. 55 — **An Act to amend The Meewasin Valley Authority Act** be now read a second time.

**Mr. Tchorzewski:** — Thank you, Mr. Speaker. This Bill which I adjourned the other day, as was indicated in the explanatory notes, transfers from the Prince Albert Pulp Company to Weyerhaeuser Canada Ltd. certain properties which are in the Meewasin Valley Authority area. We see this as part of the major Weyerhaeuser package which the government has introduced and has spoken about, and my colleague, the member from Elphinstone, the Leader of the Opposition, has just spoken on another Bill related to that. I want to indicate, Mr. Speaker, that there are no major comments I want to make in second reading, but there are some questions which I will want to ask in the committee.

I have spoken to people in Saskatoon involved with the Authority, and at this point I'm prepared to let the Bill proceed.

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

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Devine that Bill No. 54 — **An Act to amend The Horse Racing Regulation Act** be now read a second time.

**Mr. Lingenfelter:** — I don't have a lot of comments to make on Bill 54, the Act to amend The Horse Racing Regulation Act, Mr. Speaker, but I would be remiss if I didn't make a short comment.

The Bill, basically in the relevant section, section 2 of the Bill, indicates that people will now be able to bet on horse races occurring throughout the country, or in fact outside of the province. So we could be betting on the Belmont, or on other horse races that occur across Canada, or in fact anywhere else. I believe this is an amendment which will legalize what has been happening here for the last number of years. I don't think that this will allow something new to take place but will legalize what has been taking place for some time, as I understand it.

Members of our caucus obviously are not going to be making a big fuss or stalling the Bill or anything like that, but I only want to make one point and that is that the growth area in the province, the one area of growth in this province under the Conservative government, under Premier Devine, has been in the area of gambling. And I'll tell you, people in this province are a little upset with the fact that what we have here is a government that rather than having . . . (inaudible interjection) . . . Well we're talking about amendments to an Act that will allow more gambling in the province, that's what we're talking about. It says right in the Bill. If any of the member back-benchers who don't want to hear this would want to read the Bill, what it does is expand gambling in the province. You'll now be able to bet on horse races that are occurring outside of the province. That's what it's talking about.

**An Hon. Member:** — . . . (inaudible) . . . read it.

**Mr. Lingenfelter:** — Well, I've read it; it's not very long if the member from Saskatoon would take the time — it's less than one page — or have someone read it to him. It's a very short Bill. And all it does is expand the betting in the province from horse races that occurred in the province to any horse races happening around the world — that's what it says.

And when it comes to this kind of gambling, what I'm saying is the one growth area in this province has been in that area, that is gambling. And the problem with that is, Mr. Speaker, the majority of people who spend their money on gambling are those who are least able to afford it.

I have here an article from the *Star-Phoenix* dated the 30<sup>th</sup> day of May, 1986, and it's called, "Gambling is leading growth industry," referring to the gambling in the province of Saskatchewan. I want to get a few quotes out of here that indicate some statistics that have occurred under the Devine government.

(1130)

It starts out by saying, "Gambling is now the fastest growing industry in Saskatchewan." Not potash, or not grain farming or beef production, as the Premier would like to have us believe, but gambling on horse racing and

bingos and that sort of thing. I know, Mr. Speaker, and others will be concerned about this, because trying to operate a province that is \$2 billion in the hole by gambling and encouraging gambling doesn't seem to make a lot of sense. And it clearly indicates that in the 12-month period ending March 31, 1981, the total spending on bingos, raffles, casinos, Nevadas, was a bit less than 17 million; and during the last 12 months, that has increased to \$150 million. I say that is a tragedy — almost a tenfold increase in gambling in four years under this government.

Now I say to you that this is an unusual position for the Premier of this province, Premier Devine, to be taking, that he would have increased by almost tenfold the amount of gambling in the province. And I say to you that there are some real concerns about who controls the gambling in this province. And the reports that we have been getting in this legislature indicate clearly that people are concerned about who controls the gambling in this province.

And I want to say to the Minister of Finance, who laughs from his seat about this issue of increasing gambling, and Bill 54 which extends the gambling even further, I say that if we would concentrate on economic development the way it has happened under previous CCF and Liberal and NDP governments, rather than trying to sell off the majority of the province to out-of-the-province industries and increase gambling, that we may have more luck with: one, increasing employment in the province which has increased by a great deal under this government. We may be able to get some people off of welfare who are there through no fault of their own.

But I say to you, passing Bills like Bill 54 that will increase gambling even more than the tenfold that has increased in the last four years from 17 million to 150 million — I want to reiterate that; the amount spent on gambling in Saskatchewan in 1981 was 17 million, and in the last 12 months it was 150 million — that that is not the way to solve our economic problems.

I find it hard to believe that you can try to operate a province through gambling and try to make the books balance, because I think . . . (inaudible interjection) . . . Well the Minister of Consumer Affairs is saying how good this is, how great it is for the economy to . . .

**Mr. Speaker:** — Order, please. I would ask for the members to hold your voices down, and there's an awful lot of visiting going in the back rows. It's very difficult to hear in the Chamber.

**Mr. Lingenfelter:** — I appreciate that, Mr. Speaker, and I'm going to leave it at that. I just wanted to make the point that if this is the solution to the economic problems facing Saskatchewan — the \$2 billion deficit, the 60,000 people on welfare, the more than 60,000 people unemployed, the farmers going bankrupt — then I say to you that this is a government that should finally screw up its courage to call an election. It's almost going on to five years since we've had one. Alberta's had two elections since we've . . .

**Mr. Speaker:** — Order, please. The election issue is a

long way off of the Bill that's before us, and I would ask the member to stay with the Bill.

**Mr. Lingenfelter:** — I would just say that I think it is high time that rather than sitting here passing Bills like this Bill 54, that we would now dissolve the Assembly and let the people decide who they want — increasing the gambling in this province or having truly real economic development and growth.

