

AFTERNOON SITTING

INTRODUCTION OF GUESTS

Mr. Weiman: — Thank you, Mr. Speaker. It gives me a great deal of pleasure, Mr. Speaker, to introduce to you, and through the House and the whole Assembly, another group of children from my constituency. Actually it's a rather large group, I think it's probably the biggest on record. I would have to check *Hansard* on that. There are 94 students. They take up the entire west gallery and part of the Speaker's gallery, Mr. Speaker. They are from Confederation Park School; they're grade 8 students, and they're accompanied by Mrs. Donna Hrytzak, Mr. Ford Mantyka, Mr. Rob Smith-Windsor, and Mr. Rick Wakeman.

I would like to indicate that I will be meeting with you for pictures and refreshment at 3 o'clock. And at that time I'm willing to take and entertain any questions you may have about the proceedings or anything to do with the operation of the legislature or the parliamentary system. I would ask the members of the House to please greet my students in the formal and normal fashion. Thank you, Mr. Speaker.

Hon. Members: Hear, hear!

Mr. Swenson: Thank you, Mr. Speaker. It's my pleasure this afternoon, Mr. Speaker, to introduce to you, and through you to the members of the Assembly, 21 grade 4 students from Pense Elementary School in my constituency. They are located in the Speaker's gallery. They're accompanied today by their teacher Debbie Quinlan, and their bus driver Bonnie Lax. I've had the pleasure of meeting with the students already, and tried to inform them of some of the things which they might see in the Chamber today. I hope that the proceedings are interesting to them and that they learn from their stay in the Assembly. I would ask all members to join me in welcoming them here today.

Hon. Members: Hear, hear!

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Dirks that Bill No. 66 — **An Act to amend The Urban Municipality Act, 1984 (No. 2)** be now read a second time.

Mr. Tchorzewski: — Mr. Speaker, I have spoken on this Bill briefly yesterday, and I have just some additional comments that I would like to add to my comments of yesterday with reference to Bill 66, an amendment to The Urban Municipality Act, which deals with the matter of the extension of evening store hours.

I think it's fair to say, Mr. Speaker, that over the past several months this government opposite has seen a problem emerge and they did nothing about it. And finally, Mr. Speaker, the government itself became part of that problem, and still they did nothing about it. Simply

put, the problem was this: the government was refusing to assist municipal councils to enforce local store hour by-laws. This Bill does nothing about that even now, the Bill that we are considering.

I think, as someone mentioned to me yesterday in a telephone call when they phoned to express their opinion about the legislation, never has a mountain laboured so much to produce such a mouse.

And so we had corporations openly defying the law, openly and brazenly defying the law of this province. A government that not only allows that sort of open defiance of the law is not only cynical, it is undermining the basic structure of our democratic society in which the laws should be obeyed by all.

Mr. Speaker, the main feature of the Bill now before us is the proposal to permit stores to remain open six nights a week. In essence, that is what this Bill is about. Municipalities have asked on numerous occasions for an additional day, and for days, to deal with special events such as the Farm Progress Show which is taking place here in Regina at the present time.

We can all acknowledge that there is a considerable support, especially in our cities, and especially from larger retail corporations, for some extensions of present shopping hours. And there is indeed some public support. But there are some problems — some very significant problems. And I submit, Mr. speaker, that this Devine government has failed to recognize these problems and has totally failed to resolve them or even attempt to resolve them. Let there be no mistake. They are very serious problems, and this Bill will not resolve them; it will make them worse.

First, Mr. Speaker, there is the problem of smaller rural communities and the problems that they will face. As everyone in Saskatchewan knows, over the years as automobiles have gotten larger and more comfortable, as our provincial highway system has become better and safer — except, of course, with the deterioration which we've seen in the last four years — consumers may drive further and further to shop. Gradually that has taken its toll on our smaller communities. And I know the members opposite groan because they don't like to have people talk about the state of the roads and the disrepair that they're in.

Mr. Speaker, this Bill before us today with its wide-open, six-nights-a-week shopping, which I submit will lead to seven nights a week and seven days, in spite of what the minister said, this will deal yet another blow to the health and vigour of small business in small communities across the province.

Secondly, Mr. Speaker, this Bill may be of great benefit to the larger chain stores and the larger corporations, the large national/international retail chains; but on the whole it will be a hardship for small family businesses, especially to the family businesses — a benefit to the large retail chains, but a hardship to Saskatchewan's small businesses.

If small-business people ever had any doubt that this government was favouring the larger chains and the larger corporations at the expense of the small-business community, there is no longer any doubt, Mr. Speaker. The backbone of Main Street, Saskatchewan, is what the small-business community is. Small business is the largest employer in this province. These are people who work 12 to 14 hours a day under the present legislation and the present arrangements, and the government opposite is saying to them they are now going to make it even more difficult for the small-business man and woman.

Let there be no doubt about this, Mr. Speaker. The Minister of Urban Affairs in this government has said to many small businesses in Saskatchewan that they are going to have to shut down. And times may have changed, and I will agree with the minister when he says that time have changed; but the importance of the small-business community, the importance of small-business operations to this province's economy, has not changed. We recognize that in our caucus. The government opposite has obviously chosen to ignore that.

Another very important fact, Mr. Speaker, of this Bill is that it is a serious threat to working people and working families. More night shopping does not, and cannot, increase the total volume of retail sales; it just means that the same number of dollars will be spread more thinly over more open hours. That means fewer full-time jobs, more part-time jobs, more split shifts, and more family disruption — in short, a great disservice, a great hardship on the working people and the working families who will have to pay the social cost of this. And I urge the minister, because of this concern, to consider those human and social costs on the families that will be affected.

While there are, of course, some in the labour force who prefer part-time work, and there always will be, most people want a full-time job. This Bill will simply accelerate a trend that this PC government has already established — more growth in part-time jobs than in full-time jobs. In fact, Statistics Canada reports that over the past four years, that is, between 1982 and 1985, the number of part-time jobs in Saskatchewan has increased three and a half times as fast as the number of full-time jobs — three and a half times. And this Bill will simply accelerate that regrettable trend, and it is working people and working families who pay the price.

And that impact needs to be understood, and it needs to be resolved. And so I therefore ask the minister, what studies has your government done on the adverse impacts of extended store hours on working people and working families? And I will ask you now that he table those studies in the Assembly, if not forthwith, when we get to the committee, and that at least in his concluding remarks in this debate today he answer that question.

I further ask the minister this: is he prepared to introduce today parallel legislation to accompany this Bill, parallel legislation which could effectively protect the interests of working people? I ask the minister to indicate that when he closes debate on this Bill, to introduce parallel legislation, Mr. Speaker, in the form of, let's say, to The Labour Standards Act, which would effectively protect

workers and their families.

Has the government even considered, for example, such things as improvements; such as limiting the proportion of part-time workers to full-time workers; requiring that a split-shift premium be paid to those in very disruptive split-shift schedules; shift differentials for those required to work odd shift work hours? Has the government considered measures to ensure that part-time workers get the same employment benefits, on a prorated basis, as full-time workers?

So I urge, Mr. Speaker, I urge the minister, not only to consider such measures, but to urge his cabinet to introduce them in the Assembly today as a parallel or comparison measures to the Bill before us. And I say today, because they've had many months to consider this matter. And I hope that this was not a last minute decision that was made, as has been the case with many other things that this government has introduced into this Assembly. To fail to do so will be yet one more indication of this government's callous disregard for working people and working families.

So in conclusion, Mr. Speaker, some extension of shopping hours as proposed in this Bill is clearly desired by many consumers. We don't object to that; we understand that. But neither has there been a demand, from people who will be affected, that there be a wide opening, as the minister is proposing.

I have asked today for the minister to table certain studies that hopefully the government has undertaken. I have asked him to consider the three areas of concern which I have outlined in the House. And I say that we favour extended hours because it is, in the opinion of most people, something that is necessary.

But this Bill proposes, as the Bill reads, six days of evening shopping — six days — before there has been any consultation with anyone. A very dramatic and a very drastic move, Mr. Speaker. What would have been wrong with going at this slowly. Add another day, plus a suitable number of days to look after special events, such as Agribition and so many days before Christmas and so on, and then, if at some future time there was a need shown to government, bring legislation in again and extend the time period further.

And so I want to serve notice, Mr. Speaker, so that the minister is aware, that in committee we will be proposing an amendment. And our amendment will be to provide an additional day of shopping. And we're not concerned about taking responsibility for that, as the government should not be concerned about taking responsibility for this issue. What they have done instead is shirk their responsibility and passed it on to municipalities because they don't want to deal with the political problem.

And so, although we support the principle of extended evening shopping, we think it should begin with a day extension as has been the request by most. We will introduce the amendment (inaudible interjection) . . . Well, the Minister of Urban Affairs says, never. If the government is not prepared to consider an amendment, then I can tell you, Mr. Speaker, that on third reading we

will feel that we will have to oppose the Bill.

(1415)

INTRODUCTION OF GUESTS

Mr. Rybchuk: — Thank you, Mr. Speaker. It's my pleasure to introduce to you, and through you to this Assembly, 30 grade 5 and 6 students from Thompson Elementary School that are situated in the good constituency of Regina Victoria. They're accompanied by their teacher, Morris Dolman, the principal, Mrs. Anthony, and Mrs. Moore. They are seated in the east gallery, and I will be looking forward to meeting with them at 2:30 for pictures and refreshments. I wish them an educational and a pleasant stay here in the legislature, and I ask all members to welcome them in their usual manner.

Hon. Members: Hear, hear!

ADJOURNED DEBATES

SECOND READINGS

Bill No. 66 (continued)

Hon. Mr. Dirks: — Mr. Speaker, I would like to make a few closing remarks on this very important piece of legislation before it goes to committee. I want to indicate, Mr. Speaker, that what we have seen from the NDP critic on this particular Bill is nothing different than what one would expect from the NDP, and that is that we want to regulate, we want to control, we want to determine the destiny of people's lives. Don't let people at the local level determine their own destiny. Don't let families determine their own destiny. Don't let small businesses determine their own destiny. We will control their destiny. That is what the NDP is all about. We have seen that time and time again in this session in this legislature, and we see it again today on second reading of this Bill.

I want to tell you, Mr. Speaker, that the mayor of Saskatoon opposes what the NDP just stand for. The mayor of Saskatoon has said, we like this Bill. We want the power to determine what store hours should be at Saskatoon. We want that in our hands; we don't want the NDP government. Mayor Wright from Saskatoon has said that we support this particular Bill.

The mayor from Moose Jaw says, we support this particular Bill. We want to see the authority for store hours to be devolved to the municipal level. That's exactly where it should be.

Now in addition to two of the mayors from the most important cities of the province, who else supports this piece of legislation? Well, Mr. Speaker, we find that the Saskatchewan Urban Municipalities Association ... And the president of the Saskatchewan Urban Municipalities Association has just said on the media — the president has said that this is exactly what should be happening. The authority to determine store hours should be given to the local level. I have discussed that personally

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Some Hon. Members: Hear, hear!

Hon. Mr. Dirks: — I have discussed that personally with the president of the Saskatchewan Urban Municipalities Association. And a number of years ago they, in fact, indeed had a resolution at their particular convention in that particular regard.

So we see various mayors. We see the president of the Saskatchewan Urban Municipalities Association, in addition, Mr. Speaker. We see the Saskatchewan Chamber of Commerce — the Saskatchewan Chamber of Commerce, which represents commercial activity around the province. The Saskatchewan Chamber of Commerce has said, we would like to see the authority for the determination of store hours at the local municipal council level — not in the hands of provincial government, which is where the NDP want it to be, but at the local level.

In addition, Mr. Speaker, we see the Saskatchewan Federation of Independent Business saying that the minister has walked the tightrope appropriately. He has said that Sunday will stay as it is, a common day of rest, at which time only convenience stores will be allowed to remain open, but that the remainder of the store hours issue should be decided at the local level. The Saskatchewan Federation of Independent Business says that, Mr. Speaker.

So what we have found, Mr. Speaker, is that the majority of organizations in the province concerned about this kind of issue are in favour of the initiatives undertaken in this Bill. I have said, Mr. Speaker, that this Bill strikes a fair balance between the interests and the concerns of consumers who want to see more opportunity for night shopping; working women who want to see more opportunity for night shopping; families win which both husband and wife are working and want to see more opportunities for night shopping.

It strikes a fair balance for municipalities who want the opportunity to say, we've going to leave it right where it is, one night of shopping, or we may extend it to two nights of shopping or perhaps more, but we want to be able to make that determination ourselves. And that seems to be a reasonable kind of thing to give to the municipalities.

Now, Mr. Speaker, the member opposite suggested that somehow this Bill is not going to help municipalities in their problems with the enforcement of by-laws. Well that, in fact, is not the case. We have substantially tightened up definitions; we have, in fact, substantially increased the fine sanctions that can be brought against violators of the by-law.

