

The Assembly met at 2 p.m.

Prayers

ORAL QUESTIONS

Terms of Agreement for Sale of PAPCO

Mr. Koskie: — Thank you, Mr. Speaker. I address my question to the minister in charge of Forest Products, the minister in charge of the Weyerhaeuser give-away deal.

Mr. Minister, yesterday for the first time in three months you finally admitted that you do in fact have an agreement, a general, signed agreement with Weyerhaeuser. And that was the first day that you admitted that. And you have released a small portion of the terms of the agreement, the part of the sweetheart deal which we have been raising with you in the House — the aspects of the deal where you say no cash down payment from Weyerhaeuser; operating losses to be deducted from the principal of the debt; payment to the province only in the years where the company makes a substantial profit; and no penalty whatsoever if the company never pays a penny for this quarter of a billion dollar asset.

And so our question to you, Mr. Minister is: will you in fact table the signed principles of the agreement today so that we can get on doing an examination for the people of Saskatchewan?

Hon. Mr. McLeod: — Mr. Speaker, the question was asked yesterday. I gave the answer yesterday that, as Mr. Cowley and his former government said, this is not a negotiating forum. What I have done, which that former government did not do, is that I have undertaken to provide the agreement to provide all of the agreements upon closing of the deal.

Mr. Speaker, everybody knows that the deal has not been closed. I have admitted, as the member says . . . I have said to the member . . . (inaudible interjection) . . . He makes a point to say that we have finally admitted after a number of days . . . At no time have I changed the position in that sense, Mr. Speaker. I have always said the documents that can be provided prior to the closing of the deal will be provided.

So, Mr. Speaker, I have made that point clear in past days, and I make that point once again, Mr. Speaker.

Mr. Koskie: — New question, same minister, probably the same type of answer — no answer — but I ask you, Mr. Minister, on the basis of what you have made public this is clearly a sweetheart deal, a bad deal for the people of Saskatchewan. It's not just the opposition that's saying it, Mr. Minister.

For a basis of support to the position that we're taking, I quote from the *Star-Phoenix* editorial, and it says:

On the basis of what has been made public so far about the specifics of the agreement, one could conclude the public is being exposed to most or all of the risk in this arrangement, while most possible

potential benefits are ill-defined.

That's the *Star-Phoenix* editorial.

My question, Mr. Minister, to you is: when will you stop stonewalling? What in fact are you covering up? Why will you not in fact table today the signed agreement, the principles under which this transaction is proceeding? Will you indeed give the public the information which they have a right to examine before proceeding to give you the right to risk \$83 million?

Hon. Mr. McLeod: — Mr. Speaker, the member quotes from the *Star-Phoenix*. I will, in reply to that, quote from the *Prince Albert Herald* of yesterday. We'll get into the game of quoting from the paper. The last paragraph of an editorial in the *Prince Albert Herald* yesterday reads as follows, Mr. Speaker, and I quote:

In Regina the politicians can argue all they want about whether the Weyerhaeuser purchase of PAPCO and the subsequent paper-mill project is a good deal. In Prince Albert, we know it is.

Mr. Speaker, that's what they say in Prince Albert.

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — Mr. Speaker, what we have here, we have the members opposite, the members of the New Democratic Party, running directly into the brick wall that is their philosophy. Common sense — they will not acknowledge common sense. They will not acknowledge what they know, I believe, in their hearts and their heads is a good deal, but what they will do is run headlong into the brick wall. That is their philosophy, and they cannot escape that philosophy which says — and here, Mr. Speaker, as it relates to the Weyerhaeuser deal — here is how that philosophy is impeding their thought.

Mr. Speaker, this pulp-mill, which now exists, lost over a period of five years \$91,000 a day, Mr. Speaker — \$91,000 a day — the average loss. That, Mr. Speaker, is nothing short of hemorrhaging money. Mr. Speaker, what Weyerhaeuser corporation is bringing to this province with the \$250 million is a transfusion of new money — new money into that industry, for the life of that industry. And what this deal will do is put a tourniquet on that hemorrhaging — to use that analogy in the further sense — so that the industry can live, Mr. Speaker, and the industry can live on into the future. That's what we stand for; that's what the deal stands for, and we will stand by it, Mr. Speaker.

Some Hon. Members: Hear, hear!

Mr. Koskie: — I'll tell you, Mr. Minister, you are no longer believed. This government is no longer believed. The people of Saskatchewan have demanded that the facts be laid on the table here to be examined. I ask you: have you in fact concluded the agreement, because unless the agreement is concluded and the facts are known, it's impossible to comment on the ultimate benefits of the agreement. And what the *Star-Phoenix* has indicated, Mr. Minister, is based on the facts.

Will you in fact . . . Do you have any more facts to support the benefits of this deal to the people of Saskatchewan? Have you any further agreements in respect to the multinational corporation in which you're turning over these assets for virtually no return to the taxpayers? Do you have any further agreements? Will you table them?

Hon. Mr. McLeod: — Mr. Speaker, I have said before, when final agreements are signed, this government will table the total agreement. We will table every shred of the agreement and all of the schedules thereto — far more, Mr. Speaker, than any NDP administration ever did, or ever undertook to do.

Mr. Speaker, we have been forthright. We will continue to be forthright. This deal, as the Prince Albert Herald said yesterday, Mr. Speaker, in the area where this deal most affects people's daily lives; in the area where people most understand forestry; in the area where people most understand what forestry means to the bread and butter on their table; in Prince Albert they say, "Weyerhaeuser deal easy to judge here." And I read already the last paragraph, Mr. Speaker. "In Prince Albert, we know it is a good deal."

Some Hon. Members: Hear, hear!

Responsibility for Roads in Prince Albert Northern Forest Area

Mr. Lusney: — Thank you, Mr. Speaker. I have a question for the Minister of Highways. Mr. Minister, your government has recently given away to the Weyerhaeuser company some 7 million acres of prime forest land in northern Saskatchewan. Now Mr. Minister, that's about one-fifth of the total forest we have -about 11,000 square miles of forest land, Mr. Minister.

Further, you have admitted in this House that you think that it's a good deal. You have admitted that you think it's a good deal, Mr. Minister. And you have admitted that you are satisfied with the deal that's been made with Weyerhaeuser.

Mr. Minister, will Weyerhaeuser be responsible for any of the roads within that forest? And if they are, can you tell us whether they will be responsible for the same amount of them as PAPCO has been till now, or are you going to assume some of the responsibility?

Hon. Mr. Hodgins: — Thank you, Mr. Speaker. Yes, indeed, I will certainly confirm that it is my opinion, and the opinion of our government, that the Weyerhaeuser deal is in fact a good deal for the people of Saskatchewan. I want to stress that point.

And here we are, Mr. Speaker, on the verge of striking one of the best deals with private enterprise in the history of this province, a deal that will provide jobs and opportunities for a number of people in our province, and the members of the opposition, what they can come up with is they can talk, as just the other day, about toll-bridges and toll-roads and all sorts of nonsense.

As it respects the roads, yes indeed, there will be an

agreement with the Weyerhaeuser corporation. And as I stated on a previous occasion, that deal will not be significantly different than any other deals that we have struck with any other major corporations, whether it be MacMillan Bloedel, Simpson Timber, potash companies, or any other corporation with whom we have struck deals.

Indeed there will be a road agreement. It will be in nature very, very similar to other agreements we have entered into. The other day the members of the opposition quoted some figure of 1,000 miles. That is absolutely ludicrous; it is nowhere near 1,000 miles. It may be somewhere in the neighbourhood of half of that amount, but as far as your accusations go the other day, they're simply not facts. Our deal will be representative of other deals that we have struck with other major corporations.

Mr. Lusney: — New question to the minister, Mr. Speaker. Mr. Minister, if you could do away with the long, boring, and irrelevant speeches of yours and get down to the question that was asked of you and give us an answer — maybe you don't believe that we should be asking them, Mr. Minister, but we are asking on behalf of the people of Saskatchewan.

What we'd like to know, and the people of Saskatchewan would like to know, is whether Weyerhaeuser is going to be responsible for the maintenance of those roads that are in that forest at this time. Could you just give me a simple answer as to whether they are going to be responsible for them, or whether you are going to be responsible for them as the Minister of Highways.

Hon. Mr. Hodgins: — Yes, indeed, I'd like to give you a very simple answer, sir. As I stated before, there will be an agreement. We have not reached any final conclusions to that agreement, and as I have stated previously, the agreement will be very, very similar to other agreements which we have signed with other corporations.

Mr. Lusney: — Mr. Minister, you're saying there will be an agreement. You are saying then, if I am correct, that there is no agreement signed at this point regarding the maintenance of those roads. Could you tell me at this point then if there is an agreement, and if there is one, who is going to be responsible for those roads?

Hon. Mr. Hodgins: — Well it would be very, very difficult — and I hope you will appreciate this, and I think the public of Saskatchewan would appreciate it — that it would be very, very difficult for me to give you the terms of the agreement when that agreement has not been finalized as of yet. And I hope you understand that when you are negotiating something as important as roads — and roads are indeed important, not only to people in the timber industry, but as well to the tourists and the general public in Saskatchewan.

We have to take a considerable amount of time. Our officials have been negotiating for many, many hours with the officials of Weyerhaeuser corporation. And I am extremely confident that the deal that will be struck will be fair, not only to the Weyerhaeuser corporation, but to the taxpayers of this province.

Mr. Lusney: — New question to the minister. Mr. Minister, as I said before, at this point PAPCO is responsible for them. You always avoid the question in giving an answer to it. Will there be any new roads built into that forest, and if there are, will you be responsible for the maintenance of them?

Hon. Mr. Hodgins: — Well, Mr. Speaker, I don't know how many times I have to say this, but the deal has not been finalized. We are negotiating with the Weyerhaeuser corporation, and whatever deal we make, I can give the hon. member the assurance that it will be a fair deal. And in order for a deal to be fair and good, it has to be fair to the taxpayers, and it has to be fair to the corporation. And I once again give you my assurance that it will be a fair and reasonable agreement.

Mr. Lusney: — Mr. Minister, how do you expect the people of Saskatchewan to approve this Bill if you cannot even tell us whether they are going to have additional money spent out of their pockets to build or maintain those roads? How can you ask us to do that? Would you not agree that it would be best at this point then to shelve that Bill and go back to Weyerhaeuser, complete your deal, bring it back in this House so that the people can make a decision on it, and not ask us to do it before you complete the deal.

Some Hon. Members: Hear, hear!

Hon. Mr. Hodgins: — Mr. Speaker, once again, if we want to revert back to history, when in history did the members of the New Democratic Party ask the public of Saskatchewan whether or not they were in favour of nationalizing potash mines? When in history did the members of the New Democratic Party ask the general public of Saskatchewan whether or not it would be a good deal for them to buy the Prince Albert pulp-mill. Did you ask the people of Saskatchewan those questions? Well, no, you did not. And here we are, Mr. Speaker, on a narrow subject of roads, a narrow subject of roads that is certainly going to form part of that agreement. And I know that the members opposite — perhaps they want toll-roads.

Now if you want toll-roads, then you go and sign the agreement with the Weyerhaeuser corporation. But once again, while this government is in power, the deal that we will make respecting roads will be a fair and reasonable deal that will be very, very similar to other deals that we have struck with other corporations.

Some Hon. Members: Hear, hear!

Mr. Yew: — Thank you, Mr. Speaker. I'd like to direct my question to the Minister for Parks and Renewable Resources.

Mr. Speaker, this government's desperate and bad deal with Weyerhaeuser involves your literally giving away a \$250-million asset owned by the people of Saskatchewan, plus 7 million acres of northern prime forest in northern Saskatchewan.

You have stated in this Assembly, Mr. Minister, that you are satisfied with the forest management licensing

agreement you have with Weyerhaeuser. That is what you said on Monday. And then yesterday, Mr. Minister, you cited figures based on that licence agreement.

My question to you, Mr. Minister, is this: when you cited those figures yesterday, were you making them up, or were you citing an agreement with Weyerhaeuser? Which is it, Mr. Minister? What are the facts?

Hon. Mr. Maxwell: — Mr. Speaker, the facts are as I outlined them yesterday in question period in answer to the question from the same member.

Mr. Yew: — Supplementary, Mr. Speaker. You've cut the question, Mr. Minister. My question was: when you cited those figures yesterday were you making them up, Mr. Minister, or were you citing an agreement with Weyerhaeuser? What is it, Mr. Minister, are you hiding facts? Are you hiding facts from the public of Saskatchewan, or what?

Hon. Mr. Maxwell: — No, Mr. Speaker, we have absolutely nothing to hide. I believe the hon. member — and I haven't checked with *Hansard* — is referring to the figures I gave yesterday in reply to a question whereby the preamble stated we were somehow giving away the forests to a forest company, namely Weyerhaeuser.

Mr. Speaker, we're giving nothing away to anybody. As I said before, all of the companies with whom we are negotiating will have to provide the government, through my department, with royalties called stumpage fees for the privilege of harvesting in Saskatchewan. And the increase will be 85 per cent or \$550,000 more than we were receiving from PAPCO.

Mr. Yew: — A new question, Mr. Speaker. Mr. Minister, like all the PC ministers in your Devine government's caucus you insist on giving speeches, Mr. Minister, instead of giving actual, factual information.

It's not a matter of right or left, Mr. Minister, but it's a matter of right or wrong with the people of this province. And your bad deal — and I repeat, bad deal — with Weyerhaeuser is clearly wrong. Either you are making up the figures and the answers . . .

Mr. Speaker: — Order, please. The member is referring to the minister making speeches. I believe the member is making speeches as well, and I would ask the member to get directly to his question.

Mr. Yew: — Well I'll simply go with the question, Mr. Speaker. I ask you then, Mr. Minister: are you refusing to make the documents, the agreement, the terms of reference of the Weyerhaeuser deal public, or are you in fact hiding the facts from the people of the province of Saskatchewan?

Hon. Mr. Maxwell: — Mr. Speaker, we have absolutely nothing to hide, and I've been more than forthcoming in replies to questions from that member or other members. We've told them what type of an agreement we're looking at.

What we are getting rid of is 45 years of bad forest

management and replacing it with integrated resource management based on sound forest management policy.

I know the bottom line is: the opposition is opposed to the deal; they're opposed to the Bill; they're also opposed to sound forest management policy. He says it's nothing to do with right or left. I agree. It's a question of good forest management policy which we are committed to providing for the people of Saskatchewan. And I may say, the deal is not for North; it's not for South; it's for all of the residents of the province, Mr. Speaker.

Some Hon. Members: Hear, hear!

Grasshopper Infestation

Mr. Engel: — Thank you, Mr. Speaker. I have a question to the Premier. Mr. Premier, my question deals with grasshopper infestation in southern Saskatchewan — the worst infestation that I've seen for a long time, much worse than it was last year, Mr. Minister.

I'm sorry to report, but contrary to your wishful dreams when I asked you this question last time — when you thought they'd all hatch at once — it's very obvious now that it didn't happen. Last night I saw grasshoppers a sixteenth of an inch long, and I saw some an inch long in the same field — lots of them, thousands and thousands per square foot, Mr. Speaker.

The farmers are asking me — and I met with farmers. Mr. Minister, my question is this . . . The farmers are asking, will you give them the same kind of deal as you did Weyerhaeuser? Will you give them the same kind of deal when they're fighting grasshoppers as you did to your friends from Tacoma, Washington — that if they make a profit, they'll pay for the grasshopper spray; but if they lose money, they don't need to pay for it.

That's the kind of deal the farmers want. They're spending 8, 9, \$10,000 on a section and a half of land fighting grasshoppers, and they come to their end; they run out of money. Will you give the farmers the same kind of deal?