**Hon. Mr. Lane:** — I would like to speak on the Bill if I may, Mr. Speaker. I just wanted to make sure that the matter was on the record . . .

**Mr. Speaker:** — Order, please. Is the minister closing debate? It was moved by the Premier . . .

**Hon. Mr. Lane:** — I'm just speaking on the Bill and indicating the rather unfortunate hypocrisy that has been evidenced today. The hon. member opposite, just having spoken on the Bill, talks about the increase in gambling. Of course the Bill doesn't do that. The provision was already in place; this simply allows for taxation.

But secondly, I think all members were shocked to hear a New Democratic member stand up and talk about increasing gambling when their party has been financed as a result of gambling over the last couple of years, when they have instituted new lotteries dealing with the budget. Every year . . . they now have an annual lottery. Obviously if you want an example of a lottery established to pick on the unfortunate and those that can't care for themselves or those who can't think for themselves, it is the NDP lottery dealing with the budget that has now become an annual affair.

The NDP established a lottery in Regina Rosemont, again to take money from the unfortunate. They have established other avenues of bingos, and what not, to take money from the unfortunate and the less advantaged. And I think that the public would be very much interested, Mr. Speaker, in having the record corrected that the hon. member misinterpreted the Bill. The Bill does not do as he set out.

And secondly, I think we were all somewhat shocked to find that the New Democratic Party that is taking party financing to new heights in terms of gambling and lotteries, should get up and criticize any initiatives which would increase revenue for the people of Saskatchewan as opposed to a political party.

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

## MOTIONS

### Referral of Subvotes to Standing Committee on Estimates

**Hon. Mr. McLeod:** — Mr. Speaker, I rise to ask for leave of the Assembly to move a motion which is a usual motion since 1981 in this House, to refer several subvotes from the blue book to the Standing Committee on Estimates. These are the subvotes that are under the jurisdiction of the Board of Internal Economy, Mr. Speaker, and it's the

usual subvotes, as I've indicated, that have been done since, I believe, 1981.

So, Mr. Speaker, I would ask for leave of the Assembly to move that motion now.

Leave granted.

**Hon. Mr. McLeod:** — Mr. Speaker, I move, seconded by the opposition House Leader, the member from Shaunavon:

That the estimates and supplementary estimates for the Legislative, being subvotes 1 to 3, 5 to 7, 17, and 20 through 25, of vote 21 be withdrawn from the committee of finance and referred to the Standing Committee on Estimates.

**Mr. Lingenfelter:** — Mr. Speaker, I don't mind seconding, but I think in the tradition of the Assembly if the minister would get one of his colleagues, a minister, possibly the Minister of Finance to second it, we would have no problem with it.

**Hon. Mr. McLeod:** — I have no problem doing that. The only reason the member from Shaunavon's name was on there, Mr. Speaker, was because I had discussed it with him and he had agreed to second it just as a matter of a few moments ago. But I would ... certainly I'm sure that the Minister of Finance would second it. I will change it to that point and say, seconded by the Minister of Finance, the member for Qu'Appelle-Lumsden.

Motion agreed to.

## COMMITTEE OF FINANCE

### Consolidated Fund Budgetary Expenditure Saskatchewan Crop Insurance Corporation Ordinary Expenditure — Vote 46

#### Item 1

**Hon. Mr. Devine:** — I have three officials with me, Mr. Chairman: Mr. Merv Ross, assistant general manager of crop insurance; Jim Walters, manager, administration; and Jack Drew, who is the deputy minister of Agriculture.

**Mr. Engel:** — Mr. Chairman, maybe to start — and I failed to do this with your agriculture estimates yesterday — could you give me who — and I see the member from Moose Jaw rural, what's it called, Thunder Creek, beside you as a legislative secretary — is he the legislative secretary with specific responsibilities for crop insurance? How many legislative secretaries do you have, as far as Agriculture and crop insurance are concerned? I wonder if you could define that — spell that out for us at this time.

**Hon. Mr. Devine:** — Yes, there's a legislative secretary to the Minister of Agriculture and there are two of those, and one is the member from Arm River, Mr. Muirhead, and the other is the member from Thunder Creek, Mr. Swenson. I have a Premier's legislative secretary to my executive office, and that's Mr. Sherwin Petersen.

**Mr. Engel:** — Thank you. Besides their legislative secretary's remuneration — and you're handing me the list on travel — could you indicate their travel expenses as well. You're sending some information over on you and your top officials' travel expenses in Saskatchewan and out of the province. Could you also do that for your legislative secretaries that relate to Agriculture?

**Hon. Mr. Devine:** — We'll get that information, Mr. Chairman. I'm just trying to confirm whether some of it comes out of Agriculture and some comes out of crop insurance, and some might come out of Executive Council, but I'll get that information so that we have it. It might all come out of Executive Council, but I'm just confirming that.

**Mr. Engel:** — If I recall properly or correctly, I think travel outside of just ordinary responsibility for the minister in the province came out of Executive Council in my case. Now I'm not sure if that's still the same or not. But if you can put that together for us, I'd appreciate that.

(1145)

Now besides the legislative secretaries, how many personal staff do you have that would be called EAs or executive assistants that relate to the crop insurance corporation? Can you give me how many you have and who their names are and their qualifications for the job and the salaries paid to your aide with responsibilities for crop insurance. Can you send that across as well?

And I suppose, while you're doing that, if you could do a comparison between the salaries. Last year we noted that crop insurance paid the largest increase of any executive assistant. And I'm wondering if you could compare their salaries and the salary increases they got or are about to get for the year under review. Then we can do that in ... We can expedite that if you can send that across.

**Hon. Mr. Devine:** — We'll send the salaries across — last year's and this year's. But there are four individuals associated with crop insurance: Gerry Williams, who is a ministerial assistant; Debbie McNabb, who's a ministerial assistant; Louise Yates, who was a ministerial assistant C; and Helen Heinrich, who is a ministerial assistant A.

