

The Assembly met at 10 a.m.

Prayers

NOTICES OF MOTIONS AND QUESTIONS

Hon. Mr. Blakeney: — Mr. Speaker, I give notice that on Tuesday next, I will move:

That this Assembly condemns the Government of Saskatchewan's deal with Weyerhaeuser, which does not require Weyerhaeuser to pay any down payment for purchases of the pulp-mill, permits Weyerhaeuser to write off operating losses against the principal of the loan, provides no guarantee of the protection of existing jobs, entails the real possibility of wage cuts imposed on existing employees, and provides no guarantee for the continued operations of the Big River Sawmill.

I so move.

Some Hon. Members: Hear, hear!

INTRODUCTION OF GUESTS

Hon. Mr. Maxwell: — Thank you, Mr. Speaker. It's my pleasure to introduce to you, and through you to members of the Assembly, a group of 17 students from Medstead Central School in the Turtleford constituency. They're seated up here in the Speaker's gallery, sir. They are accompanied by their teacher, Mrs. Rita Adamache, Mrs. Janzen, Mrs. Anderson, Mrs. Olson, Mr. Werstroh, Mr. Harms, and Mr. Boyd. I'll be meeting with you right after question period at 10:30. I'd ask all members to give them a warm welcome to the Assembly. We wish you a pleasant stay and a safe trip home.

Hon. Members: Hear, hear!

Mr. Smith: — Thank you, Mr. Speaker. I would like to introduce to you, and through you, a small group of students from Moose Jaw. They're in Moose Jaw North constituency, and I'm doing this on behalf of the member for Moose Jaw North.

They number six students, and they are a computer education class from Vanier Collegiate. I'll be meeting with them at 10:30 to discuss things with them and have pictures with them. And I ask all members of the Assembly to give them a warm welcome.

Hon. Members: Hear, hear!

Mr. Koskie: — Thank you, Mr. Speaker. I want to introduce through you, and to the House, seated in the east gallery, some 66 grade 4 and 5 students from the Lanigan Elementary School. And I see they're on their way in. They're accompanied by their teachers, Miss Debbie Randall, Mr. Harvy Nugent, Mr. Dennis Huebert; chaperons, Mrs. Smale, Mrs. Boivin, Mrs. Mueller, Mr. Novocosky, and bus driver, Mr. Forsyth and Mr. McMeans. I want to take this opportunity to welcome the students here. I hope they enjoy their visit to Regina and have a safe journey home.

Hon. Members: Hear, hear!

Mr. Young: — Mr. Speaker, this morning I'd like to introduce and welcome to the Assembly 63 grade 5 students from the Lakeview Elementary School. Mr. Speaker, that school is located in the Lakeview area of Saskatoon, which is one of the four communities in my constituency. It's near and dear to my heart in some sense, Mr. Speaker, in the last winter I was a guest reader at their reading week, and a couple of months ago my wife attended the Lakeview School and gave an address on hot air ballooning to the students. I think some of the students involved here were in that group.

Mr. Speaker, the students today are accompanied by their teacher, Ellen McLane, Tris Thurgood, and chaperons, Pat Katrusiak, Daryl Slind, Cheryl Dyck, Sandra Alldred, Leny Hill. And I'd like to advise the students, Mr. Speaker, that I'll be meeting with them after question period at 10:30 for pictures and refreshments and to answer any questions they may have with respect to the proceedings in the gallery. I'd ask all members to join with me in welcoming my students.

Hon. Members: Hear, hear!

ORAL QUESTIONS

Terms of Agreement for Sale of PAPCO

Hon. Mr. Blakeney: — Mr. Speaker, my question is to the Premier, and it deals with the disclosure in the Assembly yesterday of some of the terms of the agreement between your government and the Weyerhaeuser Corporation for the sale of PAPCO (Prince Albert Pulp Company) and its assets.

Now, Mr. Premier, can you confirm that the Weyerhaeuser Corporation is purchasing the Prince Albert Pulp Company, and all related assets, for zero money down, with no firm obligation to repay the so-called purchase price of \$248 million?

Can you, for example, confirm that if the Weyerhaeuser Corporation operates the pulp-mill in the years prior to the construction of the paper-mill at a substantial loss, the entire amount of that loss is deducted from the so-called sale price, with the result that the more that Weyerhaeuser loses, the more the purchase price is reduced. Are those correct terms?

Hon. Mr. Devine: — Well, Mr. Speaker . . . I can confirm, Mr. Speaker, that we are putting together a brand-new paper operation in northern Saskatchewan — a brand-new paper-mill in co-operation with an integrated pulp and paper operation in northern Saskatchewan.

And, Mr. Speaker, I can confirm that where the company had lost \$45 million over the last few years, on top of the previous administration paying \$168 million — and they didn't have to — that you're looking at something like \$213 million of losses that didn't even have to occur. We're talking about a \$250 million, brand-new paper-mill, integrated with a complete pulp and paper

operation, integrated into a whole northern institute of technology designed for forestry, and the opposite is against it.

I can confirm that, because they've stood here and say, no, we'd rather lose \$213 million on an on-going losing operation, pay 168 million for 60 per cent of it which they didn't have, and lose 45 million — and they don't want to build a new one. And then they say, well, for Heaven sakes, you're going to have to pay for it out of losses, not profits.

Well, Mr. Speaker, I'll say I would like to see a company build a brand-new paper-mill and pay for it out of profits, than I would see us lose \$45 million in 4, 5, or 6 years, spend \$168 million and get absolutely zero for it. Every single job last year in the pulp company cost us \$60,000 in subsidy — \$60,000 a job under the current administration, or the way we're sitting there now.

So, Mr. Speaker, I'll confirm that we are going to build a brand-new paper-mill, integrated with a pulp-mill, and it's going to cost something like \$500 million, and it's going to be paid for out of profits.

Hon. Mr. Blakeney: — Supplementary, Mr. Speaker. Will the Premier confirm that, notwithstanding that he says it's going to be paid for out of profits, once this paper-mill is built, Weyerhaeuser can make profits of 12 per cent a year for 30 years and the people of Saskatchewan don't get a dime. Can you confirm that as part of your deal?

Hon. Mr. Devine: — Mr. Speaker, the opposition is typical in its attitude. It believes every business cheats and lies and steals. That's what they believe. Every time a business comes in here . . .

Mr. Speaker: — Order, please. Order, please. Order, please. Order, please, order. Order, please. Order!

Hon. Mr. Devine: — I think I got the attention of the opposition. What I said was this: the NDP believes that every business cheats and lies and steals and cannot be trusted. That's what I said. And every time we started a new operation, you have said something about either a new bacon processing plant, or a new project, or a new upgrader, or a new Weyerhaeuser project. You say you can't trust business.

Mr. Speaker: — Order, please. Order, please. Order. This House cannot operate with the amount of noise that we're having, and I'm going to call order.

Hon. Mr. Devine: — There's clearly a difference in philosophy. It's evident right now. Absolutely.

Mr. Speaker: — Order, please. I've just asked for order. Members are still shouting. We cannot operate that way, and I'm asking now for order and I'm going to enforce it.

Hon. Mr. Devine: — I'll just go back a couple of years. The opposition, when they were in government, had a chance to sell 60 per cent, or let be sold 60 per cent of the pulp-mill; they chose not to. They had it for sale in the private sector, but they chose to pay \$168 million for it because they believe in that. Fair enough. They believe in

it because they don't trust the private sector. After that deal they lost \$45 million in that pulp operation; now we're putting together a brand-new, integrated paper and pulp operation, and they question the integrity of the business that's coming in — Weyerhaeuser. They say they may cook the books, or they may not average it out, or they may do this or they maybe do that, and they're been saying that for some time.

Mr. Speaker: — Order. I'm going to ask the member for Quill Lakes and the member for Regina North West and the member for Shaunavon to apologize to this Assembly for not obeying the rulings of this Chair — and each one.

Mr. Lingenfelter: — I apologize, Mr. Speaker.

Mr. Sveinson: — I apologize, Mr. Speaker.

Mr. Koskie: — I apologize, Mr. Speaker.

Mr. Speaker: — Thank you.

Hon. Mr. Devine: — I will just make the point that this government on this side of the House . . .

Mr. Speaker: — The member for Cumberland and the member for Athabasca continue to holler right through the whole process here, and I'm going to ask them to apologize as well — both members.

Mr. Thompson: — I apologize, sir.

Mr. Yew: — I apologize, Mr. Speaker.

Hon. Mr. Devine: — Mr. Speaker, I just want to make the point: the previous administration — and I don't blame them for their philosophy — like to have corporations in government, Crown corporations, whether it's in potash or whether it's in pulp-mills or other things. We would rather have them in the private sector, and there's a clear difference, and we would rather see a private paper-mill integrated with a pulp-mill. We'd rather see a private bacon plant — we turned over Intercontinental Packers back to the private family. We believe in that, and they don't.

Well, Mr. Speaker, I see we've been losing a lot of money in a public company. And what we want to do is move those losses into a profitable situation with \$500 million of a brand-new corporation. That's what we'd like to do. So there's a clear difference in philosophy. They can have that philosophy; I don't share it. I'd rather see it in the private sector running at a profit than in the public sector running at a loss.

Some Hon. Members: Hear, hear!

Hon. Mr. Blakeney: — Supplementary, Mr. Premier. The question I asked was this: does your deal permit Weyerhaeuser to make 12 per cent profits over 30 years without paying a dime to the people of Saskatchewan? And I ask you, does your deal permit that without any cheating, without any lying, without any stealing on the part of Weyerhaeuser, without any cooking of the books, but following to the letter the deal you negotiated with Weyerhaeuser? Isn't it true that you are allowing

Weyerhaeuser to make 12 per cent before we get a nickel?

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — Mr. Speaker, what the deal includes, it includes hundreds of millions of dollars of new money coming into the province to build a new paper-mill and integrate it with the pulp-mill. Now that's quite different than us having to borrow \$600 million to pay New York bankers for a potash industry — a completely different philosophy. What it includes is . . .

Mr. Speaker: — Order. The member for Shaunavon is continuing to holler. I'm going to ask him to apologize to the Assembly or leave the Chamber.

Mr. Lingenfelter: — I apologize, Mr. Speaker.

Mr. Speaker: — All right. And I ask you now to maintain your quiet.

Hon. Mr. Devine: — Mr. Speaker, what I wanted to say is simply this. The deal . . .

Mr. Speaker: — Order, please. The member for Regina North West is continuing to holler as well. I'm going to ask you to apologize to the Assembly again.

Mr. Sveinson: — I apologize.

Mr. Speaker: — And this is the last time. If you do the same thing again, you'll have to leave the Chamber.

Hon. Mr. Devine: — I just make the point, in response to the hon. member's question: the deal includes hundreds of millions of dollars, new money, outside money, coming into the province of Saskatchewan to build a new paper-mill, and it includes the integrated forestry industry, paper and pulp. When they spend hundreds of millions of dollars on the new paper-mill, I expect that they will be pretty interested in making a profit — making a profit — in that industry. And if it's integrated into the pulp business, it's a wholly integrated unit.

So if they do operate the pulp company well and they operate the paper company well, which is they are going to put hundreds of millions of their money into it, I suspect they'll have some interest in doing that — doing better than the past which the public has put \$168 million . . . We've lost \$45 million . . .

Mr. Speaker: — Order, please.

Hon. Mr. Blakeney: — Mr. Premier, I asked you a relatively simple question. It's big money we're talking about. I want to ask you straight out: is it possible for Weyerhaeuser to operate the combined operation for 30 years, make a profit of 12 per cent each year, and not pay a dime of the \$248 million? Is that part of the deal you have negotiated? And could you offer an answer to that question without getting into potash in New York or whatever other diversionary tactic you have indulged in this morning.

Hon. Mr. Devine: — Mr. Speaker, what I have said is

when the company brings several hundred million dollars into Saskatchewan, their money, to build a brand-new paper-mill — brand-new, it's not here — and to integrate that with the pulp-mill, that there's a relatively large incentive on their part to make profits by spending \$100 million on a new paper-mill, integrating it with pulp. It would seem to me they would like to make money and some profit. It's here they will build it. We are watching it.

We have complete, obviously, control over the entire operation in terms of anything else that goes on in the province, in terms of taxation, in terms of . . . I mean for Heaven sakes, they are coming in here. Can you imagine this, Mr. Speaker, they are coming in here under the threat that someday an NDP administration might nationalize it?

Mr. Speaker: — Order, please. I cautioned the member from Shaunavon before. I'm going to ask the member for Shaunavon now to withdraw from the Chamber.

Inaccurate Home Pak Policies Sent Out

Mr. Myers: — Thank you, Mr. Speaker. I'd like to ask a question of the minister responsible for SGI. In the House yesterday and on the news there were reports that it cost SGI \$100,000 to correct a clerical error in some of the policies. It also stated that these policies were spread across the breadth of Saskatchewan. I'd like to ask the minister what the true facts regarding SGI in this particular case are.

Hon. Mr. Folk: — Mr. Speaker, yesterday in the House I was asked by the member for Regina Centre, I believe, to confirm that the costs of this error in the SGI policy would be in the neighbourhood of \$100,000. Mr. Speaker, in checking with the officials at Saskatchewan Government Insurance, I find that in fact there are not over 16,000 policies, but rather 13,499 policies involved.

The average cost per policy holder to go through this exercise which we outlined yesterday is \$1.10 per customer, therefore bringing the total cost of this error in the policy to \$14,848.90, certainly a far cry from the \$100,000 that was brought in by the NDP member for Regina Centre.

Hon. Mr. Blakeney: — Supplementary, Mr. Speaker. Mr. Minister, are you telling this House that those 13,000 policy holders can be contacted and all arrangement made with them for an average of \$1.15 — was that your figure?

Hon. Mr. Folk: — The figure, Mr. Speaker, was \$1.10 per policy holder. And as I outlined yesterday, what we're doing is that there is a direct letter going out to each and every policy holder, explaining the error and having a consent form on it that they can send it back. They have until June 30th to do so. And then for the two weeks after that every agent involved will once again contact those people to give them the chance to put in the thing — to renew their policy on those terms.

If you want me to break down the costs further, I can break it down as such: 10 cents per envelope; 68 cents for

stamps because we're enclosing a self-stamped envelope; 15 cents for computer time, paper, and printing; and 17 cents for staff — \$1.10 per policy holder, a total cost of under \$15,000, which quick math tells me it's \$85,000 less than what was alleged by the member for Regina Centre.

Hon. Mr. Blakeney: — Mr. Speaker, I move this House do now adjourn.

The division bells having rung from 10:25 a.m. until 12:28 p.m.:

Motion negated on the following recorded division.

Yeas — 9

Blakeney	Tchorzewski
Engel	Lingenfelter
Koskie	Lusney
Yew	Sveinson
Hampton	

Nays — 29

Devine	Tusa
Birkbeck	McLeod
Andrew	Taylor
Duncan	Katzman
Folk	Myers
Dutchak	Dirks
Sandberg	Currie
Martens	Maxwell
Smith (Moose Jaw)	Hodgins
Morin	McLaren
Johnson	Young
Hopfner	Rybchuk
Caswell	Muller
Glauser	Sauder
Zazelenchuk	

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Economic Development and Trade Ordinary Expenditure — Vote 19

Mr. Chairman: — I would ask the minister to please introduce his officials.

Hon. Mr. Andrew: — Thank you, Mr. Chairman, the officials are: Dan Gagnier as deputy minister; Michael Crosthwaite assistant deputy minister of trade development division; Bob Volk, Elaine McCall, and Marg Morgan McQuinn.

Item 1

Mr. Koskie: — Thank you, Mr. Chairman. Mr. Minister, a few preliminary questions that we traditionally ask.

Could you send over the names, the salaries of any of your executive assistants, and indicate whether they have, in fact, received any increase, and the amount of the percentage of increase if you could? Can you send that over now?

Hon. Mr. Andrew: — I can advance that to you. The ministerial assistants are: Debbie Farnel, who's an assistant secretary; her salary is \$2,018; Diane Tremblay is secretary; her salary is 2,445, and that is the top of the list. She's been a secretary in government in cabinet ministers' offices for about 10, 15 years, so she has no salary increase. I think Debbie Farnel — we'll check this out for you — I think it was a 3 per cent salary increase. Coryna Kulba is ministerial assistant at \$2,200 a month, no salary increase. And I also have Ian Angell, who is a ministerial assistant, is paid through Sedco. I'll find that for you; I think we have to do Sedco later on. I'll get that information for you. And Gerry Labas, who also works in my office and works for Mr. Berntson as well; he's paid through SPC. I don't have that information here. I'll get that for you as well.

Mr. Koskie: — Those are the complete number of EAs and personal staff then, and including Sedco, right? Okay, provide me with that information as to the salaries of those that you . . .

Hon. Mr. Andrew: — I'll provide that stuff to you.