Hon. Mr. Devine: — Mr. Speaker, I will quote from a Saskatchewan Wheat Pool — I believe this was this morning or yesterday — it's a CP story out of Winnipeg and their analysis of the grasshoppers. Part of what the hon. member says is accurate in terms of some areas. And I quote; it says:

The worst is likely over the prairie grain farmers who have been battling swarms of grasshoppers with insecticide this spring. Most farmers feel that the infestation is reaching its final stage and they have it under control says, Ken Budzak, analyst with the Saskatchewan Wheat Pool.

The armies of the grasshoppers are actually worse than last year in some places. In those regions the hoppers have left nothing but dust in their path, and some farmers have had to reseed their crops. Prairie-wide, the situation is better than last year, thanks to a couple of factors that have worked in favour of the farmers. First is: the early rain this spring delayed the hatching so that the bulk of the

insects emerged from egg pods in ditches and pastures at the same time. That allowed farmers to get a good kill with one pass of their sprayers. Last year the hoppers hatched in waves, forcing farmers to do their spraying four or five times during the season. In 1985 we saw some shortage of chemicals. Grasshoppers cost an estimated \$100 million to \$200 million in crop losses. Across the West, farmers spent about 45 million on insecticide. Saskatchewan has been hardest hit again this year with the insects attacking wheat and other lines. However, farmers in pockets of Manitoba and Alberta have also had to pull on overalls, gloves, and respirators, the protective gear recommended to handling the bug killers.

In summary, the wheat pool says that it is not as bad as last year. We have pockets where it is severe. We are likely getting a better kill than we have before, and in general, the growth, the rain, the moisture is giving much more competition to the grasshoppers than we had last year or the year before.

Mr. Engel: — Mr. Speaker, I have a new question. This was an answer from the Saskatchewan part-time Minister of Agriculture reading from an article out of Manitoba. I don't believe it, Mr. Minister. Mr. Minister, the grasshoppers that are affecting some farms . . . and the farmers have sprayed five and six times. I can give you the name of the farmer from south-west of Kincaid if you want it, but I met with him. And there was eight farmers that came to see me last night late, 10:30 at night, after a farewell party. And this is what he said . . . (inaudible interjection) . . . Farmers are leaving — farmers are leaving. That's right. That's a joke. That's a joke.

Mr. Speaker: — Order, please.

Mr. Engel: — You may find that a joke when some farmers are leaving. That's a joke, but this farmer sprayed his field six times. A crop adjuster came out and said, we're going to make a report of this on your contract, and if you don't spray them again, we'll see what we're going to do as far as your insurance is concerned.

This is what crop adjusters are telling farmers. Six sprays. I'll give you his name if you want it, afterwards, but this farmer told me that he spent \$6,800 on six quarters of land, and he said: I've reseeded;; they've eaten the reseeded field; it's black; and the adjuster comes and tells me if I don't spray it again, I'm not going to get crop insurance. That's what your people are telling him. Don't you know what's going on? Don't you know how many grasshoppers there are? They didn't all hatch at once. Some places, maybe they did.

My question to you is . . .

Mr. Speaker: — Order, please. Order, please. Order. The member is asking the same question several times and is repeating the same question several times, and if you have anything new to add, we'll let you add it, otherwise we'll let the minister . . . (inaudible interjection) . . . Order, please. Order!

Mr. Engel: — Mr. Speaker, I have a question to the

Premier to what he told me in his answer. He told me that they've hatched, the thing is done, there's not a problem. I'm trying to enforce on his pea-brain that there . . .

Mr. Speaker: — Order, please. I'm going to ask the member to withdraw that comment. That kind of comment is not allowed in this Assembly . . . (inaudible interjection) . . . Order. I'm going to ask the member to withdraw that comment.

Mr. Engel: — I withdraw the comment about the minister being a pea-brain.

Mr. Premier, The Globe and Mail reports from a farmer at Viceroy and farmers at Swift Current that are having a problem, are having serious problems, and how much you spent. Are you going to penalize these farmers that have reseeded their crop? The crop is small; it's eaten off a second time.

Mr. Speaker: — Order. Order, please. Order, please. The member did not ask his question. He continued to make a speech, and the . . . Order, please. The question period is long gone.

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Executive Council Ordinary Expenditure — Vote 10

Item 1 (continued)

Hon. Mr. Devine: — Thank you, Mr. Chairman. I want to take a few minutes to respond to a couple of things that were raised the last time that we were going through my estimates. I want to make the following observations with respect to . . . I believe the Leader of the Opposition was talking about the four years that he was in government, compared to the four years that we were here. I think it would be interesting to note for the general public of Saskatchewan, indeed the public of Canada, the last four years of our administration versus the last four years of theirs.

From 1978 to 1982 we looked at the nominal real interest rates of about 4 per cent, expansion in world trade, very strong commodity prices, agriculture products increased 10 per cent in terms of prices, potash prices were up 23 per cent, world oil up 169 per cent. That was in 1978 to 1982.

1982 to '86 we looked at a world-wide recession, high real interest rates of 6.7 per cent, and obviously in terms of what people would have to pay, as high as 22 per cent, falling commodity prices, agriculture products dropped 6 per cent, potash dropped 13 per cent, world oil dropped 23 per cent and on top of that two droughts.

Given those two situations, the Leader of the Opposition went on to point out that he did so much better than we

did. Well obviously he had very, very good economic conditions, and we had quite poor economic conditions from the world, and I will point out very simply and quickly, Mr. Chairman, that our four years from 1982 to '86 were much better than the four years from '78 to '82, even under more difficult conditions.

I'll give you the examples. We'll look at population. From 1978 to 1981 the population increased by 24,800 people or 2.6 per cent. But in the difficult years from '82 to 1985 the population increased by 38,700 people or 3.9 per cent. In other words, we had an absolute increase in the more difficult times here of 1.3 per cent. So we had 13,900 people coming into the province more than the previous administration in 1978 to 1981.

In terms of migration, 1978 to 1981 we saw a net movement out of the province of 7,113 people under the NDP. We saw an increase in '82 to '86 of 6,764. The difference was a plus 13,000 during some difficult times. Leaving the province, they looked at 101,000 people leaving the province from 1978 to 1981. We lost 93,000 in terms of those leaving; we did 8,000 better there. Coming into the province, they brought 94,000 in; we brought over 100,000 in — a positive different of 5,593.

In terms of migration comparisons, if we look at 1972 and then again in 1985, the net population was minus 17,000 in 1972; minus 4,900 in 1985. The difference is we beat them by about 12,000 people. I could add, Mr. Chairman, in terms of employment . . . And the Hon. Leader of the Opposition, he isn't here in the House today, but his chirpers are there in the back. But I'll just give them this information just so that they can carry it back to him.

From May '78 to May 1982, the total population, employment increased 28,000, and for females increased 24,000. In our term of 1982 to 1986, it increased 30,000 in total, 27,000 for female, for a plus 2,000 or plus 3,000, their period versus our period.

And on the farm economy it was much more important. I think the members opposite from Quill Lakes and from Pelly would be interested in this. In 1978 to 1981 the NDP lost 16,000 people on farms — 16,000; 1982 to 1985, we gained 1,000 a net difference of 17,000 in rural Saskatchewan, their four years versus our four years.

If you look at the unemployment rate, obviously we've had the lowest. If you look at the percentage increase in growth, Canada had 5.9 per cent. This is in population, 1982 to 1985. Manitoba had 4.3 per cent, and in the Government of Saskatchewan it was 7.1 per cent, beating the other NDP administration and leading the nation.

When I look at the various kinds of industries, the percentage changes. In the uranium business, it was 32 per cent growth in our administration over theirs; oil production is up 13 per cent over theirs; oil revenues up 79 per cent over theirs; value of natural gas and petroleum rights up 137 per cent over theirs; public and private investment up 17 per cent over theirs; personal income up 47 per cent, 1982 to '85 over 1978-81; retail trade, Mr. Chairman, up 30 per cent over the NDP administration 1978 to 1981.

I bring forward these numbers, Mr. Chairman, and I have more. If the members want to compare 1978 to 1981 versus 1982 to 1986 on any of a list of comparisons, obviously we have done relatively well. I wanted to make that point, even though the Leader of the Opposition is not here to listen to it. His colleagues, I am sure, can take the information back to him so that he can have the actual facts statistically put forward by Statistics Canada.

Mr. Shillington: — The Premier, having begun his career as a cheer-leader, has now become a statistician. I think he's going to be about as successful in the latter career as he was in the former.

Mr. Premier, I am confused by your minister's tactic with respect to Weyerhaeuser. He has given us a schedule to an agreement, will not give us the other two schedules, and will not give us the master agreement. I am curious, Mr. Minister, why you would give us the financial details and nothing else.

Hon. Mr. Devine: — Well, Mr. Chairman, as we have said many times, we believe, and I think you do, that having a new paper-mill come into the province is a good idea. I don't think you would argue with that. If you can get \$250 million of their money to build a paper-mill, fair enough. I think you like that. That's a good deal.

The second part of it is that if you had the new paper-mill come in, and we thought it was a nice idea, you have to have some land in a forestry agreement for them to have several million acres, and I think you'd agree with that. Right? I think you'd have to have that.

Then the third question that you deal with is simply this: if you've got a pulp-mill that's losing \$91,000 a day, is there any way that you'd make some money with it? And you would say, well, I hope so. So you'd say, well, what's it worth? You'd say, what's it worth? And on the market, it's worth anywhere from, as you know, 25 to \$60 million.

Now you might not, and I don't want to sell it for \$60 million because the public and the taxpayers have had to put so much money into it — \$300 million into it. And you say to yourself, well, how in the world am I going to get \$300 million out of something that's only worth \$60 million? I like a new paper-mill; I know I have to have a forestry agreement, and if you have one, you have to allocate millions of acres to the companies that are going to do it. You say, what am I going to do with this pulp-mill? You say, I've got all this money into it, but it's only worth \$60 million.

Do you know what the Peat Marwick Mitchell, who you hired when you were in government to look at all the books and give you the accounts for the P.A. pulp-mill — do you know what they recommended, and they'd recommend to you and me? They say, look, you'll never get your money out. Why don't you have a debenture, which is a promissory note based on the performance to get — not 60 million, not 100 million, not 160 million — but \$248 million and tie it to \$250 million of brand-new money into a paper-mill. That's what professional accountants recommended, and they worked for you, and they work for me — they're non-partisan.

So we'll say, I like the paper-mill; I sure want to see that because it's new jobs. I like the new forestry agreement because they've got to have it. What am I going to do with this pulp-mill? Well, obviously, you wouldn't want to sell it for 60 million; I don't want to sell it for 60 million; so I look at the present value of \$248 million — what's that? The present value of \$248 million is \$165 million cash; I'll take that for that paper-mill, given the losses that we have — and I'm sure you know what you paid for it and put the money into it — plus at the same time a chance to make money and profit, charge tax and income tax on royalties on a pulp-mill and on a paper-mill.

Now any way you shake it, you can buy a house on a debenture; you can put money down; you can do the present value of the money you're going to receive, anything you want to do. Okay? So what we've said is what we are going to sign, and what we are going to do is have 250 million come into the province on a new paper-mill. We are going to allocate a new forestry agreement to all the parties that are there, which is fair enough, and we're not going to take 60 million for that pulp-mill, we're going to try and get 248 million, which at present value is \$165 million. That's what a debenture is.

(1445)

Now if you want to argue what a debenture is, you can go explain a debenture to your constituents, and I'll leave that up to you. You may go and say, politically, well it means nothing down. Well a textbook definition of a debenture may mean nothing down; that's what a debenture is because it's a promissory note based on performance, based on the assets that is going to get you a lot more than cash would get if you decided, I'm just going to put some cash up. That's what a debenture is. That's what Peat Marwick recommends to you, to me, to the public of Saskatchewan, because we're losing \$91,000 a day.

So let me put it this way. I know philosophically you're not against a new paper-mill; you're not against allocating forest to a company that's going to operate a new paper-mill. You want to get at least fair value out of a pulp-mill, so you can do it two ways. You can say, here is what it's worth in cash, and nobody will offer you more than 60 million. You can't just hand on to it because it's losing and oozing money. So you say, is there any other way? Well of course, you go to your professionals, and they say a debenture will get you \$248 million. And if we can get the new paper-mill to sign that, we can make money on the pulp-mill, make money on the paper-mill, and create new jobs, and put the whole entire package together with a new forestry management agreement.

Now if ... (inaudible interjection) .. Well, you seem to have trouble understanding a debenture. Well I can take you back to my accounting books and we'll outline what a debenture means to you so that you understand it. And if a debenture is a problem, well, we'll go through the exercise of outlining the problem. But I think that you'd have to admit that if you can get \$165 million present value for the pulp-mill, and you can get a brand-new paper-mill with somebody else's money, and you can create 165 new jobs, that's what we'd both like to do -

that's what we'd both like to do.

So if the problem is with the debenture. I can take some time and explain the debenture.

Mr. Shillington: — Well, with every degree of gratitude, I think I'll not get the Premier to balance my cheque book if that's your accounting methods.

Mr. premier, do you remember my question, and will you answer it?

Hon. Mr. Devine: — Mr. Chairman, when we put the final agreement together, then we will be prepared to table the agreements. But as the minister said, while we're in the negotiations, we're not going to negotiate in public, and we're not going to do it. So we're going to continue to negotiate, put the package together. And I described it in principle and in theory, exactly what we're going to do, so that the public doesn't continue to lose \$91,000 a day.

And we're going to put together an arrangement to build a new paper-mill: cash up front, \$250 million; and 248 million on a debenture for a pulp-mill, which I know you can play with in terms of your politics, saying nothing down; well that's what a debenture is; and \$165 million in present-value money, and people do it all the time — maybe you don't but certainly the public does. And that means that the public can stop hemorrhaging the money in the pulp-mill, and we can put together a package of a profitable pulp-mill, an profitable paper-mill, and 165 new jobs, and 250 million in new capital coming into the province.

Now that's what I'm telling you I'm bringing you. I'm bringing that because that's what I'm going to sign I'm going to sign that. And if I can get anything close to that then I would believe, for the taxpayers of this province, it more than covers the pulp-mill — and Lord knows, you signed the deal on the pulp-mill that's losing all that money. We've got to get out from under that; taxpayers are tired of it.

So we're going to put the package together to make it profitable, to make money for the taxpayer, and to create a new forestry management agreement, and most important, as you read in the P.A. Herald, to create jobs, because people in P.A. think it's a good deal.

Mr. Shillington: — Mr. Minister, you have given us the financial arrangements. If anything were going to prejudice further negotiations, I would think it would be the financial arrangements. What is it in the rest of the agreement that you believe will prejudice subsequent negotiations?

I'll tell you what I think will prejudice you. What I think is going to prejudice you is the fact that there is no solid commitment in that agreement to build the paper-mill. That's why you're not giving it to us, Mr. Minister. You are not giving us the balance of the agreement. Sit down until I'm finished, and I'll call on you when I need you.

Mr. Chairman: — Order, order. Order. Order. Order. I believe the Premier has the floor.

An Hon. Member: — No, he hasn't.

Mr. Shillington: — Thank you. I had the floor. The light was on.

Mr. Premier, if anything — I will repeat it — if anything were going to prejudice you, surely it would be the financial arrangements. What is it in the balance of the agreement that is going to prejudice you? I suggest to you it is the fact that you have no solid commitment to build that paper-mill. That's why you're not giving us the rest of the agreement.