**Mr. Engel:** — Those would be the same staff people as the former minister had. I believe I remember the names.

Mr. Minister, you'll recall that after the former minister in charge of Sask Crop Insurance left cabinet, that we also had a change shortly after. In fact I believe it was in January when the general manager of crop insurance corporate, Wayne Funk, was removed from that position, as was the former chairman of the board of the crop insurance. Can you ...

According to a *Leader-Post* story I have here of January 15, 1986, the *Leader-Post* detailed some of that information for us, where the member from Arm River said that one of the men was removed from office because he couldn't get along with the former minister, and the other was removed because he objected to the constant interference from a special assistant, I believe the one,

Williams, that was named earlier.

Is it customary to let a former minister, after he has been removed from cabinet, to fire senior public servants of a department? Is that a standard procedure or . . . Just so I wanted to know who the legislative secretaries are and if the member for Arm River is still responsible for crop insurance there.

**Hon. Mr. Devine:** — Mr. Chairman, with respect to appointments and new chairmen, I make those final decisions. We have a new chairman of the crop insurance board, and we change members and chairmen from time to time. That's not unreasonable.

With respect to Mr. Funk, he took a brand-new position in Economic Development and Trade, and he's certainly qualified to do that. And he's happy in that position. And there's really nothing more that I can add to either one of them.

**Mr. Engel:** — The *Leader-Post* story . . . and I'm not sure that I would doubt their word. One would have to measure it up to yours, Mr. Minister. But if I can just read — I'm reading from a column that was entitled "Conflict with ex-minister blamed for board shake-up."

This week, Funk was transferred to a position in the investment services branch of the Department of Economic Development and Trade. The move comes after Heenan stepped down as chairman of the crop insurance board at the end of 1985.

Another quote in the second column then says, Muirhead said, "I then found out he had criticized me in public, and that's a no-no. Cabinet approved the change with no problem." And another quote I'd like to read into the record:

Muirhead's ministerial assistant, Gerry Williams, was in an "all-powerful position over the office," but Muirhead would not detail what had been done to call into question his handling of the crop insurance corporation. However, some sources indicate that there were allegations of improper payments of insurance claims that are at the root of the dispute. However, one board members says, "The board felt at times that Williams was taking steps the board did not support. He (Williams) was flaunting his authority and was probably the catalyst of the conflict," one board member responded to those allegations.

Now the question I have, that apparently Gerry Williams is still on as a special assistant, and, being in this all-powerful position over the office, Mr. Williams was apparently in a position to get insurance payments made or increased or decreased as thought to be politically beneficial to the minister's office. And if a staff member, like the former general manager, which I believe would have been above reproach, like you say, and took on a very qualified position — if a staff member tried to overrule it, according to the quotes here, that's a non-no — that's a no-no.

Now I'm wondering; I'm prepared to let bygones be

bygones if you can give me an assurance that the board and the management will run crop insurance claims, and not this one Gerry Williams that, by the way, got the largest increase of any of your EAs in the entire mass of staff that you have, trying to keep you looking good. He got the highest increase. I'm just talking from memory now, and I'll apologize in advance if I'm wrong, but I believe it was 16 per cent last year — I believe that it was a 16 per cent increase. Maybe it was more; it might have been a little bit less. Maybe I can get the member from Arm River to give me a little bit of a nod if I'm right or wrong.

But he got a big increase, and you were paying him well for taking care of these little no-nos, and it got to such an extent that an administrator that I had a great deal of respect for . . . I had a great deal of respect. I've personally called crop insurance, and I liked the staff and what they were doing in there. Ron Osika did an excellent job in field services. I want to give him a bouquet at this time. For all the problems you have when you have a drought and all the questions that are raised, you have a field services person there that is in charge of field services that was doing a superb job.

But every one in a while you get some interference from these political hacks, these EAs that would move in and would try and take care of some no-nos and were trying to cover off the stories that former ministers in charge . . . I wanted him, Bill Heenan, to be removed because as far as I was concerned he wanted to run the corporation on a daily decision-making basis. I didn't allow him to do it, and that initially caused dissension at the board level. And the quotation is given to your former minister in charge.

And I'm wondering, are you going to run the crop insurance like an insurance corporation that looks at the claim, looks at the contract that the farmer has, and solves it accordingly, with no political interference?

I believe that by moving in a minister in charge — when crop insurance used to be a lone-line expenditure in the Department of Agriculture, and over the years crop insurance grew from just handling very, very few claims. I would have to be guessing again when I'd say how many claims there were prior to 1971 when we got elected — not claims — how many applicants or how many contracts their crop insurance had.

And maybe your officials can give me that number and tell me just how many crop insurance applicants there were in '71; and in that 10-year time frame, by 1981, how many contracts we had. And we saw a time where crop insurance really grew.

Now as conditions started getting really tough down in the south country and it appeared that there would be drought, I'm sure you had a record number of contracts last year. You had a record number of people that were involved in crop insurance, and crop insurance expanded and was dictated mainly because of the advantage farmers saw, that this was a good managerial decision to guarantee a certain level of income for a certain amount of premium.

I don't like the concept that, as a farmer – and I just want to take a few minutes to make a general statement of what my philosophy is about crop insurance. I don't like the concept where a farmer can use crop insurance as a managerial tool and jump in and out on just the years he thinks it's a dry year.

I think crop insurance should be something that a person that jumps in and out every year or every three years or every 10 years, or whatever arrangement that might be – some of the jumps in and out should be penalized more than the present system allows. I believe that that is taking advantage of someone, like myself, that bought crop insurance since it was available and maintained the highest quality coverage I could buy ever since I've had it.