Mr. Koskie: — Yes, and any percentage increase that they may have had. I ask you: are there any senior staff in your department that are covered by employer contract other than the normal OC appointment?

Hon. Mr. Andrew: — I'll get the information; I'll give it to you a group at a time. On the trade side there's Art Wakabayashi, who is the trade secretariat. Mr. Wakabayashi's contract was exactly the same amount that he was receiving from the federal government. He's a long-time civil servant with the federal government. And that comes to 7,733 a month — and that was just absorbing part of it.

Mr. Koskie: — That's the only one then, I take it, Mr. Minister in respect to a personal contract. Could you also provide then similar with the senior officials — who your senior officials are and the amount that they are paid and any percentage of increase in salary during the course of the last year.

Hon. Mr. Andrew: — You want that as to the top level of people — what salary ranges?

Mr. Koskie: — Yes.

Hon. Mr. Andrew: — Do you want the salary level on last year?

Mr. Koskie: — Well, what I want and what we've been getting before, Mr. Minister, is just your senior executive staff and the amount that they're paid, and an indication of whether there's any increase during the past year.

Hon. Mr. Andrew: — I undertake to get that for you and

send it over to you.

Mr. Koskie: — That would be fine, sure. Also I would like to ask you if you could provide us with the total expenditure in respect to any travel by the minister in the portfolio — part will be your predecessor, and yourself — during the past year, that is, '85-86. The total amount in-province and total amount out-of-province in respect to ministerial travel: can you provide that?

Hon. Mr. Andrew: — The in-province travel, I understand, was provided to your group through the Department of Supply and Services with regard to airplane travel. I think that's what you're asking for there.

Out of . . . travel, and this deals with my particular travel since the 16th of December through to the 17th of March: Ottawa, January 15th to the 17th, airfare 675, total of others is 305; Edmonton, accompanied by Hepworth — that was on executive air — Hepworth, Bob Reid, Doug Emsley, and Gary Cooper; February 2nd and 3rd in Toronto to attend a trade ministers' meeting with Labas and Norman Riddell from Executive Council; March 4th and 5th to London, Ontario, to speak to the Association of Universities and Colleges of Canada, accompanied by Don Wright — that was a speaking engagement that I'd been invited to.

Mr. Koskie: — Yes, I wanted the total expenditure. You gave me from December 16th to March 17th. What I was really looking for is ministerial travel outside the province for the total year, that is for 1985-86 — April 1, '85 to March 31, '86. And can you provide me with the total cost, where the trips were, people that accompanied the minister, and the details of the costs?

Hon. Mr. Andrew: — Can I get it clear — what you want is the trips that I have made since I took over this portfolio? That's all. Or do you want also when I was in Finance? Okay.

Mr. Koskie: — I'm dealing with the estimates of Economic Development and Trade. And so what I really want is, during the course of the year '85-86, part of the time you were there, and so you're giving me that information, and part of the time another minister was. And so what I want is the total travel cost for the ministers in that department during . . .

Hon. Mr. Andrew: — Fiscal year.

Mr. Koskie: — Right.

Hon. Mr. Andrew: — Okay. I'll give you the ones then for Mr. Berntson, and that would be prior to . . . that's from April '85 to December of '85. Okay, and that's when I took over that department.

On May 9th to 29th was a trip to China, total cost \$3,000; June 11th and 13th, to Montreal to attend investment seminar hosted by Economic Development and Trade, \$884; June 16th, Grand Forks in North Dakota, to receive a Canadian friendship award, \$1,790; July 7th, Edson, Alberta, toured Pelican mills plant with Mr. Mell Brough, from the department, and Labas, \$491. July 27th to 30th, St. Johns, Newfoundland, for Economic Development

and Trade ministers' meeting, \$1,936.48. August 1st and 2nd in Vancouver, a meeting with Senator Sam Gibbons on the U.S. sub-committee on lumber exports, \$560. And September 8th to 14th to Japan, accompanied by Mr. Dedman and Mr. Schumiatcher; negotiations with regard to the Toyota plant that was coming to one province in Canada. There were two of those trips — September 8th to 14th, and October 4th to 20th, costs of \$5,670, and \$3,685. November 7th to Edmonton to Canola Crushers of Western Canada meeting.

Mr. Chairman: — Order, please. Why is the member on his feet?

Mr. Birkbeck: — I have some students in the gallery which I would like to take an opportunity to introduce before they leave the galleries.

INTRODUCTION OF GUESTS

Mr. Birkbeck: — Thank you, Mr. Chairman. I'm sorry to interrupt the proceedings of the day, but I'm advised that there's a group of students in the west gallery from Russell, Manitoba. That particular part of the country happens to border my riding, which is the Moosomin constituency; it also borders the riding of Saltcoats. And for the students in the gallery, the member for Saltcoats just happens to be sitting in the gallery behind you. He should be down here, but be that as it may, he's up there visiting a friend.

You people may want to take the opportunity to meet with the member for Saltcoats. He'll be glad, I'm sure, to go out in the rotunda area and answer any questions that you may have. I understand that you've had a tour of the building. I trust you've enjoyed yourself. We're glad to have you here in Saskatchewan visiting our legislature. We sure want to wish you a good trip home and a good visit while you're here in our good province of Saskatchewan.

So I would ask all members to join with me in welcoming this group of students, 40 in number, from Russell, Manitoba. Thank you very much.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Economic Development and Trade Ordinary Expenditure — Vote 19

Item 1 (continued)

Hon. Mr. Andrew: — The response: the last trip by Mr. Berntson was November 7th to the 12th, and that was to attend a Canola Crushers of Western Canada meeting in Edmonton. And the total costs of that five days, I guess, was 1,322.21.

Now since March 31st the only other trips that I have taken have been to Vancouver, which was last Friday to attend a meeting of trade ministers, along with various other federal officials in Vancouver, and I haven't got that totally finalized; and then to Winnipeg just this week to

deal with trade ministers' conference in Winnipeg.

Mr. Koskie: — And what were the amounts spent on those trips?

Hon. Mr. Andrew: — The last two I don't know because they were just done this week and the last part of last week, so I don't have that finalized yet. But I'll undertake to provide that to you.

Mr. Koskie: — All right, I would appreciate that. I wonder if the minister can also provide me with the information as to the total amount of money that was spent on advertising in the department during the past fiscal year, '85-86.

(1245)

Hon. Mr. Andrew: — Total amount expended was \$653,049.85.

Mr. Koskie: — And who was the advertising placed with? Was that with Dome Advertising?

Hon. Mr. Andrew: — \$531,536.09 was with Dome Media Buying Services Ltd., and the remaining \$121,513.76 with Dome Advertising Ltd.

Mr. Koskie: — And relative to this year's budget, has there been an increase in the budgeting for advertising, over and above the \$653,049? What is the projected amount that is budgeted for expenditure this time?

Hon. Mr. Andrew: — I'm advised that it's slightly lower, not a great deal. We'll get that exact figure for you, but about the same amount, a little bit less.

Mr. Koskie: — I want to turn briefly to the economic conditions of the province. And certainly we have some concerns with the indicators that we see in respect to the development of the economy here in Saskatchewan, recognizing, as we must, some of the basic problems — agriculture has had its ups and downs — but certainly I think that we have to be concerned generally with the economic state of the economy.

And if we look at some of the indicators — and I can go into a very detailed analysis of where the economy is — but certainly we see during the past year the retail sales down, the lowest in Canada, other than P.E.I., but worse than every other province in Canada. We find that in respect to housing has not kept pace, that Saskatchewan is last in the growth of housing starts in 1985, was worse than every other province.

We take a look at new investment, and the province's economy seems to be declining. New investment has in fact declined in real terms from 5.1 billion in 1981 to 4.2 billion in 1985. In real terms, the Saskatchewan economy has basically declined since 1982, and we find with manufacturing shipments has declined by some 15 per cent since 1981.

And I can go on into other areas; and the other area of concern is employment, and that's in particular with young people. I'll tell you that there has been a

tremendous disappointment with the performance of your government in the commitment to young people in this province. I can tell you that youth employment is down, if you want to get into it . . . (inaudible interjection). . . Either the member from Cut Knife-Lloydminster can get into the debate or I have the floor, Mr. Chairman. I'm going to give statistics as long as I feel that we're in the estimates on Economic Development, and I'm going to, and I intend to — and I intend not to be interrupted either.

Let's take a look at the rate of job creation. New job creation is one of the lowest in Canada. Youth employment is down. There were 7,000 fewer young people working in 1985 than in 1981. Unemployment among our young people was exceedingly high, as it is in many of the other provinces in Canada. And I'll tell you if we can . . . in 1981 the province had the lowest unemployment rate in Canada, and from January 1982 to January '86 the able-bodied, fully employable case-load for Saskatchewan assistance plan increased by 10,000 people — over 20 per cent.

These are not very comforting statistics, Mr. Chairman, and Mr. Minister. You have all the other types of indicators that one can turn to. And certainly one can look at the financial picture of the province and you can see that there's a massive debt that has been accumulated, and you can find that in Saskatchewan the headlines now indicating, "Saskatchewan debt nears the 9 billion mark." And it goes on to say that every man, woman and child, the amount is about \$85 per person in Saskatchewan.

So these are difficult statistics for people of Saskatchewan to be confronted with because you have promised so much and have done so very, very little. Obviously there are some winners in this, while your government in the last three or four years.

Mr. Chairman: — Order, please. I believe the member from Kelvington-Wadena would like to introduce some students.

INTRODUCTION OF GUESTS

Mr. Petersen: — Thank you very much, Mr. Chairman. I'd like to thank the member from Quill Lakes for relinquishing his speech here to me so that I may introduce some guests from Kelvington.

We've got 38 students from the Robert Melrose Elementary School in Kelvington, Saskatchewan. They're grade 5s. I'm glad to see you here today. I see you have your teacher Mary Wdowach with you; chaperons Mr. Glen Nordmarten and several other people. I could go through a whole list here.

I hope that you find the proceedings here informative and instructive. You missed the bell-ringing which is a phenomena which occurs in the Chamber very seldom. It would have been something for you to see and hear. After a while you can actually see the noise.

I certainly hope that we'll have time for a few questions after you get through with your tours. I believe we have

pictures at 1:15. I'd like to ask all members to join me in welcoming them here today. Glad to see you.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Economic Development and Trade Ordinary Expenditure — Vote 19

Item 1 (continued)

Mr. Koskie: — As I was saying, Mr. Minister, the province is going deeper and deeper in debt, and this is of concern to the people of Saskatchewan. I want to say that we find other indications and other headlines: "Population growth rates slowing down," and one can read it, "Bankruptcies increase," "Students seeking jobs will find tight market," an analysis of the situation for young people. I don't want to take the time of the House to read the contents of these, but indicators of the economy and the real basic mess that the province finds itself in is evidenced again — Crown Investments Corporation records net loss in '85. And we find in the business community, in the small-business community, headlines, "In Receivership — Ward Johnston Electric," "Saskana Sausage Closes," "Saskoil Staff Cuts." And we can go on, Mr. Minister, "Farmer's Income Drops," "Province's Growth Rate Seems to be Declining." One headline that I think is indicative of the economy, and one group that hasn't suffered, is the headline — "Royal Bank Profits Rise \$2.27 a Share."

But these are the areas of major concern. And I just want to walk through these indicators — "Construction Down From Last Year," and I've mentioned that. And worst of all we find in the counterparts in Ottawa pretty well duplicating the direction of this government in many ways, with the massive increase of taxes that has been put upon many of the ordinary people of Saskatchewan and indeed in Canada.

I say to you that these are the concerns that we have. There are some circumstances which I acknowledge that made some difficulty in the Saskatchewan economy. But the thing is that what you've done, Mr. Minister, and your government, is set priorities. And I say they were priorities that were not fair. You set priorities that you, at any cost, would get the oil industry going, and you handed out \$300 million annually to the oil companies. And what you did to the ordinary Saskatchewan people was to increase massively the taxes that you levied on them.

I say that one can compare with other provinces, and I can say that, in respect to Manitoba, it says that Manitoba expects 9,500 beginnings of small businesses. If you look at the economic projections, the economic projections for Manitoba is that it will outstrip the rest of western Canada.

So I ask you, Mr. Minister, these are the cold facts of the economy here in Saskatchewan; I may say only a very small portion of the statistics that could be mounted to demonstrate exactly to what extent this government has failed in an economic way.

Certainly when you first were elected, and you were not the minister at that time, but one of the first things you did is to put on a showcase of the open for business conference, and you spent close . . . over a quarter of a million dollars — \$300,000 I believe it was. A lot of announcements, a lot of propaganda, but little results.

And only when you were into your fourth year and scheduled for the . . . to going to the polls, did the announcements start. But I'll tell you, the concrete evidence of your economic policies are not evident to the people of Saskatchewan. I mean, we'll get into some of the projects, and you can give us more details and perhaps clarify that.

But I'll tell you, we can look at the Weyerhaeuser deal, that purports to be a deal, in Prince Albert. But that, so far, is an announcement. You haven't been able, and you won't table the agreement, your government. And I think that if you were proud of that transaction, that you'd be willing to table that agreement and allow the people of Saskatchewan to have a look at it.

Why are you hiding it? That's what the people of Saskatchewan are phoning and asking us. If it's so good, why won't they disclose it? That's the question that's being asked. So we can get into a full debate on this and I willingly can prepare to do it.

But let us not be deceived into thinking that there was no economic growth before you people got into office. I've used this before, and I'm going to use it again, and it's your document, "The Saskatchewan Promise". And what makes it so difficult to deal with you people is that you won't deal in facts.

(1300)

And the Premier will come into this legislature and, when a question is asked in respect to exodus of population, says there is no growth in population during the time that we were in office. And then he puts out a book which covers our years in office, and indicates that there was an average 10 per cent increase of population every year, when he puts out a book which indicates that the economic growth during '72 to '82 outstripped all of Canada, and he comes in and says, you socialists, you had nothing going for you, when you have turned this province into a heavy debt-laden province in the book that you look and put out by your party. And I'll tell you, I'd like you to put an addition to this — the four years under the Tories. That's what I'd like added to this book in comparison.

You know, just a few of the comments in respect to the growth, and on page 4 of "The Saskatchewan Promise" it says: "Growth — we outperform." And they're sending this all out of Saskatchewan. And I'll read just a bit:

The Gross Domestic Product rose strongly from \$3.4 billion in real terms in 1972 to \$5.2 billion in 1982.

And here we're dealing from 1972 to '82. It seems to me that the New Democratic Party had something to do

during those years. We happened to be the government. So that was the growth.

The population jumped by almost 10 per cent in eight years to just under one million people by 1982. And the Premier says there was no growth, but he publishes it and sends it out of the province, that there was a substantial growth in the population. You know what it says?

Wealth in renewable and non-renewable resources, expanding markets, strong technology capability and an international outlook — combined with the pro-business government and one of the lowest per capita debt burdens in the country . . .

That's the legacy that the New Democrats gave to the people of Saskatchewan. They gave them the lowest per capita debt in Canada, they gave them — and working with the people of Saskatchewan — the fastest growth in Canada, outstripping every province in Canada. That's what we have.

"Years of steady growth," it says in this Tory manual that they send out of the province — years of steady growth.

How the key economic indicators grew from 1972 to 1982: total investment up 10.9 per cent; retail sales, 9.5 per cent; mineral shipments, 12.6; manufacturing shipments, 12.3. And then they have another little chart. This is the Tory pamphlet — Tory brochure — sent out of Saskatchewan encouraging the people to come to the great province that was left behind by the New Democrats. And it says, "10 years as a growth leader in Canada," and they talk about the gross domestic product: Saskatchewan, 51 per cent increase; change in Canada, across Canada average, 30 per cent.

Investment during those 10 years from '72 to '82 — investment grew by 338 per cent in Saskatchewan compared to the Canadian average of 275. Retail sales outstripped the Canadian average, 197 to 186; personnel disposable income increased 333 per cent; in Canada, 267. This is the document that you put out to indicate to those investors how good Saskatchewan was. I wonder if the minister is prepared to indicate what went wrong.

You made so many promises to the people of Saskatchewan; you held out so much for the young people. What you've given them is unemployment, increased tuition fees. To the average citizen you have given tax increases; to the oil companies you've given breaks; to the province you have indebted to the tune of \$2 billion, interest rates of \$201 million. This is the legacy of people over a four-year period. The magnitude of it is staggering to the people in Saskatchewan. And I'll tell you, the people are saying: when will they call the election?

This outfit cannot manage the province, and we'll be getting into it. We talk about the Weyerhaeuser deal, and they pretended that it was such a magnificent deal; that was the thing that Saskatchewan needed. And I wonder why, Mr. Chairman, they won't table that agreement, only a small portion of it. And when we analysed the small portion, what did we find? I'll tell you, the people of

Saskatchewan were not being protected by this government. Their managerial skills of attending to managing the affairs of the taxpayers' dollars is wanting.