Hon. Mr. Devine: — Well I'm looking up the Bill. But no, I can say to my hon. colleague, there is going to be a paper-mill built in the province of Saskatchewan through the arrangement that we have put together.

I'm reading here . . . This is Bill No. 56, 1986. I won't read . . . I'm sure you've read the Bill. But I quote in about the third paragraph, or the first section 3(1). It talks about the entire arrangements to include improvements to a pulp-mill, and I quote: ". . . the development of a paper mill at Prince Albert."

Then I go to section 4, and it talks about the financial agreements. And it talks about facilitating the sale of the pulp company, and Saskatchewan Forest Products Corporation, and the development of a brand-new paper-mill in Prince Albert. That's what it says in the Bill.

Now I have never gone into these negotiations, I'll tell you straight up, with anything else in mind except building a brand-new paper-mill. Because in my view it will sincerely and credibly help make money with the pulp-mill that is in some trouble. I mean, that's why it's in the Bill. And I have negotiated nothing else but a new paper-mill. I want to see it there and I want to see this integrated.

And I know you've raised some concerns, and fair enough. With respect to, well they might not make profit with that pulp-mill while they get this paper-mill built. And they might not. And I said, maybe there's some room to move there, because I'm losing and the taxpayer's losing every day in that pulp-mill. So I'll give you some benefit of the doubt, under your management, under your connections and your markets. If you can't do better, I'll understand some of that for a short period of time, but I want this integrated into a paper-mill. Okay.

So let there be no doubt the negotiations and the Bill and my intentions are for a brand-new paper-mill, because in my view that is a very important factor in making that pulp-mill profitable. And as you know, the pulp-mill, the future of the pulp-mill, the jobs and everything else, is costing you and me an awful lot of money, and we've got to do something about that.

Mr. Shillington: — Do I take it from that, Mr. Minister, that there is not, in the written agreement to which the schedule was attached that we have, do I take it that there is not an unequivocal commitment to a paper-mill in that written agreement? Is that what I assume from what you just stated? That's what you're negotiating for and that's what you want. Do I take it from that, that you don't have

it yet, that it's not in an unequivocal form in that agreement?

Hon. Mr. Devine: — This legislation is to put together an arrangement where we can sell the pulp mill and build a paper-mill. That's what it says: the development of a brand-new paper-mill in Prince Albert. They're connected; they're linked — it's right here.

An Hon. Member: — Not in that Bill. No, there's no paper-mill.

Hon. Mr. Devine: — It says, the development of a paper-mill. Mr. Chairman, the arrangement is for the sale of the pulp-mill and the development of a . . .

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

Mr. Birkbeck: — I am attempting to follow some of this debate and do some work at my desk at the same time. And I am quite fed up with, Mr. Chairman, the constant nattering that's coming from the NDP members when the Premier is trying to reply to their questions.

Now, Mr. Chairman, they may not like the Premier, but I really don't care. He is the Premier of this province and he deserves the members' respect in this Chamber. And I want, Mr. Chairman, for that to be upheld in this Assembly if nothing else is going to be.

Mr. Chairman: — Order, order, order, order! Order. The debate continues.

Hon. Mr. Devine: — Well, Mr. Chairman, just let me say that the agreement, the Bill, the negotiations that are going on, are all linked and tied to a brand-new paper-mill. That's what they're linked to. This Bill here says the financial arrangements are tied to improvements and the sale of the pulp-mill and the development of a paper-mill. That's what this says, and it says so in the third paragraph and in the fourth paragraph. And I will tell you, and I will say that all the negotiations that are going on to date are linked totally to building a brand-new paper-mill.

Now if you could be satisfied — let me just . . . so I understand what you want — if you're satisfied in saying . . . Look, if you are absolutely sure that there's going to be a paper-mill, then would you say that, fair enough, the debenture idea is better than cash at too low a price? Would you say that?

An Hon. Member: — No, I sure wouldn't.

Hon. Mr. Devine: — You don't like a debenture. Well then it won't much matter . . . (inaudible interjection) . . . No, but it won't much matter. If you can't support the idea of a debenture which is linked to performance, and you want cash — nobody's going to give us cash to pay for this pulp-mill. Do you agree with that?

An Hon. Member: — No.

Hon. Mr. Devine: — All right. If you can't find people who . . . I mean, you can find people that are trying to give

away pulp-mills across Canada — all right? — and you can't sell them . . . (inaudible interjection) . . . All right, well then there's our basic difference. You don't believe that the facts are that pulp-mills are not making money. Obviously, I mean, this is Peat Marwick's numbers — \$91,000 a day the pulp-mill you bought is losing money. Now I think you'd like to get out from under that, and so would I. The taxpayer doesn't like losing that kind of money.

Now if you can't get the cash for it, and nobody's going to pay you cash — and you can canvass the world, and nobody's going to pay you \$300,000 for that pulp-mill. You know that. Well I can say sincerely we have asked people and looked and examined the world of pulp and paper, and you will not get people paying you \$300 million for that pulp-mill.

So put it another way, philosophically we're back to the argument: no matter what I would sell it for in cash, you'd say that isn't enough because the taxpayer has lost all his money and they've got 354 million. It's only worth 60 million, but you'll say, oh, my gosh, it's never enough. Well the taxpayer right now to me is saying, enough is enough is enough; I'm tired of losing the money.

I can only wrap it up and say: we are going to build a new paper-mill; the new paper-mill is in the legislation; the new paper-mill will be in the agreement; and when the agreement is signed and sealed and delivered, you will see a brand-new paper-mill on the line. That's what I can say, and that'll be the case.

Mr. Shillington: — Mr. Premier, do I take it that you evaluation of the mill is 60 million? I think you said that. I would just like it said with a little less clothing on it. Do I take it that's what you think the mill is worth?

Hon. Mr. Devine: — No. What I said is \$60 million is the best offer we've received from anybody in terms of what they think that mill is worth today in cash. I know that you paid 165 million for the 70 per cent, and 3 million, or somebody else did, for the rest of it, and we've got 350 million into it, because we've had \$91,000 a day loss for the last five years. So if the cumulated losses are \$354 million, now all I'm saying is that nobody will pay us \$354 million for that asset. They're saying right now, the most they might pay cash is 60 million.

Now what they will do . . . maybe the former minister of Finance could help you out there. What they will do is say, I'll give you a debenture for 248 million over 20 years which present value today is 165 million. So I could ask the former minister of Finance, would he take 165 million? Would he take that? Would you take 165? You see they won't respond, as I said, Mr. Chairman.

Mr. Chairman: — Order, order, order. Order! Order! I have called order. The noise level is just getting too great in here, and I would ask that when the question is answered, that we have the politeness to listen to the answer.

An Hon. Member: — Point of order.

Mr. Chairman: — State your point of order.

Mr. Koskie: — What we're in here for, Mr. Chairman, is to ask questions to the Premier for him to answer, not for the Premier to say that he is receiving no replies to his questions. And certainly he should be called to order for abusing the rules, or not knowing the rules of the House. That's precisely what he's doing. He gets cornered with his questions and then he starts accusing the opposition of not answering his questions, if you can believe it. That's how astute this Premier . . .

Mr. Chairman: — Order. Order. Order, order. With the kind of verbiage that has been going back and forth, it leads its way into this. I would ask members that when there is a question being answered that they give the courtesy to listen, and I would like the debate to continue.

Hon. Mr. Devine: — On the \$60 million, the 60 million is the most people are prepared to pay cash for it, and I'm not prepared . . . (inaudible interjection) . . . Companies, okay. It's the maximum they would be prepared to pay. And I am not prepared to sell it for 60 million, but I will take 248 million on a debenture, which is 165 in present value; that's the difference.

(1500)

Mr. Shillington: — Do I take it, Mr. Premier, that the offer of 60 million in cash came from Weyerhaeuser; you refused that and felt this was a more appropriate arrangement?

Hon. Mr. Devine: — I would say that the best market estimate of what the pulp-mill is worth in cash, from companies, companies that we have talked to, their estimates are 60 million. And I've said to myself, if I can trade 60 million for 248 million over 20 years, which is 165 present value, I'll take 165 over 60 million. Now anybody that won't take 165 over 60 million . . . Okay!

Now you'll say, well there's some risk, and fair enough. You could say there's some risk of the operation over 20 years. Well, for an investment of \$248 million and the chance to get \$248 million I'm prepared to take, as any investor is, some risk in the development of northern Saskatchewan. I am prepared to do it. Lord knows we have taken a lot of risks so far under your deal because it's cost us 354 million and we haven't got anything. I mean, that's just oozing money.

What I'm saying: I'll take cash — \$165 million present value, and that's more than anybody will offer me in terms of dollars and cents today or any estimate that I can get. And Weyerhaeuser says, you give me a chance to perform over the 20 years and you'll get \$248 million, and we'll put 250 million in a new paper-mill and we'll combine the two and we'll all be making some money, and I can charge some taxes and royalties and so forth as opposed to just taking taxpayers' money from Moose Jaw and Estevan and Regina and pumping it into a pulp-mill that you bought that's been losing money ever since you bought it. That's the concept. A debenture is present value terms, a long-term note that gives you cash linked to performance.

Mr. Shillington: — Mr. Premier, I take it you were offered

\$60 million in cash. Will you tell us, yes or no — if no is the answer, we'll go on the next — will you tell us who offered that 60 million in cash?

Hon. Mr. Devine: — No. I'll say the best market estimate from any of the firms we talked to of what that pulp-mill was worth in cash was a no-starter, okay, never got off the ground. Because I said, if you would offer me 60 million I wouldn't take it. And they said to me, nobody's going to offer you any more than that; some might offer you zero, some may offer you 25 million. And I said, well if all you're ever going to offer me is 60 million in cash, I'm not taking it; you've got to look at something else. And that's when I shifted to, on the advice of Peat Marwick, a debenture. Look at a debenture, and maybe I can get 165 million for it — 248 million over 20 years.

Mr. Shillington: — Mr. Premier, I take it that that in fact is what Weyerhaeuser said to you: we will not pay more than \$60 million for this. So this was an alternative arrangement . . . (inaudible interjection) . . . Well, he said, no such thing. I would thank the government members for all their assistance in asking these questions, but I'd prefer to put them in my own words.

Mr. Premier, I take it that Weyerhaeuser offered the \$60 million and you determined that that wasn't an appropriate arrangement and that this debenture, as you call it, was a better arrangement. Is that the case? Is that the case that Weyerhaeuser said to you, the maximum we're going to pay is 60 million, and you said, well that's not satisfactory. Is that what happened?

Hon. Mr. Devine: — What I would say, and I'll say it again, is that I asked our consultants, and I asked them to ask industry people, how much is that paper-mill worth in cash right up front? and they had various offers. And the maximum might have been, for the pulp-mill, as high as \$60 million, and I said I wouldn't accept that. So you better look at another mechanism. And that's why we look at 165 million as opposed to 60. Okay? So it's just as simple as that. I wouldn't take 60 million for it. You got to find a better way. And that's when they recommended a debenture which is tied to performance, \$248 million. And I'd take 248 million over 60 million any time.

Mr. Shillington: — Mr. Premier, I think it's a fair assumption that Weyerhaeuser said to you, all we'll pay is 60 million, and you said, that's not satisfactory . . . (inaudible interjection) . . . Well I know the minister of — your portfolio is of such importance it escapes me at the moment, but I know the member from Meadow Lake is having a bad time of it, and I know he'd dearly like to create a ruckus.

But I refer the Premier to the schedule B. Schedule B states in 3(d) that if 60 million hasn't been paid after the seventeenth year, then the pay-out formula sweetens somewhat. So I think it's a fair assumption that Weyerhaeuser said to you, all we're prepared to pay is 60 million, and you said, politically I can't live with that, but I've got to have the paper-mill to get re-elected. So let us set up a new arrangement which provides for nothing down, nothing paid over 30 years, and nothing at the end of 30 years.

Hon. Mr. Devine: — Well, Mr. Chairman, I can say two things clearly. You bought a pulp-mill and it's been losing a great deal of money. It's lost money every year . . . (inaudible interjection) . . . Mr. Chairman, they don't believe that, so that's the first thing I'm going to make clear — that the pulp-mill today, and has been since the time it was bought, losing money. Losing money.

In 1981, Mr. Chairman, the interest cost on that purchase was 36 million. The NDP borrowed 165 million from two banks to buy 70 per cent of it, and they don't think that they did it. You don't even remember . . . (inaudible interjection) . . .

Well, Mr. Chairman, I suppose that I could have a farm, and if I didn't have to pay for it it would be profitable — \$36 million . . .

Mr. Chairman: — Order, order! Order!

Hon. Mr. Devine: — Peat Marwick and Mitchell have outlined the interest costs and the operating costs, and it's costing us 160 . . . (inaudible interjection) . . .

Mr. Chairman, I just wanted to make a point for the hon. members. I hope that they're interested in the paper-mill and the pulp-mill project. If they are, they'll at least give me the time of day to go through the numbers for them.

We have lost for the taxpayers since 1980 the following sums: 1981, \$11 million; 1982, 39 million; 1982, 49 million; 1984, 15 million; and 1985, 51 million — \$167 million in the pulp-mill. That's interest and operating losses. That works out to \$68,000 a day in interest it's cost since you signed it, plus \$23,000 a day loss in operating, or \$91,000 a day today, yesterday, tomorrow, and for as far as we can see that pulp-mill is losing. Now that's the first point.

The second point is, how are we going to fix it? How are we going to fix it? We want to get as much, I think you do and I do, as much money as possible out of that pulp-mill and build something better. Right? That's what you want. You want as much money out of it as possible. He shakes his head, he does. I do. I want as much money as possible. And we want to make it profitable, we both agree. So what we do is get a company to bring in 250 million of their money, pay us 248 million for this pulp company that's losing money, and put together a profitable forestry management arrangement so the private sector and small operators and everybody else can make money. That's what we want to do.

I think and I know and understand you could be embarrassed with all the losses that you have in the pulp-mill. But all right, we'll forget about that. We just want to fix it. We'll combine it with the new paper-mill, get 165 million present value, write today's cash money for that pulp-mill, build ourselves a new paper-mill with somebody else's money and create 165 jobs.

As the P.A. paper says, people in Prince Albert are happy with this. They think it's a great deal. I believe the Hon. Leader of the Opposition is in Meadow Lake, and he's saying this; he says:

. . . the Meadow Lake pulp mill the Weyerhaeuser deal will . . . become a provincial issue. By making it an issue, he said, the NDP could pick up support throughout the province but do poorly in Prince Albert . . .

Well, I mean, if this is a political argument, then maybe it's a trade-off. If you expect to win . . . what is it, in Assiniboia, or in Gravelbourg, and Regina Centre because you're . . .

People who understand the issue — I'll give you the chamber of commerce in Prince Albert. They say this:

We are deeply worried that these jobs are going to be killed if approval is not given in the Legislature for the Weyerhaeuser agreements. Northern Saskatchewan cannot stand the loss of these new construction jobs, new direct jobs at the new mill, these new indirect jobs, and this population growth.

And they go on to say:

Workers at the mill appear to be happy about the new project, and about Weyerhaeuser.

This is in Prince Albert.

The community is excited. And the business community is particularly keen to see that this expansion takes place so that we can become one of the fastest growing cities in Saskatchewan.

This is Prince Albert people saying this.

The Prince Albert Chamber of Commerce will fight with all its resources for the new paper mill in Prince Albert, and will join with other community leaders to make sure that no one tramples in Prince Albert's flower bed.