I am giving an advantage to the guy that just jumps in the year he thinks is going to be drought and buys it that one year and then doesn't buy it again after that and laughs when it looks like it's going to rain and looks like it's going to be a wet year and then he decides, I'm not going to buy crop insurance this year. Then he waits until another year when it looks like we're going to have a dry year, and then he buys it again.

I don't think crop insurance should be that kind of vehicle, and farmers shouldn't be encouraged to do that. I think there should be a premium advantage for someone that carries it on a regular basis.

And when a crop loss is suffered because of no fault of a farmer, Mr. Premier, when a farmer suffers a loss and has a claim – let's say one year he had hail and another year they had a slight crop loss and the third year they collected the maximum, like the full amount.

I know farmers like that in my area that were at 120-plus per cent coverage, and then they had a hail storm go through Gravelbourg R.M. – in the north I farm, and the Wood River R.M. – but in the Gravelbourg R.M. a big wide-swath hail storm went through there three years ago, wiped out a bunch of guys. They claimed on their crop insurance. The next year they claimed a little bit, maybe 3, 4, \$500 a quarter, just a little more than their premium. Last year they claimed the maximum. You know, they got everything they had coming because their crop in most cases in the whole Gravelbourg arm, was three or four bushels an acre.

This year, instead of being at 125 per cent coverage, like they were three years ago when three acts of God – no fault of their farming practices, because they're the best farmers in the country; no fault of their farming practices – they are now down to 80 per cent or around that 80 per cent coverage range. When you can only insure for 70 per cent, and you get 70 per cent of 80 per cent, it gets to be pretty low coverage, and these have been guys that have been buying insurance year after year. They felt that those kind of penalties aren't fair when it is something that they couldn't control.

I think that if a fellow's house burns down and he rebuilds it, and then lightning strikes and he has another fire, and then a third time, and all of a sudden he can only insure his house for half its value, doesn't seem to be a fair deal just because he had some misfortunes or a flood came

along and wiped his house out. So there's some of those basic concerns that I'm worried about.

Now last year you announced that everybody be brought back up to 100 per cent coverage, and I don't think that was quite a fair game when it doesn't affect them again this coming year. So I'm wondering what your position is on that when there's accidents. If you can give me a short, little comment, I think I'll stop there so you can respond, and then we'll go to some of the other concerns I have.

**Hon. Mr. Devine:** — Well maybe I'll deal with the last one first. I think you raise a valid point. In fact, we have it under review with the federal government with respect to the disaster mechanism that's in. and what we're looking at is if you have an area – so you're not isolating one individual – but you have an area that's hit three years or four years or five years in a row, which is not their fault, but obviously it wasn't tied to management because as you point out, an act of God, then maybe they shouldn't be penalized if they've just been hit and hit and hit, and it wasn't just a farmer because of management, it was because of an area that got hailed or something. We are looking at precisely that. So you raise a valid point, and hopefully we can do something about it so that you have the areas.

With respect to numbers: in 1971 there's 7,890 crop insurance participants; by 1981 there was 42,850; by 1985-86 there was 47,000; and then this year, '86-87, 50,000-plus crop insurance people. So it's moved from 7,000 to over 50,000 in that 15-year period.

(1200)

**Mr. Engel:** — You will note that the committee that I served on when we went around Saskatchewan in 1971, John Kowalchuk was the chairman of that committee. It was a good committee. There was a cross-section of both opposition and the government members that sincerely visited.

We tried to do a job, Mr. Premier, where we convinced the people in Rosetown or the Regina plains, where you have a good crop area . . . The Yorkton area was another place where we met with farmers, and I tried to convince them, and I told the farmers there that if we can design a program that will be premium-related to the performance or the production capabilities, so that somebody at Fox Valley's premium would be related to its productive capacity there, compared to here, and it wouldn't penalize the people in the short crop areas, that they would still stay in.

I think today we have a pretty well universal program with 50,000 of the 65,000 farmers buying the insurance. I think it's good news. And to all the farmers . . . like I mentioned last night, I appeared before quite a few farmers last summer when they were talking about drought and their concerns. And even at political meetings I've been to around the province, as an agricultural spokesman I get to quite a few rural constituencies that I normally wouldn't get to.

And my statement when I talked about crop insurance is that I'd like to see crop insurance as a universal program;



that the people in Canora, for example, or Preeceville, wouldn't think that we've got a drought insurance program, that crop insurance is just for the drought area; that it's just as applicable for them and just as good for them, that they would stay in.

And so, consequently, I was concerned. I was concerned that the drought package doesn't give the insurance corporation the impression that it is just specifically a program that's going to help the farmers in the south-west because of the good representation they had from the members of the south-west and the media coverage they got and so on, of their disastrous conditions they had.

We could throw a bad light on crop insurance and tell the farmers in the sure crop areas where they're getting plenty of moisture and ample moisture conditions. They could decide, well I'm not going to pay \$6,000 a year premium just so Engel gets coverage down in Gravelbourg. And I think that we were successful in staving that attack off.

And if I have any criticism at all, Mr. Minister, is that the changes that were announced last June; and the changes that were announced, I would have far sooner seen it announced and implemented as a provincial package with federal contributions, as a drought package that wouldn't have tinkered with crop insurance. Because when you tinker with crop insurance in between, you upset people that didn't get involved – just like with your air reel announcement.

The farmers . . . if you would have announced the air reel thing in June when you announced the 5-bushel coverage, then the farmers could have decided, well I'll spend that 4,500 bucks and get an air reel on my combine and get \$8 an acre extra. But when it's announced kind of slyly or secretly after fall, it upset and frustrated a lot of people saying, look, I don't like being involved in a game when the rules are changed in mid-stream.

And I made this statement to you in question period in the past and in Agriculture estimates last year. Let's plan it in January – February and make your announcement in February how they're going to be for the year, so that farmers don't get some surprises through the middle of their contract, because that, I think, disturbed them. And if you'll agree with me on that response there, I think we can move on to some of the specific questions I have.