They're asking: who's in charge of this government? And what I want to ask you, Mr. Minister, what, in fact, went wrong? What, in fact, went wrong? If things have been growing, if as you're trying to say that the economy is booming, why are we in fact increasing taxes on the ordinary citizen and in fact putting this province into billions of dollars of debt.

We want to go into some of these announced programs that you have for economic development, and indeed we want to see what part of the puzzle you played in developing the Weyerhaeuser transaction as we know it this far. But what has been supplied to us, this is your showcase of economic development.

And let's just take a look at what we know about this deal — Weyerhaeuser — the one which you're saying is the reason why you should be re-elected because of such economic growth. You have a plant at Prince Albert — a pulp plant; and you have some sawmills and you have a chemical plant and you have about 8 million acres of forest. And what you have said is that you're going to sell that to Weyerhaeuser. That's what this document says.

You made out a press release and you said to the people of Saskatchewan, we got a \$500 million economic boom coming. That's what you told them. You misled the people of this province, because when we looked at a part or a portion of the agreement, Mr. Minister, do you realize that Weyerhaeuser, in purchasing all of the assets that I mentioned, will not have to pay one single cent of money. That's not only a possibility; it's a probability — that they will not pay one single cent of money for an asset which you put in the document as being \$248 million.

That's how the people of Saskatchewan are disappointed. They're disgusted because you've misled them. You bring a fellow in from Edmonton, Gainers, Mr. Pocklington — and we want to get into that one — and you make a great big announcement that he's going to invest millions of dollars. But in truth there was not going to be millions and millions of dollars invested. In fact, there's going to be a relatively small plant — and we'll get into that — about \$3 million, most of it taxpayers' money; concessions from cities; documents won't be tabled. When you analyse that transaction you have blown that up completely and totally much larger than what the benefits will be.

And then to top it off you thought you were going to call an election. And you have an upgrader that you've announced three times in Regina — three times. In every budget speech it has been announced since you've been here, three, four times. And then you thought you were going to have an election and so you announced a tax to the non-existent upgrader. You said you were going to build a fertilizer plant. And it went out over the wire, in the news, "Premier Devine announces a new fertilizer plant for Regina." Ha! Do you know what it was? It wasn't that; they weren't studying it, and they hadn't agreed on a fertilizer plant. They hadn't agreed on it. The headline was April 30th as to whether or not they would continue to look at the feasibility of it. And that deadline has passed

and I haven't heard it reannounced yet whether they are still considering the feasibility of going together.

This is the type of sham that you're putting up, and the people of Saskatchewan are sick and tired of it because it doesn't create jobs; it doesn't give them economic security. In fact, what it does is to give them further and further risk in any investments that are coming into the province that the taxpayer is guaranteeing.

You know, you talk about the great economic development. Yes, I'm going to summarize it. You'll have your turn. But you say that, you know, you were going to get private investment. And you know the only way you could get an upgrader going is total government guarantee. You couldn't get one single cent of private money invested. You couldn't get one single cent of private money. Every single cent.

And that's nothing wrong. I'm not saying . . . I'm not being critical. But let us not fool the people of Saskatchewan that somehow you got economic development, that you have opened the doors for outside investment.

Most people would be reluctant to deal with the likes of Peter Pocklington, given his record in the labour fields . . . labour strife in Alberta. But certainly not the minister here, because they were desperate to get some kind of an illusion that there was, in fact, economic development. And there was none.

So, Mr. Minister, you have a key portfolio for economic development. And it seems to me that we haven't had much performance. And so what I want to do is give you an opportunity to comment on this, and certainly we are going to get into some of the specific projects that you are putting up as a showcase for your great economic development.

(1315)

I'd ask you, what went wrong with this great open for big business operation that you commenced? All that has happened so far is that you're trying to govern: one, by polls, and secondly, by public relations. You can't win on that because the people of Saskatchewan are on to your game; they can't believe you any longer. And once the people of Saskatchewan have lost faith in you and cannot trust those of elected office, then I'll tell you, your days are numbered.

So I give you an opportunity, Mr. Minister, to indicate to the people what basically went wrong. Why are all the economic indicators the opposite to what they were during the '72 to '82?

Mr. Hampton: — Mr. Chairman, I would like to ask leave of the Assembly to introduce some guests.

INTRODUCTION OF GUESTS

Mr. Hampton: Thank you, Mr. Chairman. I would like to introduce to you and other members of the Assembly, on behalf of my colleague, the member from Regina North West, a group of students that are seated in the east gallery. They are from W. H. Ford Elementary School here

in Regina. I understand there are about 29 of them; they are grade 5 students. They are accompanied by Mr. Gullickson, their teacher, Mrs. Newton and Mrs. Hildebrandt, their chaperons.

It's unfortunate that right at this time your member is not in the Assembly. He will be here very shortly. He will be meeting with you at 1:45 in the members' dining lounge downstairs.

Mr. Chairman, I would ask that all members of the Assembly greet this group from W. H. Ford School in the normal way. Thank you.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Economic Development and Trade Ordinary Expenditure — Vote 19

Item 1 (continued)

Hon. Mr. Andrew: — The hon. member from Quill Lakes raised several points, and I'll try to respond to them. He began by reading a series of press releases. And I have a stack of press releases here. If we want to go through this side of the House saying that we have this many press releases, and the opposition is saying they have that many press releases, we can do that. But I'm not convinced that we serve a great deal of purpose by simply reading press releases. If you want me to do it, one can, but I think that is the to and fro of political debate. And if you want to get into it, we can go through a series of press releases that are clearly supportive of this particular government. And I'm not convinced that the people out there really want two members to stand in this Assembly saying: I'm better than you; no, you're better than me — that type of thing. So I'll resist doing that.

With regards to the population numbers that the hon. member referred to, the hon. member's numbers clearly are not correct and I'm here referring to the Department of Statistics in Canada. And we'll go to the last year, the last years of the NDP administration — '78 through to 1981 and early into 1982.

In the year '78 there was a net loss of 3,701 people in the province of Saskatchewan. In '79, 3,510; 1980, 4,382; 1981, 521. So the last four years of NDP administration is hardly something, as the hon. member stands up and says, we were having a population growth of 10 per cent a year. Now 950,000 people for 10 per cent a year you'd have been well over a million people in that period of time. That was not, in fact, the case; it was going the other way.

We then come to office and somebody says, well you guys started to lose population. The numbers don't say that. The first year in office — 1,744 positive — first time in five years, first time in six years. The next year, 2,500, 1,700, and the list goes on. So the statement made by the hon. member is clearly not, in fact, the case.

And then as we saw, and as everybody knows, that the

population of this province exceeded a million people. I think that's the first time since back in the '20s perhaps when we had close to 2-300,000 farmers scattered through the rural part of this province. And that's not, in fact, the case.

The hon. member also refers to investments and what is happening to investments in this province. Well the investments are in fact going up in this province. The most significant thing that we see with regard to investment in the province of Saskatchewan is that the private sector investment is increasing; the public sector investment is decreasing. And we don't apologize for that because quite frankly, as a government, that's what we believe it should be — more investment by individuals and less investment by government — because we don't happen to believe that government does a good job of buying or creating a business, or buying another company, or whatever it's going to be.

So in that period of time, 1982 to 1986, private investment as a share of total investment has increased from 63 per cent to 66 per cent in this province, and I think that's a good move. Public sector has in fact declined to 33 per cent. So while you still have some public sector investment and we don't apologize for that, the lines are starting to change. And that's something that we believe, as a party, should change.

In other words, we as a province, and the people of this province, must be encouraged to invest their money, whether you're in business, whether you are a farmer, whether you're starting a small store, whether you're building a big company. But it should be the private sector that is doing more investing, and that's in fact what is happening — increase of 3 per cent over total investment, private sector; corresponding decrease in the public sector.

And we don't apologize for that, and that's clearly the philosophical difference between this side of the House and the NDP, and has been since 1944. You believe, and as well it's your right to, that government should have a larger and larger role as far as owning the economy. Now, that's historically been the relationship in this province, and you tend to still endorse that as a party, that you should have more and more public sector investment as opposed to private sector.

We agree differently. We believe it should be different, that the private sector should be the vehicle by which you use to create that. And if we want to get into that debate over the next couple hours, well then we can get into that debate on philosophy. And that's exactly what this institution is about, debating the philosophy of whether you have government buying something or the private sector buying something.

The member asked about the overall economic situation within the province of Saskatchewan. We have made no secret of the fact that the last two and three years have been very, very difficult times for the farming community. And my father farms, and many of the people in this area farm, and I can assure you that they have difficult times. They have difficult times because the price of grain is going down, and we've had a couple of the worst crops

we've had in a long, long time in this province.

And when agriculture dominates the economy of Saskatchewan the way it does, then that's obviously going to impact on you. And that's going to make problems for our economy; problems for the farmer. The farmer doesn't have money then to go to town to buy, whether it's a new car or whether it's a new house, or whatever it's going to be. So that hinges it down a bit. And that's a problem that no government can easily snap their finger and somehow come to a solution. We can't increase the price of wheat to \$7 a bushel; we'd like to, but you can't do it.

We have done what we can to try to assist agriculture, and I think we have . . . and I'm not going to get into Agriculture estimates. There's many that are more capable than me of doing that. But all I'm saying is from an overall factor, agriculture has had a fairly difficult impact in this province, and everybody knows that, or at least anybody that lives in rural Saskatchewan understands that fact. And I'm sure the member from Quill Lakes does.

At the same time we've had some difficult trends in commodity prices. Again, commodity prices that are established world-wide, and we are but one group of people that must take and face up to those particular commodity prices, whether it's potash which the member has in his riding. That price has dipped significantly in the last four years. That is again a series of reasons, and I can go into the reasons as to why. But I don't think that's the purpose of the debate here. The price of potash has gone down in the world market, and we've had to adjust to it. And we've tried to do what we can to make that adjustment to that, to preserve as many jobs as we can in the potash industry and those related to the potash industry.

The uranium industry which is another big factor in this province. The price of uranium has for a long time been seen as the golden boy that can get us out of some of our problems, and some day we're going to have 50 or \$75 a pound uranium. And that would be well and good if that day came. The people of this province would benefit, and benefit greatly should that happen.

But we've been chasing that, I think, for some time and hoping for some time that that price is going up. On a world market today the price of uranium is at best, static, and at worst, under risk. In which case, if the price of uranium goes down further we, obviously, again will lose money both in the treasury and lose money by way of economic activities and jobs in this province. The oil industry that the hon. member speaks of — he said that what we did as a government was to make massive give-aways to the oil companies. Well, that's been a line used by the members opposite since 1944, and I don't think is a valid argument.

I come from a riding that happens to have an oil industry in that particular area. I can assure you that there's a lot of jobs and a lot of jobs for local kids; a lot of jobs for farmers working in that oil patch — whether it's a job on the rigs; whether it's a job with a service company; whether it's a job driving truck; whether it's even the fact that they get

increased dollars for surface leases on their land.

As we have seen, the dollars rolling into government over the last few years have been very substantial from the oil industry. It's a case where everybody gains. You have more dollars come into government; you have more dollars going to the company. And there's nothing wrong with that. There's nothing wrong with a company making a profit, by our philosophy, nothing wrong at all, because when they have that profit, they reinvest it back into our economy and create more jobs, create more investment, and in turn create more revenues to government.

We don't apologize for that, and if the hon. member wishes to debate the oil industry . . . And what he calls a give-away is what I call a viable and valid economic policy to create activity, to create revenues to use our resources in a proper way. I have no problems with it.

With regard to the questions of some of the major projects that the hon. member raises, clearly the one on the bacon plant in North Battleford was done by the Department of Economic Development and Trade and the previous minister, and I'm prepared to defend that action, and I'm sure that we will deal with that particular action.

With regard to some of the other ones he referred to, as the hon. member knows, those particular projects were done not by Economic Development and Trade but by other projects within government, and therefore this particular department is not involved in the Weyerhaeuser deal, is not involved in the NewGrade deal. So I'm not equipped at this point in time. I've been involved in a different capacity, but certainly the officials have not been, and we're looking at the Department of Economic Development and Trade, as I understand.

So certainly with regards to the Gainers' projects, the members opposite have been very critical of that particular project. It's going to be built in the city of North Battleford. It's probably going to be completed in August of this year, create 300 jobs where none existed before — 300 jobs for people, and many of them not highly trained people, in the North Battleford area of this province.

The assistance that the government gave in that particular project was very similar to what we give to any industry that is building and creating jobs in our province. For every job they create, there's a \$7,500, with this proviso — that that job is there for at least a year. It's got to be there for a year, and there's got to be an equivalent investment by the company for each job that is created.

And what we have in North Battleford is 300 jobs — that's what we're projecting — at \$7,500 a job, is \$2.25 million that we would pay under the industrial incentive program; a program, I might add, that has been accessed by well over 300 companies in this province — some very small, some only one job, some five, some 10. But they're all driven by the fact that you must have performance, and you must create the job.

Now it strikes us that that is a more rational way of economic activity than simply saying, I will give you some money if you go out and cut somebody's grass. I will give you some money if you go out and paint the park

bench or build a fence. Because each year it goes on and on and on, and you have to continue to pay that. So I'm sure the hon. member has further questions with regard to Gainers, and I will certainly entertain those questions with regard to Gainers.

He tries to make, and the NDP have tried to make, the position that somehow Mr. Pocklington and Gainers are inspired by the devil and that he is out to destroy the world. I don't think that's quite a fair statement to make. Somebody is investing his dollars in our province, creating a lot of jobs in our province for our people, and all of it is performance related, and I don't apologize for that.

(1330)

Mr. Koskie: — Well the minister, I suppose, did as well as he could in defending what is going on, but certainly didn't get into the depth of defending his policy other than to say that there was a drought.

But let's not fool the troops. Your economic gamble that you took on behalf of the people of Saskatchewan started before any drought came. Because immediately, as soon as assuming office, what you started to do is to run this province into a massive debt. And in '82 you predicted a \$220 million deficit. The actual deficit was 225. There was no drought. In '83 they predicted \$317 million. The actual was 331. And it has continued each year.

I want to say that you haven't been able to demonstrate where the private investment has been significant. Most of it that is being invested, Mr. Minister, is with the guarantee of the people of Saskatchewan. That's the new proposal that you're putting forward.

You have a coal mine at Coronach — Manalta Coal — which we owned. And you sold it off to Manalta, and you guaranteed the money to Manalta to buy a coal mine which we already owned. That's what you do. That's a good deal for the business community, but not particularly good for the people of Saskatchewan, because they assume the risk without the maximum of the benefits.

I want to . . . I'm glad to know that the minister is ducking from some of the transactions. I would have thought that his department would have been involved in the major, so-called economic showcase projects, but he indicates he's not. So I want to get into a few of them. And the one that I wouldn't mind getting into, Mr. Minister, is in respect to the Pocklington deal or the Gainers deal.

I'd like, if you could, to indicate what agreements has Saskatchewan government entered into with Gainers? Obviously you announced that you had . . . were able to negotiate an agreement with Gainers. And I ask you, what is the basis of the terms of the agreement?

Hon. Mr. Andrew: — With regards to two questions there. One with regards to the . . . Now what we have done with regard to creating jobs in the private-sector investment, and you would suggest that somehow there was no private-sector investment.

Under the industrial incentives program, and the way that works is that the company has to make an investment, who in turn creates a job, and if after a year of that person being on the job, uninterrupted, then they get a payment of \$7,500. The results of that since that program was brought in — what? — two and one-half years ago, is that there has been 308 applications approved — that's 308 small businesses or businesses that have been expanded. They have created 3,404 jobs, and they have capital expenditures of \$104 million. They have earned \$17 million by way on incentives through the IIP (industrial incentive program).

So for \$17 million incentives to small business we've created 3,400 brand-new jobs and attracted investments of well over \$100 million; and those projects, I might add, are throughout the entire province, and the list is very long. Whether it's All Thread Industries in Estevan, three jobs created threading pipe; Canwood Percussion, Lloydminster, created one job, musical instruments; Image Printers created a job in Humboldt; Master Rock Pickers of Leoville, five jobs . . . I can go through the list; it's very long. There's 308 of them. Those are all spread across this entire province. They all created jobs. They all attracted investment, and that investment was all done by private people. As I indicated, that's the direction that we wish to go.

With regard to the Gainer project, so that you can appreciate the Gainer project. What we have with Gainers is as follows: We have a broad understanding that if we can get the hog industry increasing the number of hogs, a large processing plant will be built. But initially what we have, and the only thing concrete with regard to Gainers, is the bacon plant in North Battleford. As I indicated to you, it will be open and into production in August of this year.