The member opposite has suggested that in fact this particular Bill is nothing but seven-nights-a-week, wide-open shopping. Well nothing could be further from the truth, Mr. Speaker. What we have seen are a large number of organizations who have said, we want municipalities to be able to make the choice whether or not they are going to have no nights, one night, two nights, or however many. That is their particular decision. We have seen the Regina city council saying that "we will very likely go to two nights a week" — not seven, two.

So the member opposite is entirely incorrect in his assessment of this particular Bill. This Bill is not about six nights of shopping. This Bill is about local municipalities being able to establish the shopping hours in response to the growing need of consumers and working women and working families, to provide more opportunity for shopping to enhance the convenience that people want to see in their lives. That's what this Bill is all about, Mr. Speaker.

Now it seems to me, Mr. Speaker, that the only people who oppose this Bill are the NDP and certain unions. Now I understand, Mr. Speaker, that the Retail Wholesale & Department Store Union is not in favour of this particular Bill. So, Mr. Speaker, once again we see the NDP aligning themselves with unions; aligning themselves against the Saskatchewan Federation of Independent Business; aligning themselves against SUMA; aligning themselves against the mayors of some of our important cities; aligning themselves against working women; aligning themselves against the large number of consumers in this province who want to see extended shopping hours.

Mr. Speaker, we want to move this province out of the Dark Ages, when it comes to shopping, and move it into the modern era where it should be. And if the NDP want to see it back in the Dark Ages, then that's fine. We will tell the people that that's where they want to see it. I don't, Mr. Speaker.

Under the NDP, Saskatchewan had among Canada's most restrictive pieces of store hours legislation. Times have changed. Economic and social conditions have changed. Today it is time to respond to the requests from municipalities; to respond to the requests from working women and working families; to say it's time to change, to modernize Saskatchewan's store hours legislation; and that's what this Bill will do, Mr. Speaker.

Some Hon. Members: Hear, hear!

Motion agreed to on the following recorded division.

Yeas — 33

Birkbeck	McLeod
Andrew	Schmidt
Folk	Myers
Dirks	Sandberg
Klein	Currie
Martens	Smith (Moose Jaw South)
Hodgins	Morin
McLaren	Johnson
Young	Weiman
Rybachuk	Caswell
Meagher	Glauser
Sauder	Swenson
Tchorzewski	Thompson
Engel	Lingenfelter
Koskie	Lusney
Shillington	Sveinson
Hampton	

Nays — 0

Bill read a second time and, by leave of the Assembly referred to a committee of the whole later this day.

COMMITTEE OF THE WHOLE

Bill No. 24 — An Act respecting the Licensing and Inspection of Amusement Rides

Mr. Chairman: — Would the minister please introduce his officials.

Hon. Mr. Schmidt: — Thank you, Mr. Chairman. I have with me the deputy of Labour, Phil Richards, the assistant deputy, Henry Kutarna, and Jane Sather, solicitor from the Department of Justice.

Clause 1

(1430)

Mr. Shillington: — I want to begin by congratulating the minister on his good luck — good luck because this legislation has been talked about for some time, needed for some time. It's your good fortune that the disaster occurred in Alberta and not Saskatchewan. It might have occurred in Saskatchewan, Mr. Minister . . . (inaudible interjection) . . . I'm not sure who has the floor, Mr. Chairman, whether it's me or the member from Regina South.

An Hon. Member: — North.

Mr. Shillington: — North, South . . . South, North. Mr. Minister, the legislation has been needed for some time. It's been talked about for some years, and it is disappointing that it took you this long to bring this legislation forward.

Mr. Minister, I want to express a note of caution about the branch of your department which I assume will enforce this. It's the same belaboured safety services division that we talked about the other night; the same division that has had its staff cut constantly; the same divisions that was badly rocked by the Polly Redhot incident. Mr. Minister, you're now adding an additional load to this staff, to this department whose staff was cut. Mr. Minister, I can see the look of scorn. I can see your lip curling down from here, but I say, Mr. Minister, that I do not see how fewer staff are going to do more work, particularly more than they have been apparently able to discharge with efficiency in the past.

So Mr. Minister, my comments are not with respect to the Bill. I find no particular problem with the Bill itself. I do criticize the government for its procrastination on this, as in all other subjects. And I do, Mr. Minister, criticize you, as I did in your estimates, for the reduction in staff in the safety services division. That division doesn't have a proud record of being overstaffed, and I think you are adding to their problems.

Hon. Mr. Schmidt: — Well, the province has been fortunate with respect to amusement ride safety in that I understand we had one fatality in 1977 in Cumberland

House and none since then. There were three reported injuries in 1981 at North Battleford. The province has been fortunate, and I hope that run of luck continues.

But with respect to the fund of these matters, the information I can gather is that in 1981 your government proposed this type of legislation, and as a B budget item your minister of Finance turned you down as there not being sufficient funds, or else there being other priorities.

So we have pushed this matter ahead, even in a time when the province's finances are strained. We've decided to go ahead with this, and our department will be starting inspections this summer.

Clause 1 agreed to.

Clauses 2 to 43 inclusive agreed to.

The committee agreed to report the Bill.

Bill No. 54 — An Act to amend The Horse Racing Regulation Act

Mr. Chairman: — Would the minister introduce his officials.

Hon. Mr. Morin: — I have with me Mr. Jack Drew, the deputy minister for Agriculture, and Neil Petreny, regulatory project co-ordinator for the livestock branch of Saskatchewan Agriculture.

Clause 1

Mr. Lingenfelter: — I have many questions of the minister, but I wonder if you could outline what the changes actually do? Could you just give me in a brief outline . . . I think it was indicated in second reading that it just changes from allowing betting in-province to including it for all of Canada, or is it for anywhere? That's basically the question I have.

Hon. Mr. Morin: — Mr. Chairman, all of Act does is allow for the taxation of betting — off-track betting — and it's already taking place within the province, and it equalizes that with live betting that's taking place so that there's not an advantage from the bettor's point of view, and so that we're getting some tax revenue that we're not now getting.

Mr. Lingenfelter: — And what does that amount to? How much money are you going to receive, and what will it do to the deficit of the province? The increase on taxing gambling, I guess, is what basically you're doing; trying to run the province off the avails of gambling and betting is what you see to be doing here. How much money will that bring in to the people?

Hon. Mr. Morin: — Well it's interesting, Mr. Chairman. He said we're living off the avails of gambling. It's too bad he didn't talk about prostitution; that's something that that party knows a lot about with their resolutions. We're . . .

Mr. Chairman: — Order, order. Order, order.

Hon. Mr. Morin: — He suggests that I identify the party and I'll certainly do that. We all know about their resolutions. We're looking at taking in roughly a half a million dollars as a result of this tax.

Mr. Lingenfelter: — Mr. Minister, I know that you will want to get into the fight after the great win you had last night in not knowing the conditions under which you hired your executive assistant, but I won't lower myself to get into a fight with you by getting political, because I just want to make the point that \$500,000 off of people who are already betting on horse-races — I think we wonder what kind of a province we're getting to be when the biggest growth industry in this province, as has been indicated in the press, is gambling. And that's the biggest growth industry — that and food banks.

Mr. Chairman, I don't know whether you can believe it or not, but food banks and gambling, the growth industries in this province under open-for-business and the free traders opposite, and I just think that it's a terrible situation that we're now into with a \$2 billion deficit, and this is the ultimate of it. We're now stooping to getting in a half million dollars from off of horse-racing.

And so here we are, we're in the depths of a depression with the Devine government, and we have to stoop to raising a few hundred thousand dollars from the horse-racing and gambling and that sort of thing, because we can't do it by taking our fair share of our resources. But I think that that's where we should be looking at it. However, if you feel this is necessary, so be it.

Hon. Mr. Morin: — Well, Mr. Chairman, it's interesting that the member would make those comments when the NDP party are funding their operations by running a lottery and by sponsoring bingos. You know, I mean, they're into lotteries and bingos, and they're against the taxation of horse-racing. I mean, this activity is taking place in the province whether we like it or not. I don't propose to condone this activity nor do I condemn it. I simply say it's taking place, and we have the choice of either taxing it or not taxing it. And from my position as the provincial Minister of Revenue, the tax collector for the province, I say we should tax it. If the members opposite are opposed to the taxation of this sort of activity, if they believe that this sort of activity should take place tax free and be allowed to run rampant with no controls, then they have the opportunity to stand up and put their case to the public.

Mr. Sveinsson: — I was just going to suggest that I find this an illicitly contrived little tax again. I'm not sure that people going to the horse track are going to know that the provincial government is taking a part of their . . .

An Hon. Member: — Dipping into their pockets.

Mr. Sveinsson: — into their pockets while they are at the wicket. I think that certainly the people that do attend these . . . (inaudible interjection) . . . The member from Kindersley suggests that I must have lost some money at the track.

I find horse-racing very entertaining, but I would suggest, find it a little bit less than attractive if I knew the provincial

government — the Tory government — again, had contrived an illicit little tax to pick my pocket at the horse-races. There's enough people out there picking your pocket that I think the provincial government could stay out of it.

I'll support this tax, but I think there should be possibly a sticker on the way into the horse track suggesting that a portion of each bet is going to the provincial government who certainly requires funding, there's no question. With the deficit this government has raised in the last four years, I suggest that I would be happy if they'd tax prostitution at the same time. I mean, let's face it, there's income out there, and I think you should check all sources, not just the horse track.

Hon. Mr. Morin: — I'm tempted to, I guess . . .

An Hon. Member: — Don't be tempted; be nice to them.

Hon. Mr. Morin: — I'll be nice. I won't consider that, no. I don't support the legalization of prostitution; as you suggested it's out there, and maybe we should tax it . . . (inaudible interjection) . . . No, no, I know. I'm not suggesting you support it. You say it's out there; we should tax it. I don't support it, period, so I don't support the taxation of it. I think we should do what we can to eradicate it.

But in terms of your comments, I want to make it clear to you and your colleague in the WCC (Western Canada Concept Party) that what we're doing here is equalizing the situation between separate pool wagering which is, for example, wagering on — I believe the name of the track in Winnipeg is Assiniboia Downs. If they are going to the race-track and betting on a race at Assiniboia Downs, they do not now pay tax. If they are going to a race — and I don't know what they call the name of the track; I think there's one here in Regina — and they go to watch a live race, they pay tax.

So what we're trying to do is equalize that so that they're paying tax on racing regardless of where the race is held. And in the past, what we've done . . . And that tax, I might add, has been in place for years and years and years on live racing.

(1445)

One, we're trying to equalize that situation. Secondly, what we have done in the past in order to help the horse-race industry, those people to be viable, is to provide a grant back to them of the tax collected, of \$4.5 million.

Clause 2 agreed to.

Clause 3 agreed to.

The committee agreed to report the Bill.

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

Mr. Chairman: — Will the minister introduce his officials?

Hon. Mr. Dirks: — I'm pleased to introduce Art Uhren from Social Services.

Clause 1

Mr. Tchorzewski: — Mr. Minister, as I indicated when we discussed this in second reading, we support the Bill, but I have some questions which I would like to get some answers for. First of all, what will be the total cost on an annual basis with the increases which are outlined for this year?

Hon. Mr. Dirks: — Well it depends when an increase would take place. Suppose it was January 1. It would be 1.4 million if it was January 1.

Mr. Tchorzewski: — Mr. Minister, how much would the cost be from April 1 to March 31st, fiscal year?

Hon. Mr. Dirks: — Well if we implemented it April 1 of next year and then it ran for one full year, it would be 4.358.

Mr. Tchorzewski: — Mr. Minister, \$4.358 million is what you would need in a full year, but obviously we are now in June. So unless you made it retroactive, which would not be a bad consideration, considering that these are people who obviously are in need of supplementing their income, but because you're not doing it for a full year, what would the cost be, Mr. Minister, if you implemented it on, let's say July 1st, and then finished off the fiscal year?

Hon. Mr. Dirks: — Well it would be three-quarters of 4.3 million; you're talking about nine months of the year.

Mr. Tchorzewski: — Do your officials have a number on that? That's what I asked for.

Hon. Mr. Dirks: — Approximately 3.2 million.

Mr. Tchorzewski: — Mr. Minister, that's \$3.2 million which you would need if you implemented on July 1st.

Can I ask you: where have you budgeted for this money in the present budget which we are considering? I must say that, having searched the *Estimates* from cover to cover, there is no indication of where the money is provided. We have here a Bill — which is a good Bill — but no money to pay for the cost of it. In fact, under the Saskatchewan income plan subvote, there is a reduction in money this year over last year. So my question is: where have you budgeted the \$3.2 million which you're going to need to pay these benefits to senior citizens?