**Hon. Mr. Devine:** — All right, Mr. Chairman, while the percentage is very high in crop insurance – 50,000 out of 65-odd-thousand participants – we do find that where you tend to have relatively good crops on a consistent basis, like in the north-west part of the province, that you have the lowest percentage participation in crop insurance. The south-west, on the other hand, is the highest percentage, and it reflects just the general conditions from time to time.

If you look at the North Battleford area, they've had excellent agriculture conditions on a comparative sense. And to that extent it is often difficult to have as much enthusiasm to have them join the program in an area that consistently has good rainfall, no grasshoppers to speak of, and some risk of frost but . . . so forth.

With respect to the changes in crop insurance, really the drought program was separate from crop insurance. The drought payments went out on analysis of areas with crop insurance data and we used all that information, but the drought payments and the federal payments and so forth were separate.

With respect to your observation about changing crop insurance. Wherever possible, I would agree, when you make modifications, make them as early as you can. Make them in January or February. When we're into a really bad drought situation that we obviously didn't forecast – say, last spring when I was in Assiniboia, as an example, and people were saying that crop insurance needs to be modified so we can salvage.

Now then you sort of have a choice. You say, well I should have thought of that in January. We've never changed that. But if the farmers are saying, if you let me go and salvage it and leave a strip and I can still get crop insurance, at least I have feed or I have some grain and so forth. And that's where it's a choice. You look at it and say, should you make that change to allow them to salvage the crop in crop insurance and still pay them, or shouldn't you.

Well it just seemed to make a lot of common sense to farmers, and it made some sense to me, and I said, go – let's salvage. And we're going to keep that provision because it allows people an alternative where they don't just have to watch the crop go into the ground just so they can collect crop insurance. But they can save what they can; leave a strip, and you can monitor.

So where there's changes that are appropriate to crop insurance, I think it can be improved for ever. We'll just keep making those changes. Wherever possible, I would agree with you, make them as early as possible in, say, January, February, so everybody knows what's going on.

**Mr. Engel:** — Thank you, Mr. Minister. With the changes you implemented last year, I think the thing that frustrated my neighbours as much as me possible, was the amount of adjustments and adjusters and the whole process that went on last year. Then finally at the end you'd have an adjuster come by and measure the bins like they would have done in a normal year and make the pay-out there.

I believe that that kind of an operation must have caused frustrations galore for the management and the people involved in crop insurance. And I'm not going to get you to comment on that aspect. But I think a comment that would be worthwhile – and I appreciate the numbers on the participants in crop insurance – but from '81 on, the growth rate was reasonably gradual; '82 or '83 on, especially. There weren't that many more contract holders. But the claims paid out in those two years increased significantly, and I'll admit to that.

But can you tell me about what it cost to administer the program last year and what your anticipated costs are this year. Can you give me the last two years, plus this year's anticipated total administrative costs? I'm sorry I don't have my Public Accounts reference. I could look some of that up. But if your officials have that for me . . .

Hon. Mr. Devine: — Yes, Mr. Chairman. Last year the administration costs were 11.25 million. This year we are budgeting 8.5 million for '86-87.

**Mr. Engel:** — And the year before? Have you got that?

**Hon. Mr. Devine:** — The year before was 11.25. Three years ago I don't, but maybe they can dig it up.

I could point out for the hon. member that if you look at any kind of ratio of administrative expenses to the total premiums — I mean to put it in perspective — administration to the total, Saskatchewan is doing very well. For Saskatchewan Crop Insurance the ratio is 6 per cent on administration. In Alberta it's 11 per cent, and in Manitoba it's 13 per cent. So our administration, as a fraction of total premiums, is the lowest in the prairie provinces.

I'll get you that third year. In 1984 it was 6.25 million; '85 was 11.25, and '86 we're budgeting 8.5

**Mr. Engel:** — Can you give me the numbers for '84 when it was 6.25 million, what the total pay-out was and the total pay-out when it was 11 million. Can you give me those two numbers?

**Hon. Mr. Devine:** — Mr. Chairman, we've got the numbers backward on the 1984-85. It wasn't 6.8, it was 8.6 million; and then 11.25 and then 8.5 forecasted. And the three pay-outs ending March 31<sup>st</sup>; in '84 it was 105 million; '85 was 260 million; and of March 31<sup>st</sup> of this year, '86, it was 375 million — 105, 260, and 375. And the other figures, I gave you.

**Mr. Engel:** — It cost a shade over 8.50 million to pay out 260,000, and for 11 million you paid out 375 million. Is that right?

The \$11.25 million made a pay-out of \$375 million and the \$8.5 million made a pay-out of 260 million. I take it those are the way the numbers match up because I believe that the payable was just over the 100 million the year before when it was a reasonably good crop.

Okay, now the other question that I raised some concerns, and I just touched on: how many form letters went out, or to how many contract holders did a form letter go out indicating that they would be paid on air reels? Can you tell me about how many farmers were involved that anticipated some money on air reels?

**Hon. Mr. Devine:** — There was a form letter that went out to the general public saying that we might consider —no commitment — might consider air reels, and there were two or three people who received a letter saying that we would look at their expenditures with respect to air reels, prior to us making the decision that we couldn't do it.

**Mr. Engel:** — Two or three? You're sure that that is the case? Then I've got all of them. Then the farmers sent them all to me because I'm sure that I've got three on file. And you mean that every one that got a letter stating that we are going to be paying you out, the first letter that came . . . We should have brought those copies along. I thought they were out by the hundreds. Are you telling

me that there's only two or three who got an approval letter saying, we're going to be paying you \$8 on X number of acres?

**Hon. Mr. Devine:** — Yes, that's right, Mr. Chairman. There were two or three that got a personal letter from me that said that we would examine their expenditures. The rest was a form letter that went out to farmers from all over that said that we are giving consideration to looking at paying expenditures on air reels, but no commitment, no applications, nothing. We're giving that serious consideration, but there's two or three that went out under my signature saying, we'll look at your expenditures in terms of making a payment. Subsequent to that, I made the final decision along with the crop insurance board, that we couldn't do it.