Now a project that I understand . . . certainly your NDP candidate in North Battleford has said, we would support; your leader has indicated that you would support. Under that project there will be . . . (inaudible interjection). . . It's not an agreement. The project involves the building of a plant.

If they build the plant, and if they create the 300 jobs that they say they're going to create there and keep those jobs for a period of one full year, then they earn their industrial incentive grant of \$7,500. That in 300 jobs will mean that they would earn an incentive of \$2.25 million because they're creating 300 jobs. If they create 400, they get more; if they create 200, they get less. And that's simply not part of an agreement. That means they're just simply accessing a government program that was put in place two and a half years ago.

As well, part of that proposal would involve a mortgage from Sedco — only part of it, okay? And the other would be an investment with regard to Gainers itself and the project. The Sedco loan is basically a Sedco loan that thousands of people over a period of time have accessed in Saskatchewan. So the Gainers' project in North Battleford involves the industrial incentives program.

The other project that was announced will not go forward until such time as the hog population in this province has

increased. And I would hope that it does because, I think, as a province we must increase the amount of diversification that we can see in agriculture. Because if we simply rely on producing wheat and hoping the market will and the world will buy it, we could be in trouble as the markets start to shrink. So we have to look at other ways of processing food, other ways of turning grain into food, to access the markets of the world.

Mr. Koskie: — I just thank you for that information. In respect — let's just narrow down to the bacon plant that's going up in North Battleford. What will be the total amount of provincial moneys that will be provided to Gainers in the development of their plant in North Battleford? There's no use talking about the larger project because that's dependent upon, you know, a greater hog population in order to make it feasible, and you've indicated that. But just in respect . . . do you know, first of all, what is the total cost of the investment of the bacon plant — how much is that? And what is the total amount that Gainers will qualify under any of the programs of the provincial government?

Hon. Mr. Andrew: — The North Battleford project is as follows. It will cost \$7 million to build that plant, \$7 million. Of that, 1.7 million will be cash or equity by Gainers. There will be a \$5.3 million loan through Sedco that will be at going Sedco rates. Okay. Just a normal Sedco mortgage — 5.3; equity will be 1.7 by Gainers. Gainers will then be able to . . . (inaudible interjection). . . If the people want to talk, can they go outside? and we can discuss our estimates.

Then Gainers will be able to earn the industrial incentives grant program of \$7,500 for each permanent job created after one year, which would then be applied off on payment of the Sedco loan. So from that point of view, it's a fairly straightforward, clean deal with regard to the North Battleford plant.

Mr. Koskie: — And when one figures that out: \$7 million plant, \$1.7 million put up by Gainers. But they, in a year's time — since they're going to put onto production, you say, 300 jobs, and they would qualify for about 2.2, I guess — so in a year's time they would get back totally, as a form of a grant, all of their total cash investment that they initially put in, plus some. In other words, all they would have then is the remaining part which is put up also by Sedco in the form of a loan.

So really in essence it's only interim financing by Gainers. They put up, as you say, \$1.7 million cash. But a year hence, if they create the 300 jobs, they get \$7,500 for each job as a grant, and that comes to 2.25. And so what they can do is in fact pick up about \$500,000 and have a plant and owing only the loan. That's not a bad deal. Now is that not accurate, given the deal that you have outlined?

Hon. Mr. Andrew: — I indicated to the hon. members, first of all . . . first of all there's a Sedco mortgage, and that Sedco mortgage secures the property. You understand that mortgage? And that arrangement exists for many, many Sedco loans throughout the province. You make a Sedco loan, and that Sedco has made that understanding.

The plant cost is about \$7 million — 1.7 million is equity

— and there is a requirement of about \$3 million in working capital for that plant, that that would be put in by Gainers as well, as the working capital; that's their operations of it. Then they qualify, as does any other company qualify, for industrial incentives program if they in fact create those jobs and if those jobs are in fact ongoing.

So they qualify no different that if it was the hon. member coming in and said, I'm going to build a hotel in the Quill Lakes region; and he said that hotel is going to cost me a million dollars; Sedco is going to finance, let's say, 700,000 of it; I'm going to put 300,000 of it in myself and I'm going to create five jobs. Then what you do is: you have that same investment; you pay back your mortgage; he has to then come up with his working capital to run the hotel; and if he hires those people for a period of a year and ongoing, then he will earn the \$7,500 grant.

It's exactly the same type of thing that would happen to a person building a hotel in — what's one of the names of the towns in your riding? — Wynyard. If they were building a hotel in Wynyard, it would work exactly the same way.

Mr. Koskie: — Tories don't know my seat very well — that's good. The fact remains, though, Mr. Minister, on the \$7 million plant, on the agreement that they have, that they're putting up, Gainers is putting up \$1.7 million and they're borrowing \$5.3 million for Sedco, and we'll come to the rate and discuss that.

If you look at that, that gives you your \$7 million. And you said this here corporate citizen is going to be providing 300 jobs, you said. Based on 300 jobs and assuming that, that under the industrial incentive program they could pick up \$7,500 for the 300, that's \$2.25 million, and they've only put up 1.7 million; they, in fact, if in a year's time employ the 300 — in a theoretical situation, but one which you confirm — they, in fact, have to their advantage \$550,000 — half a million dollars — over and above the investment that they put into it. Now that's not bad going.

(1345)

You talk about needing working capital. That's fair enough. I suppose . . . I'm not sure what nature or amount of working capital that will be required for it, but what they can do, on a theoretical . . . not a theoretical, but on the basis of what information you've given, and what the deal is, is to make, in fact, \$550,000.

They invest for one year, 1.7 million. They take a loan for 5.3. That gives them their 7 million plant. In a year's time, when they create the jobs — they get \$7,500 back for each job — they get \$2.25 million. And that gives them a net gain of \$550,000 for an investment of 1.7 million. And they can walk away if they so desired. And they would have \$550,000. That's what they could have.

But I want to . . . I was just wondering whether you have any documents, in respect to this agreement, that we could substantiate the agreement of understanding with Gainers. Certainly you say you have a kind of a broad understanding of the future, if the hog industry goes, that a

packing plant will be built. I ask you, first of all, if you have any documents and whether you'd be prepared to table those because I think we would like to have a look at the nature of the agreement.

Hon. Mr. Andrew: — With regards to the question, the only written agreement that you have with Gainers with regard to the North Battleford project is the mortgage with Sedco. I've indicated that to you in the House some time ago . . . (inaudible interjection). . . Well the members say, let's have it. Sedco has never released information of what mortgage they have with anybody, and I don't think it would be proper for a Saskatchewan institution involved in lending money to make public everybody's business that deals with Sedco. Nobody would then, in fact, deal with Sedco.

With regards to the project in North Battleford, they have 25 per cent equity into that plant, and that's not uncommon for an investment in any business within the province of Saskatchewan. The hon. member has various small businesses in his riding, some of them likely — and I don't know this — but some of them likely have some Sedco financing. And I would be very surprised to see many of those with an equity investment of more than 25 per cent and 75 per cent debt — not unreasonable at all.

With regards to a project, to say that somehow the person is going to walk in and steal a bunch of money and run away, I think, is not being very fair. You don't go in and build a \$7 million plant to shut it down a year from now and walk away. I mean, that's not the way that people try to run businesses.

The hon. member from Assiniboia, I don't think that he would look at running a business that way. And I challenge the member from Quill Lakes to indicate that 25 per cent equity into a building and a plant is an unreasonable amount of equity or not an unreasonable amount of equity to put into that. That's very consistent with the industry across the world.

Mr. Engel: — My colleague makes a good point that the 25 per cent equity thing is the thing we're arguing about as far as Weyerhaeuser's deal is concerned, but I don't want to get into that now. I want to stay with this pork industry and the proposals.

What kind of a credit reference . . . for a financial institution to put up 75 per cent equity in a business to establish it, what kind of a credit check did Sedco do? I'm familiar with Sedco's dealings in some companies before, and they'd get started and then Sedco wouldn't up-front all the money because they felt that it wasn't a good business venture and a good business risk. How much of this \$5.3 million was put up and on what terms and what kind of a credit check did they do?

I think when Mr. Pocklington was sitting right up there in the gallery when the program was originally announced, we questioned that day, and I was personally involved in some questions regarding a newspaper story in the Maclean's magazine that detailed some of the background information on this Peter Pocklington and the businesses that have failed under his hand. I was wondering, what kind of a credit check did you do on this

person and his ability to run and finance and maintain a viable business in the province?

Hon. Mr. Andrew: — If the hon. member is asking for the details by which Sedco did a credit check, that's not done by our department. Obviously Sedco take a whole host of loans, probably some in your area, some around the whole province, and they have the facilities and they have the people that access those particular loans and grade those loans and determine whether they should make it and then go to a board of directors to determine how to make it.

Now I can't discuss with you (a) the details of what the credit rating is. The people here were not involved in negotiating with Sedco or doing the credit ratings with Sedco. And certainly the forum will come by which we can discuss that in a Crown Corporations Committee, but you wouldn't expect this particular department to get into the details of the credit worthiness of Gainers.

As to what investigations they did, etc., etc. What they indicated to us is that it was a good credit risk, that they made the loan based on a good credit risk, and they have 25 per cent equity put in, which is not unreasonable. In many of their loans that they do, 25 per cent would probably be . . . They'd probably have to scratch to get the 25 per cent equity in many small businesses. And Sedco . . . you know, obviously for different reasons, sometimes Sedco might make a loan with less than 25 per cent equity into that thing. But 25 per cent equity in any major project, any hotel, that type of thing, is not an unreasonable amount of equity to ask for.

Mr. Engel: — I didn't argue that. The only argument I'm making is, if the government's financial institution, Sedco, guaranteed, the taxpayers, if there's a loss there, the taxpayers pick up the tab. It's not like if the Bank of Montreal puts up the 75 per cent of the money, and if it's a failure, then it's the Bank of Montreal's problem.

In this case it's the taxpayers' problem if there's a failure. And if you're saying that in light of the man's stature, Canadian-wise, and in light of the news stories and the material that's out about him . . . And that's public information that's available at any news-stand and in popular magazines that wouldn't do a story — because I'm sure that they'd be libellous if they'd be writing a story about a man that lost his care agencies down east and had lost this and had lost that; and his house was in jeopardy and he had Wayne Gretzky mortgaged and all this. The whole story was there, and it was out there before he ever decided to come to Canada.

I think the key criteria for a Tory government deciding that he's a good credit risk is that he was a leadership candidate, and it's just as political as that. Because anybody else, any financial institution would take a second look and say, look, this man's business failed here, and this man's business failed there. And I'm sure if our hon. chairman were in charge of a bank that would deal with that, he'd look at his past performance. He'd look at the past performance and say that this one we're going to give some money to, but this one we'll give 15 per cent, and you put up 85 per cent.

But when a person has that kind of credit risk and that kind of problems . . . His hog business in Alberta was in conflict with Albert hog producers. And the whole history of the man is such that is questionable. And now he's in the news, the way he's treating his employees.

The thing is, we had a pork producing plant that was willing to do the expansion and get involved under the same terms. They said, if the market's there and the expansion's there, they're willing to get into it. And I'd like you to come up with some documentation saying that this is the appraiser's valuation of the \$7 million plant. There's truly the value there, because this is as much as the contracts were and this is what this was, equipment and so on involved, and the land site, and everything that's there comes to so much money. Because how do we know that when he did the contract and when the whole picture was put up there, that that one and a half million wasn't paper, was really not true value there?

I don't know that. I'd like to have some numbers. I'd like to have some numbers saying that he let a contract to so and so for so much to build this building, and he's got a contract for so much to buy this equipment, and he's got a contract for so much, that this is the terms of agreement on purchasing the land and the site that it's on and providing the sewer and water facilities. There's got to be some numbers around that substantiate a \$7 million plant.

For all we know, the plant's only worth 4 million, and you put up 5.3. How do we know those numbers are out there and that you're substantiating it? And is money being advanced in one lump sum, or do you give progress payments as the building is being built? What are the terms and agreements?

I think you should be able to give us some paper on this kind of an agreement because, number one, there's a question asked by all the public; he's a PC candidate for the leadership of your party. Number one, that is out there. So there's evidence there that there's got to be some conflict of interest. That's the number one issue. And I think because of who he is, and the kind of reputation he has, you have to come super-clean on this one and show us some numbers.

Hon. Mr. Andrew: — I can advise the Assembly, and that's exactly what I'm going to advise the Assembly, is that I've been advised by professional people working at Sedco that they are comfortable and confident with their loan with regard to Gainers.

Now you would not ask me, and if you do I will not respond by giving the details of financial statements of every loan done by Sedco . . . (inaudible interjection). . . Now, so you say . . . (inaudible interjection). . . The members say, well, let's pick and choose, and we will have this particular individual; we want to make him public, but not another individual. And that is wrong.

Sedco is an institution that lends money to people that are building businesses in this province — many companies. And you don't determine which ones are public and which ones are not public according to the politics of that particular person, nor should we ever. Because if you get

into that you've got yourself into running a financial institution as exists throughout the country. There's one in every province, pretty well. And nobody does that, and nobody should do that because everybody deals with Sedco in a confidential way, and people should deal with Sedco in a confidential way.

And I think it would be very improper for a politician to get into any details with regards to the Sedco loan and what Sedco checked here, there, or the next place. Or the next thing that we would know is that you would ask a question of so and so in my constituency or your constituency that maybe doesn't support you. So you say, well that guy doesn't support me; he's a member of the Liberals or the Conservative Party. I want the details on him.

And I think that would be a terrible mistake if we ever made that kind of move by governments, dealing with loans directly, not directly from government. Government makes a loan directly to people. Then I think, well and good; you make that available. But when you have an institution over here, that is not the same case. And to argue that way would be to argue that Sedco is not an arm's-length, financial institution of government. And I suggest that is and should be.

Mr. Engel: — Mr. Minister, I think if you would have listened to the question more carefully . . . I wasn't looking for details from Sedco. I was saying, can you give us some documentation saying that the property is worth X number of dollars; servicing the property is worth so much money; the building is worth so much money; and the equipment that he's putting into it is worth so much. And there you come up with the \$7 million number.

Surely there's some breakdown of what's involved so we know that . . . and I wouldn't mind knowing who the various contractors were on site that were bidding it. And if you'd have a situation where you're talking about my colleague building a hotel and Sedco would be putting up 75 per cent of the money, if the person building the hotel were his own contractor and doing the construction, he would then have a little more leverage as to what is the 25 per cent of his involvement because part of that he could maybe be earning as a contractor and part of that could be professional fees or whatever.

(1400)

So I think if you, as a lawyer, decide to put together a package and up in your constituency put up this licensed dining-room or hotel or whatever you want to do, and you are your own contractor, your professional fees might be your own 25 per cent. So I would like to know some numbers and some details on this deal to know that it was actually worth \$7 million.

I think, on behalf of the taxpayers of Saskatchewan, that's not asking too much. I don't think that's asking too much.

Hon. Mr. Andrew: — Well to the hon. member, every time Sedco makes a loan to a project, whether it's this project or whether it's to build a hotel, or whether it's to build even a small operation . . . When they're advancing

building a plant or a building or whatever it's going to be, most Sedco loans — pretty well all Sedco loans — are for that. Then you will have an audit done during the construction phase by Sedco just as you would with any other financial institution. That exists for you. If you were going to build your hotel in Assiniboia, you would have to go through the audited steps by Sedco to guarantee and ensure that in fact this many dollars were put in and how they were put in, etc. And that's done all the time.

With regard to the industrial incentives program, it's not just creating a job, but you also have to make an investment. So from that point of view, to fit the rules of that, you also have to, from our department, prove that in fact you legitimately spent this much capital dollars.

Those are the numbers that we have. We could do that when the plant is completed to ensure that in fact it is done. And I can undertake to you that this will in fact be done, to prove in fact that those people have invested the capital they have to invest to score those jobs.

Mr. Koskie: — Thank you, Mr. Chairman. Just in respect to the establishment by Gainers of the bacon plant, I wonder, did your department make any contact in respect to Intercon to see whether or not they would be prepared to put in place a bacon plant of a comparable size and value as what Mr. Pocklington of Gainers were prepared to do. I ask you: when were you in contact with Mr. Mitchell, I believe, the president of Intercon, if indeed you were, and did you outline the similar proposal to him? And . . . well, I'll let you answer.

Hon. Mr. Andrew: — With regards to Intercontinental Packers, exactly the same proposal was put to them as put to Gainers, at the very same time. And, in fact, Intercontinental Packers are now in the process of a \$24 million — \$24 million — expansion, and that \$24 million will attract a large number of jobs.

They have been approved — their project has been approved by IIP again, industrial incentives program. And every job that Freddy Mitchell, Intercontinental Packers, creates, he will get the \$7,500 exactly the same as Gainers have, and exactly the same as 308 other businesses in the province have got as well.