Hon. Mr. Dirks: — Well it depends when one decides to go ahead and implement it. If that determination is made to do so this year, then obviously it's going to come from the provincial coffers. And the Minister of Finance, I believe, in his estimates indicated that \$5 million had been set aside for the Saskatchewan pension plan package. This is considered to be part of the overall pension plan package for the people of Saskatchewan. And whether or not all of that \$5 million would be used up on the Saskatchewan pension plan this year, part of it might be used for this; that's quite possible.

Mr. Tchorzewski: — Very unusual, Mr. Minister. Why, since there is a provision in your department for Saskatchewan income plan benefits, a subvote for which this legislature votes money . . . If you knew that you were going to introduce this Bill when you were putting your budget together, why wouldn't you have put money into the normal subvote instead of putting it somewhere . . . This is probably the first time in the history of this province where you have not put money that's designated for a program in the subvote under which the program is being paid.

Now can you explain why you would have not put the specific amount that you would need — and then if you were short, you could obviously have had a supplement — why wouldn't you have put it into the Saskatchewan income plan if you had decided prior to the budget that you were going to have this increase?

Hon. Mr. Dirks: — Well the member misses the point.

An Hon. Member: — No, he doesn't.

Hon. Mr. Dirks: — Oh yes, he does. He misses the point. In fact he hasn't even talked about the point of the Bill at all in committee.

The point of this Bill is to put into a separate statute the Saskatchewan income plan, which previously only operated under regulations. And any government if it so chose, simply by regulation could have done away with the Saskatchewan income plan. We believe this is a very important piece of income security for senior citizens; consequently, we believe that it should be enfolded into the legislation of this province so that it becomes a permanent fixture of the income for senior citizens.

Previously it wasn't. Your government, if it chose to, could have done away with it by regulation. There was no Bill for SIP. It was under the regulations under the Saskatchewan assistance plan. So that in fact what we are doing is, we're saying this should be a permanent plan; that's why this particular Bill is here today.

In terms of the funding of the Saskatchewan income plan: the determination as to how the benefits would be provided to senior citizens, as it relates to the new Saskatchewan pension plan or any other configuration of benefits that would be alongside that particular plan, was made, and the determination was to go with this particular kind of a package. We could have gone with a different package where all of the benefits would have come under the Saskatchewan pension plan. That's quite possible. But we in fact decided to go with this particular kind of a configuration because we thought it was more appropriate.

Mr. Tchorzewski: — Mr. Minister, you know, and so does the public know, that you're just playing with words in the same way as you've been playing with the lives of senior citizens, and that's disgraceful. Whether it was a separate Bill, or not before is irrelevant; it's totally irrelevant. This Bill does what you say it does — there's no arguing about that. But the fact is that payments were made under the Saskatchewan income plan out of a

subvote. We're talking about the subvotes from which you will pay for what you are saying this law will require. There was a subvote in your Department of Social Services under the Saskatchewan income plan. In that subvote is where the government will ask this legislature to allocate some money to pay. You did not ask this Legislative Assembly in your estimates for a specific amount to pay for what you are legislating — only for part of it. But the additional benefits you did not ask for, Mr. Minister, which leads only to one conclusion: that you had no intention of having this legislation.

I'm glad you finally had this afterthought. Maybe we should keep delaying this election for a long period of time, because there may be a lot of afterthoughts on the part of this government that may result in a few good things. You had no intention of having this Bill in. You brought it in later because you knew you were in political trouble. I'm glad you brought it in; and I'm sure that the senior citizens who are listening, and who will know when they get their cheques, are happy that you brought it in.

An Hon. Member: — Why didn't you bring it in?

Mr. Tchorzewski: — We did; we brought the program in. Who do you think introduced this program, Mr. Minister? This program was introduced before 1982. All you're doing is increasing the amounts. And I will say, Mr. Minister, that before we introduced the program there was no Saskatchewan income plan at all. It's one of the few things that you haven't destroyed, and I'm sure that we will be grateful for that.

But, Mr. Minister, the fact is this: you did not provide money for this, and you will have to have a special warrant throughout the year to pay for it. And that's fine; that can be done. But don't try to deceive people in your usual way, and don't try to deceive the senior citizens. You're going to be \$3.2 million short if you start it in July.

But nobody knows when you're going to start it. So I think, in order to really deal fairly with this legislation, you ought to report to this committee and to the public: when do you propose to implement this program? The increases — will they start in July or August or September or October? I suspect they will at least begin before October, but do you have a timetable for the initiation of these increases?

Hon. Mr. Dirks: — Mr. Chairman, a determination for the start-up date has not been made yet. But I want to indicate to the members of the Assembly exactly what the position of the NDP was with regards to the Saskatchewan income plan. Previously the Saskatchewan income plan was not under a separate piece of legislation. So any government by regulation could have done away with it and the senior citizens would not have had an opportunity to have that matter debated in the legislature. That's the first point.

The second and most important point, though, since the member wants to talk about money: under the NDP the Saskatchewan income plan was increased once in seven years by \$5, for the benefit of the member from Shaunavon. You were so concerned about senior citizens, you increased the benefits once by \$5 in seven

years. Now that was during that period of time when revenues were flowing into government coffers from wherever, and you decided to take that money and spend it on uranium mine, potash mines, land bank for the government land. You had absolutely no interest of attempting to assist senior citizens substantially.

So what you had was a seven-year period of time where you increased it once by \$5. When the Progressive Conservative government came to power, it increased it from 25 to \$50. Now we are talking about putting a Bill in place which will make sure that this plan is a permanent fixture of the income security systems for seniors, and we have also decided to double the benefits again over the next four years. So you did not have a permanent fixture for senior citizens in legislation, and you had a paltry increase of \$5 in seven years. And when you compare that to the record of this government, I think you'd have to agree that certainly we have attacked the problem of low income for senior citizens far more so than you did.

Mr. Tchorzewski: — Well, Mr. Minister, you're not a very good one to argue what you've done for senior citizens because you have done very little. I want to tell you, Mr. Minister, what you've done. You've done here the introducing of a Bill, but you've provided no money to pay for the cost of the Bill, which tells you only one thing, that you introduced this Bill late in the session, you had no intention of doing it, and now you're introducing it because you know you've got to shore up your political support. And that's fine, except I wish you would stop doing this on the backs of people out there who should not deserve to have that done by any government.

Under the New Democratic Party government, Mr. Minister, we introduced the SAIL (Saskatchewan Aids to Independent Living) program. We introduced this program, where seniors were getting nothing, and it was introduced under an NDP government, and all you're doing is making some increases — fine.

Here's what you did to those senior citizens to whom you're going to provide some increase. You have taken away twice as much as what you're going to give them, and you've done that consistently. Nursing home rates in 1982, Mr. Minister, were \$390 a month, and the member for Moosomin will agree ... (inaudible interjection) ...

I ask the member for Moosomin what the nursing home rates are now? They are almost \$500 a month. In fact, in some cases they're over \$500 a month now.

Now the minister says ... Mr. Chairman, will you call the members of the government to order. I'm having trouble being heard ... listen to the member for Moosomin.

(1500)

Mr. Chairman: — Order, please. Order, please! Let's have order so we can get through the business of the day as expeditiously as possible.

Mr. Tchorzewski: — Mr. Chairman, now the minister will be able to hear what I say.

Mr. Minister, you say that four and a half years ... you

say that during a previous government, this was not in legislation. Well I say to you, for the last four and a half years this was not in legislation. Where were you? Why was your playing politics not important then, but is only important four and a half years later. We're not going to argue about the legislation. I don't think we are arguing about that — you are not, and I am not. I simply want to make the point because — and here is another reason why I want to make the point. The Minister of Finance, when he responded in his estimates, Mr. Minister, said the total cost of this program will be \$2.5 million. You are saying it's going to be \$4.35 million. Now that's a 200 per cent increase. Now is the Minister of Finance misleading this House, or are you misleading the House?

Now will you tell us: is the Minister of Finance's figure correct, and he should know — he puts the money in the budget — or is your figure correct? I think that's important to know.

Hon. Mr. Dirks: — Well if you introduce the program half-way through the year, it's going to cost you half of the money. If you introduce it for a full year, which is the question you asked me initially, then naturally it's going to cost you the full sum of money for the year. You know, half of one is half. And I would think that you would understand that. I'm surprised that you would ask that kind of a question.

But when it comes to programs for seniors — and you talked about assisting seniors — and this is an example of a program, the Saskatchewan income plan that assists seniors. You talk about the seniors' heritage grant, which we implemented, which substantially increase benefits for low income seniors.

We have the SIP (Saskatchewan income plan) program. You brought it in in 1975 and started it off at \$20 a month, and then you increased it once, 1978, up to \$25 a month. And then you didn't touch it again. So in seven years you took it from 20 to \$25 — a \$5 increase.

Well we took it from 25 to \$50 a month. Doubled it from 25 to 50. Now we're going to double it again, from 50 to 100, over a four-year period of time. So then when you compare your seven-year record of increasing it \$5 a month, to our proposed seven-year record of increasing it \$75 a month, I'm sure the seniors would rather have the \$75 increase under a Progressive Conservative government than a \$5 increase under an NDP government.

Mr. Tchorzewski: — I will answer it this way. The problem is that with this increase the minister opposite talks about is that this government is going to tax it away with the flat tax.

An Hon. Member: — Oh, come on.

Mr. Tchorzewski: — Well, you know it. There is no age exemption allowed under the flat tax. And this government, as I said, has taken twice as much away as it has given. And that is the difference.

Mr. Minister ...

Mr. Chairman: — Order, please. Order, please. Could we have some order, please.

Mr. Tchorzewski: — Thank you, Mr. Minister. Glad you called the government members to order. No one can hear what's going on in here. They only one that's quiet over there is the member from Maple Creek. I'm glad to see that.

Mr. Minister, will people between the ages of 60 and 65 get any benefit under this program?

Hon. Mr. Dirks: — The member suggests that . . . He's admitted now that we are substantially increasing benefits to seniors in comparison to what the NDP did. They increased it \$5; we're going to increase it \$75.

And then he says: but you're going to tax it back from them. Well these are low-income people that don't pay tax. They don't pay tax. The majority of people who are eligible for the Saskatchewan income plan, they don't even file an income tax return; how can they pay tax?

Now, Mr. Chairman, I think that my comments have laid to rest the arguments of the member opposite, that somehow this government is not doing substantially more for low-income seniors than an NDP government did.

As it relates to the 60 to 65 age category, the program today is the same as it was when you were in power, in terms of eligibility. People over 65 are eligible for it — those are senior citizens — in the same way that they are eligible for old age security, guaranteed income supplement coming from the federal government;; they are eligible for the SIP (Saskatchewan income plan) coming from the provincial government. So the criteria have not changed in that regard.

Mr. Tchorzewski: — Mr. Minister, are you saying that all people who qualified for the heritage grant are not going to pay any tax?

Hon. Mr. Dirks: — We're talking about the SIP . . . This is a Bill entitled the Saskatchewan income plan. If you want to talk about the heritage grant, I'd love to talk about the heritage grant. But if you want to talk about the heritage grant, I'm sure the chairman wouldn't want us to because that's not on the Bill. But the heritage grant under the Progressive Conservative government substantially increased benefits from seniors compared to the old property improvement grant under your government. We're not talking about that, though; we're talking about the increased benefits under the Saskatchewan income plan.

Mr. Tchorzewski: — I agree we shouldn't talk about the heritage grant, but it's the minister who raised it, if you will remember, Mr. Chairman — who raised it in his remarks earlier. And I simply, when I referred to taxation, was referring to those benefits, including the heritage grant, which the minister opposite talked about. And he will not admit in this House that in fact that heritage grant is going to be taxed under the flat tax because there is no age exemption, as will other kind of benefits that seniors get who are in a tax category.

But, Mr. Minister, I guess we've — and this is my last question on this Bill — but we have established one thing: your government is still not prepared to do anything to help those people between the ages of 60 and 65 who find themselves in dire straits. Many of them are ill or handicapped or are widowed, and therefore they do not have adequate income. But neither the government's pension plan, which is a way to get money so that the government can help to pay for its deficit, or this Bill, is going to help the people between the ages of 60 and 65.

The only help that those people will get is under the program of a New Democratic Party in which we say we will provide an adequate income for that category of people who find themselves in need, so that they don't have to go on welfare. This Bill doesn't do that, and neither does any other program or legislation you have in your government will do that.

Mr. Chairman, I have no further questions. The thing that concerns me still, and has, is that we have a Bill here; there is no money in the budget for it. That is unfortunate. I'm sure the government will come forward with supplementary estimates. But I say a government that manages well will know the kind of money it will need, and it should not have to go through this kind of a process. We are, in conclusion, as I said earlier, supporting the Bill itself.

Hon. Mr. Dirks: — Well I'm pleased to hear that the members opposite are going to support this very significant Bill which will help senior citizens: which will make a permanent fixture of their income security, the Saskatchewan income plan; which will see benefits increase under this administration from \$25 a month to \$100 a month — a substantial, substantial increase over what the former administration was offering to low income seniors.

Clause 1 agreed to.