**Mr. Engel:** — The ones that I . . . I just checked with my colleague from Shaunavon and he got as many as I did. The ones we're talking about is the form letter that went out saying, I understand you used an air reel. The farmer somehow indicated to the crop insurance board that he did use an air reel on so many acres, and he got a signed form and put his declaration with a witness form that he sent back.

Those that thought they had a commitment . . . One of the farmers even took his to the credit union and got an advance on it, that felt that that looked to any banker or anybody seeing the letter, that looked like money in the bank because there was a commitment there that a payment was going to be made as soon as the official numbers are in. The form letter came along, they signed it, sent it back. I'm wondering how many were in that category. How many hundreds were involved in there?

(1215)

**Hon. Mr. Devine:** — Mr. Chairman, there was a form letter that went out and asked for the following information: hospitalization numbers . . . Well, one, did you use air reels; hospitalization numbers; and the acreage and so forth. And about 100 of those were sent out to people as they wrote in and said, I hear you're going to consider air reels. And we said, yes, we're going to consider it. So we wrote them back, sent them this form letter, asked for their hospitalization to get their place of residence; if they used the air reel; and how many acres they had — about 100 of those.

**Mr. Engel:** — I think the whole air reel deal turned out to be a bad excuse for a decision to try and play politics. I imagine you were pressured from some political friends — I could name them — that manufacture or distribute or sell air reels. And some of them may be even on the board — that promoted this idea that might sell more air reels.

I think farm management practices should be a reward, farm management practices that produce a better crop, and I think this is where personal coverage comes in. If the one wants to buy it that fertilizer and has some farm management practices, uses equipment that possibly can garner in the most possible wheat, that would be a reward in itself.

The farmers that have been raising it with me, and I

haven't discussed it with enough people that are your officials in your department personally to have a strong felling one way or the other. But just take a minute to discuss that 5-bushel option – and I'm not sure where you're standing this year or if that's in place again or not – but one suggestion that has come from a number of public meetings that I've been to is either the wheat pool committee meetings that I've attended, or SARM district meetings that I've been down OT, a number of them – including farmers from the ranching community where there's a lot of ranchers, or 50 per cent of them are cattle people involved – indicate that the 5-bushel coverage set an unfair precedent between somebody that baled his and somebody that didn't.

And I know that it was designed to salvage some feed. It possibly even helped maintain a hay price that was necessary and was good last year when we had the shortage of feed in our south country. But if you'd want to implement the 5-bushel coverage on a long-term basis and part of the corporation, I'd like to recommend that you take to your board and consider at the board level that the 5-bushel applies if a premium is paid out, and that a person who got 8 bushels an acre would have 3 bushels more coverage, and a person with 10 would have 5 bushels more, and so on, rather than somebody that got 5 bushels an acre got 100 per cent coverage and the guy with 6 bushels an acre got 1-bushel coverage paid out.

And that frustrated some farmers. One farmer told me that on 1,000 acres, the board . . . and I'd like to talk to officials on the board on that one particular claim. But a guy the other night was trying to tell me the story that on 1,000 acres he had about 190 bushels too much grain to stay under the 5-bushel, and that threw him over, and consequently it cost him so many thousands and thousands of dollars.

Now I don't know how that works because in my own case the land that was below 5 bushels an acre, you'd get full coverage, and that which was over, you didn't, and so it averaged out a little bit. And somehow they worked that aspect of it out, and I think it didn't quite work like that. But there are farmers out there that think that because they got 190 or 200 bushels that they didn't dump into a coulee, for some reason that threw them over the 5-bushel total and they didn't get that extra coverage.

I'd like you to explain how that's going to work this year because there was a lot of frustrated farmers over that one.

**Hon. Mr. Devine:** — Well, Mr. Chairman, a couple of observations with respect to both the changes which the hon. member said we have some problems with. One was the salvage one and one is the 5-bushel change, from 1.9 to 5.

On the salvage my officials here have estimated that Saskatchewan farmers saved and salvaged \$200 million worth of crop as a result of that one change we made in Assiniboia — \$200 million — which is pretty significant in terms of feed and/or grain or both and the combination.

By taking it from 1.9 up to 5, we had some problems with respect to the cut-off right at 5 itself. So what we're doing this year is a modification of that. We're having the cut-off

feathered, if you will, or staggered, from 1.9 up to 4.7. Anything below 1.9, none of it counts at all. Then it goes up in 20 per cent increments at about half a bushel a piece. So as you go from there up to 4.7 bushels, you'll get to 100 per cent. So it goes in 20 per cent increments. So the next half bushel, approximately, is 20 per cent, 40 per cent, 60 per cent, 80 per cent, and then 100 per cent. Anything over 4.7 is obviously going to count.

So rather than just — as you pointed out — rather than just have that 5-bushel — you're either over or you're in — we feather it up so people don't feel like if they are within 190 bushels, they're going to get one thing or another. They can watch it go up increments. From below 1.9, it doesn't matter, but there's still some incentive to make sure that we can watch it as it goes up to where it cuts off, and it's a little fairer, and it seems to be well received by farmers. So that's the way we are going to operate this one.

**Mr. Engel:** — That's much improved from last year, because the thing that . . . Farmers that were watching and had time to measure their grain and know exactly where they're at, the minute they were harvesting some marginal land and the minute they got to — on 1,000 acres — the minute they got close to 5,000 bushels, they baled the rest. They then got 100 per cent coverage and plus were able to sell their bales, and that made quite a difference in their income rather than just combing and taking the rest of the grain.