So the expansion being done by Intercontinental Packers today is over three times larger than the Gainers plant that is being built in North Battleford — three times larger; \$24 million expansion being done by Intercontinental Packers.

Mr. Koskie: — Well I just want to get it clear as to whether or not before you made the announcement here in this legislature with Peter Pocklington in attendance and all the fanfare, whether in fact prior to that date you had in fact given the same proposal, had discussions, and asked Intercon whether they were prepared to make a similar commitment.

My understanding that that was not the case. It was the case that, after the fanfare and the announcement by Gainers, that Mr. Mitchell of Intercon was rather perturbed, and then did make it known to the government that Mr. Pocklington was not really very welcome here

and, as a corporate citizen, he wasn't very impressed with him. And from there grew the plans by Intercon to proceed with the expansion of Intercon.

I want to be perfectly clear on this, because that's not the information that I get. I got the information that you people had the press conference, made the announcement, and it was only then, and after then, that you had comment by Mr. Mitchell, and only after that did he indicate that he was proceeding with the expansion — that you had not, in fact, met with him on the same basis as with Pocklington.

Hon. Mr. Andrew: — No, that's not true. In fact, negotiations have been ongoing with Mr. Mitchell at Intercontinental Packers for in excess of two years now. That dates back to, I think, February of 1984, but certainly back to 1984.

He was determining . . . If you understand the negotiations with Intercontinental Packers, the government had owned 49 per cent interest in Intercontinental Packers from a purchase made by a previous government some years ago. That particular interest was valued by three or four appraisers, and we were in a series of negotiations from about 1982 up to 1984 wherein we struck a deal and sold the government's 49 per cent interest back to Intercontinental Packers; so they now own it 100 per cent.

We then went into negotiations with them to try to encourage Intercontinental to do some expansions. Intercontinental's decision to make an expansion move was not taken until after the Gainers' was announced, at which time they announced their further expansion. Their further expansion takes in a different direction perhaps than Gainers — not quite the same, but it's still a significant expansion. That decision was made by Intercontinental when they decided that they wished to expand. But over a period of two years, negotiations were going on with them.

Mr. Koskie: — When the fanfare with Pocklington was announced in respect to the slaughtering plant and the building of a packing plant and so on, that was not a possibility at the time certainly, because the hog population did not warrant a further expansion of a slaughtering plant or a packing plant. So what I'm saying to you is that in order to magnify the so-called investment, what you did is to throw this in to build up the announcement that looked like something like \$36 million. I ask you: why was it that a section of Intercon was in fact shut down here in Regina and people lost jobs if, indeed, what you were needing is an expansion of facilities which Intercon in fact closed down?

Hon. Mr. Andrew: — Intercontinental Packers made a decision that they wished to shut down their Regina operation, and that's an internal decision made by Intercontinental Packers, and it's not government's job to tell them that they should or should not shut that down. They made that decision and they, in fact, rationalized to Saskatoon around the similar time that we divested our interest in Intercontinental Packers — at a significant loss — but we divested it through proper analysis, and they made that decision.

I don't see anything wrong with having two hog packers in the province as opposed to one. I think that competition is healthy. I don't think it's fair to try to pit off Intercontinental Packers against Gainers. I think both of them can function in this province.

The North Battleford plant of Gainers will use . . . Most of their product will in fact be back-hauled from Ontario or be taken out of the plant in Edmonton, so that they're going to have a different access to a different hog production. The pork bellies are coming in from Toronto on back-haul when they take their bacon and ham down, as well as processing it out of their Gainers plant in Edmonton. Now those decisions are taken at the corporate level, whether at Intercontinental or at Gainers, and it's not for government to tell them how to do it.

Mr. Koskie: — Well the problem that we have here is whether or not a large amount of incentives are going forward to Gainers, owned and operated by Peter Pocklington. And the question is whether or not efforts should have been made, if indeed a bacon plant was needed, to work with the corporate citizens within Saskatchewan, the Intercon, Mr. Mitchell's operation, or whether or not you should have in fact . . . whether there is any concern with what you have taken on here.

I don't know, and I'm not attacking, but here is the situation, though, in respect to Mr. Pocklington of Gainers. In Edmonton the president of 6,000-member Canadian organization of small business has sharply criticized Alberta labour laws and Edmonton entrepreneur Peter Pocklington. He said Pocklington, who owns the company, has given entrepreneurialism a bad name by his actions, and the government should now step in. "It's time to bring in the government, says Horrigan."

An Hon. Member: — Some socialist . . . (inaudible) . . .

Mr. Koskie: — No, he's head of the small-business organization.

An Hon. Member: — Some socialist newspaper.

Mr. Koskie: — Well, yes. So there are concerns in respect to the nature of the type of corporate operation that Mr. Peter Pocklington runs.

I have here also an editorial from the *Prairie Messenger*, which says, in part . . . "The strike at Gainers." It says:

Saskatchewan citizens should demand of their government an explanation why Pocklington has been invited into Saskatchewan with huge incentive grants. If the government felt that there was room for expansion of the meat industry in this province, why were the grants not offered to the long-standing, corporate citizens who have cordial and just relationships with their employees and have given Saskatchewan good meat at reasonable prices?

That's an editorial from the *Prairie Messenger*. Let's face it — his utterances down there during the very bitter strike,

one of the most bitter strikes it ever witnessed in Alberta.

And you've heard the statements by this corporate citizen that you are inducing to come to Saskatchewan with incentives — and I see nothing wrong with incentives. But I think if you have options, one should go for the corporate citizen that has a relationship with workers, as well as making a profit. He has said that he will never again operate a business and have a union contract. He has said he is going to be determined to bust the union. And he has cancelled the pension benefits relative to his plan, according to press releases.

Now I don't know if you have any concerns with this. But I think that people across Saskatchewan have concerns, as is evidenced by the various articles in the various press releases and the editorials of the *Prairie Messenger* — as you will know, a Catholic paper with a fairly wide distribution not known to be anti-business but, I think, looking for social justice and fairness.

I don't think we need to go back to the 18th or 19th century labour-management relationship by introducing with taxpayers' subsidization — the very workers of Saskatchewan are subsidizing bringing this bird into here to set up a business. I think that, you know, we could do better by getting someone with some corporate responsibility.

It's known in Edmonton itself that the facts are accurate in the editorial. "The Edmonton plant . . .

An Hon. Member: — It's not accurate.

Mr. Koskie: — Well it is accurate.

The Edmonton plant (that's Pocklington's) has not been modernized. Pocklington has not remained competitive.

So this is the situation. In respect to the corporate record of Gainers, run by the president, Peter Pocklington, the former candidate for the leadership of the national Progressive Conservative Tory party — the most reactionary platform that any citizen has seen in Canada . . .

(1415)

An Hon. Member: — Radical right-wing.

Mr. Koskie: — That's right. A radical, right-wing position that he put in his leadership bid, and he's demonstrating that he meant what he said. Because he said, I'll bust unions and I'll take away rights, reduce wages, be unfair, and go out and exploit the situation of high unemployment to union-bust and to have worker against worker.

That's the right-wing, Tory approach to labour relations. It's the Margaret Thatcher approach, imported from England. And we welcome this great corporate citizen, this former candidate for the leadership of the Tory party who says, I'll beat those workers into the ground; they gave me concessions last year; they reduced their wages. But the contract comes up and he said, I'll give them what

they want because there'll be no union here. And that's what he's done, is truck in . . . (inaudible interjection). . . Yes, he says there's truckloads of people brought in, pitting worker against worker, unemployed against those that are working. That's exactly what you've brought in.

And I don't think you should brag, Mr. Minister. There's not much pride in importing from another part where he's practically being kicked out of — just about being kicked out of Alberta; that's about where he's at — and bringing him in here with taxpayer subsidies. I don't think you can be very proud of that.

I'll tell you, if you brought in or if you expanded the facility with good corporate citizens who have some desire of creating productivity; Fred Mitchell, Intercon, could have done the job — says it's a scam what Pocklington is trying to do, cutting back the wages of the workers. And this is the guy you bring in, and you hold it up and say, what a great thing we're doing.

INTRODUCTION OF GUESTS

Mr. Johnson: — Thank you, Mr. Chairman. I would like to introduce to the legislature and all my colleagues a group of some 36 students from the Langenburg area. It is in fact the grade 5 students from Langenburg elementary school down in my constituency. They are with their teachers today, Rick Goddard and Hazel Okrainetz. Their bus driver is B. Foley, and I don't have the first name.

I want to welcome you to the legislature. Generally on Fridays we are finished by 1 o'clock in the afternoon, but we're sitting extended hours. So you're lucky, and I'm glad to be here to have the pleasure to introduce you to the Assembly. We are in committee, and I thank the hon. opposition member for giving me the opportunity to introduce you to my colleagues. I will meet you for pictures right after you leave the Speaker's gallery.

So I would ask all hon. members to welcome them in the usual manner.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Economic Development and Trade Ordinary Expenditure — Vote 19

Item 1 (continued)

Hon. Mr. Andrew: — The hon. member from Quill Lakes makes two points here: number one, that there was no offer made to Intercontinental Packers. As I indicated, Intercontinental Packers are expanding their operation through exactly the same process, exactly the same IIP (industry incentive program) grant. Theirs is going to be 24 million as opposed to the \$7 million plant with regards to at North Battleford.

The hon. member reads a couple of editorials, he says, from the *Edmonton Journal*, or statements in Edmonton with regard to the labour laws in Alberta, with regards to the way Peter Pocklington deals with his people. The

labour laws at Gainers will have to deal under the labour laws of the province of Saskatchewan.

With regards to the dispute in Alberta, I think the dispute is best exemplified — how positions are being frayed — when you look at *The Globe and Mail* article today. In today's *Globe and Mail*, headline reads: "Radical unionist leads labour fight in Tory Alberta." Now the members opposite say we don't have radical unions any more in this country. But let me read from the *Globe and Mail*, what *The Globe and Mail* says in an interview with Dave Werlin who is the head of the Alberta Federation of Labour. Just listen to this. The member from the North West might be interested in this. Here's reading from *The Globe and Mail* interview. *The Globe and Mail* is obviously a recognized newspaper in this country. And here's how the interview with Mr. Werlin goes.

"I'm a Communist," Mr. Werlin said in an interview. "It means I take a class position on things. I don't just see it as a simple struggle between a group of workers and an individual employer; I see a transfer of wealth from working people to the corporate elite."

Now that's the type of statements that the union leader is making against Gainers project in North Battleford. Says, in an interview of one Mr. Werlin's associates:

Mr. Werlin's politics do not seem to have hurt him.

"He's not a proselytizer," one official said, "He just does what he's supposed to do. You can't really say he's doing things on orders from Moscow." There have been some instances of red-baiting," but mostly the reaction has been, "So what?"

The latest burst of union solidarity in Alberta has Mr. Werlin as high as a kite, prompting one (labour) official to declare that "Werlin thinks the revolution is about 17 minutes away."

As if to confirm that view, Mr. Werlin tells a reporter, (here's what Mr. Werlin tells reporters — and this is in the dispute with Gainers), "The whole capitalist system is in crisis . . . and the latent fight-back determination of the trade union movement has been awakened . . ."

So what he is saying is that (a) I am the leader of the Alberta trade union movement across all of Alberta, and I'm a Communist, and I'm proud to be a Communist. I want to eradicate capitalism; that this fight is not between the workers at Gainers and Peter Pocklington; the work is a class struggle. That's what he said to 8,000 people on the steps of the legislature of Alberta, and that's what he told *The Globe and Mail*.

The members opposite say, so what? So what, they say? What they say is: Peter Pocklington is all bad; the workers movement and the leadership is all good. Now they say that the union leadership is all good; that our party supports the unions; that the unions support our party; that there's one person that's inspired by the Devil and the other one inspired by the Great Lord; and we're on his

side, and you're on the Devil's side. It's not that simple my friends.

And the labour union and the labour dispute in Alberta I hope stays in Alberta — does not come over here. Gainers will operate under the laws of the province of Saskatchewan. Gainers have 1,200 job applications from people in North Battleford and across the province, looking for one of those 300 or 200 jobs, and that seems to me to tell you something.

The members opposite would rather we didn't have the jobs because we might have Gainers in Saskatchewan, and I think that is shameful, and that is inconsistent with anybody asking for job creation in this province; it is disgusting and disgraceful.

Some Hon. Members: Hear, hear!

Mr. Koskie: — Well I'll tell you . . . I'll tell you, Mr. Minister . . .

Mr. Chairman: — Order, please. Order.

Mr. Koskie: — . . . (inaudible) . . . Premier Devine and Peter Pocklington. That's the new economic generator of this province; that's the line-up. Just imagine, they're going to build Saskatchewan and they bring Peter Pocklington, who was driven out of Alberta to Saskatchewan, to build Saskatchewan. And you know who they line up with this Pocklington who is being run out of Alberta, has no credit, and you know who they take on? The workers of Saskatchewan and across Canada.

Mr. Chairman: — Order, please. Can we have order, please. Let's have some order, please.

Mr. Koskie: — Thank you, Mr. Chairman. I was wondering when you were going to perform your duties. The position that Pocklington has established is very clear, and he says, "Days of union workers are over at meat plant," and what reason? *Canadian Press*: "The days of union workers at Gainers Meat Packing Plant in Edmonton are over," — millionaire entrepreneur . . .

An Hon. Member: — I thought you said he was broke?

Mr. Koskie: — Well he is, but they put that in, and plant owner Peter Pocklington said Wednesday:

"I am not going to have another collective agreement with anyone," said Pocklington, whose strike-bound plant has been the scene of violent confrontations this week. "I will deal with employees on an individual basis."

Now I want to say, that really represents the new labour relations policy adopted by the Premier Devine and the Tories if they happen to get re-elected. That is exactly the standard of labour relations that they are going to adopt. Margaret Thatcher started it. Every union worker in Great Britain was a communist.

His defence takes on the workers. The workers who co-operated with Pocklington in Gainers plant in Edmonton took a reduction in order to keep operative and now, when the collective agreement expires, he casts them out and he trucks in unemployed labour. And that's the standard of collective bargaining and labour relations — the new team.

So I say to the workers across Canada, and indeed in Saskatchewan, because they're being introduced, is in fact this is

the evidence of the new labour relations policies of the Devine and Pocklington team. This is what they have to look forward if indeed — God help us! — if he ever got elected again. But I can assure you, you won't have an opportunity of putting into effect this new labour relations policy — the Grant Devine-Peter Pocklington labour relations.

And so I say that I have no, no problems whatsoever. When union people have been reasonable, and no one has said that they haven't been here; they've took a decrease in wages. And in fact, as the *Prairie Messenger* says: why are we in fact bringing in a corporate citizen with such a shabby record? That's what they're asking.

And I ask you that, and the people of Saskatchewan ask you that. And you can't cover up every conceivable mismanagement by yourself and your government and the radical right-wing parties by the communist scare. It doesn't work in Saskatchewan. I'll tell you, it doesn't work. Tommy Douglas, as he marched across this province for 20 years, was called a communist by people like you. And I'll tell you, when he passed away, the respect he had across this nation was unequalled.

And I'll tell you, we will continue to march in tune with what Tommy Douglas laid. Fairness in society is what we want. Fairness in society. A co-operative approach; not pitting management against worker, and worker against worker, and in fact putting up the old communist scare. Typical Tory defence of their vicious attack on labouring people.

And I say to you, in Saskatchewan here the CCF, the forerunner to the NDP, under Tommy Douglas, set out best working labour legislation in North America. There's no doubt about it. And we're proud of that. And I'll tell you, that was done in an agricultural province. And the farmers in Saskatchewan agreed with fairness. And I'll tell you, you introduced the Peter Pocklington-Premier Grant Devine new type of worker relationship, and they'll throw you out because the people of Saskatchewan are used to the fairness that the CCF and Tommy Douglas and the NDP have established for working people in Saskatchewan.

(1430)

Fairness is what they want; not the Peter Pocklington and Premier Devine type of right-wing labour relations. No respect for the worker. That's what you are proposing.

You stand up here and say, he's a good corporate citizen. That's what you say. But I'll tell you, he's not a good corporate citizen. And the editorial of the *Prairie Messenger* says that he's not a good corporate citizen.

And I'll tell you, Mitchell from Intercon says he's not a good corporate citizen. I'll tell you the business

community, small-business association, 6,000 in Alberta, said he's a bad corporate citizen and giving them a black eye. And you stand up here and support him and say, we support him; he's a good corporate citizen. That's what you've said.

And I'll tell you, yes we do. We stand here supporting workers across Saskatchewan for fairness. And I'll tell you, we'll fight against any entrepreneur, be he a candidate for the Tory leadership that you have brought in and given special privileges, or not. We want to fight, and we will fight for fairness. And that's what the people want.

Some Hon. Members: Hear, hear!