Clauses 2 to 12 inclusive agreed to.

The committee agreed to report the Bill.

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

Mr. Chairman: — Would the minister please introduce his officials.

Hon. Mr. McLeod: — I'd be pleased to, Mr. Chairman. On my right is Garnet Wells, president of the Crown Management Board; behind Mr. Wells is Larry Kyle, legal counsel from the firm of Balfour Moss Milliken Laschuk & Kyle; and directly behind me, Mr. Chairman, is Ian Ellis, director of special projects for the Crown Management Board.

Clause 1

Mr. Thompson: — Thank you, Mr. Chairman. I have a number of questions to ask, Mr. Minister.

Our leader last Friday spoke on seconding reading and brought out a good number of concerns that we had. And of course I have expressed my concerns on the fact that the type of money was used for the expansion and, as you indicate, for the creation of jobs in the forest industry in Saskatchewan.

I'm just wondering, Mr. Minister, first of all, if you would comment as to . . . Do you not feel that you could have accomplished the same amount, or the same amount of jobs that are going to be created, by leaving everything the way it was in the hands of the Saskatchewan government as far as the chemical plant is concerned and the Big River sawmill and as far as PAPCO is concerned? Could we have not accomplished the same amount of jobs, had everything been left as it was and no sale taking place?

Hon. Mr. McLeod: — Well, Mr. Chairman, just a few comments with regards to the question.

First of all, Mr. Chairman, what the member is suggesting, if I understand him properly, what he's suggesting, and what the NDP would do in this circumstance with the Prince Albert Pulp Company, the mill that is there at present a mill which in the market-place in this day and age will not make it without integration — and what we've talked about . . . Your leader, in fact, has agreed that that's what will make a pulp-mill go in these days, is integration with the manufacture of paper.

I think in this province one of the things we've looked for for an awful long time in any industry, and certainly in the forest industry, but through agriculture and everything else, is to get to the stage where you can manufacture finished products from our resources here in our own province. What the development of a paper-mill provides is just that.

Now if we were to say, as the member for Athabasca suggests, he says: why would the provincial government not try to accomplish this integration themselves. And what I would ask the member is . . . Then you're suggesting that the \$250 million which it costs to build a paper-mill should be put up by the taxpayers of Saskatchewan, if that's what I understand you to say — \$250 million put up by the taxpayers. We reject such a notion. I believe, from the comments of your leader the other day, that he rejects such a notion, but I'm not sure of that.

(1515)

What we have there, Mr. Chairman, is the following: we have an investment of \$187 million of provincial money now in the present pulp-mill installation at Prince Albert — \$187 million investment — which investment has been losing money over a period of years. And so what you would suggest is that this is a bad deal.

I would say to you, I believe everyone in the province will see the benefits of this in terms of the jobs created. Those jobs will only be created in that industry through the integration of sawmills into pulp-mills and into the manufacture of paper. That integration is extremely important.

Then the other factor here which should not be lost on you, and I know it's not, anyone who comes from our area of the province — our area, I'm speaking here of those of us from the northern part of the province — that this is not lost on us in terms of the use of aspen and the integration of the use of aspen with softwood in the processing, whether it be in pulp or ultimately into paper.

So I reject your suggestion, the premise that you started from, and would say to you that when you can have a major investor come into the province, such as the Weyerhaeuser company is, to create those jobs — and not only create new jobs in a new enterprise, but to maintain the viability of jobs which are now in place at the pulp-mill — I think it's a good deal for Saskatchewan and certainly a good deal for the northern part of Saskatchewan and an excellent deal for the forest industry here.

Mr. Thompson: — Just one short question before I get into it. Do you feel that Weyerhaeuser was the firm that could handle this best?

Hon. Mr. McLeod: — Mr. Chairman, there were several companies who had expressed an interest. No other company was interested in the integration of aspen, or the use of aspen. So the type of paper that they wanted to make made use of the aspen resource which we have, and I want to emphasize that one more time.

And the other thing about the Weyerhaeuser Company, Weyerhaeuser Canada and just Weyerhaeuser Corporation on a world-wide basis, is that they're recognized in the forest industry — and no one will deny this — they're recognized in the forest industry everywhere for their forest management; for their silviculture; for their management practices; and there's no question as well that that augurs very, very well for the management of our forests here in the northern part of the province, and it's obviously a heritage that we to take very seriously.

In government, it doesn't matter who the government is, it's just something that you . . . it's a responsibility that we have, and when you're looking at this, you must take it seriously. We in this government have taken that seriously, and we feel very, very good about the fact that we were able to come to terms with a company such as Weyerhaeuser Canada.

Mr. Thompson: — Mr. Minister, could you indicate how much money Weyerhaeuser put up for this deal?

Hon. Mr. McLeod: — We put up two-thirds of the cost of the paper-mill which is estimated to be a \$250 million project.

Mr. Thompson: — I guess I have to . . . you didn't understand the question right. Of the \$248 million that Weyerhaeuser has paid for the Prince Albert Pulp Company, the Big River sawmill, and the bush operations, plus a chemical plant in Saskatoon, of the \$248 million, how much a price tag . . . how much money did Weyerhaeuser put out?

Hon. Mr. McLeod: — Well the answer in the \$248 million is that there's no cash up front. Okay? But I made that point in second reading as well, and I just remind the member of this. I remind the member that the other companies, and the ones that I referred to earlier in this debate — the other companies who had approached us about the possibility of integrating this pulp-mill with the paper operation — would not agree in any way, shape, or form, with an integration of the two in the sense that, in the finance . . . and in other words they said . . . (inaudible interjection) . . . No. In answer to the member over there, I do want to understand the questions, and I will make every attempt to answer them.

What they wanted to do is isolate the pulp-mill, the present installation, isolate that out and talk about that in terms of today's market value of pulp-mills. And if you look anywhere in the industry, you'll find that the market value of pulp-mills, given today's prices in the projections of prices of pulp, could almost be a negative value.

Mr. Thompson: — Well I find that quite interesting, Mr. Minister. You just got up here a few minutes ago and you said that if we were to create new jobs in the forest industry, and if we were to have an expansion of the Prince Albert pulp-mill, and if we were to integrate the paper-mill with the pulp-mill, that the taxpayers would have to put up certain sums of money. And you said that the taxpayers of this province wouldn't stand for that.

But yet you stand up here and you indicate that Weyerhaeuser has taken over all the assets for \$248 million and hasn't put up one red cent. And you sell it to Weyerhaeuser Ltd., and you indicate that Weyerhaeuser is a company that has all the expertise and is the kind of company that you want to come in and pay them to take over our resources.

I want to quote what Weyerhaeuser is doing right now in the United States. They have 7,500 of their employees who are on strike right now in the United States. And why are the 7,500 on strike? They're on strike because Weyerhaeuser Canada wants to drop their wages \$4 an hour. They want to drop the wages \$4 an hour on the 7,500 employees that they have in the United States that are on strike right now. That's the kind of corporate citizen that you have paid \$248 million of the taxpayers' money to come into this province and take over our assets.

I also want to say that this is, and I'm quoting what Weyerhaeuser is saying:

Weyerhaeuser has said the wage cuts are needed if it is to remain competitive in an unstable market.

That's what Weyerhaeuser is saying. And that's why they've got 7,500 of their workers on strike, and they're trying to lower their wages by \$4 an hour because we're in an unstable market in the forest industry.

Now you want to give this corporation \$248 million. You want to give them all our assets. And then you say, well, but that's not all of it. They're going to put an expansion onto the present pulp-mill, and they are going to build a new paper-mill.

And the Government of Saskatchewan, over and above the \$248 million you've already give them, you're going to sign another promissory note for \$83 million . . . (inaudible interjection) . . . Now that's not true. The member from Prince Albert said that's not true. I'm going to sit down and ask the minister: is that not true that the Saskatchewan government is going to sign a promissory note for \$83 million for the expansion of the paper-mill and the renovations that are going to take place to the present mill?

Also, Weyerhaeuser Canada is going to sign a note for another \$83 million, and there's going to be another \$83 million that is going to be guaranteed by Weyerhaeuser Canada. And do you know where they're going to get their money from for the expansion and the renovations of the present pulp-mill and the expansion of the paper-mill? They're going to get the \$83 million from the promissory note that the government is signing. They're going to borrow on the assets that we have paid them to take. So really they put up absolutely no money, and they take all our assets.

I think this is one of the worst displays that I have ever seen in this province, where we have assets with no details, that this provincial government is putting up all the money, and Weyerhaeuser is putting up not one red cent, not for the assets nor for the expansions. They're not putting up one red cent. It's all coming from the taxpayers of this province.

And I say, Mr. Chairman, that's why this government has got this province so far in debt because they're guaranteeing all these loans to Weyerhaeuser and the Peter Pocklington. And as long as they keep guaranteeing this money, this money will continually go in debt. The province is just so far in debt today, you've actually borrowed more money against the province of Saskatchewan than the province's assets are worth.

Not only that, you tell Weyerhaeuser Canada: we will sign the \$248 million note; you take our assets, our pulp-mill, our Big River sawmill, our chemical plant in Saskatoon, and all the rights to the forest, and you pay us back if you make any profits. Now that is what the deal is — you pay back the money if you make profits. If you don't make any profits — and I'm sure there isn't very few members over there that don't realize that — the member from Battleford is shaking his head; he understands that — if you don't make profits, you don't pay one cent back.

What has taken place, Mr. Chairman, is the citizens of Saskatchewan have lost five major assets, and we have paid an outside-the-province firm to take over the bush from PAPCO, the bush from Big River, the Big River sawmill, the Prince Albert paper-mill, and the chemical plant in Saskatoon, and we have paid them to take it. We have paid them to take it, and we have said to this firm: if you make a profit, then you pay us back; but if you don't make a profit . . .

And when we go back and we take a look at what the Weyerhaeuser corporation is saying, one just has to think: now, are they going to make a profit? Because Weyerhaeuser themselves said, he said, the wage cuts are

needed if it is to remain competitive in an unstable market. So he admits, Weyerhaeuser admits, that we are dealing in an unstable market, but yet you pay him to take over our assets and pay us back in profits.

If Weyerhaeuser is going to come in here and treat his employees the same way as the employees are treated down in the States, and they're going to be cut back \$4 an hour, just imagine what the workers in Big River, and the chemical plant in Saskatoon, and the bush operators and everything that are supplying the logs and the pulp for Prince Albert are saying. They're worried. And they phoned up, and I talked to an individual in P.A., not more than an hour ago, who is very concerned because this is a bad deal for this province.

And I say to you, Mr. Minister, you've made a deal where Weyerhaeuser has not put up one red cent. And I also say that the expansion, if it goes ahead, not one cent of theirs will be used, either. And you can comment . . . The member from Prince Albert says that the provincial government is not going to guarantee \$83 million for the expansion and the renovations. And I ask you, Mr. Minister: is that true?

Hon. Mr. McLeod: — Well you asked me several things, hon. member, and I'll just try to respond to some of them. You say that Weyerhaeuser has committed nothing for the assets of this pulp-mill. What I say to you is that what is committed, and what is extremely important to the operation of that pulp-mill, is the continued viability of the pulp-mill, and that continued viability is a lot closer to being assured by the integration with the paper-mill. There's no question about that, and anybody in the industry will admit that.

You talk about the other thing that they've committed, is to spend millions of dollars on the construction of a paper-mill which we have not had in this province before. We do not have a paper-mill. For you to stand and say we've give this, and a paper-mill — there is no paper-mill in Saskatchewan. And without a deal such as this, there is no likelihood of a paper-mill in Saskatchewan. So we will have the added installation of a paper-mill.

The curious point in the remarks of the hon. member, when he gets up and talks about the financial deal, is that it's in stark contrast to exactly what was said by his leader the other day. It is in absolute contrast.

The questions are fine if you're dealing with a principle. What your leader says, Mr. Chairman . . .

(1530)

Mr. Chairman: — Order! Could we get some order in the House here.

Hon. Mr. McLeod: — What the Leader of the Opposition said, in *Hansard* on page 2037 . . . I quote the Leader of the Opposition now to the hon. member:

Mr. Speaker, I have no objection, and my colleagues have no objection . . .

Presumably I would think when he said "my colleagues," he's referring to the band of seven, or eight.

. . . I have no objection, and my colleagues have no objection to the financing of industrial projects this way; we have no objection in principle. The method whereby the Government of Saskatchewan has either provided money by way of mortgage, or guaranteed money which others provided by way of mortgage for major industrial projects in this province, is now well established.

That's what he said, and yet in your questioning you suggest that that's not the proper way to go. And what I'm trying to figure out is, what is the position of the NDP opposition? What is the position? So that's what I . . . (inaudible) . . .

An Hon. Member: — You'll find out in a minute.