Well I say, Mr. Chairman, to the member from Regina Centre, your leader is in Meadow Lake saying, well it probably won't help us in P.A., but it might give us some political brownie points in other parts of the province, which means that he's written off P.A. P.A. chamber of commerce and the P.A. newspaper are saying it's a very good deal because it means the survival of the pulp-mill and a brand-new paper-mill and a new forestry agreement. They like it, and you're standing here in the legislature arguing about whether you should have money down or whether you should have a debenture or not. I mean, you hire professionals. You know Peat Marwick understands a debenture. Peat Marwick could cook up a debenture for you. I mean, you're \$400,000 in debt for your political party. Maybe you need a debenture. Maybe you need somebody to go invest into . . . I'll tell you we'll give you a deal . . .

Some Hon. Members: Hear, hear!

Hon. Mr. Devine: — I won't have to get into that. All I'm saying is that it is among the business community, among the professional consultants, Peat Marwick and Mitchell, they are saying that it's a good thing for Prince Albert and

a good thing for the province. Around the province people are saying, I'm tired of the loss with the pulp-mill. So I mean, sincerely we're looking for a way to have some new industry and cut losses, protect the pulp mill and protect the paper-mill and put it all together.

So I can only say, Mr. Chairman, that it is my intention to build a new paper-mill; to save the pulp-mill; to create a new economic forestry agreement in northern Saskatchewan; to create 165 brand-new jobs; and to get \$165 million present value money for the pulp-mill, which is three times as much as anybody would offer for it in cash today. And that's what I'm going to do.

Mr. Shillington: — Mr. Minister, that's a useful bit of background. I take it to be established and admitted that Weyerhaeuser said to you: we're not paying more than \$60 million for that mill. And you entered into these arrangement as an alternative. What you have done is created an entirely fictitious figure of \$248 million. It might have been 348 million; it might have been 448 million. It didn't matter, because it isn't going to be paid. So you entered into this agreement as a substitute for taking \$60 million. That's what you said.

I can understand why Weyerhaeuser . . . I want you to think about what you've said. What you said is that Weyerhaeuser said they won't pay more than 60 million, but they're delighted to enter into this agreement as an alternative. I think it's obvious why: 'cause they ain't going to pay 60 million under this agreement. They're not going to pay anything at all . . . (inaudible interjection) . . . That's not what you said. You said 60 million. You said the most you could get for that mill in cash was \$60 million, Mr. Premier.

(1515)

So, Mr. Premier, in lieu of taking \$60 million cash, you gave them this. That seems to be what happened. That's what you said happened, so we'll take that. So what you have told us is that in Weyerhaeuser's view the maximum this paper can be worth is 60 million, because that's all they paid for it. They're not going to pay more under this agreement than they would in cash. So I take it, Mr. Premier, that you have entered into an agreement which is no more onerous than a payment of 60 million in cash.

Mr. Premier, I want to get back to the . . . and I'll just say that I can understand why Weyerhaeuser would rather enter into this than pay 60 million in cash. That's not hard to understand. Given the fact that they pay nothing down, pay nothing unless their profits exceed 12 per cent — and that's almost an unimaginable figure — and pay nothing at the end of it except to provide some shares upon which there's no dividends and no redemption unless the directors feel generously disposed towards Saskatchewan. I take it, Mr. Minister, that . . . I could well understand why Weyerhaeuser would rather enter into this arrangement than pay \$60 million in cash. Indeed, if you know of anyone who will lend me or the New Democratic Party money on these terms, I wish you'd give us their names because anyone could use these kinds of financing terms.

Mr. Premier, I asked you earlier if there was a written

commitment in the main agreement to which we have a schedule to build a paper-mill? Is there an unequivocal commitment to build that paper-mill? If there isn't we'll go on from there. But if you can answer that, yes or no, and save us this description of all that was wrong with the former administration, these estimates might move a little quicker.

Hon. Mr. Devine: — We will have a commitment to build a paper-mill. We will have a commitment to build a paper-mill. I don't know what words you want to put in this Bill. Design some words that you can put in the Bill and say, well, there will be a paper-mill. It says here the development of a paper-mill, and here it says the development of a paper-mill. There will be a paper-mill, and I will sign an agreement that says there will be a paper-mill.

Mr. Shillington: — Mr. Premier, we don't then have a commitment to build a paper-mill; that's a goal that you hope to achieve. But that, at this point in time, is a goal. You say we will have a commitment to build a paper-mill. You therefore do not have it at this point in time. It's a goal which you think you can achieve, and you might well have a commitment to build a paper-mill, but you don't at this time.

Mr. Premier, is the — and this is a key point — is the transfer of the P.A. pulp-mill in the main agreement conditional upon entering into an agreement to build a paper-mill? Or is the transfer of the pulp-mill absolute at this time, whether or not a paper-mill is ever built?

The clear suggestion in the agreement is that this agreement to transfer the pulp-mill is not conditional, because it states that the deduction of losses from principal continues until 1989 or the start-up of the paper-mill, which ever occurs first. So it's clearly within the contemplation of someone that the transfer of this pulp-mill is not conditional upon making the paper-mill. They get the pulp-mill now, and you negotiate over the paper-mill. That's what this schedule states. Is that accurate? Is that accurate that this agreement is not conditional upon building the paper-mill; that you're transferring the pulp-mill right now and you're negotiating over the paper-mill?

Hon. Mr. Devine: — Well, Mr. Chairman, I can read paragraph (3) here which says that the two go hand-in-hand. Now you might think of some other wording that would work but it says:

With the approval of the Lieutenant Governor in Council, the Minister of Finance may guarantee on behalf of the Government of Saskatchewan the payment of the principal and interest and any other moneys that may become owing with respect to: (a) any securities of Weyerhaeuser; (b) any loans to or indebtedness of Weyerhaeuser; (c) any indebtedness or liabilities for the payment of money incurred by Weyerhaeuser or to which it may be or become subject; (and this is where we get into it) whether such securities, loans, indebtedness or liabilities are issued originally or in exchange for or in replacement of or upon transfer of other securities, loans, indebtedness or

liabilities, in respect of a Saskatchewan project . . .

Now what's that Saskatchewan project?

. . . which will include improvements to a pulp mill and the development of a paper mill . . .

That's what the project is. That's what it says in the Bill. It doesn't just say, improvement to the pulp-mill; it doesn't just say, selling the pulp-mill. It says, the project, which is improvements to the pulp-mill and the development of a paper-mill. That's what it says right in the Bill.

Now I go to the next paragraph:

With the approval of the Lieutenant Governor in Council (this is 4(1)), the Minister of Finance or such other member of the Executive Council as the Lieutenant Governor in Council may designate may enter into and execute agreements and indemnities, on behalf of the Government of Saskatchewan, with any person, agency, organization, association, institution or body within or outside Saskatchewan facilitating the sale of assets of Prince Albert Pulp Company Ltd. and Saskatchewan Forest Products Corporation and the development of a paper mill at Prince Albert.

Now that's . . . They're linked; they're tied right together in the Bill. Now how else could I word that to make you feel more comfortable? I mean, obviously . . .

An Hon. Member: — Can I give you some assistance with an amendment to this Bill . . .

Hon. Mr. Devine: — Well look it, I would . . .

Mr. Chairman: — Order, order. Order. I find that we're entering into the clauses of a Bill that are not presently under discussion. We can . . . (inaudible interjection) . . . Order. You may deal with broad aspects, but certainly not . . . We're not discussing clause by clause of Bill No. 56. So I ask that we keep our comments in the broadest aspect of Weyerhaeuser or we get on with other expenditures under Executive Council.

Mr. Shillington: — I want to make a comment pursuant to this ruling, Mr. Chairman. I want you to understand what you're doing. And please let me finish. This is a quarter of a billion dollars in assets. It is by far . . . No, let me finish.

Mr. Chairman: — Order. No, order. I have given my ruling. We are not discussing . . . (inaudible interjection) . . . Order. Order. We are not discussing clause by clause of Bill 56. That is final. We are not going to go through clause by clause. We will do that in the committee of the whole when we are discussing Bill 56. If you want to range in a broad sense under Weyerhaeuser, I agree, but not clause by clause.

Hon. Mr. Devine: — Mr. Chairman, maybe I can be helpful here. If the hon. member . . . And this Bill is still before the House in committee of the whole, and the minister will be quite prepared to review it. If you have suggestions on how the Bill should be worded, by all

means. I mean, I'd look at suggestions because . . . I'd be glad to. I mean, fair enough. In my estimates we don't usually go clause by clause in Bills that are there; the principle of it . . .

Because you asked, I mean, are you going to build a paper-mill? I said, yes, it's in the Bill. And you say, well maybe the words aren't good enough. Well clearly, sincerely, we'll look at words. If you want to come up with words for the hon. member, he'll look at words that you could put in the Bill clause by clause.

All I can say: this is designed — I can say, in principle, Mr. Chairman, and in theory and in practice — this Bill is designed to show that the two go hand in hand. Because if they're side by side — the project is the pulp-mill and the paper-mill — and if you think there's a better way to word that, I want you to rest assured — rest assured — that the pulp-mill and the paper-mill are hand in hand, and they're together as one project, and we have got it in the Bill that way. And we'll look at different words, but I've never thought of it any other way.

Mr. Shillington: — Well it's apparent that you haven't thought this through very well. It's apparent to a good portion of the population of this province that you didn't think this thing through very well.

Do I take it, Mr. Premier, that this Bill is what you look to as a guarantee that the pulp-mill . . . that the paper-mill will be built? Is this your guarantee that that paper-mill is going to be built? Or is there . . . Is this your guarantee? Is that all you got? Is your whole case in?

Hon. Mr. Devine: — Well, Mr. Chairman, we're not going to do anything until we have an agreement that there's going to be a paper-mill. This says that there will be moneys transferred to the project, and the project is the improvements to a pulp-mill and the development of a paper-mill.

And I'm saying, I'm going to sign an agreement that says we're building a new paper-mill. And when I sign that, I'll show it to you. What else can I add to that? Okay. But I'm not going to show it to you before I sign it, and you have never done that in your life either.

So I mean, you want a new paper-mill; I want a new paper-mill. I'm going to sign a deal for a new paper-mill. And when I sign a deal for a new paper-mill and we pass this Bill by me signing the deal on a new paper-mill and this Bill saying that we're going to build a new paper-mill, we're going to have a new paper-mill. That's what it's all about.

Mr. Shillington: — What you have is an agreement transferring the pulp-mill. Well, you'll be a good deal better off now that you've got the benefits of the Minister of Labour. This is going to be of some considerable assistance. What you have . . . What we have — I think, by accident; I do not think the member from Meadow Lake intended to give it to us — what we have is an agreement transferring the pulp-mill.

What you don't have is an agreement to build a paper-mill. You look to a Bill which nowhere says that the

transfer of the pulp-mill is conditional upon building the paper-mill; it does not say that. And no amount of obfuscation — or that's quite a term as I can put it; there's a far, far more descriptive term which I don't think is parliamentary — but no amount of commentary by you will insert in this Bill a statement that the transfer of the pulp-mill is conditional upon the building of the paper-mill. This agreement clearly states the opposite.

This agreement clearly states the opposite because it says that the losses are to be deducted until the start up of the pulp-mill, or until 1989, whichever occurs first. So this agreement, which your deputy, which the president of CIC, Crown investments corporation, signed, states the paper-mill may not start up and, therefore, there's going to be limitation on the amount of losses that can be deducted from principal.

It's apparent that the guarantee isn't in that agreement. It is apparent, Mr. Premier, that the only guarantee that you have that the paper-mill is going to be built is in this Bill. And I say, Mr. Minister, try as you might, you're not going to convince a child of three that there's anything in this Bill which guarantees a paper-mill.

This guarantee simply provides that if a paper-mill is built, then the government can guarantee a third of it. But there's no guarantee in there a paper-mill's going to be built. That is simply the Premier's blind optimism that everything will occur as it should.

Mr. Minister, since you've come into office you have been guilty of best-case planning. You always plan on the assumption that you're going to get all the breaks and that every time you roll the dice it's going to come up seven. Mr. Premier, one of the reasons why we are into our fifth year of office is that you don't always get seven. Sometimes when you roll the dice you get snake eyes.

And I say, Mr. Premier, you've got yourself into difficulty in the past with this best-case planning of yours, and you've done it again. You have entered into an agreement to transfer the pulp-mill, and you blissfully assume that the paper-mill will be there on stream. It may be, but this agreement you have is most unwise, because you have transferred the pulp-mill now, and you're still working on the paper agreement. Now if that isn't best-case planning, then I don't know what is.

Hon. Mr. Devine: — Well, Mr. Chairman, the member . . . I mean, when the members get off on my personality or somebody else's personality, I'm not so sure that they're interested in the facts. The facts are — you talk about rolling dice — you rolled snake eyes when you bought the pulp-mill, and you lost \$167 million. It's lost every year since you bought it . . .

An Hon. Member: — No, that's not true.

Hon. Mr. Devine: — Well, there's the numbers. You never even paid the interest on it in one year — ever. So you lost all that money, and now you're blaming everybody else in the country because you bought this and lost it. You had a chance to see somebody else buy 70 per cent of it, and you wouldn't do that because philosophically you don't like to see the private sector.

You don't like it. I mean, you've said that. The member from Assiniboia-Gravelbourg goes on about how he likes that, and he reads from the *Regina Manifesto* that he's going to tear down capitalism.

(1530)

Well, fair enough. You rolled snake eyes. You've rolled snake eyes since you wrote the *Regina Manifesto*. You have been buying things that have been losers. You've put the province in jeopardy financially by buying Crown corporations like potash industry. We're still paying New York, and we're still paying New York for this. You borrowed the money from the banks — from the banks — to buy a pulp-mill that's lost money every year, and you expect the people to like that? No wonder the people don't like you.

The people don't like you because you don't know about economic development. Do you know what you practise? I'll tell you what you practise . . . (inaudible interjection) . . . Well, they don't like you — they don't like you. And do you know the reason they don't like you . . . (inaudible interjection) . . . They don't like you. They didn't like you in '82; they don't like you now because of the very things that you bought. You paid bankers in New York \$354 million. You paid them over that for the potash, and we're still paying the, and it's costing money. The people can't afford the NDP.

Do you know what you practise? I'll tell you what you practise. You practise economic apartheid, right? You blacklist some people that don't work for the government. As long as it's in the public sector and we can lose a whole bunch of money, then you are blessed with your philosophy. And if you're in the private sector, no way; you will probably end up cheating and lying and doing all these things.

That's what you do. You don't trust anybody in the private sector. You want to own their farms. You want to nationalize their companies. You want to buy potash; you want to buy pulp, and they're all losing money. It's economic apartheid. You just blacklist all those in the private sector. You have no use for the, and philosophically you can't stand to see that pulp-mill go back in the private sector. You can't stand it.

Your leader can't stand it. He can walk all over, and he knows it's good for Prince Albert. He knows it's good, but he can't bear the thought that one of these Crown corporations that you bought, that's lost all this money, would ever go back to the private sector. You have blinders. It's like you've been hit with a broad axe right between your eyes. You can't see out of the right side of your head, and the right side is economic development and the private sector that built this country.

This Crown corporation, this pulp company owned by the government, never built a thing in this province. It didn't settle this country. People did. People owning their own companies, owning their own farms, and it wasn't because of some sort of economic apartheid that you guys have trumped up and lost and continue to lose money. Well, Mr. Chairman, I'll tell you, when the member

opposite says that they did so well on the pulp company and have done so well on the potash company, we are paying hundreds of millions to Wall Street to New York bankers, and they're proud of it.

The former minister of Finance sits over there with a grin on his face. He doesn't even understand a debenture. Well if you can't understand a debenture, how you could run either your party or the government? You can't. You got the people of Saskatchewan into this mess, and I'll tell you, you'll never get another chance to get them out of it.