So they were arguing that if you were watching and controlled the amount of wheat you were taking home . . . Like one guy said, spreading it in a coulee was cheaper than taking it home because one you measured it, it threw that over, and on 1,000 acres at 5 bushels and \$4 a bushel, that makes \$20,000 difference, if you take it literally and not use the example I said, that half of that 1,000 acres is adjusted at 2 bushels an acre where you're going to get full coverage on that 400 acres and another 600 you measured. So by feathering it in, as you call it, might be one solution.

The other solution would have been to put that amount at the top and if you collect insurance, you get 5 bushels plus you subtract whatever wheat you had there, and that wouldn't penalize you. That wouldn't penalize you for gathering in a bushel of wheat.

And I think I've been taught, and my neighbours and most farmers out that way, that when it's short, I'd sooner have some wheat in my bin and collect a little extra insurance because I might need that for seed two and three years down the road. And they have it that way. So I think that that solves that.

I have a colleague that wants to ask some questions about some of his constituents, so I'll let him go to it.

**Mr. Tchorzewski:** — Thank you, Mr. Chairman. Mr. Premier and Minister of Agriculture, in your proposed move of the crop insurance headquarters to Melville, a large number of employees, who work in the crop insurance, have expressed a lot of concern about what's going to happen to those employees — and I understand there's about 75 per cent of them — who are not going to

be able to move. You will be aware of all the problems; some are married and the husbands are working, and some of those have been there for 17 years and more; therefore, they have provided a substantial amount of service.

Assurances have been provided in the House by yourself and by the minister in charge of the Public Service Commission that steps will be taken to assure that these employees who cannot move are looked after by finding alternative employment. Can you tell me what kind of assurances have been provided so that they can be assured that they will not be left stranded, as some of them still think that they will be?

**Hon. Mr. Devine:** — Mr. Chairman, I gave the individuals in crop insurance, the employees, my personal assurance, along with a person letter to each of them, saying that we would provide equivalent employment here, under all reasonable circumstances, in the city of Regina, if your spouse was working here or family or for any other legitimate reasons.

So I not only said it here and said it in public, I wrote them each a personal letter and said that we will do everything, and I will do everything personally, to make sure that they can find equivalent employment here in the city if it's difficult for them to move as a result of family problems, or children in school. Or whatever it may be.

**Mr. Tchorzewski:** — Mr. Minister, what steps have now been taken? Have some of the employees indicated that they will not be able to move? And how much success — and I'm sure you personally have not been involved — but how much success have your officials had? Or the Public Service Commission, how much success has it had in assuring placements for these people in equivalent positions, without loss of pay, and where they can carry over their benefits which they have accumulated, which means pension plan and other kinds of benefits, sick leave, and so on?

**Hon. Mr. Devine:** — The crop insurance employees are not directly under the Public Service Commission. And right now we're putting together the crop insurance people with the Public Service Commission people to look at all the opportunities and possibilities under the public service to make people . . . or allow them to slide into the Public Service Commission.

So that mechanism is now in place and we're into those negotiations. And when we have that package together, then we'll be able to have the mechanism to deal with the transfer from the crop insurance to those that want to stay in the public service but have to be under the Public Service Commission.

**Mr. Tchorzewski:** — So you're still negotiating, Mr. Minister. You cannot, I guess, give a firm assurance that everything will be in place at this point in time. Is that what you're saying, you're still negotiating? And if you are, what stage is the negotiation at?

And I'm asking this question quite sincerely, because anybody with a family out there who works for this agency or any other and is confronted all of a sudden out

of the blue saying, well you're going to have to move — and some of the earlier statements there seemed to be coming around were, you either move or you resign or you get fired — caused them to be concerned, and I'm sure that was never the intention of people involved, but that's the impression they got.

What stage are your negotiations at? How assured are you that you're going to succeed so that you can very soon indicate to these people that they need not worry?

(1230)

**Hon. Mr. Devine:** — Mr. Chairman, I'll make it very clear. I have no doubt at all that we will succeed because I've said that's what we're going to do. All the officials are doing . . . It's not negotiations, it's just finding the best mechanism that works. So it's not something that's negotiable. It's not negotiable. When I've sent them a personal letter and said that you will have equivalent employment here, that's the way it's going to be. So all we're working on is how we do that. So I don't want there to be any doubt for any employee. There's nothing up for negotiation with respect to — it may happen or it may not happen. I said it will happen and they will do it. It's just to get the best mechanism to make it work as smoothly as possible. There's no question of whether it will or won't. It will happen and I'll certainly be quite prepared to back up my letter.

**Mr. Tchorzewski:** — I'm glad to hear that, Mr. Premier. The reason I used negotiations is because in your earlier remarks you used the word "negotiation," so that I hope that that's clear.

I don't doubt your word, but I would like, if you don't mind — and it's nothing secret about it because you've mailed it out to everybody — if you would undertake to send me a copy of the letter which you've sent to the employees so that I may have it. Would you undertake to do that?

**Hon. Mr. Devine:** — Of course, Mr. Chairman.

**Mr. Lingenfelter:** — Mr. Minister, I would like to ask just one question on this issue that my friend and colleague from Regina North West was asking on another issue.

But, what is the cost of that move? Have you got a . . .

**An Hon. Member:** — East.

**Mr. Lingenfelter:** — Regina North East, sorry. Can you tell me how much that is going to cost on an annual basis?

**Hon. Mr. Devine:** — Well, Mr. Chairman, the only costs will be those associated with moving the individuals that go. And we have a pretty generous moving package, but I don't know how many are going yet, so I can't really say. After that, the costs could very well be less because of both the various kinds of market conditions that may exist in terms of housing and some other things in the community of Melville.

So the cost is of moving the individuals that are going to move; it is pretty generous. But I can't tell you because I

don't know how many are moving yet. But we'll certainly give you every package. It'll be public knowledge in terms of the moving package and what it is.