Hon. Mr. McLeod: — Well, we'll find out in a minute, says the member from Shaunavon. That's good. And once again I quote the Leader of the Opposition:

I want to state that I have no objection in principle to the guaranteeing of the money for the construction of a paper-mill adjacent to the pulp-mill at Prince Albert.

And we went into some debate in second reading about the integration and the positive aspects of integration of sawmill with pulp-mill, and with paper-mill, which integrates the total forest industry and which can be nothing but positive for that area of the province and for the province in general.

Mr. Thompson: — Thank you, Mr. Chairman. My question, Mr. Minister, is: is the provincial government signing a promissory note for \$83 million for the expansion and the building of the new paper-mill?

Hon. Mr. McLeod: — A loan guarantee, Mr. Chairman.

Mr. Thompson: — Can you explain what the difference of that is? That's not a guarantee the same as the promissory note that was signed for the 248 million. The member from Prince Albert thinks that it's different.

Hon. Mr. McLeod: — No, the difference is, Mr. Chairman, if it's a promissory note it means that whoever is . . . like if we signed a promissory note it would mean that we would pay it. And what a guarantee is, that we're guaranteeing the debt of someone else, and if it isn't paid at that stage, it will be paid. But we have every belief that it will be paid and that the province will not be at risk. But certainly the loan guarantee is there and, as your leader has said, that he doesn't object to that method of operation.

Mr. Thompson: — Well, Mr. Minister, either way, it is a guarantee to pay the \$83 million if it's not paid, if it's a default. If the \$248 million would be the same thing, you would either take back the assets, but then you will get down to that later.

But I want to quote here also, that if you want to start

quoting from what our leader has indicated on Friday, he says:

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.

So I say to you, Mr. Minister, you are breaking new ground, and you are committing this province to a tremendous amount of money to give away our assets. And now I wonder, Mr. Minister, could you indicate how much money is going to be spent on renovations on the Prince Albert pulp-mill this summer?

Hon. Mr. McLeod: — Mr. Chairman, just to clarify the other point — the \$83 million. What that guarantee will be tied to — it will be tied to the asset of a paper-mill which will be worth about \$250 million, of which two-thirds will be equity from the company. Now that asset will be there and constructed on site adjacent to the pulp-mill. It's tied to that asset; the asset is theirs like a mortgage on your house, so to speak. Now you tell me how you would suggest that somebody will pick up the paper-mill and move it. They won't take it somewhere. The asset is there and it's tied to that, so it's very well secured. That's the point that I want to make.

You suggest that we're breaking some new ground because you won't find a deal like this anywhere else. Well I'll agree with you 100 per cent owned by the government. If you want to talk about breaking new ground, you boys broke brand-new ground when you exercised your right of first refusal to buy PAPCO (Prince Albert Pulp Company) when another company was negotiating to buy it. And you broke new ground when you took those assets over totally by the Government of Saskatchewan with little debate — in fact with no debate and with no information to anyone. So you did that — no consultation — you did it; you took it over. And we can get into that debate at another time, and there was some stated reason at that time about FMLAs (forestry management licensing agreement), and I'd like to get into that as well.

So new ground was broken when it was taken over by a government, and certainly new ground will be broken when you're attempting to integrate that facility and dispose of it from a government-owned asset to a privately owned asset. We have to break new ground because we're the only government owning such a facility.

Mr. Thompson: — Could you tell me how much money is going to be spent this summer on renovations?

Hon. Mr. McLeod: — The amount, I'm informed, is about \$25 million or thereabouts in the renovations to the wood room and some other things which will help for the integration to take place for the new paper-mill.

Mr. Thompson: — Okay. And when will the start on the new paper-mill commence? Could you give us the date of that?

Hon. Mr. McLeod: — Well the process . . . The company

is committed, as would anybody, to going through an environmental impact study and so on — that will be under way. And it's anticipated that construction will begin this fall.

Mr. Thompson: — Are you indicating that there has to be an environmental impact study taken and presented to the Department of the Environment before any construction can proceed on that new paper-mill?

Hon. Mr. McLeod: — No, what I'm saying is that the normal process according to the environment Act, and I'm not sure of exactly what those requirements are, but that will get under way and I know that technical discussions have been under way for some time.

Mr. Thompson: — I wonder, Mr. Minister, if you could give us . . . What the government is doing is signing a note for \$248 million to start off with; could you give us the interest rate on that note?

Hon. Mr. McLeod: — Well, we're not signing a note first of all, but it's an income debenture and the interest rate, as I said in seconding reading, will be 8.2 per cent, to which I might add, Mr. chairman, for the member's benefit, when I indicated that in second reading, your leader nodded his head in the affirmative — thought it was an excellent rate.

Mr. Thompson: — Mr. Minister, under the terms of the agreement there's 20 years for the pay-back. Could you indicate if there is any clause in there that no portion of the assets that they're purchasing can be sold to any other group in that 20-year period?

Hon. Mr. McLeod: — I'm informed that there would be no possibility of a negative exposure for the government, even if they were to sell some asset, which we don't anticipate happening.

Mr. Thompson: — Well you don't anticipate, and I'm suggesting that if they do sell, that the agreement would continue on with the new group, and you agree with that. But there is no agreement, or nothing within the agreement, that states that they could not sell off the chemical plant in Saskatoon, or nothing says that they could not sell off the Big River sawmill. Is that correct?

Hon. Mr. McLeod: — I suppose in theory that would be true. I mean there would be nothing in the agreement that says you can't sell this or that, but as I've said, if anything was sold, it would not put . . . the way in which the agreement is structured, or would be structured, is that there'll be no negative for the government and the government's position.

Mr. Thompson: — Well I think, Mr. Minister, when you take a look at what Weyerhaeuser is doing in the United States and the statements that Weyerhaeuser is making, that it's an unstable market that we're in right now, and if Weyerhaeuser decided — and the chemical plant in Saskatoon, I might add, is a money-maker; the chemical plant is making money — and if they decided that they wanted to go ahead this year with the expansion of the pulp-mill or the paper-mill, and they wanted to sell of the chemical plant — and let me tell you, their profit and loss

would look fairly good to them this fall, or in the years to come, because they would not be making any profits — and if they were to sell off the Big River mill to somebody who didn't know how to operate a mill — maybe the agreement still goes there — but they run that mill into the ground, and what happens to the town of Big River and what happens to all the individuals who are working?

What has been created through the sale, or this proposed sale, is a lot of uneasiness with the employees that are working in the chemical plant in Saskatoon, and the employees in Prince Albert and Big River, and the bush operators who had billions of dollars invested in bush operations. Everything can change because we see what Weyerhaeuser has said, we see what Weyerhaeuser has done, and we see what you have given Weyerhaeuser.

And I might say that the climate in the forest industry . . . I also might add that I think it's a dark, dark day in the forest industry in Saskatchewan when the government of the day would pay a corporation the type of money that they have paid to take over virtually of the forest assets that we have in this province, and I say that that is a bad deal.

And there should be something in there that says that they cannot sell, because if that chemical plant is sold, and that Big River mill is sold, or not, or if the Big River mill is moved . . . Mr. Minister, I would like to know if that Big River mill can be moved, and is there any clause in the agreement that says that the Big River mill cannot be moved from the Bodmin site?

Hon. Mr. McLeod: — Well, Mr. Chairman, let's just go back a little bit, and I know the member knows it well, the Big River being a home area for him. The reason that the Big River, the Bodmin sawmill, which is a very . . . at the present time and operating in its present structure, as was suggested by your leader and was agreed to by myself — and I'm sure you agree as well — was a marginal operation as it operated as a stand-alone sawmill. There's no question about that.

What this transaction will provide, will increase the viability of the Bodmin sawmill in the following way.

The area near Bodmin, the forested area near Bodmin, has a preponderance of aspen. Because it has a preponderance of aspen, and aspen moving into the pulp-mill and eventually into the production of paper, we then have the opportunity for a two-way haul which makes that haul viable; a two-way haul, which means saw logs from the core area, which is something that has been tried in the industry for a long time and which has not been accomplished, in the sense that we're using saw logs from the core area in the sawmill and using aspen . . . or having another haul coming back towards the pulp-mill. And what you have . . . That makes it viable, or at least a lot more viable than what's there now.

(1545)

So what I say to the member is, that's what has been . . . that was what the attraction of that area for the government, and certainly it's one of those cases where it's a win-win situation. It's an excellent situation for the integration, as I've said before, of the total operation of

forest to sawmill to pulp-mill to paper-mill. And it's an excellent thing for the Government of Saskatchewan in the management of the forest, which has to be the concern of all of us as legislators.

Mr. Thompson: — Is there any clause in the agreement that states that the Big River sawmill cannot be moved?

Hon. Mr. McLeod: — You know, I don't know what you mean. I mean, I don't think they'd . . . No, there's not a clause that says you can't move them, but I think it's not the kind of a thing that one would say . . . An operation like the Bodmin sawmill, as my colleague from Prince Albert says, he doesn't think there'll be skids big enough in the area for it.

Mr. Thompson: — I think that's the type of approach that we're dealing with. That's the type of mentality that we're dealing with here. You know, the member from Prince Albert sits there and laughs, and he says he doesn't think that there's skids big enough to move the Big River sawmill. Well let me tell you, that Big River sawmill was put together, and it can be taken apart and put together again in Prince Albert, and we don't have to talk about skids.

And when we talk about a two-way haul, you know, I know what we're talking about here. And I think the mentality that I've seen here today, where you . . . And as I said, it's a black, black day in the forest industry in this province. And I'll tell you it's going to prove . . . You watch out in the next six months to the two years, and you'll see that I'm right.

And I tell you that that Big River sawmill can be moved as easy as any elevator can be moved down the highway, which you see moved. And a lot easier, because they would just take it apart and rebuild it.

You talk about two-way hauls, and I don't want to get into these silly arguments, but two-way hauls, the Big River . . . I don't know where you get the two-way haul with the Big River sawmill because the trucks were either bringing in aspen or bringing in spruce. They unload the spruce at Big River, and if they've got aspen, they go all the way to Prince Albert. So I don't know where you get this two-way haul stuff. It doesn't make any sense.

But let me tell you, it can be moved. And I say, is there a clause? And if there's no clause in there, there should be a clause that says that the Big River sawmill cannot be moved.

Hon. Mr. McLeod: — No. Mr. Chairman, you know, I say the thing about skids in a facetious way, and that's fair. But what I would say to the member is this, and you didn't understand what I meant when I talked about the viability of a haul going both ways, and I'm talking about the core area which is north of Prince Albert; so we'll say, for sake of argument, the Prince Albert region, and the Big River region as it relates to the Bodmin sawmill.

And what I was talking about in increasing viability is the following. Aspen, which grows in preponderance in the Big River region, which it now goes to waste and which is now not used in the forest industry, and I know you'll

admit that. That aspen will be going to Prince Albert to the pulp-mill. Okay?

An Hon. Member: —It's poplar.

Hon. Mr. McLeod: — Poplar. It will be going to Prince Albert to the pulp-mill. This is where the two-way haul comes in. Saw logs. Spruce logs which are saw-log size can now come from the Prince Albert area back because the trucks will not be going either way empty. That makes it a viable operation.

And what I'm saying to you is that makes economic sense. You can fill a truck both ways. It makes sense to anyone, and it makes sense to people who understand the forest industry. I submit to you. You say that this deal will be a black day in Saskatchewan — I heard that quote before. That quote was widely used across the northern forested area and in Prince Albert, I'll tell you.

And I would just say one more thing, Mr. Chairman, as it relates to the member's concerns — and they're valid concerns, you know, when a member raises concerns as it relates to workers, and it relates to people working at jobs available. But what I'd say to you and where you're wrong is this: Weyerhaeuser Company representatives have been meeting with the people of Big River, with the employees at Bodmin, with the employees at Prince Albert. And I would say to you, Mr. Member from Athabasca, and to you, Chairman, and the committee, that the people in the industry, who work in the industry and who understand the industry and understand the reputation of Weyerhaeuser, which I'll get into in a minute — the reputation of Weyerhaeuser in this industry — are pleased with the transaction. They are pleased with the transaction, and I'll stand on that anywhere.

Now I hear you say that it's a black day when this sort of a transaction takes place. You and I will agree to disagree on that. I will say to you that it's an absolutely great day for Saskatchewan when this transaction is closed — a great day for forestry, a great day for the production of paper, and for the integration of an industry that should have been integrated a good long time ago, an industry which you people had some control over, more so than any government ever should have had, for a long time, and did nothing toward the integration of that industry — nothing. Zero.

And I would say to you that in a four-year term this government has been able to accomplish something which your people and Mr. Messer, who was once the minister of forestry and so on in this province, used to state; Mr. Cowley, who was formerly the minister at the time of take-over of PAPCO by the government; that time when I talked about, with little consultation, he stated at the time that the reason was for the rationalization of forest management lease arrangements. There was nothing done toward that end by your government.