Some Hon. Members: Hear, hear!

Mr. Shillington: — This, Mr. Premier, has been a useful afternoon. We have established the following this afternoon. We have established the following facts which have been worth something. This has been an hour well spent. We have established the most Weyerhaeuser would pay for that mill is \$60 million, but you entered into this agreement instead. You thought this was better. You said that, and so we've established that.

An Hon. Member: — That's advice of Peat Marwick.

Mr. Shillington: — Yes, I gather that was advice from Peat Marwick. All I can say is that you're lucky that you don't say out of this Assembly that Peat Marwick advised you to do this, or they'd sue you. They would sue you, I'll tell you. No reputable firm of chartered accountants would advise you to get into this mess. So we've established that the most you could get for this in cash was 60 million, and this you preferred. It's patently obvious that you preferred it for political reasons.

Mr. Premier, we've also established apparently that there's no commitment to build a paper-mill in the agreement, but that, if it exists at all, is in the Bill. The Bill is only two and a half pages long, so it appears that we have established that the Bill contains your only guarantee that the mill is going to be built. The Bill contains no such guarantee, so there isn't one. It's been a useful afternoon, Mr. Minister.

Mr. Premier, both you and the minister have used a figure of 20 years. That doesn't appear in the agreement. Where does the figure of 20 years come from? Is this your expectation that it will be paid off ahead of time, or is . . . well I'll leave it at that. Is that an expectation that it'll be paid off ahead of time, because the minister used 20 years for some months before the agreement was signed, and you used 20 years a couple of times. Where did you get the figure of 20 years from?

Hon. Mr. Devine: — Mr. Chairman, the debenture is based on 30 years, \$248 million. On the 30-year calculation the present value of that, present value today, is 165 million. Now the expected pay-out is 20 years, which means if you can pay it off faster, you have more money up front, which means it's more valuable to us in a present value term.

An Hon. Member: — If you're day-dreaming, why not 10?

Mr. Shillington: — Yes. I grant you that if they pay it off

ahead of time, the mill is worth more to you. Mr. Minister, the mathematics — well you'd fail a grade 8 student for that sort of mathematics. The present value of 248 million in 30 years, sure as the devil, isn't 165 million; I can tell you that. I don't know what it is ahead of time.

An Hon. Member: — The present value means today.

Mr. Shillington: — I know that. I, like you, began life with the English language, and I know what that word means, but \$248 million in 30 years is not worth 165 million today, I can tell you that.

An Hon. Member: — It's worth more.

Mr. Shillington: — It's worth a great deal less. I want to say this again for your benefit: 248 million at 8 and a half per cent interest in 30 years is not worth 165 million now; it's worth a great deal less than that.

But leaving the mathematics aside, I take it then that the 20 years was another fit of optimism by the government that you were going to be paid off ahead of time. Is that right? I didn't quite follow how you come to get the 20-year term.

The member from Assiniboia-Gravelbourg, I guess, has phrased the question: what advantage would it be to Weyerhaeuser to pay it off in 20 years rather than 30?

Hon. Mr. Devine: — Well that's the whole philosophical point that you seem to miss. It's to the advantage of the company to make money and profit. That's why they're spending \$250 million here. That's the whole point.

I mean, the member from Assiniboia-Gravelbourg has had a moving company, or a sewer and water company, or whatever it was he had; he wanted to make money with it. And if we gave him a 20-year debenture to build a sewer system for the town of Midale, it's in his best interest to make money and make profit and pay off his bonds, and pay off his secured assets as quickly as possible. That's in his best interest.

Now Weyerhaeuser is putting \$250 million in to a new paper-mill and wants to make money and pay off the pulp-mill as quickly as they can. I mean, you impute that they want to lose so that they can get a hold of a losing pulp-mill. Well, who would want to lose money so that they could have in their possession a losing pulp-mill? It doesn't make any economic sense. That's what I mean; you don't understand. This company wants to make money and pay off this pulp-mill and employ people and do good. That's what it wants to do. And rather than come up with cash today, which it can't afford, it says, give us a chance to use aspen — poplar that can't be used before — make fine paper, take this pulp and combine it into a paper operation which we have good markets for. We will make money in paper, make money in pulp, and the whole province will make money. And you're saying, well I wonder whether there's any incentive for them to make profit. Well of course there is; that's why they're doing it. I mean, if you were an adviser to them, you'd say, make money, pay that thing off as quickly as you can, and let's get this thing on the road. They're shaking their head. They don't think that they want to make money.

Look it, I'll tell you what you understand. You understand, we're losing money. Okay. The pulp-mill is hemorrhaging, bleeding money. Weyerhaeuser wants to take 250 million in cash and build a new paper-mill and pay off this pulp-mill as fast as we can so the public doesn't lose any money, and the present value of a 30-year note is a lot more than \$60 million. And we're saying if they can pay it off faster, they can make money. The forest industry, the farmers out there, the private sector — I know you don't like the little guys involved — but they can cut those poplar trees, and they can take them to the new pulp and paper-mill, and there's a big market for them. They've wanted that for years.

Well you asked, what incentive? The incentive is, simply, they want to make profit, and profit employs people. That's how you pay their salaries. Right now we're not making profit; it's coming right out of the taxpayers in Regina Centre, Assiniboia, the Quill Lakes, Regina North East, and Shaunavon to pay for people working in a pulp-mill which you bought that's losing money.

Now you ask your constituents: do you like that? I'll go door to door with you, and they'll say, well I think that's enough . . . (inaudible interjection) . . . There's saying that they like it. Well I'll tell you what, we'll tend the whole Bill to the member from Regina North . . .

Mr. Chairman: — Mr. Premier . . . Order, order. I'm even wearing an ear plug and I cannot hear the Premier's comments because of the noise coming from the opposition. So please . . .

Hon. Mr. Devine: — Thank you, Mr. Chairman. Mr. Chairman, I'll just say in response to the question from the member from Regina Centre, the incentive is so that they can make money and profit which they want to do to be able to pay for their employees and pay off the pulp-mill. I mean, they would like to be able to pay for this thing in three years, five years, as quickly as possible.

Mr. Shillington: — Mr. Minister, in the blizzard of nonsense which comes from your seat — occasionally a gem of truth comes out — I take it that the 20-year figure was based on your expectation, the profits and cash flow would be such that it would be paid off in 20 years. I take that to be what the Premier just said. Do I accurately paraphrase that answer? It is your . . . You believe the profits from the mill will be such that the formula, which is based on earnings and cash flow, will see this paid off in 20 years. Is that where the 20-year figure came from, the expectations of the profits would be sufficient which would result in a sufficient cash flow to pay it off in 20 years?

Hon. Mr. Devine: — What I've said — I'll make it perfectly clear — that when they put together the paper-mill — it'll take them two or three years to get the paper-mill up, in operation with the pulp-mill — that the total package will hopefully make money. You want it to make money and I do. As it makes profit, it pays for the pulp-mill.

Now it's in their best interest and in mine and in the taxpayers' to pay off that pulp-mill as quickly as they possibly can, so that you have to wait for, and I have to

hope for, that they make money and they make profit. Now if you don't think it's a good idea that they pay it off, well, I mean, again, I don't think you understand the economic . . . You know, I want the money as quickly as possible. I want them to make money so that they can pay it off. If they don't make money, then they're going to be losing, just like the pulp-mill.

Mr. Shillington: — Mr. Premier, okay, I follow you. You believe that the profits will be such that, according to the formula which is based on cash flow and not profits, this will be paid off in 20 years.

Mr. Premier, I assume that you got a study for those calculations in writing. Did you get that estimate of earnings and cash flow from Weyerhaeuser, or did you get it from a firm of chartered accountants who reviewed their earnings record, or from a firm of consultants, or where did you get that estimate of cash flow that it would pay off in 20 years?

(1545)

I assume that this isn't something you did at the cabinet table. I assume that you have something on which to base that assumption. I assume somebody gave you an estimate of that sort. Where did you get that from?

Hon. Mr. Devine: — Mr. Chairman, we get it from every source. We do our own analysis, and Crown Management Board has been doing economic forecasts in the forestry and the pulp and paper business steadily. I can recall several meetings that I've been briefed on. We get the economic analysis from the industry.

Obviously Weyerhaeuser does their own, and we have MacMillan Bloedel and others that we have talked to, that have examined the pulp-mill here, shared their economic forecast with us. So we've got it from the private sector, from several ranges in the private sector, from the public, from the market analysis. We've done it inside and outside.

Now if it shows, as Peat Marwick will tell you, that the best way to go is to put the two together, give yourselves some time to turn it into a profitable operation, and what you do is you get more money for the pulp-mill than it's worth today if you ask anybody to pay you cash. And that's precisely what a debenture is. That's what it is.

And debentures have been used for a long time in the world. Debentures. A long time. And they work. It's just like a bond. Okay? They say that I will pay you over time as I make money. And that's what professionals, economists, and chartered accountants recommend to us, recommend to other people. That's how you make it work. It's a debenture.

As I said, I could get 40, 50 million, maybe 60 million cash, but I said, that's not good enough. My gosh, the public has got 300 million in cash in this and they've been losing it. Can't we do better? and they said, yes, you can on a debenture tied to a profitable operation, make it profitable, make it go, and they'll be paying the pulp-mill off, making profits. We can tax the profits. We can have royalties on trees.

I mean, you want profitable companies in Canada and in Saskatchewan, that's what it's all about. I mean, you want to see profitable companies so that they can hire people and pay taxes and so forth. So that's what the long run agreement is about.

Mr. Shillington: — Mr. Minister, this has been a useful afternoon. I take it, Mr. Minister, from your description of all the sources from which you got this 20-year figure, that you didn't have an outside source; you didn't get this from Peak Marwick or from any other independent source. I take it this was a figure which was developed within the public service of Saskatchewan. You didn't have any outside sources.

Hon. Mr. Devine: — The hon. member, I didn't say that. I mean, I just answered the question, and I didn't say that. I said, inside and outside. I've got it from outside market analysts. I've got it from outside companies who have come to look at the pulp-mill — and we've had no end of them look at it, give us their best estimate of what the forestry and the pulp and the paper business is going to do. So I've had it outside and inside, both, okay? — the private sector, the public sector, our own. We've compared notes. We've compared it with our internal economic computer analysis and their analysis. I mean both, okay? — both, inside and outside.

Mr. Shillington: — Now, Mr. Premier, I want to remind you what you're asking us to believe. You're asking us to believe that this mill can earn 13 per cent because unless it does, nothing is payable. You say it's 6 per cent — we say it's 13 — but you won't tell us how you arrive at your figures. But it's got to make that, which is a deductible; and then from what's left over, you then are going to make 8 per cent interest and pay off one-twentieth of that principal each year. That is an enormous level of profits.

And I want to know, who in the name of Heaven thinks any pulp-mill on the face of the earth can make that sort of profits? I want to know what outside sources believe that that level of profits is possible. I remind you that not only have you got the deductible of 6 — 12 per cent — we say it's 12 per cent — but not only have you got that deductible, but then it's paid out of cash flow, and only approximately half of the cash flow is made available for this purpose.

So this mill has got to make an enormous amount of money to pay that off in 20 years. It will be one of a kind. It really will be one of a kind. So you're asking us to believe in a hitherto absolutely unheard-of level of profits for any pulp-mill on the face of the earth.

Mr. Premier, if someone outside the government is telling you that that level of profits is to be expected, will you tell us who, and will you give us the study that you got which apparently leads you to this wild fit of optimism?

Hon. Mr. Devine: — Look, if you believed that this was your own . . . believed your own rhetoric, who in the world would try to run a pulp-mill that's losing this kind of money if you're right in terms of any kind of estimates? I mean, you have just buried the pulp-mill; it's just gone. If you don't think there's any kind of economic future in the

pulp and paper industry, then to leave this as it is, you have just buried it; it's gone.

On the other hand — on the other hand — if you think that there is some optimism and you want cash for this, who in the world could pay you \$165 million in cash and make any money? If you said that's impossible because you can't do it, how are they going to come up with 165 million and make money? That's impossible too. I mean, you can't have it both ways, my boy.

We are tying this to a new integrated system that is more profitable and . . . Look, you can believe it or you can argue one way or the other, over the two projects it's 5.3 per cent, and they will use the pulp-mill, and they'll use the paper-mill in an integrated operation to sell fine paper into the United States and make money. And they can't do that alone with the pulp-mill as we see here right now, because every day it's losing \$91,000. And nobody could pay cash for it and make money the way it is, and they'll tell you that.

Now if you gave it away for 20 or \$30 million, they might not even be able to make money now because even if you assumed there was no debt, for Heaven's sake, they lost 9 million, 24 million and 33 million, and the thing was paid for, in theory, because we never even charged interest. I mean, without even charging them the debt and assuming the thing was free — assuming that it was free, they didn't make money, let alone pay the debt. And you're arguing, well my gosh, if there's no profit in the industry, we'll just keep it the way it is. The status quo is pretty good.

Well look, our forecasts tell us that the paper business with new technology has the best chance of being successful in the pulp and paper industry. If you combine — upgrade it as we have in the Bill — an upgraded, improved paper-mill, and link a pulp-mill with that new paper-mill; if you take the aspen and you take the new forestry management agreement, you have the best chance that we can think of to put that package together to make money for you and me and our kids and the taxpayer and everybody.

Now I suppose you could say, I could build, or the public sector could build, a new paper-mill. We'd put up \$250 million. But I have no confidence in the public sector running a paper-mill into international markets, and what's more, why wouldn't I want to get somebody else's money to put in a paper-mill so that they could make some money and they have the expertise.

We want to stop and get out of a bad deal that you got us into and get into a profitable arrangement with a new paper-mill, and new pulp-mill, and 165 new jobs with the best forecasts that we can put together; and if you don't like the forecasts, well then you can say the forecasts, if they're doom and gloom, this one's dead. The pulp-mill is sewered, and it will just cost us for ever, and we're saying no, there's some life, but you've got to change the ownership, and you've got to integrate it into brand-new technology. That's what the plan is.

INTRODUCTION OF GUESTS

Mr. Birkbeck: — Thank you, Mr. Chairman. I just want to take a few minutes to introduce some visitors that we have in the Speaker's gallery. They are seniors, I understand, from North Dakota, with the exception of a couple of them, I understand, from Minnesota. They're here visiting our legislature, of course, and I want to advise you people in the galleries that we're in committee of finance right now, reviewing, of course, the Premier's estimates, and the opposition, as you see, are asking a variety of questions, and our Premier is replying.

I want to, on behalf of all members, welcome you to our legislature, to the province of Saskatchewan. Myself and of course our Premier, spend considerable time, as do some other members in the government benches, in the United States. We're glad to be your good neighbours, and we hope you're glad to have us as your good neighbours. I spend considerable time as well in Minot, North Dakota. And I just want to have all members join with me in welcoming them here. I will meet with you if you like out on the rotunda on the second floor. Thank you.

Hon. Members: Hear, hear!

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure Executive Council Ordinary Expenditure — Vote 10

Item 1 (continued)

Mr. Shillington: — Mr. Premier, after making a comment, I'm going to leave this subject. I want to give the Premier . . . I'm leaving it temporarily. The Premier's estimates are going to be here for a while, and you'll have an opportunity to think this over.

If you would be prepared to give us the forecast you claim you have from an outside source — I assume it's a group of chartered accountants — that might go some distance towards resolving some of the issues. If you expect us to take that on faith, then all I can say is, I hope this is a good spot to spend the summer, because we're not taking it on faith. But if you've got an outside consultant's report . . .