**Mr. Lingenfelter:** — The question of the grasshopper spraying on the road allowances, the program you announced last year — can you tell me how much . . . what the uptake was on that program and how much it cost to implement and carry out that program last year? As I understand it, it went over relatively well in some areas and in other areas not so well. But can you give me the global figure —and I don't want it by R.M. or anything — but the total amount of money that was spent on that program?

**Hon. Mr. Devine:** — That's in our Agriculture estimates. But I believe — and we can confirm it and certainly give it to you — \$3 million, give or take. And we've allocated 8.5 this year.

**Mr. Lingenfelter:** — I guess that's the point. It's a little confusing to farmers out there who are listening to the Alberta government announcing a program where they're going to pick up half of all the costs of grasshopper spray for all the province, and they are announcing a \$3 million program. And you're announcing you're going to pay for the roadsides, and it's going to cost 8 million. And somehow these numbers aren't very accurate because in Alberta there are a good number of acres that will have to be sprayed.

And what I'm trying to figure out is how a program to spray the roadsides could cost \$8 million, when in Alberta they're announcing half of all the chemicals for 3 million. And what are you basing that \$8 million cost on — how many R.M.s and . . . And here, I understand, it's under Agriculture that this would be asked, and I'm not doing this in a confrontational way, but I want to . . . I'm just curious about how that's working.

**Hon. Mr. Devine:** — Well, it wasn't 8.5, I was wrong. It was 7.2 for this year. There are several reasons that it's larger than Alberta's. One is that we've got a bigger area that is under grasshopper infestation. Two, we expect to have a big uptake, particularly south of No. 1 Highway, right across the province in terms of the R.M.s paying for it. The R.M.s just submit the bills, and when you get your bill and what they paid for it on all the road allowances, and if you do a complete R.M., it's a fair amount of money. So we've budgeted 7.2; most of it will be where the grasshoppers are, and certainly south of No. 1 Highway.

The Alberta grasshoppers are not as bad and they have allocated their budget, you know \$3 million, and I guess they'll have to see how that goes.

**Mr. Lingenfelter:** — The other final area that I just wanted to touch on and here it's associated, I guess, with crop insurance, because the impact of the outbreak could mean that we'll have to pay more in crop insurance. But can you give us a status report on the leaf and stem rust that we're hearing a lot about — the influx of rust that is coming up from the Gulf states and now seems to be more prevalent and widespread in the province than it has been for a number of years.

Can you give us a little report on what we're finding out there? Is it mostly in winter wheat where the varieties are not as resistant to rust, or is it in the spring wheat as well, and how many acres are we looking at being affected and to what degree?

**Hon. Mr. Devine:** — Mr. Chairman, the rust spore counts are up and are relatively high compared to more normal years, but we really don't have an estimate of any potential damage on any of the crops, and it's just a little bit too early, as I am advised by my officials, to know whether or not it's really going to do damage and if some crops might be more susceptible. It evidently is a little bit more prevalent in the south-east part of the province, at least the spore count is up higher, but we'll continue to monitor and watch it.

**Mr. Lingenfelter:** — As I understand it, mostly the east side of the province and, I suppose, particularly in the south-east where the heavy rains around Parkman and Willmar and in that area where the humidity will be much higher because that's conducive to rust growth — but on the issue of winter wheat, can you tell us whether or not the strains that we're now growing in the province — I suppose predominately North Star and other varieties — are they more susceptible to stem rust, which I think is the more serious type of rust, than some of our rust-resistant spring wheats that we now have developed here and are using?

**Hon. Mr. Devine:** — Yes, Mr. Chairman, the winter wheat is generally more susceptible to the rust, and there's really not much you can do about it. If you've planted the winter wheat and that variety, or winter wheat generally, you're going to have to put up with rust because, to date, there's nothing that you can do to really have an impact on it if it's not a rust-resistant variety.

Item 1 agreed to.

Item 2 agreed to.

Vote 46 agreed to.

#### **Consolidated Fund Loans, Advances and Investments Saskatchewan Crop Insurance Corporation Vote 161**

Item 1 — Statutory.

Vote 161 agreed to.

#### **Supplementary Estimates 1986 Consolidated Fund Budgetary Expenditure Saskatchewan Crop Insurance Corporation Ordinary Expenditure — Vote 46**

Item 1 agreed to.

Item 2 agreed to.

Vote 46 agreed to.

#### **Supplementary Estimates 1986 Consolidated Fund Loans, Advances and Investments**

**Saskatchewan Crop Insurance Corporation  
Vote 161**

Item 1 agreed to.

Vote 161 agreed to.

**Hon. Mr. Devine:** — Mr. Chairman, I would like to thank my officials and just point out that, as the hon. members have mentioned, that the crop insurance payments have been substantial, and people have had to work very hard to get them out, and I think the member from Assiniboia-Gravelbourg congratulated some of the crop insurance members. I think the whole province likely should say thank you to a very good staff that has worked hours and hours to get the payments out as quickly as possible, with tremendous increases, and under a lot of pressure. So I want to thank all the officials. Their productivity has been excellent, and we're proud of them.

**Mr. Engel:** — I'll echo that. It's the sentiment I said earlier in my remarks.

The committee reported progress.

**ROYAL ASSENT TO BILLS**

At 12:53 p.m. His Honour the Lieutenant Governor entered the Chamber, took his seat upon the throne, and gave Royal Assent to the following Bills:

Bill No. 41 – An Act respecting Stock Savings Plan Tax Credits

Bill No. 42 – An Act to amend The Income Tax Act (No. 2)

Bill No. 30 – An Act respecting a Livestock Facilities Tax Credit

Bill No. 39 – An Act to amend The Livestock Investment Tax Credit Act

Bill No. 61 – An Act for granting to Her Majesty certain sums of Money for the Public Service for the Fiscal Year Ending on March 31, 1987

His Honour then retired from the Chamber at 12:55 p.m.

The Assembly adjourned at 12:56 p.m.