Mr. Koskie: — And let it be known. So the workers are obviously aware of the fact now that what they have to look forward to by bringing in this here great entrepreneur that needs government grants in order to establish a plant — he can make \$550,000 on his initial investment in a year's time. Great entrepreneur.

And I'll tell you, if he comes into Saskatchewan and does what he does in Alberta, I'll tell you, the people of Saskatchewan will not tolerate it because we're used to having very, very fair labour relations here. And that's all that people want. They don't want unfairness on either side — union or management.

And that's our position. And I think that's the position that you should be taking, rather than tying yourself — tying yourself solely — and endorsing . . . And the Premier bringing him into the legislature here and standing him up as an example of a great entrepreneur coming to Saskatchewan.

And look at what he has done. Look at what he has done to labour relations. I say, Mr. Minister, I don't think you can be proud of the development, nor can you be proud of the special arrangements that you have given — the special arrangements that you have given to one of the former Tory candidates for the leadership of the national Tory party. I think you should be ashamed of yourself, as is evidenced in the editorial from the *Prairie Messenger*.

Hon. Mr. Andrew: — The hon. member makes like somehow, I'm red-baiting, saying that all unionists in Alberta are communists. What I'm saying is simply quoting — I am quoting from *The Globe and Mail*, an interview with the union leader that is the head union leader of the province of Alberta, head of the Alberta Federation of Labour.

It's not me saying that; it's him saying that. Read it — black and white in *The Globe and Mail* today. "I am a communist and I am proud of it." That's not me saying that; it's him saying it himself.

Now the hon. member talks about Tommy Douglas . . . (inaudible) . . . in the province, and Tommy Douglas did many things. But I'll tell you, Tommy Douglas and many of the people in the CCF would not like your alliance with the trade union movement when these people stand up and talk this way.

There's many in my riding, CCFers, who would read this article by the head of the Alberta Federation of Labour, and ask themselves, are we in the NDP . . . is the NDP and the CCF the same thing, when some of their leaders . . .

Mr. Chairman: — Let's have some order, please.

Hon. Mr. Andrew: — I ask the members opposite, and I ask this simple question: Tommy Douglas and the CCF, would they approve of the head of the Alberta Federation of Labour? And do you approve of the largest and biggest union leader in all of Alberta, the head of it, standing up and publicly saying, I'm a communist and I'm proud of it; I want to eradicate Alberta of all capitalism. And this is a class struggle. This is not between Pocklington and the people at Gainers, the workers at Gainers. This is a class struggle.

That is what he is saying in the paper. And I defy the members opposite to say that the old CCF under Tommy Douglas endorsed that type of statement. I don't believe they did . . . (inaudible interjection) . . .

The member opposite says, well Peter Pocklington should not be allowed in the province of Saskatchewan. That's exactly what they're saying. That's exactly what they're saying — Peter Pocklington should not be allowed into the province of Saskatchewan.

Now what kind of . . . You can only take two positions from that. So members opposite should say, we will make up a list of people that are not welcome in our province. And what does that mean as a nation? Peter Pocklington is not welcome. Who's next on your list? You go down the list. Who else is not welcome in the province of Saskatchewan?

Even if he comes in and creates a shop, creates a lot of jobs, you say, no, that man is not welcome here. But the members opposite are saying something more than that. What the members opposite are saying is, when they were in government, the day when they were in government, Mr. Chairman, they are saying the following: we want to buy part of the only packing plant in Saskatchewan, and that was Intercontinental. And that's what they did. They bought 49 per cent of Intercontinental Packers. And what we did was sold that back to the private sector, because what the NDP had in mind . . .

Mr. Chairman: — Order please. I must once more, regrettably, interrupt proceedings to call for order. I would please ask the hon. members to keep the level of noise down so the debate can go forward in a reasonable manner.

Hon. Mr. Andrew: — What the NDP did in their last term of office was buy 49 per cent interest in Intercontinental Packers. They didn't help them expand; they bought half their operation. They bought half the operation, 49 per cent, a very good chunk of money, put it into their pocket and away they went. What they wanted, of course, what they wanted was their next step was going to be they bought 100 per cent of it, so they owned the whole thing themselves. And that's exactly what the members opposite want.

The members opposite say, this guy is a bad business man; don't get him in here. This guy's a bad business; we don't want him. That guy's a bad business; we don't want him. We don't want any business men. We want to own the packing industry by the government, and they attempted to do that through Intercon.

We, in fact, divested ourselves of that. And there was a howl and squeal from the members opposite when we did that. They howl, you give all this away to Freddie Mitchell. Remember that? Two years, three years ago. Oh, you guys got a sweetheart deal with Freddie Mitchell at Intercontinental Packers. You gave all this money back to him. Now all of a sudden you've got a new-found hero. Freddie Mitchell is their hero. What they want is a party, the philosophy they believe in.

The philosophy that they believe in, Mr. Chairman, is this: government does better owning than business. Government is better to own than business. Now we don't support that. We can sit here till 10 o'clock tonight arguing that point. Their philosophy is government owns it; our philosophy is that business should own it themselves. When we move in that direction, they move in the other direction.

Mr. Chairman, that is the philosophical difference between the two of us, and I think and I hope it always remains a philosophical difference between us.

Mr. Koskie: — I want to conclude this part of the discussion by indicating to the minister that I'm very pleased that he stood up, and now for 10 minutes took on all of the working people in Edmonton and across Canada; has essentially called them communists if they are in the union. That's what you're saying. You're saying that this here is a good corporate citizen, when in fact I've read to you before, the president of a 6,000-member Canadian organization of small business has criticized Peter Pocklington. And he says that he has given them a black eye. So 6,000 business men are against his particular corporate behaviour.

"Gainers pulling a scam," says Mitchell.

He goes on to say:

"Gainers' owner, Peter Pocklington, is trying to pull a big scam in efforts to undercut meat packing industries' wage standard by \$6 to \$7," says the president of Intercon.

That's what he says. It's a scam. This is a responsible, corporate citizen of Saskatchewan, and no one can deny it. He says that about Premier Devine's new corporate friend, Peter Pocklington — Premier Devine's new corporate friend.

And I say to you, Mr. Minister, the *Prairie Messenger* has also indicated that Saskatchewan citizens should demand from their government an explanation of why Pocklington has been invited into Saskatchewan with huge incentive grants. If the government felt that there was room for expansion of the meat industry in this province, why were the grants not offered to the

long-standing corporate citizens who have cordial and just relationship with their employees and have given Saskatchewan good business practices?

Those are the people that have spoken out, who've examined this new corporate citizen — the new team, the new industrial team for Saskatchewan, the Minister of Economic Development and Trade, Premier Devine, and Peter Pocklington, the ex, the fellow that ran for the Tory leadership. That's the new corporate elite Saskatchewan.

Well I say that we're pretty pleased to go forward here in this to have the workers of Saskatchewan and the farmers and the business men working co-operatively together. That's been our goal and our practice. And if you want to pit management against worker, and worker against worker, I'll tell you, that is not a successful course of action. Because I'll tell you, you may get a term of office with that, but your political career is going to be short-lived.

And I say, you don't have a very successful combination because what you've got going for you now is the Premier, Grant Devine, this great corporate citizen, Peter Pocklington, and the president of the multinational corporation from United States, Weyerhaeuser. That's the new corporate team that's going to develop Saskatchewan, undermine the workers, who all they demand is a fair return for their labours.

And I'll tell you, you have to build a society — build a society with co-operation of these groups, not confrontation.

You go to western Europe and you go into Sweden or into West Germany, and I'll tell you, you will find social contracts being developed. You go to Australia and look at what the Social Democrats did there. They talked, they brought in labour, government, and management, and they built a team to develop the economy, rather than through confrontation.

(1445)

I'll tell you, the right wing that destroyed a province was the Premier, the right-wing Premier of British Columbia — confrontation — and he has to resign. He can't run again because he can't make it. The same is going to happen here. This outfit can't even call an election after over four years in office because they have no friends left. You can't get elected by only associating yourself with the Peter Pocklingtons and Weyerhaeusers. They don't have a vote. The voters of Saskatchewan will decide.

And I'll tell you, I welcome the next election on your new corporate citizens' little trio going forward as being the economic generator of this province.

So I welcome that you got up and indicated and defended your friend, the candidate for the leadership of the Tory party, and that you took on and you scorned the working movement across this country and in Alberta. You slurred them by inferring that in forming a union that that's something wrong about it. That's what you've done. And I think it's unfair.

I'll tell you, every working group here you've been in confrontation with — doctors, the chiropractors, the nurses, the teachers. For instance, the teachers, when one of your members was talking about the great development going on in Saskatchewan and the tax base was going to be increased, mentioned the Pocklington plant over in North Battleford, and the teachers booed him.

Are you out of touch so much with the people of this province that you will confront and slur the people who have built this province for some reprobate coming from Alberta? That's what you're doing. I'll tell you, the corporate conduct of Mr. Pocklington is not one that should be put up in a show-case.

So I'll leave that particular subject matter. I think there's a number of people who will disagree with you that he's a good corporate citizen. I'm disappointed in you, Mr. Minister. I didn't think you would take on the workers; I didn't think you would do that. I didn't think you would take on and slur every working person. That's what you have done, and so I regret that very much. And I would expect, Mr. Minister, that it'll come to pass. But certainly people here in Saskatchewan will, I think, be up to it because they're used to fairness over the years that the CCF and New Democrats were in power. And I'll tell you they won't tolerate a right-wing approach to labour relations.

I want to basically turn to another area of interest to you, and that has to do, Mr. Minister, with an area also that I want you to perhaps put your position, and that's on the subject of free trade. I'm wondering, Mr. Minister, if you could outline to us your basic definition of free trade, and when you and your Premier and your government are discussing the topic of free trade, could you clarify and define the meaning of free trade as you use it?

Hon. Mr. Andrew: — I want to respond first to the members opposite with regards to their particular attack on Gainers. What I was indicating for all of this province to see is an interview in *The Globe and Mail* with a Dave Werlin, who is the head of the Alberta Federation of Labour. It's not me saying anything. It's Dave Werlin speaking to *The Globe and Mail* in today's paper saying that: I am a Communist, and that we're in a class struggle.

An Hon. Member: — He said the wrong thing.

Hon. Mr. Andrew: — Well this is what he said, and I'm simply saying that . . .

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

Hon. Mr. Andrew: — The members opposite . . . I was simply referring to a Dave, an interview with Dave Werlin . . . They don't want to hear this, but I'm going to tell them anyway.

They don't like to hear about the interview where the head of the Alberta Federation of Labour says in a quotation in today's *Globe and Mail* . . .

Mr. Chairman: — Would you let the minister answer.

Hon. Mr. Andrew: — ... that he indicates that he is a Communist, that there's a class struggle in Alberta, and that's what the class struggle is about. Now that's what the guy said.

Now I get a chuckle out of the members opposite. Now they say that Peter Pocklington and the Gainers plant is not welcome in Saskatchewan. But not more than a month and a half ago their leader was up in North Battleford saying: we will proceed with the Pocklington plant if we're elected.

The NDP candidate in North Battleford says: I support the building of this Gainers' plant in North Battleford. But all of a sudden now you get into the session here and your real feelings come through and you're saying Peter Pocklington isn't welcome; Manalta Coal isn't welcome; Weyerhaeuser isn't welcome; nobody is welcome in this province if they're in the private sector. Nobody is welcome if they are in the private sector because we want to do it by government; that's exactly what you're saying. You're against every one of these things existing in the province of Saskatchewan. Every one of these you're against.

My view, and where my view separates from yours, is I believe you build with private initiative, Mr. Speaker, and private business building. Now that's what you do, Mr. Speaker. They disagree with that. We happen to be of that view. I believe that the jobs in this province are going to be created by the private sector investing and building in the province of Saskatchewan. They disagree. They believe that the best way to build and create jobs is to build more and more Crown corporations. We disagree with that and have for some time.

Moving to the second point, Mr. Speaker, with regards to the question on trade and free trade. And the hon. member asked what is our position; what is the position of the government with regards to free trade.

If you look at the province of Saskatchewan, 85 per cent of everything that we produce is exported under free trade arrangements, whether that free trade arrangement is between Canada and the United States or other areas — 85 per cent. Virtually everything that we produce has to be exported. If you look at a grain farmer, he must export. If you look at a potash miner, he must export. If you look at Ipsco, they must export. If you look at uranium miners, what they produce, they must export. If you look at farm machinery manufacturers, they must export. If you look at trucking firms, half of their work is involved hauling stuff back and forth to the United States. And trade to them is their life-blood.

Now there's other parts of this country that have lived through the national policy of this nation which was to be protected — whether it's the automobile industry, but more likely the textile industries, manufacturers of various products most of which are located in central Canada.

For a long time the national policy of this country was as follows: we must protect these infant industries so they

can have a domestic market and for the most part have an advantage in that domestic market. That was the national policy of the Government of Canada since confederation — protect those industries.

The problem that is arising today is that we, in this part of the country, have been paying for that protection for a long time. You pay it in the cost of an automobile; you pay it in the cost of a refrigerator or television set; you pay it in the cost of clothing through people that buy every day. Those are bought in protected markets, and you pay tariffs for it.

So historically in this country, people in the Prairies have been free traders. People in central Canada have tended to support the idea of protecting our industries.

The farmer produces something; he must sell it onto the world market. What we have seen of late has been a growing protectionist mode around the world, whether in the EEC (European Economic Community), and more recently in the United States.

What we are saying is that we, and in the interests of western Canada — but particularly in the interests of Saskatchewan — we must protect those markets, and we must protect those markets against unfair countervail, unfair tariffs that are being developed in the United States today. And the best way to protect that is to come to an agreement with the United States for an overall trading relationship that allows those goods to continue back and forth between our two countries.

That has been something that has been fundamental to the way this part of the world has worked for a long period of time. Our position with regard to the bilateral negotiations is that we must maintain that free flow of goods and provide other markets for the free flow of goods that we produce in this country. Canada has a population of 25 million and they produce enough for far more than that. And therefore, they can no longer — and never have been able to — rely on a domestic market for their production. They must always go beyond it. What we are trying to do, whether it's under the GATT (General Agreement on Tariffs and Trade) negotiations or whether it's under the bilateral negotiations with the United States, is to ensure . . . (inaudible interjection). . . Pardon me?

Well the member from North West says there will be no GATT decisions. GATT will sit in September of this year for the latest round of GATT negotiations, and that is an important dimension for the people of Saskatchewan, particularly the farmers of Saskatchewan, that they must ensure that those markets exist for them in the world.

So the member opposite asks a question: why do we support more open and freer trade with the United States? Our life-blood and our economy relies on us being able to deal with the Americans. If we can deal with the Americans straight up, one on one, we believe we can compete with them.

Mr. Koskie: — Well I'll check your definition. I thought it would have been a bit shorter. You have certainly positioned yourself and the Premier, Premier Devine, as clearly stating that they're free traders. And in establishing

that position, I was wondering if you could indicate what studies has the province done or commissioned regarding the impact of the free trade talks on Saskatchewan. Can you indicate what studies you have commissioned prior to positioning yourself as free traders? What studies have you done? What facts have you assembled in positioning yourself, in adopting the free trade position?

Hon. Mr. Andrew: — Well we haven't commissioned studies outside of government. With regards to the civil servants, with regard to the civil servants within the province, we're obviously doing analysis and studies as to what our position will be and our particular bargaining position on A, B, or C. And that's been done internally. But as far as hiring some outside consultant, that's not been done.

Mr. Koskie: — Well I was wondering if you would be in a position to table any of the studies that you have done. Certainly I would have thought that if you are looking for consensus, that the federal government did a . . .

An Hon. Member: — We were going to get Ron Ryan to do one, but he was busy.

Mr. Koskie: — Oh, he was busy? I see. It would have been quite a commissioned project too. He goes fairly expensive, I hear. But the federal government did a study, and be it all they released the study after they had essentially censored it, and it is not of much value to the opposition parties or to the general public. But are you saying to us here that, one, you have no study that you could file in respect to all of the benefits that would accrue from free trade, which you have been alluding to and which certainly Premier Devine has been alluding to?

Can you indicate . . . Are you saying that you have absolutely no formal study that you can make available to the public or to the opposition on the basis on which you support free trade?

(1500)

Hon. Mr. Andrew: — Well all I'm saying to the hon. member is that he understands how government works. You are preparing analysis, whether it's through the Department of Agriculture, or Department of Energy and Mines, or various departments of government, all co-ordinated under the trade secretariat to draw together that information. We will release that information, use that information, as the bargaining process unfolds.

With regards to studies that we have . . . the federal government has had 20 sectorial studies done on particular trade dimensions across this country. Those studies have been made public, and the member certainly could have access to those.

The Canada West Foundation — I sent for a copy of that particular study with regards to the impact of tariffs on various regions of the country, and I will give you the copy of that. They're readily available. But we're not going to, nor does government when they're involved in a process, made available all internal documents and studies during the process of that particular negotiation.