There has been a significant amount done in this one term of office by this government. And I would say to you, and I know that people in the industry appreciate that very much — many of them have been only impatient that it's taken this long to do, but I don't apologize for that either because it takes some time to get it done. But you had a

good 11 years to do it; you did not do it. We have had four years to do it; we have done it, and I would say that it's good, and it's far from being a black day for Saskatchewan.

Some Hon. Members: Hear, hear!

Mr. Lingenfelter: — Mr. Minister, I want to basically start back a little ways. My colleague from Athabasca has done a good job of bringing us up to the point of where he is expressing concern for some of the cutters and contractors in that area.

I want to start out by asking you if you could give me — and this may be repetitious, but I want to start out and develop a line of thought here — but can you tell me what we're selling in this process to Weyerhaeuser? What are the basic components of the sale, and what is the value of each one, and what is the location?

Hon. Mr. McLeod: — Okay, the assets are the following: the PAPCO assets that were purchased by the government back in whatever year it was were the pulp-mill at Prince Albert, the chemical plant at Saskatoon, and the sawmill at Meadow Lake. That was the assets at that time. The assets which are now being sold to Weyerhaeuser are the pulp-mill at Prince Albert, the chemical plant at Saskatoon, and the Bodmin sawmill, which up until . . . well until the closing of this deal is an asset of the Saskatchewan Forest Products Corporation, another corporation of this government.

At the time of sale, the assets of Prince Albert pulp — which were a pulp-mill, a chemical plant, and a sawmill — were purchased by the provincial government of Saskatchewan, your government, for \$187 million. And we are selling these assets to Weyerhaeuser for \$248 million, ongoing viability, and the commitment to spend \$250 million in the building of a paper-mill which is, as I said, significant for the province.

Mr. Lingenfelter: — I wonder if the minister would just confirm this: we're then selling to Weyerhaeuser a pulp-mill at P.A., a chemical plant, I believe, at Saskatoon, and the Bodmin mill at Big River. I wonder, can you now break down the value of each of those facilities? And also, is there not a good deal of forest rights or cutting rights that go with this; and if there are, can you give me the number of acres or hectares that would be involved in that?

Hon. Mr. McLeod: — Well the sale was made on a package of the three things and the integration which, as I've said, is important. And the sale was made on those bases, upon which the value was placed. So it's really hard to break down and say, well this is what Bodmin, this is what the chemical plant, and so on.

In terms of the amount of forest area and so on, the forest area that will be part of the forest management lease arrangement with the Weyerhaeuser Company will be a smaller area; the core area will be a smaller area than what was in PAPCO before. The area which goes to this company that once was in the, what we'll call the Bodmin supply area, is now smaller. The Bodmin supply area is now smaller than it was. I don't have the acres or hectares

or whatever, I don't think, but I'll try to get that, and I'll send it over you.

Those questions, Mr. Chairman, I think were addressed — I wouldn't want to be held to this — but I believe they were discussed in the forestry amendments with my colleague, the Minister of Parks and Resources, during his Bill.

Mr. Lingenfelter: — I want to get the forest rights acreage or the number of hectares, depending on what form you're using there, but you must know what you sold because obviously they have value.

You say you didn't break them down — the pulp-mill, the chemical plant, the sawmill at Big River and the forest rights. That seems a little strange that when you're selling a major operation that you wouldn't have it broken down. I mean, even a used car salesman, when they sell an automobile, would break down the cost of the operation. And if you're buying a new automobile you would have . . . We're talking about a \$20,000 piece of equipment is broken down into the different areas.

What I would want to know, and I find it hard to believe that you haven't got that broken down, but the appraisal that was done before the sale, can you give me the name of the company or companies that did the appraisal of each of these facilities and what their appraisal for each of the items — the pulp-mill, the chemical plant, the sawmill and the forest rights — what was the appraisal and who did the appraisal for you.

Hon. Mr. McLeod: — The land just in terms of the number of hectares, if I understand your question right, is as follows. It breaks out into two different areas: one is called the core area, which we'll call the core area relating to Prince Albert. I know the member from Athabasca has seen those maps and knows how that works — 1,722,495 hectares, and that's what's called productive land.

And in the reserve area number 1 — both of these reserve areas, one is to the north and west and adjacent to the core area; and one is to the north and east and adjacent to the core area, if I recall the map properly. Reserve area number 1 is 408,392 hectares productive land; and reserve area number 2 is 397,656 hectares of productive land. So in reserve, the total of those two reserve areas, 806,048 hectares of productive land, and add that to the core area, 1,722,495 hectares of productive land.

(1600)

Mr. Lingenfelter: — I want to get back to my original question of what the appraisal was on each of the items because you conveniently left that out, but you say this is a reduction in area from what it was before. What was the area in the original agreement when it was originally sold? You say it has been decreased. Tell me where the decrease occurred? Was it in the core area or was it in the reserve area 1 to the north-west or the reserve area 2 to the north-east? Which areas were reduced and by how much?

Hon. Mr. McLeod: — I can give you . . . I need the forestry

officials here to give us that, but I will give you this. There's been a reduction in the two reserve areas that I refer to here, that I referred to in my last answer — a slight reduction as I understand it. And there's also been a reduction in what is at present the Bodmin supply area, and that reduction is on the north-west of the Bodmin supply area in the Sled Lake-Dore Lake area, which the member from Athabasca is familiar with, that area.

That is reduced off of what will be the Weyerhaeuser area, and the reason for that is because it goes back to that back-haul that I talked about with the member from Athabasca a few moments ago. With the soft wood available to Bodmin sawmill coming from Prince Albert, coming from the core area, in other words saw logs coming from the East to Bodmin, which did not happen before. It was the necessity for that much softwood in that area, and we were able to reduce that area. And that area will be dedicated to moving to the West rather than to the East.

Mr. Lingenfelter: — Well I want to get one thing straight here. You said the forest rights originally included a core area of 1.7 million and two reserve areas for a total of 806,000 hectares. And now you're talking about an area around the Big River mill. Now there's another area that you didn't give me . . . Well can you give me the number of hectares that would have gone with the Big River mill, because that one I don't have.

Hon. Mr. McLeod: — I don't have that, Mr. Chairman, and as I say, that's a forestry . . .

An Hon. Member: — Yes, but it's part of the sale.

Hon. Mr. McLeod: — No, I understand that. You know, I'm not trying to be confrontational. What I'll give you is . . . I will get you the information on that. What I was giving you in general terms is that the Bodmin supply area has been reduced by . . . and I'm not sure. I don't want to put out a number because I'm not sure of the numbers. I have heard it before in negotiations and so on. I will get that for you and provide it to the member from Shaunavon.

So it's how much it's been reduced, and what Bodmin supply area has been — at present under Sask Forest Products.

Mr. Lingenfelter: — The one other side issue on the Bodmin area is it's been reduced. That Sled Lake area, as I understand it, has been left out of the deal. Where is that now? Who's got the cutting rights on that area that you've left out of the deal?

Hon. Mr. McLeod: — That area . . . The mills that are in that area, one of them is a small mill which is at Green Lake. So what I'm saying is that wood can now be dedicated to moving west rather than east. And there's the mill at Green Lake and there's a sawmill at Meadow Lake which is at present under PAPCO (Prince Albert Pulp Company) and which will be still operated by the Crown Management Board because it's not part of this deal. So there's a stud-mill at Meadow Lake and this wood that's in that present area can now be moved to the west rather than to the east.

Mr. Lingenfelter: — I want to get to the issue of who has the area, the cutting rights on that area that's been left out of this deal. Who has the cutting rights on that area?

Hon. Mr. McLeod: — What I'm telling you is that there's no . . . The forest management agreements have not been signed. What I'm saying is that when the . . . It's like a domino effect. When the Weyerhaeuser deal is signed with a limiting of that area, there will be an area which up until now has always been dedicated to Bodmin which will not now be dedicated to the Bodmin sawmill, and which will be open for the signing of an FMLA (forestry management licensing agreement) with, I would suggest to you, Sask Forest Products who has jurisdiction over the Green Lake mill, and with Meadow Lake Sawmill Limited which will have jurisdiction over the Meadow Lake sawmill.

Mr. Lingenfelter: — So then the idea is that the area, that Sled Lake area or the area that's not included in the forest management with Weyerhaeuser, will then be up for cutting rights to be given to another existing plant or sawmill, and that could be Meadow Lake or the other one you mentioned.

I want to get back to the issue of the appraisal, which is the main issue of debate here. I want to know the company that did the appraisal on the pulp-mill, on the chemical plant, on the Bodmin-Big River sawmill, and the forest rights, because we're talking about almost 3 million hectares of cutting rights. And they certainly have value as lease land or any other property that you may be able to lease.

What I want to ask you is: who did the appraisal on these four main areas, and what did that appraisal indicate in terms of value that you should be getting or these four main properties?

Hon. Mr. McLeod: — Mr. Chairman, there's several ways in which an appraisal could have been done on a situation like this — several ways in which it could have been done. First of all, it could have been done on the basis of cash-flow from the pulp-mill, which would mean that the pulp-mill would have a zero value. It could have been done then on the basis of projected income, which would in this market, in today's market and the market over the past several years, would have put it at a negative value. Or it could have been done in terms of going to the market-place.

And we did it by going to the market-place, and we negotiated with . . . We have made no secret of the fact that the pulp-mill, which you people decided to buy, would be for sale — made no secret of that. And we said that the . . . and by going to the market-place we said, here it is and let's talk about the best deal for the people of Saskatchewan. And we had approximately 10 companies express some interest, none of them as serious or with any kind of a . . . Oh I shouldn't say, as serious; I'm sure all of them were serious to a varying degree, but certainly none of them with an offer that we have from the Weyerhaeuser Company here.

Mr. Lingenfelter: — I want to get one point clear, because it isn't at this point. You say that it could have been done

in, I believe, three different ways: cash flow, projected income, and the market-place. What I'm asking you and your officials: isn't it normal that all three would — when you're selling an asset of what might be worth 250 or \$500 million — that all three would be applied? That you would do an appraisal, one; that you would check the cash flow projections; and that you would use the market. Wouldn't it be the normal private sector theory of selling a major asset that you would use all three?

I want to ask you again, are you telling the committee that no appraisal was done on these assets that we're talking about selling for a quarter of a billion dollars that may have been worth half a billion? God knows what they might have been worth. Are you saying that . . . (inaudible interjection) . . . And the officials can smile about it, but I'll tell you that if you're saying to this committee that no appraisal was done on a major asset of the public of Saskatchewan — no appraisal was done — and you people talk about open for business and good management and business-like management, I'll tell you there are many people in the province who will doubt whether or not you can carry on. Because I'll tell you this is a major issue.

And if you watch other forest arrangements, whether it's in Manitoba under the Duff Roblin government, one that still isn't settled because of the give-aways that occurred at that point in time, or whether it's Ross Thatcher and the Parsons and Whittemore deal that occurred, I'll tell you you're not going to get off that lightly of coming to this committee and saying, we didn't do an appraisal — that we didn't do an appraisal. Because that is unbelievable.

I want you to confirm to the committee and to the people of the province that you're telling us that no appraisal was done before the sale occurred.

Hon. Mr. McLeod: — Well let's get to what the issue is here. First of all, Mr. Chairman, an appraisal would be done on the basis of what the market is out there. I mean, no mills have been selling, as I said. No pulp-mills have sold for quite some time. An appraisal would be done by any appraising company, but on the basis of what have mills sold for and what does today's market-place talk about.

I'll say to you as I said to your leader and to the member from Athabasca before, the attraction for Weyerhaeuser coming here, and the fact that we're even able to get a paper-mill, and the fact that we're even able to make this sale at all — it relates to the forest mix of Saskatchewan and the use of aspen. That's the only thing, because of the technology available; that comes and that's what it is.

So I would say to you that the market-place out there . . . We went to the market-place and the market-place dictates what the price is. And I'll say to you that we made the deal that you cannot dispute in any kind of conscience. How can you possibly dispute this in conscience when you . . . (inaudible) . . .

You tell me about Manitoba. I'll tell you that the demand for Manitoba forest products, or whatever, their paper-mill that makes . . . I just read a thing here in the paper the other day that something in the order of \$31

million lost last year. Now you tell me what the appraisal would be . . . (inaudible interjections) . . . You tell me what the appraisal on that mill would be to try to lose it now. You tell me the appraisal on that mill and who would want to buy it. Who would buy it?

Mr. Chairman: — Order, order, order. Order, please. Order. Order.

Hon. Mr. McLeod: — What I'm telling you is that you birds over there bought the pulp-mill. You bought this pulp-mill. You exercised your right of first refusal on one premise, and that was a reasonably stated premise by your former minister, Mr. Cowley, who said that, we will rationalize the forest management lease arrangements and then sell this mill, get it out of the hands of government. That was a reasonable suggestion. But the only thing that did not happen was that there was no effort made for rationalization of the forest management lease arrangements — none whatever — and no evidence of any attempts at that when we took over government, no evidence of any attempts to rationalize the forest management lease arrangements. You were carrying on with exactly the same ridiculous ad hoc system of forest management that you had done before, and that's where it was very, very wrong.