So, Mr. Premier, I'm going to get off it, subject to the following comment, Mr. Premier, and that is that you have, throughout this entire debate — you and your ministers — have by and large stonewalled. What we have got out of you is one portion of an agreement that you won't give us the balance. It is apparent to any experienced observer in this Chamber that we got that by mistake, that it wasn't the intention of the minister to give it to us. Mr. Premier, you refer to other studies that have been done, and you won't give them to us.

All I can say, Mr. Minister, is if you insist on continuing to stonewall, then you're going to get exactly what you deserve if you're not going to engage in the debate. If you're going to stonewall, you're not engaging in the debate. If you're not engaging in the debate, then you may find the public believing the only side of the story they're hearing, which is ours. We say, this is the deal as we understand it. And you say, ah, but it was a bad thing

to buy; and you people are against Crown corporations, and you're against jobs, and you're against Prince Albert. But you never did engage in the debate.

So I want to give you an opportunity to think about this, Mr. Premier. If you'd engage in the debate, if you'd answer questions, if you'd give us the study, then we may be able to resolve this matter. But if you insist on fleeing from the issue, then you're going to get exactly what you deserve — a lengthy, protracted debate and very little support from the public.

So I want to give you an opportunity to think out the course which you've followed, which is every bit as disastrous for you as it is for this province. I want to give you an opportunity to think about it, and we may go to some other issues.

Hon. Mr. Devine: — Well, Mr. Chairman, let me say, if I can come up with some forecast that would help you, I certainly won't be in . . . (inaudible interjection) . . .

Mr. Chairman: — Order, order. Order, order! I think the member from Regina Centre was given an opportunity to speak, and would now let someone else do so.

Hon. Mr. Devine: — Mr. Chairman, I just want to say to the hon. member, we could come up with forecasts and we could give them to the hon. member. Now, I ask the question — I'll ask it to myself and to the members in general because I know you won't have to respond. But if it was a good forecast, what will that do for you? If it was not a good forecast, what will it do for you in terms of the operation of the pulp-mill, in terms of the paper-mill?

It won't answer a thing for you. Because either way you could say philosophically, well, it's a good forecast. Look, they're going to make money. We'll just hang on to the pulp-mill. Right? And if it isn't a good forecast, you'll say, well for Heaven's sakes, they'll never pay it back and we'll just have to hang on to the pulp-mill anyway. Okay?

Mr. Chairman: — Order, order. Order.

Hon. Mr. Devine: — So either way, you will just use any information to say that philosophically you want to hang on to the pulp-mill.

Mr. Chairman: — Order. This is just unbelievable, this kind of conduct when you have been given an opportunity . . . Order, order. Would you please let the debate go on with a little bit of decorum.

(1600)

Hon. Mr. Devine: — Well, Mr. Chairman, I would just say to the hon. member, we can . . . I know that we have done forecasts inside and outside with respect to prices and the profitability of paper-mills and so forth. And the hon. member says if he could get a hold of some good forecasts, then he can move along.

Well I would say that I will see what's available in terms of forecasts. I'll also say, Mr. Chairman, that if it's a good forecast, they'll say that they want to hang on to the pulp-mill; if it's a bad forecast, they'll say they'll never get

their money out, and they'll have to hang on to the pulp-mill. I mean . . . So I'm not sure where that would take us.

Finally, let me say, Mr. Chairman, that I will not be easily intimidated by the member from Regina Centre or anybody else sitting over there and saying, well, Mr. Premier, you may just be sitting in the legislature June, July, August, and September, and so forth.

On the principle of this, whether we can make money in the private sector and whether the people of Prince Albert think it's a good idea, I will not be blackmailed. I will not be easily intimidated from the members opposite standing there and saying they will sit in here and holler and scream till the cows come home. Well they can.

But if I believe that it's right, and I believe it's good for the province, then I will make sure that we are here if we have to be. But I don't see that we necessarily have to get into the kind of personal arguments that we've been into. I've outlined the details, and I'll be glad to answer any more questions with respect to my general estimates. If they have any, then let's proceed.

Mr. Engel: — Mr. Chairman, earlier in question period today I raised the issue of grasshoppers, and you suggested that you were informed from your department that it was just some small pockets of grasshoppers. Have you staff around that could indicate how serious the infestation was?

I don't know where these pockets and how small these pockets are, but our indications are that the chemical companies have sold more chemicals, out-paced chemical sales this year by far compared to what it was last year. All the indications are that the farmers have made a very, very serious effort to control the grasshoppers. They've reseeded; the reseeded crop is eaten off. What should they do now? Where should they go?

Where, and at what level, is it reasonable that a farmer can say, I give up? You know, I'm going to have to resort to collecting insurance or whatever. It'll average out. I'll likely get twice as good a crop on some of mine. What have you got other than from what the press are doing? What is Harry Zilm and some of these people that are good at stats and know what's going on . . . What is happening? And give us an indication that is positive, as a Minister of Agriculture and a Premier would handle, rather than what some press report says.

Hon. Mr. Devine: — The press report was the Saskatchewan Wheat Pool doing a survey across the areas where there's grasshoppers. I have my own advice from the department officials, crop insurance officials, inspectors, and so forth, plus the wheat pool, and we agree with the wheat pool. That is, generally we have control of it better this year than we did last year, but there are pockets where it is extremely bad, and in some cases maybe even worse than last year. That's what the report said. We've got those pockets.

Generally we're getting a better kill, and there's better growth on the broad section say, from the Manitoba

border south of No 1 Highway right through the Alberta border. Generally we're better. There's far better growth and a far better kill, and many more grasshoppers hatched all at the same time, and they are spraying; you're right. And they're getting a good kill. But you've got pockets, whether it's just the way nature works or whether it's because people didn't spray as much last year or whatever, I'm not quite sure, where they are very, very bad. And people have reseeded and lost even the reseeded, and that's the situation.

Now, I say on general and on average it's better. We've got those pockets. I mean, that's as the wheat pool sees it, and that's how our department officials see it.

Mr. Engel: — Of the seeded acreage in southern Saskatchewan, let's say that 12 million acres was about what was in the drought area last year, would you consider that size a pocket? You know, how big an area are you talking about when you're talking about pockets?

Hon. Mr. Devine: — Well, I don't have that with me, Mr. Chairman, but generally they said across the piece in southern Saskatchewan, south of the No. 1 Highway, we are generally better off than we were last year because of the growth, because of the immediate hatch, and because the spraying is really doing the job.

You could have pockets, let's say, part of an R.M., that you've got a pocket that is maybe surrounded by grassland or something else, that is a rough area where they're as bad or even worse than last year, but generally across the piece, it's better. So you may have identified one where you've got a pocket of farmers in there and they have a sincere problem and it's worse than last year, and that could very well be the case. So not necessarily hundreds of square miles, but part of an R.M., or cutting across a couple of R.M.s in corners. I mean, that's what I've been told as being identified, but generally we're doing a better job.

Mr. Engel: — The point the farmers were raising with me, and I don't know if that's considered a pocket, but there were people from as far away from my place as Ponteix on one side, and Assiniboia on the other, and Mossbank on the other. Now if you take that triangle in, that's a pretty fair-sized pocket. Whoever is wearing those trousers has a big waistline because that pocket is serious.

I've sprayed some fields; I've reseeded personally 150 acres. And I think that's a wipe-out because when the wheat was this high on Monday, there were no grasshoppers, and this morning it's gone. You know, what do you do at this stage of the game? And this is what the farmers are asking. I bought some more spray, and I've got a neighbour spraying as soon as the wind dies down enough so that he can spray it again.

But the serious part is this fellow that came to me and he told me that on six quarters you can't reseed any more. And if they can eat it up in a day when it's only that high . . . if you've got wheat that's that high and looking lush and lovely, and you can take one plant and count 30 grasshoppers, that's pretty severe. That crop is not going to stand it no matter how lush the growth is and how good it looks. So the farmers are getting very concerned.

In Alberta between Elkwater and Medicine Hat and down south there, the Alberta government had four airplanes in there that were spraying the grassland. They were not asking farmers or anybody; they just went in, and where the grasshoppers were they sprayed it. This is what I was told last night on the telephone. The farmers down there that want to spray their crop land, keep their bills, turn them in, and they get paid for half of it. The crop that's gone, the crop that's been reseeded and is now gone . . . When I flew in this morning across Mossbank and south of Moose Jaw, as close as I could get to the air base — you can't come right up — but I took a good look to see what it was. And the fields that were reseeded are again black. It looked nice on Monday; today it's eaten back off again. That's a big area — that's a big area.

And all I'm saying to you, Mr. Minister, I think those farmers will spray again because they know if they don't spray, I'll have them again next year. And those farmers will spray, but that spray they're spending is an insurance or a guarantee to help somebody else, because those grasshoppers are going to move on. Some of them are still hatching. We looked at some that, like I said, were small enough you got to get down on your knees to see, and standing right beside them were grasshoppers an inch long. And they've been sprayed.

Now I've talked to some suppliers, and there's a supplier at Gravelbourg that sent some Furadan back that the farmers were coming back saying it was ineffective. It was hurting them; it's congesting their chests, and I can prove it that it affects the operator more than it does the grasshopper, I think. Now I'm not sure if that's a general problem, but most people down our country are using Furadan as a contact spray because you can do it for about two bucks an acre.

And I think it's time we take a look. I'd like to have somebody show me the numbers that were around and do some research, because when my dad used Dieldrin, he sprayed once and that was it. The stuff killed the grasshoppers for that season and cleaned up the spot that was controlled and sprayed.

Now if there's a way of getting your people to look at licensing or approving under special conditions, in those pockets where we're not controlling a crop, where it's not going to go back into the food chain because the crop's gone, and we could license and bring up some of the stuff that you could use — and in those days you could do it for very little. And I've had very many farmers tell me that they think that's easier on you, and that's less harmful to the human body than using Furadan every third day.

And I was wondering if there's been some test done, or some studies, or if you've looked at some areas where we can get in with some control that will take a grip on grasshoppers and work, rather than work on the bodies of the individuals using it.

Hon. Mr. Devine: — Mr. Chairman, I believe it is federal law, federal environmental law that limits the use of Dieldrin because of its environmental impact. I think it was at the time when you were Legislative Secretary to the minister of Agriculture that in fact that passed that we

couldn't use Dieldrin. But it would take a change in federal legislation to make that happen, and obviously it has some pretty significant environmental concerns.

I mean, we're looking at a situation as I mentioned, and I'll get more information for you if you like with respect to the size and the depth and the breadth and what not. I mean, north of Moose Jaw where I farm, it's not much different. We've sprayed and sprayed. I've worked up 160 acres of winter wheat and half my lentils and so forth. I mean, I've sprayed and sprayed.

We have \$8.5 million out for R.M.s to spray and to spray public lands as well. And where we sprayed a lot last year, we've seen some positive impact this year. But in some areas they're worse than others. So all I can say is that we will examine any or all alternatives. If you've got suggestions, like you recommend Dieldrin, I'll take a look at it. But I'm not optimistic that I can get the federal government to change its mind with respect to the environmental law that's already been passed, but I'll be glad to bring you back information on as much detail as I can on the depth and breadth of the pockets that have been described by the wheat pool and my officials.

Mr. Engel: — I used Dieldrin as an example, and I know it was outlawed before the time that I was Legislative Secretary to the minister of Agriculture. And the reason the environmental people got involved and outlawed Dieldrin that time was that they were finding we were killing off natural predators to grasshoppers.

Well I can take you around a field, and I think the sea-gull is about the toughest of all the birds that are out there, and when you see dead sea-gulls and you know you're killing that off by the amount of Furadan that's pumped out there, and when that even affects some of our birds . . . and not necessarily only Furadan, it's Decis and some of the other chemicals that are used on a repeat basis. When farmers are telling me they've sprayed the same field as many as six times — and I've witnessed that myself by going along with a bike and crossing the track where a neighbour went around the outside. It's like a road where he hauls his wheat home.

I think it's time you made some special consideration. I'd like you to make an announcement. I would really like you to make an announcement, saying to the farmers of Saskatchewan that where the grasshoppers are severe and where you're doing everything possible to control the grasshoppers, we're going to pay half your chemical. Because a guy isn't going to buy chemical and not use it. There's no way that they're going to do that.

In Alberta it's working; the program is out there, and if that program would have been in place — and I asked for it last year — I still maintain where there wasn't a crop and the farmers weren't spraying because there was no crop to protect, if those grasshoppers would have been controlled and sprayed, they wouldn't have moved up to the Tuxford area and that far north. They're moving north because they moved in where it was green last year, and that's where they laid their eggs and that's where the problem is.

I've got grasshoppers on my farm this year, and I didn't

have a problem with grasshoppers last year. We couldn't find any. Late in harvest and after fall, when we got some rain we saw some flying in. The grasshoppers move, and I'm telling you the farmers that are on the front line of it . . . And I've been suggesting to your Legislative Secretary, the member for Kelvington-Wadena, that he doesn't have any this year, but if it keeps on spreading the way it has, he will likely have grasshoppers in areas . . . Like you say, that isn't a normal problem in the flat in the good land north of Moose Jaw. It isn't generally as big a problem with grasshoppers as it would be in Bengough, but this year there's more there than there are in the southern part. So I think those pockets are growing, and they're growing because the government hasn't gotten a hold and hasn't contributed to the costs.

I think just adding this one little story to it because you are also Minister of Agriculture and as Premier, I think you should seriously consider making that kind of an announcement because there's some farmers have invested very, very heavily in those spray costs.

And when they look at the kind of deal you give Weyerhaeuser, they're thinking, surely you can give us the same kind of break. Surely you can give us the same kind of break, if we're spraying something that isn't there to protect anyhow. The crop's already gone. Like you say, it's too late to reseed now. And the crop that was 2 and 3 inches high and is eaten off the second time, what are those guys supposed to do? Where are they supposed to get that kind of funds to control their grasshoppers so that they don't have a problem next year?

(1615)

Hon. Mr. Devine: — We've been through this before. I give a great deal of credit to the farmers who have sprayed and sprayed like you have and my family has and others, but I will also say that there isn't a company in Canada that's got a better deal from government than the farmers have from this administration in terms of money. They get \$125 a cow, interest free. You get 6 per cent money. We've got over a billion dollars out at 6 per cent. I mean, you've never seen money like that.

You've got farmers in your area that normally farm half and half, and they're farming 2 or 3,000 acres, 4 or 5 or whatever; but take a nice 2 or 3,000 acres farm and they've got access to 6 per cent money. That's a great deal of money and it's locked in at 6 per cent. And if they've got cattle operations, they've got zero per cent interest rates on top of the wheat board cash advanced and some major payments in terms of drought, and new crop insurance changes, and a disaster mechanism.

So in terms of cash, I mean the cash that we got out, the cash payments, direct cash, those that are on loans, 6 per cent, zero per cent, it'll beat Alberta's, it'll beat Manitoba's, it beats Montana's or North Dakota's or anybody's.

Now I'm sure that when we got a billion dollars out and we've added it up, and fair enough, you say, well I think they need some more. Well, I mean, I'll look at it, and I'll examine it and so forth, but I want to make sure, as I think your colleague pointed out, the member from Quill

Lakes, you've got to make sure that it's fair, and it's fair across the piece.

So I can remember, I'm getting a lobby from areas that were wiped right out because of midge, and they lost it and they had to spray and it cost them fortunes, and so forth. They didn't have you arguing for more payments for them and more payments for them and more payments for them. They had our members standing up and arguing. And I said, no; I said, look, we'll do it across the piece, 6 per cent money, and we'll help everybody.