I go back to the constitution when you folks were fighting for the constitution to get us a Charter of Rights. You did not make available all your internal studies with regards to that, nor should you. The reality of it is that we have internal studies, internal compilations of various analyses, and those will be made available when it's strategically wise for us to make those available at the bargaining table as we deal within our country with regard to the trade-offs.

What I can tell you is this, though, to the hon. members — a study done by Canada West Foundation. The nature of protectionism in Canada — and this is protecting eastern industries — there's two provinces that gain from it: Ontario, at a rate of \$57 per capita, and Quebec, at \$9 per capita. Every other province in this country pays for that protectionism — Maritimes, on average, \$48 per person. And the Maritimes pay to help subsidize central Canadian businesses. In the West it is higher than that. And of the four western provinces, Saskatchewan pays more than anyone else — \$92 per capita — to help support eastern manufacturing industries.

Now if that's the national policy that we're going to have, and if that's the policy that the NDP support, then I think that's not totally fair to regions outside of Ontario, and to a lesser degree, Quebec. Now those are the types of things that we would see as important to try to come to grips and deal with because surely free trade is more than simply the trade with United States.

It means, should the people of Saskatchewan pay \$75, every time they buy a television set, to help support an eastern business? Is that fair? Is that any different than a tax? Should we pay \$15 every time a woman buys a dress in this province — should we pay \$15 towards helping the textile industry in Ontario and Quebec? Is that fair . . . (inaudible interjection). . . No. But that is the questions that we ask.

And we say if as a nation, should we decide to do that, then there should be offsetting benefits for us. It's not all one way. It's not all Ontario first and everybody else last. If we look at the inequities in this country that existed for a long time, we believe that we should be compensated for those.

So with regard to the Canada West study, and I'll have it down here in a minute, I'll send that to you. With regard to any internal studies, we will release those when it's appropriate and strategic to do so.

Mr. Koskie: — I take it, though, that in putting forward your position here that you would confirm that you have done your analysis, and that that has essentially been completed in supporting your position. You have done your basic analysis, and from the standpoint of analysing the impact and the benefits of free trade, that you have essentially completed your studies. Is that correct?

Hon. Mr. Andrew: — I indicated to you it's an ongoing analysis. We have done a great deal of analysis. We intend to do a great deal more of analysis. And probably there's various analyses you're going to do as you go through the trade negotiations with the first ministers, or

with trade ministers, as to the particular negotiation stance that this country will take as the process unfolds and as the thing . . . (inaudible interjection). . .

Well, the member from Regina North East does not understand the negotiations of the trade. You don't go into the trade negotiations and say, here is my position; I'm going to kick this one off, this one off, this one off. What you do over a period of time is, you are negotiating with the Americans. The Americans are saying, we're not prepared to give up this. Well, then we won't give up this, and the trade-off goes on. And this process is going to be very dynamic. It is not something you're going to do in a very static way.

I can tell the members opposite, though, as follows. As it relates to agriculture, primarily that's going to be a dimension of GATT negotiations, because what we're trying to do is bread down the trade war, if that's possible, between the EEC and the United States. And that's the impact, is going to be primarily, of GATT negotiations.

With regard to potash, I can tell you that we are going to want that trade to be a free trade relationship; same with uranium; same with oil; same with farm machinery; same with agricultural products, whether it's hogs, beef, whatever it's going to be, that those should continue to trade in the free and open market as they have.

And that's the type of position that we wish to maintain in this province for the large majority of producers of this province, whether agriculture, resource related, or manufacturing.

Mr. Tchorzewski: — Thank you, Mr. Chairman. Mr. Minister, I understand the process. I know that when you're at the table, how you negotiate. What we want to know from you is: have you at least internally established your position so that you know where you stand? When you get to the table, you obviously will need to know what you can trade off or what you can do. But do you know your position internally, and have you drawn some conclusions so that you're capable to negotiate? Because if you stand up in the House and say you have not done that internally, you're not capable of negotiating because you don't know what it is you're negotiating, or what objectives you want to achieve. Now that's the question we're asking.

Hon. Mr. Andrew: — Obviously we know what our position is, and obviously we're not about to go out publicly and say, here's what our position is going to be. We are negotiating on an ongoing basis, whether at the minister's level, whether at the first ministers' level, or whether the trade commission negotiating with Simon Reisman, and that is almost a weekly basis where that communications comes back and forth with regards to what issues are going to be discussed, when they're going to be discussed, which items are going to be discussed first, which ones come second, later on down the process, and where we particularly maybe would stack up against the — let's say the textile industry.

Now the textile industry is going to be one that says, because they now have protective tariffs, is that now going to allow free trade back and forth in textiles? That's

a good example. Now obviously that's a very large issue for both Ontario and Quebec because there's a number of people working in that industry, and so they're going to say, we want to protect the textile industry.

People of Saskatchewan are going to say, well, we don't gain a great deal by those tariff barriers on textiles because we pay for them. How do we then protect our agriculture industry, or how do we get another market that is now protected in the United States? That is the dynamics of the negotiations I talk about.

And for you, if you're asking that I set out totally what our bargaining strategy would be as a province, I think that would be very foolish to set out for all of the other provinces so they can pick us off, what our strategy is going to be.

We understand the position that we will be taking on the trade talks, and we intend to protect and to be able to grow and expand in this province because we believe that for a long period of time we have been inequitably dealt with under the national policy of this country.

Mrs. Caswell: — Thank you, Mr. Deputy Speaker. The reason why I'm asking questions is because there is obviously some questions that the opposition will not ask, one of which is . . . I'm interested in trade. I understand that exporting, importing, and the trade itself is really a federal jurisdiction, but we've just had a discussion about free trade and we have moved in certain directions about trade.

I want to know — also, I don't expect any way that you could give me this information now, but I want it on public record that I asked — I would like to know what exports do we have in Saskatchewan that come from the U.S.S.R. and the satellite U.S.S.R. countries?

Hon. Mr. Andrew: — Do you mean imports?

Mrs. Caswell: — Yes, imports. Right, whichever. I want to know what comes from Russia, the imports — the exports we get from Russia which are imported here.

Hon. Mr. Andrew: — With regards to the Iron Curtain countries . . . (inaudible interjection). . . With regards to negotiations between Canada, trade balances, trade imbalances between Canada and the Soviet Union, the Soviet Union has been one of our most cherished and most important grain export markets that we have. In fact, it is the best market that we have for wheat. We ship a great deal of wheat into the U.S.S.R.; in return we primarily get back cold cash.

Now the Soviets are trying to, through a series of things, trying to export things into the West. One of them is tractors, a lot of automobiles, that type of thing. For the most part, the Soviets' manufacturing base has not been as strong, let's say, as either the United States or specifically the West Europeans or the Pacific Rim.

So for the most part we don't import very much, but what I'll undertake is try to get a breakdown for you of the things that we do import from the Soviet Union. But you have to bear in mind the Soviet Union is a very

important market for Canadians and for Saskatchewan farmers.

Mrs. Caswell: — At this point I don't need to make a value judgement on that, but I would like some detailed information that your department can give.

The next question I would like is: what kind of . . . One thing about this . . .

Mr. Chairman: — Order, please. The member from Saskatoon Westmount is having difficulty asking the questions.

Mrs. Caswell: — I would like to know: what trade level do we have with South Africa? How many products are we exporting/importing from South Africa?

Hon. Mr. Andrew: — What we have been traditionally exporting and importing from South Africa — has been importing some of their wines; our exports has primarily been potash.

Mrs. Caswell: — We are still exporting potash, I presume.

Hon. Mr. Andrew: — We are at this point in time, subject to any federal rules that they might impose by way of economic sanctions against South Africa. Any decision taken by the federal government on that particular question we would honour and recognize.

Mrs. Caswell: — Of course federal jurisdiction is clearly going to affect our provincial policy, and naturally we have to go along with that. In the question of South African wines, was that a rule, or was it a willing agreement to go along with a federal policy?

Hon. Mr. Andrew: — It was a decision taken by government — more appropriately addressed to the minister responsible for the Liquor Board. He made that decision and that announcement. It was, as I understand it, a decision made by government, and a position taken that would be our response, in conjunction with the federal response, to what we see as an improper regime within South Africa at this point in time; and that this is our message to them, that we did not approve of their apartheid policies.

(1515)

Mrs. Caswell: — What I'm asking is . . . I certainly understand it was a government position, and I'm not here to attack the government position but only to clarify it. What I'm asking is: was it a response from a policy that was a law, an edict coming down from the federal government, or was it something that we could have not done — do you understand — at the same time not violating the laws of the land?

Hon. Mr. Andrew: — If you're asking, in spite of the decision announced recently by Joe Clark, could we still import South African wines, still buy South African wine — we could. As a provincial government we took the decision that we should not.

Mrs. Caswell: — I thank you for that clarification. In

asking these questions — and I'm most sincere about asking for the information about Russia, and I will be using it, although not necessarily in the House — I would just like to say that I have no objection to us selling wheat and trading with Russia because I don't really understand any reason to attack the economy of Russia any worse than . . .

Mr. Chairman: — Order. The member for Regina North West, the member for Saskatoon Westmount is again having difficulty posing her questions.

An Hon. Member: — Well, I can speak from any seat in the House too.

Mr. Chairman: — Order, please. Your complaint is entirely out of order. Members may ask questions from any seat in the House, as you well know. And I would appreciate if you would simply show some courtesy towards her and allow her to ask her question.

Mrs. Caswell: — What I merely would like to say is that in our policy with Russia we have decided that although they have a government that is an oppressive government, we still continue to export . . . and I would like to . . . Since we became government Russia has shot down a flight 007 plane; assassinated Americans and Canadians; has had the Afghanistan war, which was clearly an invasion; has attacked continually religious freedoms in its own country; and wherever there is communism, no one has a right to vote, not just some people. And although I'm most certainly not supporting the apartheid position, I still would like, as a private member, to issue at least my statement that I tend to think our position on Russia's human rights record is somewhat inconsistent with our position on South Africa's human rights position.

Hon. Mr. Andrew: — I acknowledge the argument you advanced. I think the Canadian government has never used food embargoes of any kind in the world. We believe that food is not a good tool for any kind of embargo, regardless of philosophical views. Number two, we have in fact made food products available or wheat products available to many people of the world under totalitarian regimes, and we will continue, I would hope, to do that, whether it's Poland or some other countries.

So I hear what your argument is. It's basically, are we being consistent with South Africa as we are with the Soviet Union? We will continue to export food to the U.S.S.R. We support the embargoes being placed on South Africa, of wine products. And let's leave it at that.

Mrs. Caswell: — I'll just finish with a final statement and most certainly leave it with . . . (inaudible interjection) . . .

Mr. Chairman: — Order, please. Could we have some order, please? Order. Order, please. Order, order. Please allow the lady to ask her questions.

Mrs. Caswell: — I know everyone, including myself, wants to not waste time today, but I refuse to talk when someone is talking.

There is a great concern in South Africa that much of the dissent may turn into a communist take-over, and I tend to think that we may be supporting a dubious government that may go to a totalitarian, communist government. And I think that position has to be stated, simply because it isn't.

But I would like to end not on arguing this point. But I would like to congratulate you on bringing to the fore the attention that the present Alberta unrest is being caused by a Marxist, self-proclaimed communist who is doing a great deal of violence, including breaking legs, etc., etc., of other people who are trying to feed their family. And I congratulate you for your continued efforts to bring in entrepreneurs, and I congratulate you on getting the NDP to state on June 20th that they are opposed to entrepreneurs coming in Saskatchewan.

Hon. Mr. Andrew: — Comment number one is, don't put words in my mouth as to what I say about Alberta labour laws and what I say about the particular thing going on in Alberta. That's number one.

Number two: I don't think that you can make the statement that the regime that is fighting for the equal vote for black people in South Africa are communist-inspired because I don't believe they are. And I don't believe that we should be trading . . . I don't believe that we should be recognizing a firm that has, or a government that has the type of mentality that they do with regard to the right of one person, one vote. I think that is very repressive, so I don't support that at all.

Mr. Koskie: — I want to ask the minister, just to continue with the estimates on free trade. You've indicated that you have put forward a position that you are not making public . . . You indicate all that you can make public is this document here in putting forward your position. I ask you though: how does the process work? The negotiations are under way. All right? And we have the chief negotiator for the federal government. I ask you: what is the mechanism for the process of Saskatchewan making sure that your input is getting, in fact, discussed at the talks?

Hon. Mr. Andrew: — What happens, and the way the process will be working is as follows, from a process point of view: Simon Reisman and the Reisman group that meet with Murphy in the United States meet on an ongoing basis. That particular group, Reisman's group, will then meet in Canada with the various trade officials in Canada. So it's Reisman, in our case, would be meeting with Wakabayashi to update him with regard to the negotiations and where it is going.

As well, Reisman would meet with a federal cabinet committee headed by Joe Clark. Joe Clark then would dialogue with regard to the various trade ministers and that's on an ongoing, two-week basis, sometimes by telephone, sometimes in private meetings.

As well, the first minister would meet with the first ministers of the provinces at least every three months to update on the negotiations and any trade-offs that might happen. Those trade-offs are most likely to be taking place later on in the process, probably after November,

December period of time, when you get right down to the crunching as to what you give and what you don't give, or what you take and you don't give back.

Mr. Koskie: — Mr. Minister, how are you assured . . . I understand the process that the federal negotiator, Mr. Reisman, meets with Mr. Murphy and that group, and they discuss this topic of free trade. And then they go back and you say that Mr. Reisman meets with counterparts of the provinces. That's fair enough. But what I'm asking you is: how can you determine how much emphasis is being put on western Canada's position which in fact could be detrimental to eastern Canada?

You yourself, when you stood up, you indicated that western Canada had been hard done by by the extent of tariffs. That's what you've said. And what I'm saying is, first of all, the negotiator who's an eastern Canada bureaucrat — I use that — a skilful negotiator; I'm not denigrating against him. But all I'm saying is the political reality of the negotiations, because you have Quebec and Ontario which, you say, have the benefits of the tariffs and protectionism, and that represents the largest percentage of the population and the political power. And what you are depending upon is a federal negotiator, and I don't know how you can guarantee that western Canada — or Saskatchewan, more particularly — that the emphasis is being put on your position sufficiently to make the point and bring forth the benefit to Saskatchewan. I don't know how that is achieved.

Hon. Mr. Andrew: — What you're basically saying is the reality of this country, which is that of 25 million people, perhaps 10 million of them live in Ontario, perhaps eight million in Quebec, and the rest live in the other regions of the country. And that's been a problem of determining national policy in this country for a long time and probably always will be, as long as we have a system of one person, one vote.

And so you always face that problem of political pressures, and the dynamics of politics is going to be that people in a larger area are going to have probably a little more say than people in others.

The way these negotiations have been struck is, number one, the western provinces for the most part are taking a fairly much of a common front. And at the western premiers' conference they were . . . the trade ministers and the officials would meet on a separate basis to try to negotiate from a common front of four provinces and therefore a far larger, when you get into that process, than simply Saskatchewan versus Ontario.

The other thing to keep in mind is, I think the commitment of the Government of Quebec to far more open trade negotiations is seen to be probably far more committed than Ontario. So I don't think you want to say that Ontario and Quebec are just like that, because there's quite a difference between those two groups. And they have obviously varying interests as well.

Mr. Koskie: — Well the negotiations has been started, and the relationship of the negotiation is the federal representative negotiating with Mr. Murphy. Supposing the reports come back and the trade talks are going in a

particular direction. What veto power has Saskatchewan over the continuation of the negotiations?

We have launched it. Be it all, I know the federal negotiator, Mr. Reisman, and Mr. Murphy will be determining what's going to be on the table. Okay? But what I'm saying is that, as it goes on, what veto power does the province have?

Hon. Mr. Andrew: — Well I think you have to appreciate there's two dimensions. Go back to the constitution of our country. There's set out in section 91 and 92 of the constitution, there are certain powers — the province has certain power; that the federal government has certain powers that are shared.

Ultimately I suppose the power of the province is that the federal government cannot bind us to say that you must legislate this, which is a jurisdiction of the province, or you must not legislate in that way. That constitutional protection is always there, which forces you then into a situation of trying to build a compromise with regard to the trade negotiations.

And that compromise was worked out by the first ministers with the Prime Minister, saying that any region of the country would have the right, basically, to walk away from these deals if they were materially being negated by these particular trade negotiations. So that was the most recent deal worked out by the Prime Minister and the provinces.

(1530)

But ultimately your power rests with . . . The federal government cannot bind the Government of Saskatchewan, let's say, to a particular position on property rights or a particular position on something else which we have jurisdiction for — liquor boards, for example, under provincial jurisdiction, that type of thing.