That's where we have changed it. And this deal, as I've said to you before, this deal . . . And I should point out, it's not only this deal with Weyerhaeuser; but other companies who operate in the forest, including small operators, are very pleased to see the way this is coming down and to see the way in which forest management will be conducted, not only by this corporation, but by other companies under the guide-lines set forward by this government and the Minister of Parks and Resources.

Mr. Lingenfelter: — Well, Mr. Minister, I want you to know that your example of Duff Roblin's mismanagement of the forest in Manitoba is exactly what is happening here today — exactly what's happening here today.

Now you use the argument that the pulp-mills aren't making money, that pulp-mills aren't making money, and that there are no sales. These are the two arguments you use for not doing an appraisal and basically give it away.

(1615)

Well I'll tell you, what would farmers do, for example in my area, when the farm today isn't making money and there have been no land sales? Does that mean the land isn't worth anything? Of course not. It's worth 10 times what it was in 1971, even though there's no money being made on the farm and there's been no land sales. It's still appraised at 10 times what it was in 1971.

And what I want to tell you, Mr. Minister, is that if you did not do an appraisal of these major assets — the pulp-mill, the chemical plant, the Big River mill, and the forest rights of about 3 million hectares of cutting rights — then there's something wrong with the way you people operate. There's something wrong with the way you operate, because I want to tell you that an appraisal is a normal

business standard in making a sale.

So you did no appraisal. We don't accept that; we don't think it's good business practice not to do appraisals. But what I want to ask you is, what down payment — you're selling a major asset, 250 million — what cash, what new money did this company bring into the province of Saskatchewan? What was the down payment of cash that they brought in and injected into the economy of the province that wasn't either borrowed from the government or set up by the provincial taxpayers?

Hon. Mr. McLeod: — Well let's go back a little bit, Mr. Chairman. When the former government bought the Prince Albert Pulp Company, when they bought it, the only appraisal they had was that they were exercising a right of first refusal, and they paid according to what was offered by Canfor, a private company. Canfor was offering to buy from Prince Albert Pulp Company, which was owned at that time by Parsons & Whittemore, and they offered a price. Your government did no appraisal. What you did was, you went in and paid according to what the market-place dictated at that day — and that's what it did, and that's what it dictated.

And Parsons & Whittemore and Canfor had a deal. And your government could not stand to see anything go into private hands when there was an opportunity for government to own it. And you went in and said, government has to own this thing, and no appraisal was done. So don't tell me about appraisal. And I'll still stand by . . . And I didn't argue at the time as a member of opposition about appraisal. What I say to you today is the appraisal on that is dictated by what the market and what price it will bring in the market-place. I'll say to you that it's lost \$44 million over the past several years in the pulp prices.

One other point that should be made, Mr. Chairman, at the time that that government, that party over there — former government — purchased Prince Albert Pulp from Parsons and Whittemore after Canfor had made an offer, they purchased that when the projections which they had access to for pulp markets and so on were on a downward trend. Those projections were going downward, and they still made that purchase with taxpayers' dollars in this province. And what we're saying to you is, we are building on the forest base and not putting taxpayers' dollars at risk as they did.

Mr. Lingenfelter: — Well the question to the minister was: how much new money did Weyerhaeuser bring into the province that was neither guaranteed by the province or put up by the province? How many new dollars did they bring in?

Hon. Mr. McLeod: — \$166.8 million.

Mr. Lingenfelter: — What will that money be used for?

Hon. Mr. McLeod: — It will be used to build a paper-mill, an installation which would never be in this province without this kind of an integrated deal. So a paper-mill construction in this province, I will impress upon the member from Shaunavon, is extremely important to the northern part of this province, extremely important to the

forest industry, and extremely important to jobs and development in this province.

Mr. Lingenfelter: — We're talking about a pulp-mill, a chemical plant, a sawmill at Big River and the forest rights. That's what we're talking about that's there. There is no paper-mill there, Mr. Minister. You haven't even done the environmental impact study.

What we're talking about is the sale of four major items: the pulp-mill, the chemical plant, the sawmill and the forest rights. How many new dollars did they bring in when they purchased those existing facilities? How many dollars did they bring with them in their cheque-book or in a suitcase or in their pocket? How many dollars did they bring to buy to buy that? Did they bring any money?

Hon. Mr. McLeod: — Well, first of all there'll be . . . there's no deal close in the absence of the environmental impact study going through the process, as legislation will dictate. So no deal with close with that. Okay? That's number one. I didn't get the other section of your question, I'm sorry.

Mr. Lingenfelter: — I asked you how many dollars of new money did they bring in to buy the existing facilities? How many new dollars of American money, or how many dollars did they bring to the province that wasn't either guaranteed by the province or put up by the provincial government?

Hon. Mr. McLeod: — Well as I said to you before, it's an integrated thing. There is no paper-mill in this province without the existence of a pulp-mill, and there is no viable pulp-mill in this province without a paper-mill integrated to it, as I've said to you before. There's no viability of a pulp-mill.

There is no deal closed without the agreement to build a paper-mill. The paper-mill will be built or the deal won't be closed. I mean, that's the agreement in the deal, to build a paper-mill. So it will be built, and it will be integrated with the pulp-mill, and there will be renovations to the pulp-mill which will provide for that integration to take place, which I've talked about in some detail before — about the renovations of the wood room and so on.

So \$166.8 million, I believe it was — money committed by this company to invest in this province, for jobs in this province and for the further development of forest industry here.

Mr. Lingenfelter: — Well obviously there was no down payment put by the company, Weyerhaeuser, when they came in and picked up a pulp-mill and a chemical plant and a sawmill and the forest rights on 3 million hectares. Not 1 cent; not 1 red cent did this company bring with them, not one. Not 1 cent was brought, and they now own it. They now have it, and they didn't bring any money.

Now in terms of the loan or the debentures, as you call it — but a loan that we put up for them — how is the repayment schedule? You had mentioned 8.5 per cent on \$250 million, and if you work out the going rate of

interest, maybe 11 per cent — 11.5 per cent. Let's say 3 per cent that they're saving by having that written down; 3 per cent on \$250 million is a saving of \$7.5 million every year. That's how much they're saving on the interest. That's on one item. That's what it's costing the taxpayers, the savings on their interest — 7.5 million . . . (inaudible interjection) . . .

The prime rate is one thing, but you have to realize that what they're charging at the banks, they had to go on the market to borrow it.

I want to ask you, Mr. Minister, whether you can tell me: what are the arrangements for the repayment of that debenture by the company?

Hon. Mr. McLeod: — Well, Mr. Chairman, the money will be repaid from the profits of the integrated facility. And as it relates to the interest rate, you say 8.5 per cent, and it wouldn't matter what we would say, you would say that's not an appropriate interest rate: 8.5 per cent is an appropriate interest rate for this deal. And as I indicated, your leader did not disagree with that. Your leader did not disagree with that when he spoke here the other day. He did not disagree with that. In fact he was quite surprised that it was as high as it is.

The second thing is this, and I'll just remind the member who's asking the questions who was a member of a former government, at a time of 21 and 22 per cent interest rates, you guys entered into an interest rate of nine and five-eighths per cent with a Toronto developer so you could build a shopping centre — nine and five-eighths. That was sweetheart interest rates. Eight and one-half per cent in today's market is a reasonable and an excellent interest rate.

Mr. Lingenfelter: — I wonder whether the minister could deal with the question, and that is: what is the repayment schedule? What is the repayment schedule of the 250 million? Can you tell the committee what the arrangement is for the repayment of the money? I mean, of course when you borrow money from the taxpayers, from the people who have to pay more taxes in flat taxes and that sort of thing, there must be a repayment schedule, and what is it?

Hon. Mr. McLeod: — The repayment will be over a period of an estimated 20 years based on forecasts in the industry, in the paper industry, coming from the profits of the integrated facility, which I've said is the integration of the pulp-mill with a new paper-mill .(inaudible. interjection) . . . Yes, I do like the word "integration" because it's what's important in forestry, for the member from Regina North West.

And the other benefit which has not been mentioned and which I would like to take this opportunity to mention — \$586.7 million projected over the period of that 20 years in provincial income tax accruing to the province of Saskatchewan, which will not accrue to the province owned by government. so \$586.7 million in provincial income tax projected.

Mr. Lingenfelter: — Well you must have more than an approximation of the repayment schedule. You say

approximately 20 years. Can the minister, at this time, table the agreement for the repayment of that debt to the taxpayers of the province?

We've spent a quarter of a billion dollars; we've put up a quarter of a billion dollars for this American company. Can you table the agreement for the repayment schedule?

(1630)

Hon. Mr. McLeod: — Yes, Mr. Chairman, I have a document which I'll send over to the member. It's a schedule to the principles of agreement dated in March of '86, and it has the debenture terms, which I will send over to the member for him to . . . and I want you to understand that this is not the agreement itself. These are the principles upon which the agreement is being negotiated, and so on, is just about there. But the basic principles are there, and it has the interest and the various things, and I'm sure the basic principles upon which it will be based. This is the one entered into by the president of Crown Management Board and a representative of Weyerhaeuser Canada.

What I would say to the members is that the actual agreement — the actual agreements — which have not been signed but which will adhere to these principles, I can't provide now, but I will undertake to provide them. I will give the agreement to the Leader of the Opposition at the time of closing of the deal, and I give you that undertaking, and I don't think there's a . . .

Mr. Lingenfelter: — The minister has indicated that the paper that he sent across is not the final agreement, and one would wonder what relevance it will have other than the interest rate. But I wonder if you can tell me, and for the committee's benefit, the debenture that is being repaid over approximately 20 years, as you put it, what is it? Is it based on a certain amount per year, interest plus one-twentieth of the principal? Is it that kind of an agreement for repayment? Or is it based on profitability of the company, or a combination of both?

Hon. Mr. McLeod: — It's based on profitability, and it's all set out in the document which I've just sent to you.

Mr. Lingenfelter: — And the minister indicates now, that if there's no profit, there's no payment?

Hon. Mr. McLeod: — That's right. It's based on profit. But I just would add for the member that, let's say this deal did not go forward and we were in the present circumstance of the Government of Saskatchewan owning a pulp-mill. If there was a situation where there could be no profit, the government, the taxpayers of Saskatchewan would be in a position of debt financing major, major losses — and I say, major losses — in that operation. So we're a winner both ways.

Mr. Lingenfelter: — I want to get it clear here because I think this is important, and you didn't make it clear. But if there is no profit, if the company breaks even, there's no payment, and the interest for that year is forgiven?

Hon. Mr. McLeod: — Well, Mr. Chairman, if there's no profit, there's no payment. But the interest carries

forward, you know, to be paid out of the profits of another year. So there's no forgiveness.

Mr. Lingenfelter: — The minister had indicated that the — and I want to get clear on this — that the interest portion, if there's no profit made, that that will be added on to the 250 million. And I'll use the example of a year where there's no profit. The total debt is 250 million. You're then saying that 8.5 per cent of the 250 million will be added on to principal owing?

Hon. Mr. McLeod: — Okay, I'm informed that if there is no profit, that amount would go into what would be called pools of earned but unpaid interest, and that it would then be paid out of future profit. It would be paid out of future profit.

Mr. Lingenfelter: — And tell me about if there's a loss. And in paragraph two of the document you sent over, prior to start-up, what happens if there's a deficit in that period? What would happen to the deficit portion?

Hon. Mr. McLeod: — I'm informed, Mr. Chairman, that prior to the start of the paper-mill, which is the key thing here because the profits that we're talking about and the repayment of the debenture are from the integrated pulp and paper operation, so prior to the start of the paper-mill we're in a situation at that pulp-mill that would be the same as what it is at the present with out the paper-mill.

And so prior to that start of the paper-mill the losses, reduce the principal amount of the debenture, which would be exactly the same situation that we would be in. We, I mean the people of Saskatchewan who now own the pulp-mill, as we are at present. So it's a reasonable deal.

Mr. Lingenfelter: — Well let me get this straight. Weyerhaeuser has a debenture of 250 million or 248 million. If they have a loss next year of 40 million, or 20 million — let's say 20 million — at the end of the year, they will then owe 230 million, that's what you're saying. That if they have a loss next year, not only do they not pay the interest, but the amount of their debt next year is taken off of the principal owing, and that rather than owing \$250 million to the people of the province they would owe 230.

Now how in the world can you people act as a banker for a company that has a massive incentive to lose money, because anything they lose they don't have to pay back. Is that what you're saying?

Hon. Mr. McLeod: — No, but the way you outline it is in part right. When you say, let's say it was a \$20 million loss, the debt would then be \$230 million. What I say to you is — and that's what the basis of this is all about — until the start-up of the paper-mill — that's what we talked about — until the start-up of the paper-mill, because what the basic principle behind this whole thing is: in order to make the pulp-mill viable, it must be integrated with the production of paper. That's what makes it viable.