Once we get into the boundaries — which grasshopper area? Which farmer? How many times? What did he use? How often? Did he do it right? You know the problems. I mean it's a real can of worms when you get into the whole problems of carving up boundaries; when we've done it on a universal basis, just like the wheat board.

You've got access to cash, zero per cent, you got it. Six per cent money, you've got it. Drought payments across the board, cash advances for livestock, you've got it there. So we've got a great deal of money out. And you know what? I believe they have sprayed, and they've sprayed a great deal. And they've sprayed and sprayed, and they ate the crop off, and they seeded it, and they sprayed again because they had the money to spray, and they've done that.

Now, I mean, you can't seed it again. Okay. So if you've got pockets now where it's beyond that, then that's it. You will collect your crop insurance, you summer-fallow it, or the combination thereof. I mean, you can't be seeding it this time of year and expect anything favourable to happen.

So I will get the information. I will stay on top of it and look at it, but I am still reluctant — I guess where you and I come to an impasse — I'm reluctant to start paying specifically for chemicals that farmers use because we're into a very complex and difficult problem. Because you're into which chemicals, which farmers, how much, how often, what area, drawing the lines, this farmer, not that farmer, can't do it for midge.

Some people spray in advance of seeding — \$16 a acre to take care of all kinds of insects, and they do that. Should we do them too? And then they get some other insects on top of that. We said no, across the board, universal. You can apply for the money if you need it and use it; if you don't, fair enough.

So I will get you as much information as I can, but to date I am still reluctant to get into personal payments for chemicals because I believe that it's not the way to go.

Mr. Engel: — Well, you should talk to Mr. Getty then because they believe it is the way to go, and the farmers in Alberta that are involved in that are doing a job that's going to help their neighbours.

This isn't the kind of situation where you spray for wire-worms or something like that, and so if you've got wire-worms there, they're not going to necessarily be a problem for my colleague in Pelly. But the situation with grasshoppers is quite unique because of the ability they

have of propagating. They're like socialists because when the Tories show their kind of government, they pop up all over. And I think if you would have had the courage to call an election, we'd be dealing with the grasshopper situation from a different perspective right now. And I'm telling you, it would have been a different kind of program.

We're into a situation here where farmers are concerned. I've had them approach me; I promised I'd raise it on their behalf.

The other issue that I raised and I really want to get into, and that is this whole aspect of crop insurance. A crop adjuster told this farmer that you spray it or we're going to endorse your contract and we'll decide what we'll do with it afterwards. Did that direction come from your office? Is that what crop adjusters are told?

A crop adjuster stopped at a farmer's name, and I told you at question period I'll give you his name today yet and in private. But that farmer was very, very perturbed because he was told, you spray the second crop; the second seeding was gone, was eaten off. He was told, you spray that or else we'll take a look at whether you'll get crop insurance or not. And he brought the adjuster out to say, look, this is what we adjusted last week. Here's where I reseeded. It was up two inches; it's gone again. And he says, look, you spray it again or you're not going to get crop insurance.

I think that's a decision to decide . . . He told me he'd sprayed that particular field six times — six times. Now that would have to make close to 30 bushels an acre to pay his expenses if he'd have no other expense at all, just what he put into that field.

I'm wondering, have you issued a directive? Has the crop insurance board or somebody talked about how they're going to handle these cases? It's a difficult one to deal with. In some respects they're wondering, how far do we have to go? How many times do we have to do it to be legit and say, now we've done our part, here's where we're going to back off and it just doesn't pay to do any more. Where is that cut-off and what reason are you going to use, particularly in those pockets where it's severe?

Hon. Mr. Devine: — Well, it's common sense. If they've sprayed and they have to reseed, they get paid for reseeding. And if it's eaten up, then obviously they can collect crop insurance.

I would be surprised if crop insurance adjusters are running around and saying, you sprayed six, you have to spray seven . . . (inaudible interjection) . . . Well you raised it in here. You have to spray seven times. I mean, you know, the crop insurance people have been working hard in trying to be as fair as possible. If people have sprayed six or seven times they are certainly going to go collect crop insurance, and I would doubt whether, on a general fashion, the inspectors are running around saying you've got to spray eight or nine or 10.

It's common sense. If you were advising them or you were training crop insurance, you'd say look, if the guy's trying, he's reseeded, he's lost it again and even after he's

sprayed, of course he's going to collect crop insurance. I mean, what's the alternative.

Mr. Engel: — And then the aspect of crop insurance. I've got 150 acres that looks like it's going to be bad, but the rest looks, I hope, good enough that you still won't be able to collect on that. You know what I mean. It's not a spot-loss type coverage.

The other question that a fellow . . . and he's from the Shaunavon constituency, too; I suppose I should have let my colleague ask these. He was wondering, what is the deal if a particular field that's eaten up by grasshoppers and he decides to work it. He gets an adjuster to look at it. Can he work it down so he can prepare it to seed winter wheat in it?

Can you get somebody from crop insurance to give me a written answer on that maybe, or a ruling, because it gets complicated, and I'm not sure. I couldn't give him an answer. I didn't know what would be applicable or would he just get covered for reseeding and his insurance would be carried on that far down. It's a problem. If you can get a ruling on that one. People are looking at that as an option.

Hon. Mr. Devine: — I'd be glad to get that for the hon. member.

Mr. Tchorzewski: — Thank you, Mr. Chairman. Mr. Premier, I would like to pursue another topic for a while this afternoon. One of the areas in which I take it it's become well-known where there have been some difficulties experienced by your government and particularly your cabinet, is the area of cabinet ministers' use of aircraft, and that's been debated at some length in here.

During question period on a number of occasions we have raised questions about things like trips that have been taken by executive aircraft — four round trips to the city of Saskatoon in one day to carry four different people on each trip when, through even a small amount of organization and co-ordinating, that could have been done in maybe two trips.

And there are other examples. There's a case of — and I'll give you the date, October 29th of 1985 — where there were three different cabinet ministers again from Regina to Saskatoon and back when you could have organized that into one trip probably, and even, let's say two. It would have saved a trip. You know as well as I know that to get this plane running and the standby and everything else is a very costly proposition.

You indicated — I think last fall; it was in December — that in light of the result of Regina North East and other difficulties, and what happened to the minister who was the MLA, and I guess still is, for Wilkie, that there were going to be new guide-lines established. Are there new guide-lines in place now, and what have they changed?

Hon. Mr. Devine: — Mr. Chairman, there are new guide-lines. I took a look at the situation, and I said, I believe that we can cut down on one airplane, and we sold one. I believe that we can co-ordinate the trips better, and our records have showed that we can and we have.

From the experience that we . . . we were following the same rules and operations that the previous administration had. And I can, if the hon. member wants, get into the large number of trips that MLAs made, and the expenses and the airplanes that they took 15 ways from Sunday, but I won't pursue it.

But yes, I said I thought we could do better and the public wanted to see us do better. And I designed a mechanism where we would scrutinize the flights as closely as possible, sold an airplane, and as a result we saw some improvement, and I hope that it can continue to improve in the future.

Mr. Tchorzewski: — What is the mechanism, Mr. Premier? What is the new mechanism that scrutinizes this system, and who does the co-ordinating? You've indicated that you're doing both. You've indicated that there's a co-ordination now — I'm wanting to know who does the co-ordinating — and that there is a new system in place that scrutinizes. Can you tell me, what's the system?

Hon. Mr. Devine: — Well it's just better co-ordination, just better co-ordination in terms of who's going and when they have to be there, and trying to juggle — as you pointed out. You said, if you could have . . . you've got a meeting with the chamber of commerce, you've got a school board meeting, and you've got something else. Is there any way that we can co-ordinate these to make sure that you can put as many people on the same airplane and get them back at the same time as possible, knowing that you've got responsibilities in the legislature, some other people.

Just co-ordinating it as much as possible, getting all the information together, knowing that you made commitments. I make commitments that I have to speak at a function, and you might make commitments, and somebody else makes them, and we all have to get there and we all have to come home. So it's co-ordination and pulling all that information together so that we can be as efficient as possible in putting together the flight schedule.

Mr. Tchorzewski: — I agree, co-ordination can save a lot. If there's a speaking engagement in Saskatoon and one in North Battleford and one in Lloydminster, I'm sure that with any even small amount of co-ordination, you could probably arrange for one flight to be able to look after all of that, rather than doing shuttle service where you go and return, and go and return, and go and return. But you didn't answer my question, Mr. Minister. Where is this co-ordination placed, and who is responsible for the co-ordination of the new arrangement?

Hon. Mr. Devine: — Well it's involved with the executive aircraft and the staff and the people that are co-ordinating the flights. I mean, they were doing it before, but we're asking to have as much of that information brought in advance so that we can co-ordinate it and look at it. I didn't hire more people to do it. I just said I want a better job of co-ordinating and bringing the information together, and the results are we've had a 27 per cent improvement — a decrease in ministerial flights because of the co-ordination and information brought together.

We were operating under your system — same rules, same ideas, same concepts — and we've said that we will try to make it and save the taxpayers some money, and we have. It's resulted in a 27 per cent improvement. I hope that it can even get better.

Mr. Tchorzewski: — What do you mean, Mr. Premier, by a 27 per cent improvement? Twenty-seven per cent fewer flights? Can you describe that to the committee?

Hon. Mr. Devine: — Precisely that.

Mr. Tchorzewski: — Mr. Premier, I want to go back to the guide-lines. You indicated that there are new guide-lines in place which are regulating this. Can you table those guide-lines? I'm sure you cannot operate this kind of an operation without written guide-lines because you'd have to have it distributed to all departments and all governments.

I'm asking if you would undertake to provide us with those guide-lines so that we are aware of them?

Hon. Mr. Devine: — Well under the new system we are gathering the information so that we can make as efficient use of aircraft as possible. We have executive air service — the guide-lines which says who can fly and how you fly and so forth — I'll be glad to table those. I'm sure you've seen them.

So with respect to the management of the system, we've said, look it, I want to know all the flights; I want somebody to know; I want to know where you're going and why, and if we can do a better job of cutting down. We have a 20 per cent decrease in ministerial flights since we've initiated the new system, which says, I want you conscientiously to watch what you're doing and co-ordinate it with your colleagues, and do it through executive air service so that they can make efficient use of flights; and it's working — 27 per cent improvement.

(1630)

Mr. Tchorzewski: — I'm familiar with the executive air service brochure you're talking about, but that's not your new guide-lines. You made a specific commitment and declaration as of last year, late last year, that you were going to have prepared new guide-lines, and we're asking what the guide-lines are?

You're standing and you're talking about generalities again. Well let's get specific. Will you provide us with the guide-lines? Surely you must communicate. I'm quite prepared to accept the results, but we would like to know the guide-lines that have brought about those results, if you indeed have the guide-lines.

I'm sure there's nothing secret about the guide-lines. Heavens, it's not a Weyerhaeuser deal or any of that kind of a fiasco; it's a simple, formal kind of arrangement that any government who is managing their affairs would have. So are you able to provide the guide-lines, the new guide-lines which you have put together, which you said you put together some months ago, to this committee?

Hon. Mr. Devine: — Well the guide-lines are simply this: you only fly when it's necessary — only when it's necessary — and if you can't do it in our service, then you're going to take a commercial flight; and I want you to co-ordinate all the activities with all the other flights that will take place during the same day, going to the same place or in linked trips. to make sure we are as efficient as possible; and to use your head, and not to waste the taxpayers' money, and to be as efficient as possible. So don't fly unless you have to — that's the guide-line. And if they're not . . . And as a result we've got a 27 per cent saving, and you want me to write it down.

Well, I mean, I know you don't understand what a debenture is. I will write that down for you. I'll put it on paper — don't fly unless you have to. That's the guide-line. Okay, there it is.

Mr. Tchorzewski: — Mr. Premier, that was the guide-line before. I mean, are you saying that you used to say to your ministers, fly all over the place, don't pay any attention to whether you have to or not? What has changed? I mean, the whole question here is whether you actually just make statements or whether you do something. And I'm asking you, what have you done in the new guide-lines?

For you to say that you told your ministers to only fly when you have to, but you waited until December of 1985 to do that, I mean, it leaves the obvious question, what the devil were you doing prior to December of 1985, which showed all kinds of abuses by ministers to the point where one of your ministers had to resign?

Now, Mr. Premier, I don't want to spend a lot of time on this except, once again, you're therefore saying that you really had no guide-lines; you simply instructed the people in your cabinet again what you probably should have done in 1982 — fly only when you have to. So nothing has changed. I will accept that there are fewer flights, and part of it may be because of the time of the year, but I don't know that, but I will accept that.

But you're saying therefore that the only guide-lines you have prepared is simply saying, fly when you have to, and it's up to the minister to decide that, and that may be fair.

Hon. Mr. Devine: — What I'm saying is that when we look at the guide-lines which were zero under your administration — zero; you didn't have any; none recorded — and in 1981-82 you made 910 executive air flights, what were your guide-lines? Didn't have any. Didn't have any guide-lines at all. And you have no record of guide-lines and there are no record of guide-lines. And you're asking me for guide-lines when I've made a 27 per cent improvement.

I go back and look at the member from Shaunavon who made 58 flights — 58 flights in 1981-82, and 37 of them just happened to stop in his home town of Shaunavon. And that's more than anybody from Unity ever did in the last four years. What were the guide-lines? What were the guide-lines?

I said I've made a 27 per cent improvement, and you're belittling it — a 27 per cent improvement by saying, I want to see as much co-ordination as possible wherever

that you can avoid extra flights, where we can have as much co-operation; I want to see it there because I want to see the results. And do you know what happened? I got the results.

And you're saying, well, show me what you said on paper. I said, I want to see an improvement. I got an improvement; it's much improved over yours. I mean, the member from Shaunavon, for Heaven's sakes, is obviously embarrassed by his flight activities that made everything else we've seen in '82 look rather small.

So we have new guide-lines, and the new guide-lines are to tighten up and to make sure that we don't waste the taxpayers' money. And we've got a 27 per cent improvement over your record and our previous record.

So you're saying that you were not without sin and we were not without sin in terms of using the taxpayers' money with respect to flying as efficiently as possible. I've got a 27 per cent improvement because I've tightened it up. Well that's precisely what I wanted to do. I got the results, and they're significant. And we've said, I want people to be aware — not to go about it in a casual sense, but to make sure you don't waste the time or waste any taxpayers or waste any airplanes, and it's working. And they are more conscious of it; they pay more attention to it; and it pays off.

Mr. Tchorzewski: — I'm glad that in the fifth year of your government when cabinet ministers have become concerned about their re-election, they're finally paying attention to some guide-lines. Its a pity that in the previous four years, they paid no attention to the guide-lines. And your former minister of Highways, the member from Wilkie who apparently is about to resign, who resigned from the cabinet, you should have spent some time talking to him about the guide-lines because there was an abuse, and he did the honourable thing and he resigned. I think that was a noble move on his part.

I ask you now, Mr. Premier, in light of the difficulties you had with your former minister of Highways and in light of the question which we asked of the member for Saskatoon Sutherland, the minister in charge, whether that member from Wilkie has reimbursed the government for the misuse of the aircraft, can you inform the House whether that indeed has taken place, because the Minister of Supply and Services had undertaken to do an inquiry when we asked in question period, as to whether there should be a repayment? Are you able to inform the House as the Premier whether there has been any follow-up on this and whether there is going to be a repayment?

Hon. Mr. Devine: — Well I will say that it will be repaid, and it will be repaid to the government either from the member or from the party or from one or the other. I don't know whether it has or not, but you can rest assured that it will be.