Mr. Koskie: — Oh, but let's get into the real nuts and bolts of it. I grant you that there is a division of powers and certainly the federal government can't in fact circumvent or impose anything which is within provincial jurisdiction. But if you take what we're dealing with here, the trade and commerce and international agreements and so on, that is in the jurisdiction and the power of the federal government to enter into trade agreements and, in fact, the provinces unilaterally don't make international agreements. It's within the federal government.

So if you're saying that they can't affect the rights of the provinces or the jurisdictions of the provinces, I agree with you. But that is very limited when it comes to negotiating the free trade pact with the United States.

So I'm really saying to you that you're saying there is no mechanism where if all of the western provinces . . . You said there's some joint approach to it. Is there no actual veto power whereby provinces can in fact say to the federal government, stop; go no further? Can you discontinue?

I suggest to you that you cannot in fact — that the federal government can, once it's been put in motion. They're at

the tables now and if they want to continue they can, within the jurisdiction of the powers of the federal government.

Hon. Mr. Andrew: — Okay, let me give you an example. The first ministers and the Prime Minister worked an arrangement whereby any region of the country can in effect put a kibosh on to that whole process. One of the big issues that is being negotiated on the trade questions is procurement — procurement policies that you can say you must buy within Saskatchewan or you must buy within Ontario and those cannot be superimposed upon you. And to break that together or to break that part out of the agreement would stop the agreement anyway.

I wonder if the hon. member . . .

INTRODUCTION OF GUESTS

Hon. Mr. Andrew: — I've a couple of guests in the west gallery to introduce, two visitors to us from Israel. I will have a go at your names. I talked to both these gentlemen the other night at the Western Farm Progress Show, a Baruck Barak — now that's pretty close — and a Mr. Gilboa.

Both of these people are involved in a veterinarian pharmaceutical project that they're exploring to build in our province, and we certainly would welcome them here and hope that some day you'll be able to see a project being built in our province. So I certainly welcome you to the legislature and certainly welcome you to the province of Saskatchewan. I understand you've been here on a couple of occasions.

The hon. member . . . It might be of some interest that I talked to these two gentlemen last night, or two nights ago, and they were advising me that some year and a half ago the State of Israel had entered into a free trade arrangement with the United States. And that's the only country in the world today that has a free trade relationship between the United States — Israel and the United States.

They had indicated to me that the process had been working reasonably well over the last year and a half; that there's been some bumps, and one expects bumps whether you're under a GATT (General Agreement on Tariffs and Trade) agreement or anything else. But they had indicated it was working fairly well.

I would hope that we, as a nation, can be successful as well in maintaining our trade relations that's so important with the United States for us, number one; and preserving industries in this province that so rely upon it; and also creating the ability to build new ones, perhaps like a pharmaceutical business, that can also export into the United States and make a project in Saskatchewan viable.

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Economic Development and Trade Ordinary Expenditure — Vote 19

Item 1 (continued)

Mr. Koskie: — I want to ask the minister: do you know whether or not the U.S. agricultural Bill has been placed on the tables yet? Certainly it's having a tremendous impact on agriculture. They put into place a substantial subsidization of agriculture in the United States. I ask you whether you are aware whether the United States have put on the table a discussion of the U.S. agricultural Bill.

Hon. Mr. Andrew: — . . . (inaudible) . . . so much a question of . . . The Americans agreed to that at the last Tokyo meeting of the group of five. The bigger concern was whether or not the EEC (European Economic Community) would be prepared to deal at GATT with their particular subsidies into their agriculture industry.

Recently, I think it was two to three days ago, I was reading the Globe and Mail where the Europeans have agreed to discuss their very broad agriculture policy and not simply restrict it to the various subsidies, that they are presently under way.

So we would take that to mean, in the information that we have, is agriculture should get on the agenda at GATT, and I think that's very, very important for us. It looks promising now that GATT will in fact deal with agriculture and agriculture will be an issue on the agenda at the GATT negotiations coming in Uruguay in September.

Mr. Koskie: — There are some discussions recently coming over the news that, for instance, that the auto pact may in fact be put on the table. I'm wondering whether or not you have any information of confirmation of that. Also in respect to social programs, the discussions are that social programs are going to be insisted on being put onto the table. Such things as unemployment insurance, unemployment benefits for fisherman in the Maritimes, and other social programs which we have here across Canada — medicare — may well be a part of that. I wonder whether there has been some consensus as to what in fact is going to be on the table and can you update us as to what is on the table.

Hon. Mr. Andrew: — Again, I would not make any internal negotiations we have public. But I think the statements by Simon Reisman two days ago, following his meeting with Mr. Murphy in Washington, was number one, that the auto pact was not on the table. And I think the words he put it, "If it ain't broke, why fix it;" and number two, he said social programs are not being negotiated and will not be negotiated. And he say that very, very emphatically, as has the Prime Minister.

The interesting part about that whole question, it seems to me, is I have never been able to understand how people could determine whatever kind of health care program we have in Saskatchewan, what that's got to do with free trade, because I don't think it has any bearing on trade whatsoever. It's a particular way that we deal in this country with various social programs and I think that the way the process is, is you have to be able to establish that it has some relationship to trade, and we don't believe that there's any chance of the U.S. doing this.

So I think both the statements made by Mr. Reisman and

our own particular information and evidence which show that the social programs are not at risk with this at all.

INTRODUCTION OF GUESTS

Mr. Katzman: — Mr. Chairman, I'd like to join with the minister who welcomed the gentlemen from Israel here, as one who has family in a Yushiva in Israel now and I would wish them much success and nokous on what they're about to do. Thank you.

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Economic Development and Trade Ordinary Expenditure — Vote 19

Item 1 (continued)

Mr. Koskie: — Thank you, Mr. Chairman. Can the minister indicate what is the trade position between Canada and the United States at the present time? I understand that we have a trade imbalance in our favour of a very substantial benefit — some \$20 billion, if I'm not mistaken. But perhaps you could better explain the trade position between United States and Canada at the present time.

Hon. Mr. Andrew: — Well the trade imbalance today between Canada and the United States is about \$24 billion off-side and Canada's ahead by \$24 billion.

That figure can be distorted if you want to get into some statistics. On a current account basis it's somewhat less than that. And then you have to measure, perhaps, flows of interest rates, flows of dividends, that type of thing, back and forth.

Obviously the U.S. trade imbalance is about \$148 billion, of which Japan is the largest at about almost 50 billion, and Canada is the next largest at 24 billion. So obviously we're a fairly large player in that game. That imbalance is fairly high, but we think that that doesn't tell the whole story.

Mr. Koskie: — Well we have a reasonably favourable position when it comes to trading with our largest partner, the United States. I guess the question that I ask you and many people ask is: are we going to be able to improve that? Is that what we're aiming for? Or have we really awakened a mighty giant which will in fact start examining it now and may in fact decrease our position relative to where we are at the present time?

I wonder what you expect out of the trade talks — an improvement of the position, a consolidation of it, or whether the United States will in fact start to take a look at the imbalance and we'll have perhaps more problems?

Hon. Mr. Andrew: — I think there's two things to say. Number one, American protectionism is growing, and everybody knows that. And that didn't start because we decided to enter into trade negotiations with them. That started some time ago. And from Saskatchewan's point of view, what we want to do is try to ensure that the things

that we trade with United States continue on a free market basis, in the sense that softwood lumber, potash, uranium, farm machinery manufacture, beef and hogs, primarily, other agriculture products, etc., other manufacturing products within this province, can continue to trade back and forth.

Now that imbalance. Obviously the biggest player in the trade imbalance, of Canadian provinces, is Ontario. They trade far more and they make up the lion's share of the trade imbalance between Canada and the United States. So from that point of view Ontario is by and far the largest player in the trade imbalance. A goodly chunk of that is the auto pact.

Mr. Koskie: — Well there's no doubt I want a great deal more in a topic of major importance to the future of our province, and indeed our country — the topic of free trade.

But I am amazed at the position of your government again. We're at the table already and negotiating, and only yesterday or the day before the Premier established a commission — three commissioners — and the three commissioners are Cy MacDonald, Wakabayashi, and Elizabeth Anderson. I wonder what is the process here.

I would have thought that if you're wanting people to give input, that before the trade talks commenced, before as you have already indicated, you have done your analysis. Now what you're saying is you're going out to get input having already made up your mind. That has to be the position, because if that's not the position, then the only other position is that you're not prepared and the talks are under way.

There's only two conclusions. If you have done all your homework, and you're at the table, and you're making your input to the federal negotiator, that's one position. Or is the position that you haven't done your homework, and now your setting up a commission to go around the province to get input to determine what your position is, and you're already negotiating.

And the amazing . . . if you can feature what is happening . . . Well I'm going to allow you to explain that process, because it seems to me that if anyone was watching from the outside, they would think that you haven't done your homework, or else you're doing some kind of a facade, a pretence of getting a political cause to try to perhaps convince people now of the position that you have taken and are dedicated to, but you can't be getting new information, because then you aren't prepared at the negotiating tables. I'd like you to give us your interpretation of what you're doing.

Hon. Mr. Andrew: — The trade negotiations, as I indicated to the hon. member, the trade negotiations will be getting into the more significant trade-offs and downright crunching about November of this year, and that's when we're going to get into it.

Now the trade commission that will have a series of five or six hearings in the province in August will serve two purposes. Purpose number one will be used to educate and talk to various people that have an interest in the

trade, one way or the other. The second dimension of it is that any specific things as they get down to the finer tune, finer points of it, as to the mood of the population with regards to what they might do on trade-offs, etc.

Mr. Koskie: — Now you have three commissioners named. I was wondering whether you could indicate what are the terms and arrangements made in respect to each of them. Mr. Cy MacDonald I'm familiar with. Perhaps you could . . . Isabelle Anderson is an assistant professor. I'd like to know a little bit about her background. And what are the arrangements for paying the expenses for the commission to do its tour, and what is the estimated cost of the tour?

Hon. Mr. Andrew: — The only one that would receive a per diem out of it would be Isabelle Anderson. It's about \$250 a day for the days that they are sitting. Any other work that she would do would be paid on that type of a basis as well. It would be our understanding that, because the hearings are going to be for a period of time, a fairly short period of time, that the cost would not be very excessive — perhaps \$20,000 at the most.

Mr. Koskie: — Are there any advertising associated with the commission hearing, and is there a budget associated with that?

Hon. Mr. Andrew: — Only the notices of meetings.

Mr. Koskie: — Is your position consistent with that of the Premier in that he indicated that he's going to set up a commission that will go around in a very short period of time, as you indicate, to gather information, I take it.

What particular information are you seeking from these hearings? Who do you expect will be giving you the advice in respect to the complicated problems of trade in respect to relationship with the United States?

Hon. Mr. Andrew: — Well I can go through a list of people that have phoned and expressed a desire to advance their particular views: Saskatchewan Wheat Pool, who have commissioned a study on trade; Ipsco; the trucking industry; software computer manufacturers; the farm machinery manufacturers; the forest industry; potash industry; the uranium industry; various other agriculture sectors; Consumers' Association of Canada, Saskatchewan division. Consumers' association have expressed from the price of consumer goods. And then the various list goes on — various agriculture groups.

Then we'll also probably have opinions from various labour groups as to their particular positions. And the labour unions, I suppose, split one way or the other. The IWA (International Woodworkers of America), for example, are strong supports of free trade. Some of the public sector unions are against free trade. I suppose we'll have hearings from the Canadian Federation of Independent Business who have expressed a desire because they have just polled their membership on the question, and that is representing very many of the small businesses around this province.

So those are the types of people who have expressed an interest. I suspect that you will also have the United

Church and some of those people that perhaps have a different view. And so we would hear all of them.

Mr. Koskie: — So basically what you're doing is going out with the commission and getting an opinion whether they agree or disagree on the position that you have put forward. Is that what you're doing?

Hon. Mr. Andrew: — We'll get their view on their particular sector. For example, the trucking industry might say, we endorse trade relationships but we want . . . a specific point that you might make as it relates to the trucking industry when you're dealing with the federal government, or with the U.S., that there's particular elements that the trucking industry want done here, here, or here. Some of the restrictions — let's say that the state of Oklahoma or state of Montana put on truckers from Canada and how it becomes impossible for us to compete. That type of thing would come. Small-business men maybe say, well the procurement policy of a particular state might be this and we have poor time to get access to it.

That's the type of information I think you're likely to garner from those hearings, and I think that's a worthwhile exercise.

Mr. Koskie: — Do you think it might have been valuable before you formulated your position?

Hon. Mr. Andrew: — The position that I indicate to you is that we by and large want to see more trade opportunities with the United States, number one; and we want to see them not put on countervails on a lot of the very fundamental products we have. Now that's a stated position of the government. That's not going to change because it relates to a given industry, let's say the brewery industry or the chicken and feathers industry or whatever you call it. Those types of things might have a specific concern that they have, that there's a very small print on the particular negotiations or deal that might be struck, and so that we want to be cognizant of and be able to fight their particular cause.

What I've said is, we've taken an overall position that we want free access to that U.S. market and that's very important for us.

Mr. Koskie: — One never knows how accurate press releases are, but I want to indicate to you that it says here, "Premier Devine says study on free trade may change his mind." Is that the impact that this here commission tour is going to have? Is this going to, or is it an exercise of trying to get some public support to the free trade discussions which you have initiated and the position you have already taken?

I suspect, Mr. Minister, that you have done a poll and the people are not totally with you. In fact the recent poll is that it has decreased from 78 per cent to about 50-50 right now. That's the position and that's the recent poll. And you have concern that you've hung yourself out to dry without a lot of detailed research into the consequences.

What you're doing here with the commission is really a public relations effort. It's a pretence of getting input from

people. Because if you were serious about getting input, you would have done it prior to the commencement of the talks, because that's when you should have had it, their input. Because if it's worth setting up the commission to get the information, it's worth having it before you put your position forward to the federal government.

And I can't understand how the Premier can stand up and say that if he goes around . . . What he's really saying is, if I'm cornered, I'm going to change my . . .

An Hon. Member: — Going to run.

Mr. Koskie: — . . . I'm going to run. That's what he's saying. Now I think that the people of Saskatchewan want to know if that is a fact, that if you go and have these hearings for a very short period of time, meet with some of the groups that you've suggested, and you don't get unanimity, or if the public isn't fully in support or understand completely, that your position can change? That's what you're saying?

Hon. Mr. Andrew: — First of all, I think that you would not be fair to say that the Premier's press release said that; it didn't say that. What it did say is that . . . (inaudible interjection). . . No, but I was at the press conference — if you want the information as to how that arose.

We had a question from one of the great political geniuses of the world, Larry Johnsrude, from Saskatoon, who said: if everybody at these hearings is against free trade, are you going to still go forward with it? If everybody in the province is against free trade, were against it . . . (inaudible interjection). . . Well, that was simply the reaction to it. The reaction was to a question by Johnsrude.

Mr. Koskie: — Well I can only put to you this. If a process to canvass Saskatchewan public opinion comes out — to canvass public opinion — comes out squarely opposed to free trade negotiations with the United States, Premier Grant Devine says he will reconsider his position on the issue. That's really political leadership — real political leadership. Because he says, I'm for free trade. And they're running into problems, as Premier Getty has indicated, because of the congressional elections this fall and the protectionism that is developing in the United States as a result of this. And we're getting close to an election here too.

And what he is saying here is, what's wrong? Why keep to a principle? We're going to have flexibility on this. Because, if we call an election and our polls say that free trade is not going to sell, we want to be able to send this commission out and say, well the public's not ready for it yet, and change their position. Because that's what he said.

That's real leadership — terrific leadership on the part of the Premier and this government. A lot of confidence the public should have sending those or having at the head of the province someone with such convictions — such tremendous convictions — that polls can, in a major issue, change his mind. That's what he's saying. That's what he's saying and the facts are in fact clearly set out

here. That's the concern that we have.

There's a tremendous amount more, Mr. Minister — and you might want to comment on that, fair enough — that we can talk about in respect to the free trade issue. But we will have an opportunity also to discuss it with the Premier during his estimates. And certainly I appreciate your comments on it. So I think we'll close with that comment.

Item 1 agreed to.

Items 2 and 3 agreed to.

(1600)

Item 4

Mr. Koskie: — I'd just like to ask the minister, is this the area in which the advertising budget would be found, in this subvote?

Hon. Mr. Andrew: — Yes.

Item 4 agreed to.

Items 5 to 8 inclusive agreed to.

Vote 19 agreed to.

**Supplementary Estimates 1986
Consolidated Fund Budgetary Expenditure
Economic Development and Trade
Ordinary Expenditure — Vote 19**

Item 1 agreed to.

Vote 19 agreed to.

Hon. Mr. Andrew: — I thank the officials and I enjoyed the debate with the member opposite.

The committee reported progress.

The Assembly adjourned at 4:05 p.m.