Let's say that there is no paper-mill. We, in Saskatchewan, would own a paper-mill which is

non-viable. And if that \$20 million loss that you refer to for the sake of argument, that \$20 million loss would then be a liability on the public of Saskatchewan which we would have to pay out in cash in that year, which we would have to pay out in cash in that year, which we would pay out in cash that next year, which is what you referred to.

Now you're coming more and more and more in your arguments about being against the whole operation of a paper-mill. And I'm really pleased to hear that because that's exactly the position I was hoping you'd be at, but I didn't believe that you would be. But now I see that you're coming against the operation of a paper-mill in Saskatchewan. I'm pleased to hear that — I'm pleased to hear that — and I know my colleagues and I will be pleased to inform people in northern Saskatchewan.

Mr. Lingenfelter: — Well the non-existent paper-mill is part of it, that's right. There's no paper-mill there now. You're saying there's going to be. What date will the completion occur? What's the deadline that you've set for the company?

Hon. Mr. McLeod: — Mr. Chairman, as I have said, it's expected that the paper-mill construction will begin this fall and that it will be constructed in the next couple of years. The deadline the way the documents are set out is that we would absorb the losses that you refer to, if there were losses on the pulp-mill, which there are likely to be. Nobody denies that, because without the integration there wouldn't . . .

An Hon. Member: —Pulp-mills are all losing money.

Hon. Mr. McLeod: — But this one will turn around with the integration; that's my point. The member from Regina Centre says pulp-mills are all losing money; I agree. And that's why this is a good deal for the Saskatchewan government and the Saskatchewan taxpayers, to no longer be an owner of a money-losing proposition.

So what I say to you . . . And the key date there is December 31st, I believe, of 1989, is the last date upon which there would be any losses absorbed. But the expectation is that the pulp-mill will be completed and in operation well before that.

Mr. Lingenfelter: — And what you're saying is that there is no deadline for the completion of the paper-mill. We've now got that, that there is no deadline by which time this paper-mill has to be built. What you're saying is that it could be built any time in the future. And if it's not built by 1989, then this forgiveness of deficit being put against the principal would end.

But that's not included in the document you sent. It's not there. What it says is that you will reduce the total debt by the amount of the deficit each year until start-up. In this document it says that, if they have deficits every year until the loan disappears, they'll owe nothing on the plant.

I'll tell you that there's not a great deal of incentive for this company to make money. They haven't put any money into it. They haven't put a cent into it. Every cent they lose will be written off against the principal. And if they lose 250 million in 10 years, they will own the plant and not

owe any money, and it will be debt-free.

And there's no guarantee that the paper-mill will ever be built. You've just indicated that to the committee, that there's no deadline. Well table the documents that say when it will be built.

(1645)

Hon. Mr. McLeod: — No, Mr. Chairman, I contradict the member on the . . . Clause 13 at the bottom of page 8 of the document which I sent to you says:

“Start-up” as used herein shall mean the earlier of December 31, 1989 and the day when the paper-mill begins commercial production of paper for inventory and sale.

So the earlier of that. So that date that I gave you is a key date there.

And as I said to you before, that we are — “optimistic” is probably not the proper word, but we believe that if everything that . . . We believe that it'll be operational before '89. But it's the first date of those two. So it can't go on in the scenario that you outlined — 10 years or whatever. So that's not possible. And It's a valid question if that date wasn't there, but the date is there.

Mr. Lingenfelter: — So what we're doing is limiting it to about two and a half years' loss.

An Hon. Member: —Three years.

Mr. Lingenfelter: — Or three years. So what we're saying is: if they lost money for each of those three years at 20 million a year, their debt would be reduced by 60 million; or they would then owe, rather than 250 million, 190 million; and there's no guarantee that the paper-mill will be built. There's no written document that guarantees the construction of the paper-mill. Otherwise you wouldn't have the 1989 clause in there. I mean, if there was a guarantee that the paper-mill would be built by the end of 1987, obviously that other clause wouldn't be necessary.

What we have here is the forgiveness of debt against the principal owing for three years. And I say to you, what is the incentive of Weyerhaeuser to make any money? Why would they be stupid enough to make money when everything they lose is written off against the principal? What company in their right mind would show a profit?

And I say to you, you're great people to talk about incentives to produce and incentives to make money when you talk about people at one end of the spectrum. When you're talking about people at the top, their incentive is to lose money; then they don't owe as much money.

And I say to you that this deal looks worse and worse and worse. Weyerhaeuser is not putting one cent into it. They're not giving one ounce of commitment in writing that they're going to build a paper-mill. And the more money they lose in the next three years, the less they owe.

I want to ask you, Mr. Minister, can you tell me what the

penalty is for this company if, for example, they were to shut it down? If they shut it down for next year and for the three years coming up, how much money would they lose? How much money would they have at risk between now and 1989 if they closed the pulp-mill in P.A. down? What is their risk exposure on the project if they were to shut it down and protect their markets in the United States? How much have they got at risk there?

Hon. Mr. McLeod: — Well, Mr. Chairman, the member will say, at least if I understand him right, that the NDP's position is that they believe that Weyerhaeuser will have an incentive to lose money. That's what he says. And what I say to the member is that the Weyerhaeuser corporation has not shown great skills anywhere in the world at the art of losing money — they make money. And what I'm saying to the member is: the alternative he suggests by going against this deal, the alternative he suggests is that it continue to be a government-run operation.

And I'll say to you: even though I know you believe that government-run operations have shown great skills at making money, I say to you that they don't, and that the government operation and a government-run pulp-mill will not make money. An integrated operation of pulp and paper in Prince Albert will make money. Weyerhaeuser corporation will be in here for the long term; they'll be corporate citizens of which all citizens of this province can be proud, and they'll be proud to be here.

All I can say to the member is that he and I will agree to disagree for some good long period of time on the benefits of having Weyerhaeuser here as a corporate citizen in our province.

Mr. Lingenfelter: — Well I want to say that Weyerhaeuser will not lose money on this deal. I never made the statement that they would lose money. They're going to make money by losing money. With this agreement that you have give to us here, they made 20 million by losing 20 million because it reduces the principal by that amount.

The question I asked you, Mr. Minister, is: if Weyerhaeuser shut down the plant in P.A. to cut down competition in the American market, what would be their penalty? Now as I understand it, if they were to shut it down, they would lose a good number of millions of dollars for the next three years; that would reduce their principal by that amount. How could they lose by shutting down the plant up there? What could they possibly lose? What is their penalty for not producing up there?

I'll tell you, the boardroom of Weyerhaeuser would be howling with laughter at you people in negotiations that you've done with this document you've given to us. Any time a company of this magnitude can come into a jurisdiction, sign a deal where the people of the province pick up all the risk.

An Hon. Member: —In an unstable market.

Mr. Lingenfelter: — . . . as you say, in an unstable market;

and the company is paid to use money; and by closing it down they would take away competition in the American market; I'll tell you, the boardrooms must be howling with laughter at Grant Devine's government. Premier Devine's government, and you as the minister in charge of this Bill, because they can't lose. In fact, the more they lose, the more they make. And this is a weird, bloody way for free-enterprisers — if that's what you call yourself — to operate, unless someone's filling their pockets.

And I say to you that these next three years, you'll be guaranteed that Weyerhaeuser will not make money. Why would they? They're penalized if they make money; they're rewarded if they lose. And the more they lose, the more they're rewarded.

Now this is a strange, new theory of capitalism that you birds are operating under. This is a strange, competitive market that you work under. And the agreement says, and I'll read you from clause 1 of the debenture terms:

In the event that earnings as determined in accordance with paragraph 2 below are negative for any year, including stump periods, prior to start-up (that's before the paper-mill is built) the principal amount of the debenture shall be extinguished to the extent of such negative amount.

That is incredible. That is incredible that a major, multinational corporation would come into Saskatchewan, not bring one cent of money — not one cent did they put into the purchase of this operation — and every cent they lose will reduce the amount they owe the people of Saskatchewan.

An Hon. Member: —Vote against it.

Mr. Lingenfelter: — Well we will vote against it. Clearly we're going to vote against this major give-away. I mean, this is ridiculous. This is the height of stupidity that you people are involved in, and I'll tell you why. This Bill was never intended to get before the people of the province before the next election. This was never to be made public before the election which was supposed to occur in April or June of this year. That's why we're dealing with it in the dying days of this session, in an attempt to ram it through without the proper scrutiny.

I'll tell you that it's a major, massive give-away to a multinational corporation. And in the process we risk all of the jobs that are presently employed in that area, because the company makes more money if they lay them off and shut the plants down. That's what this agreement says. That's what it says.

And I don't blame Weyerhaeuser for doing it. Their incentive is to do that — to get rid of jobs, to shut the plant down, to lose more money — because that reduces their debt. And it also takes that company up there out of competition with their American producing plants that aren't running at full capacity.

And I'll tell you, those boy sin the boardroom are howling with laughter at you, Mr. Minister, who are incredibly naive enough, along with Premier Devine, to get into this

type of an agreement. And you say that you challenge us to vote against a deal like this. Well I'll tell you, we're not naive enough to vote in favour of it. We're not naive enough, even at a cursory glance, a cursory glance of five minutes, to see what kind of a deal it is.

I want to say again that, in paragraph 1(b), that this reducing the debt owed by the amount of the deficit each year for three years means that the company will lose money intentionally . . . (inaudible interjection) . . . Well sure they're going to lose money. They'll be enticed to lose more money and more money, because the more they lose the less they owe. I want to ask you, Mr. Minister, were you personally involved in setting up this agreement? Because I'll tell you, if you were you should resign.

Hon. Mr. McLeod: — Well, Mr. Chairman, here's where the NDP are coming from, and let's make no mistake about this. The NDP, Mr. Chairman, are against this deal. The NDP wants the *status quo* . . . and the *status quo* is the following: a pulp-mill in Prince Albert which has been losing money for a number of years. Pulp-mills have been losing money all across this world the last number of years. These pulp-mills have been losing money. What will make this pulp-mill — and the only thing which will make this pulp-mill viable is the integration with a paper plant.

The member from Shaunavon says . . . (inaudible interjection) . . . The member from Shaunavon does not differentiate between a pulp-mill and a paper-mill. He does not differentiate between the two. He wants the *status quo* — let that be known. The *status quo* is: that there's a pulp-mill in Prince Albert with no paper-mill beside it; that's now. The deal that we are talking about guarantees that a paper-mill will be there. The paper-mill will be there or there will be no deal. Okay? That's what we have said to you and that is the case. What the members have in their hands is the schedule to the principles of agreement for the repayment of the debentures, which is what they asked for and I gave it to them.

Now what they want is the *status quo*. They say that Weyerhaeuser corporation will lose money on the pulp-mill. I say to you that Weyerhaeuser corporation will probably lose money on the pulp-mill until the paper-mill is integrated with it; and the repayment schedule is based on payment from profits of the integrated operation. And that's the only possibility for profit — the only possibility for profit, Mr. Chairman. There isn't a possibility in today's markets for a stand-alone pulp-mill; that's the point that I'm trying to make to you.

But what the member from Shaunavon wants is the *status quo*: for the people of Saskatchewan to continue to own a money-losing pulp-mill, subsidize it with multimillions of dollars a year, subsidize it for ever and ever, amen. That's what he wants. That's what the member from Shaunavon wants. That's not what his leader said the other day, when he said he and his colleagues believe it is. But that member, as soon as the leader goes, what does he say? He says, we disagree; we do disagree.

Well I'm glad to hear you say you disagree, because you want the *status quo* and the *status quo* is losing millions of dollars on into infinity. You talk about the preservation of jobs in that industry. You stand here and you talk about the preservation of jobs in that industry. How long do you suppose, under the ownership of government or otherwise, that a stand-alone pulp-mill in today's market can continue to operate with viability of jobs in that pulp-mill? How long do you suppose that can go on?

And that's why the employees of that pulp-mill in Prince Albert, that's why the union involved, that's why the employees at Bodmin sawmill who understand the industry and who have — it's a meat-and-potatoes issue for them. It's a meat-and-potatoes issue for people who work in the mills and in the woodlands.

And they say: we like the operation because we know the reputation of Weyerhaeuser, and we know that they'll make this thing operate, and we know that they're here for the long-term, and we know that forest management is important to that corporation as it is to us whose livelihoods are dependent directly upon forestry. That's what they say in the northern part of the province.

What that member from the plains of Shaunavon says is, number one, he doesn't know a jack pine from a spruce; and number two, he's against development in the forested section of this province. And I'll be pleased to tell everybody across the forested part of the province that the member from Shaunavon, the members from Regina, the member from Quill Lakes, are against development in their portion of the province, Mr. Chairman.

Some Hon. Members: Hear, hear!

The Assembly recessed until 7 p.m.