And when you're saying that the guide-lines were the reason that the member from Wilkie resigned, well the member from Shaunavon flew far more and stopped more than any member from Wilkie ever did. Right? He made more flights and he abused the aircraft more often

- he stopped it 37 times. And you're kind of chuckling over there saying, well the member from Wilkie resigned. He didn't fly as much as the member from Shaunavon, or stop in his town as much. What guide-lines did he use?

So the member from Shaunavon was the first guy to ask and say, you know, we're supposed to file our conflict of interest guide-lines and our information. And who was chirping from his seat for months and months about the conflict of interest? The member from Shaunavon and he didn't file his. And he had an agreement and a deal cooked up with civil servants here in the government. he didn't file it. So don't get too self-righteous when it comes to flying and/or conflict of interests because your record stands pretty clear that you flew a lot more than anybody from Wilkie.

And with respect to conflict of interest guide-lines, all of a sudden you remember to enter them into the books. We took over the same operation that you had. I didn't see any guide-lines that kept the member from Shaunavon from doing what he wanted to do. He flew and flew and flew far more than the member from Unity. Right? You did. He certainly did and he stopped in 37 times which beats more than anybody else.

I have said I'm going to make it better; and I have improved it by 27 per cent with the co-operation of all the cabinet ministers, legislative secretaries and members in our caucus, and it is working. So I think it would be fair for you to give us a bouquet for improving it because it's better than what you were doing, it's better than what we were doing, and we can always improve, and I agree that we should improve. It's better and it's working, and I hope that it even gets better in the future.

Mr. Tchorzewski: — Mr. Premier, you really do not understand the issue here — or choose not to. I would not question flights taken by your ministers. I understand what the responsibility of a minister is and sometimes it is necessary to fly. If the member from Meadow Lake needs to fly to Prince Albert to meet with Weyerhaeuser to talk about the give-away, then he will fly. Nobody would question that.

The question is a matter of abuse — abuse of the flights. And we have had a case of abuse of the flights. The member from Wilkie: are you saying that wasn't an abuse? Wasn't the member from Wilkie abusing it . . . (inaudible interjection) . . . Well I don't have to tell you about it. He said it. He admitted it in the House.

Now, if your guide-lines prevent that from happening again, and hopefully they will, then that's fine. I asked whether there will be a reimbursement of the costs. You've said yes. We've established that, and I hope that when we get in here again and some of your members who might get re-elected are asking the questions and that, we on the other side will be able to say yes, indeed, we received the payment from the reimbursement. And really it doesn't matter to me whether it comes from the Progressive Conservative Party or from the member from Wilkie personally, but it ought to be done.

Mr. Premier, I want to turn, along with these flights, to a similar issue. Now with your improved system I wanted to

know why, since in mid-March there was submitted in this Assembly an order for return dealing with your travel as a Premier from December 3rd, 1985 to March 18th, 1986, there has been not a response provided yet to this Assembly?

Hon. Mr. Devine: — Well it's my understanding that they've been tabled. If the hon. member doesn't have them, he can certainly have them.

Mr. Tchorzewski: — You've passed them over. I have not seen them. I'm afraid that I do not think they have been tabled. If they have been, I will stand corrected, of course.

Are these dealing with the order for return, ordered in March, for the period December 3rd, '85 to March 18, '86? I think we're talking about two different . . . You obviously didn't get the question or I didn't make it clear. In mid-March of this year there was an order for return from this Assembly asking you about your travel from December 3rd of 1985 to March 18, 1986. This is return for order 699, which I think is a different one altogether.

Hon. Mr. Devine: — Well, Mr. Chairman, my officials are not sure that that's been an order, but what I believe that you will have is up to December 1985. If there's information you want from December '85 until date — if that's been ordered, well, we'll certainly try to dig it up for you.

What's the number? The one you're asking for — order of return?

Mr. Tchorzewski: — I don't have the number with me, but tonight we'll have it. It was issued in March, I'm told. I'm prepared to let your officials check it. If there's some error in this, that's fine, but will you check it?

I have here, you have given me a return no. 699 which was issued on November 26, 1985, for the period of travel between January 1, 1984 to June 12, 1985. Some two years ago, Mr. Premier, there was another return that was ordered, numbered 691. Are you able to table that today, as well?

Hon. Mr. Devine: — Mr. Chairman, 691 has been tabled; however, we'll send you over another copy.

An Hon. Member: — When was it tabled?

Hon. Mr. Devine: — Yesterday or today.

Mr. Tchorzewski: — Okay. Maybe today. That's why we don't have it, obviously, if it was just tabled today.

Mr. Premier, we want to take a look at that information. The point, I think, that needs to be made is that these returns were ordered two years ago. They were ordered two years ago. Repeatedly in this House you've been asked for the tabling of that information. Now in your estimates you finally table them. Can I ask, why has it taken this long to go down whatever records you keep, or your officials keep — I don't expect you to keep them — and prepare the return so that it could be made available before this?

Hon. Mr. Devine: — Well, Mr. Chairman, I'm sure the hon. member has asked this no end of times in question period; he's got the same answer. We table 90-some per cent of all the things that you asked for — the record is very good — and during my estimates, or prior to my estimates, we table information on my flights so that you can have them and that you can look at them. If you want to make an issue of comparing your record and others' records and my record about delivering information, we have been up front with information. And as I'm sure the House Leader has pointed out, we have provided 90-some per cent of the information as quickly as possible, and the information that you've been asking on my travel, you can certainly have it. So if you want to get into my record versus your record, fair enough.

(1645)

Mr. Tchorzewski: — Mr. Premier, let me ... (inaudible interjection) .. They haven't; they're still on the order paper. Okay. I'll accept that.

Mr. Premier, I'm not accepting your response that you tabled them at the end of your estimates, but assuming that I did, why would you not have tabled them at your estimates last year if that's the argument you're going to use?

Hon. Mr. Devine: — Well, Mr. Chairman, I don't put together all the accounting data, and if it wasn't available, it wasn't available. It's now available and you have it. It will be the same as it would have been then, and you could review it and do whatever you like with it.

Mr. Tchorzewski: — Well, Mr. Premier, you may not put together all the data, but somewhere the buck stops and it stops with you. You're responsible for the return of your department. The House Leader obviously will do the tabling. I accept that. You chose to do it here today. But the point is you have hidden your travel expenses for those periods of time which those returns asked for, for two years.

Now I don't know there was any reason to hide it because I haven't had an opportunity to study them. We shall do that. But the point is that it's not an appropriate way for any minister of the Crown to behave. They could have been tabled a year ago, and you could have saved yourself an awful lot of embarrassment in the public, who began to question the approach of your government on such kinds of matters, where you say certain things and you don't do other things. And when it comes to saying certain things and not doing other things, I want to ask you some questions about the commitments which you solemnly made, or your government made in the throne speech. I want to ask you what has happened to those commitments. One of the things that was mentioned in the throne speech is that there would be measures to protect municipalities from dramatically escalating liability insurance costs. And it was very specific, and I quote:

Finally in this session, my government will announce measures to protect municipalities, hospitals, and school boards from dramatically escalating liability insurance costs.

Your throne speech didn't say you would initiate a study. Your throne speech said you would announce measures. We are now on a day of the session which is probably making it the longest spring session ever. There is still no measures announced. Can you justify, Mr. Premier, your promise and commitment just a few short months ago to take action, in light of the fact that there is no action?

Hon. Mr. Devine: — Well, Mr. Chairman, the liability insurance issues are under very active discussion between the minister, and the municipalities, and people involved in the private sector, to design any kind and all kinds of mechanisms that we can announce with respect to dealing with liability insurance.

So the hon. member some time ago was asking, he says, well gee, you should have called an election in April or May. We wouldn't have had our pension legislation passed; we wouldn't have had store hours fixed; we wouldn't have this. That didn't seem to bother him at all. And now when we're into the House and we're passing all this legislation, he says, oh well, my gosh, you haven't finished this. Well you can't have it both ways. You're about as interested in liability insurance as you are in the man in the moon. I mean, you obviously were asking for things to happen that you didn't care whether they passed the legislation or not.

We are working on liability insurance, and we'll be announcing measures when we've got them prepared to announce, in discussions with the municipalities, the SARM (Saskatchewan Association of Rural Municipalities), SUMA (Saskatchewan Urban Municipalities Association), and the private sector. And they're ongoing, good discussions taking place right now with respect to the ministers and all those organizations to see what can be possible not only within Saskatchewan but in international, interprovincial, and the whole combination.

Mr. Tchorzewski: — Mr. Premier, I'm not prepared to take responsibility for your fear to call an election. I think what you have done, is you've highlighted your indecision. You've highlighted your record and history of indecision, and this is proof of that once again.

If, Mr. Premier, you knew as the Premier of your government that all that was going to happen with liability insurance was that there was going to be another study, why did you allow in your throne speech a statement such as was made which said that you would be announcing measures to protect municipalities? You did not talk about a study in your throne speech. Why, knowing that you were only going to do a study, did you try to fool the public of Saskatchewan once again by announcing something else?

Clearly what you were doing, Mr. Premier, is you were making announcements, which because the session has now gone at some length, and because you ran away from an election which you were planning to call, you now are in a position where you have to actually live up to some of the things that you announced.

Now in many ways you're living up to it, as the Minister of

Urban Affairs will testify with the fiasco that he created in the management assessment agency. You seem to be determined to go around and make as many enemies as you can. And you certainly succeeded with the Saskatchewan School Trustees Association, and you certainly are succeeding with the cities of Regina and Saskatoon who are concerned about the politicizing of the assessment process because of the way your minister is going to appoint the directors. That's only an example of where, because of your indecision, you're having to do things without clearly thinking them out.

Now I come back . . . (inaudible interjection) . . . Well the Deputy Premier keeps speaking from his seat and says nothing of interest, so I will try to ignore him.

Why, Mr. Premier, I ask you, knowing that you were just going to do a study, did you say in the throne speech that you were going to announce an actual program?

Hon. Mr. Devine: — Mr. Chairman, as I said, we have been in very close discussions at SGI, the Department of Justice, the Department of Consumer and Commercial Affairs, with the private sector, with SARM, with SUMA, and others, and in our best judgement we believe that we can come up with some solutions, and believed months ago that we'd come up with some solutions, that would be applicable to the province of Saskatchewan. I would be the first to admit that the liability insurance difficulties are complex. And you can carve out a solution that maybe SGI could have, and at the same time it doesn't handle or deal with the interprovincial and international problem. And the more that you get into it, the more complicated it is.

So we were prepared to make some announcements on further research and discussion; we find out there may be some better things that we could do, and we are into those discussions with SGI, Justice, Commercial and Consumer Affairs, the federal government, neighbouring governments, and people involved in municipal governments as well. So we want to make sure that we do it right as we have with the pension legislation. It is going to be well received, and we've done it right.

With respect to venture capital for labour, we have researched it; it will be well received, and we have done it right. With respect to the store hours, we have talked to people and examined it from every option we can. The same with respect to agriculture programs. It takes time.

I remind the member opposite, clearly when they look at all the suggestions they had and all the alternatives they had, they obviously missed something because they didn't even recognize 22 per cent interest rates when they were a problem. In 1971 they did promise a pension plan and never did deliver. They promised a new tech school in Prince Albert — never did deliver. They promised all kinds of things and never did deliver.

Well, I mean, if he wants to get into promises and delivery, we promised and we delivered interest rate protection and gas tax improvements, build an ag college, rural gas distribution, build up-graders, a new pulp- and paper-mill, etc., etc., and I could go on at length. So if he wants to examine all the reasons that he

lost the election in '82 and all the reasons they lost every seat but eight, I'd be glad to get into their record.

But in terms of the things we promised to do, we have delivered and where we haven't . . . I'll admit, liability insurance is pretty difficult and it's a complex problem. Our research with SGI, with legal people, with governments on either side of us and indeed with the American governments, it's a complex problem. It's going to take a great deal of work, and you don't just snap on a solution.

We examined it and thought there were things that SGI might be able to do immediately. As we look at, it's very complex, and we want to make sure that we don't jeopardize the kinds of things that could be a longer-run solution. So we're still examining the possibilities of things that we could announce.

Mr. Tchorzewski: — Mr. Chairman, I agree it takes time, but you have taken four and one-half years and done nothing. The liability insurance . . . and I know you're going to stand up maybe and say, well it's just a new problem. It's not a new problem. The liability insurance problem has been building for at least four years — at least four years — and for four years you sat on your hands and you dithered, your government and you, and you're doing the same thing. Now you're sitting on your hands and you're dithering — the whole question of indecision once again.

Four and a half years, here's what the result of your inaction is. I'll give you one example. Take the example of the Saskatoon Public School Board where their liability insurance costs have gone up from \$270,000 to \$340,000, and you're saying, we want to study it. What kind of an answer is that?

There's another case of the Regina separate school system. Liability insurance costs for them were proposed to go . . . (inaudible interjection) . . . Well the member from Sutherland said there were bad teachers in the system. Well I think that's an unfortunate comment. Now the government is going to blame the teachers for liability insurance. Well, I'm sorry, I'm not prepared to take that blame, and neither are my colleagues.

Now, Mr. Premier, the Saskatoon Catholic school system were looking at an increase in their liability insurance from \$76,000 to \$95,000, and you say you have to study it. Some of the liability insurance costs have been going up for school systems from between 100 and 600 per cent. What kind of . . . (inaudible interjection) . . . Yes, yes indeed, what kind of study do you need to establish that?

It's also affecting the private sector. You talk about the private sector. You talk about it and don't do anything for it, but here's an example of how people are being hurt because you people are not prepared to do anything. You simply want to delay and put things aside, and then talk about it prior to an election and hope that you get lucky, and then you don't have to deal with it any more.

There's a question of Moose Mountain bus lines. I'll give you one more example. Their liability insurance costs have gone up from \$26,000 to \$155,000 a year, in one

year, and they claim in their submission to your government to discontinue a line that they're running between Regina and Bengough, doing away with a service that people, I'm sure, in Bengough and along that line would like to have and find it necessary. They say that they can't afford to operate that line because their liability insurance has increased more than their profit last year. You've had four and a half years to deal with it, and instead, after you say in your throne speech that you're going to do something about it, you announce a further study. And it's not as if you discovered it yesterday. Your ministers knew about the problem a long time ago. I don't object to consulting with municipalities. In fact, that's the appropriate way to do.

The question is: why was the consulting not started two years ago? Because you weren't prepared to act with substantive issues that actually caused municipalities and school boards, and recreation boards and others, this kind of cost.

Now, Mr. Premier, that's not the only example of your dithering and indecision. Your throne speech also provided another commitment which you didn't keep. It's like your promises of 1982. The promise to cut income tax by 10 per cent, you didn't keep. The promise to do away with the sales tax, you didn't keep. You've had brochures all over the province with your picture on them, saying, we're going to do away with the sales tax. It's still there. In fact, the only thing you did with the income tax is you increased it. You increased it by putting on the flat tax, which in 1986 is going to be double what it was in 1985. So this year the flat tax is increased even over last year when you instituted it.

In the throne speech you say again that your government will introduce a freedom of information and privacy Act in this session. You were going to introduce an Act. We are now . . .

Mr. Chairman: — Order.

The Assembly recessed until 7 p.m.

Corrigendum

In the *Hansard* No. 68B TUESDAY, JUNE 24, 1986, 7:00 p.m. on page 2279 in the left hand column about 10 cm. from the top, the recognized speaker should read **Mr. Shillington**, instead of **Hon. Mr. Lane**, viz.

Mr. Shillington: — Well, Mr. Minister, if you think this is going to be taxable income . . .

We apologize for this error.

[NOTE: The online version has been corrected.]