

The Assembly met at 2 p.m.

Prayers

**PRESENTING REPORTS BY STANDING, SELECT, AND
SPECIAL COMMITTEES**

Public Accounts

Clerk Assistant: — Mr. Tchorzewski, from the Standing Committee on Public Accounts, presented the ninth report of the said committee, which is as follows:

Your committee submits a progress report to the legislature for the Fifth Session of the 20th Legislature.

Your committee commenced its deliberations on April 3, 1986, and to date has conducted 13 meetings.

The committee has completed its investigations on the Department of Health, the Department of Revenue and Financial Services, the Municipal Employees Superannuation Commission, the Department of Social Services, and the Department of Agriculture.

In each case your committee has reviewed, pursuant to its terms of reference provided by the legislature, the issues raised by the Provincial Auditor in conjunction with the Public Accounts of the province of Saskatchewan for the year ended March 31, 1985.

Your committee is satisfied that every effort is being undertaken by the appropriate department and commission to address the concerns raised by the Provincial Auditor and the committee. The results of our investigations will be monitored by the committee and Provincial Auditor respecting departmental compliance.

Your committee recommends to the legislature to adopt, by way of concurrent in this report, the measure applied by your committee in its investigations this current session.

Your committee anticipates meeting intersessionally to complete its business before the end of this calendar year.

The committee wishes to express its appreciation to those officials who have appeared before the committee for the testimony they have provided.

Your committee also wishes to express its gratitude to the Provincial Auditor and his staff and the comptroller's office for the expert technical assistance they brought to the deliberations of the committee.

On June 9, 1986, the member for Regina North East replaced the member for Regina Centre as chairman of the Standing Committee on Public

Accounts.

Mr. Tchorzewski: — Mr. Speaker, I move, seconded by the member from Eastview:

That the ninth report of the Standing Committee on Public Accounts be now concurred in.

Motion agreed to.

ORAL QUESTIONS

Lay-off of Saskoil Employees

Mr. Lingenfelter: — Mr. Speaker, my question today is to the Minister of Energy and Mines, and it deals with the decision by Saskoil to lay off 60 workers from Saskoil and put them and their families on the unemployment line in Saskatchewan. Yesterday you said that the decision was a difficult one, and the Saskoil executive and president agonized over the issue of laying off these 60 people, and I quote, "It was something they agonized over a great deal," is what you indicated to the Assembly yesterday.

Can the minister confirm that the Saskoil board of directors and senior executives agonized over the details of the terminations at a little retreat up at Waskesiu, and at the same time you will be well aware that it is a championship golf course near at hand for them to use while they're agonizing over the lay-off of 60 families. I wonder, Mr. Minister, can you confirm that the lay-offs were decided while they were on a little retreat up in the resort up at Waskesiu?

Hon. Mr. Hepworth: — Mr. Speaker, I cannot confirm that they were at Waskesiu. If in fact they were somewhere in Saskatchewan doing some long-term planning, it seems to me that's a good idea for a corporation that has gone from being a Crown corporation to a mixture of a company that's publicly and privately held. And if they were doing some long-term planning in Saskatchewan, I applaud them for doing so.

I can say that the decisions to downsize the corporation were taken something in the order of a month ago, approximately one month ago that I was made aware of it. As I said yesterday, they undertook to downsize in a very humane way. They used a two-pronged approach; offered early retirements; and those who want to take, for example, educational leave, there was provision to do that. And then obviously there was some very hard decisions, Mr. Speaker.

We are concerned not only, Mr. Speaker, as a government about the lay-offs occurring at Saskoil, but we're concerned about the lay-offs that are occurring generally in the oil patch, and that's why we undertook some of the things we did in April, Mr. Speaker, and I'm happy to report to the House today that the program is working. We have less lay-offs. We have something in the order of 1,230 wells that were brought back onstream, Mr. Speaker, since April 25th, and of those that were shut in due to price related shut-ins, we have something over 220 back in production. So, much as we haven't been able to maintain all the jobs out there, Mr. Speaker,

certainly we've stopped the slide, if you like, in the oil-patch employment, at least temporarily.

Mr. Lingenfelter: — Mr. Speaker, the minister took notice yesterday of a number of questions with respect to Saskoil's decision to lay off 60 families and put them on the unemployment line. So I want to ask the minister again today: can you tell us of the five senior executives and the president, that is the president as well as the four vice-presidents, how many of those executives did you terminate in the process of laying off the 60 families? Were any of the five senior executives laid off at that time?

Hon. Mr. Hepworth: — Mr. Speaker, my officials are in touch with Saskoil to get that specific information for you. I do not have it here for you today, but I can tell you that the restructuring was across the board, and obviously things like voluntary retirements could come from anywhere in the spectrum. So it would be hardly fair to say that they were targeted at one end or the other.

Mr. Lingenfelter: — Supplementary, Mr. Minister. You also took notice of the salary increase for the president of Saskoil. I wonder at this time can you inform the Assembly whether or not an increase took place in 1986 for the president of Saskoil, the individual who was at the same time, as we understand, getting an increase in pay and fringe benefits and a new car, was laying off 60 people, 60 taxpayers and families in the province who are now unemployed while the president is getting fringe benefit increases as well as salary increases.

Hon. Mr. Hepworth: — Well I don't have the information to the questions that were raised yesterday, today for the hon. member, Mr. Speaker. I will . . . as I said earlier, my officials are working with Saskoil to get that information.

I can tell him this: in the cursory conversation I had with one of the board members who happened to be in the House for a committee during yesterday's session, I can tell him that it's my understanding, at least at this very moment, that any salary increases were across the board and in the new year shortly after what had been a very, very good year for Saskoil, and well ahead of the 60 per cent decrease in the price of oil — if the hon. member would listen, Mr. Speaker.

And I can also tell you that the board has eliminated EDOs (earned days off) as I understand it, in order to cut back and save money and have more money to provide jobs, Mr. Speaker. So I think some responsible management has occurred there, not only on behalf of Saskoil employees, but on behalf of all the shareholders of Saskatchewan, in facing some very difficult times in the oil patch, Mr. Speaker.

Mr. Koskie: — Thank you, Mr. Speaker. A further question to the Minister of Energy. Mr. Minister, you have indicated previously that Saskoil has put 60 Saskatchewan families on the unemployment list because the company is facing, you know, serious financial difficulties.

I want to ask you, Mr. Minister: are you aware of the story from the president of Saskoil is telling investors in Vancouver? I have a copy of the speech by the . . . where

he says, headline, "Saskoil has cash to shop" — lots of cash. In the article he says that Saskoil has bulging pockets; it is hunting for acquisitions. In fact, he said that Saskoil could acquire a company or producing properties for as much as 200 million, and its debt to total capitalization ratio would still be under 40 per cent.

I want to ask you: can you explain this bragging session to Vancouver . . . can you explain this bragging session to the 60 people that have been laid off and unemployed here in respect to Saskoil's operation in Saskatchewan while they're bragging about having bulging treasuries?

Hon. Mr. Hepworth: — What that article suggested to me, Mr. Speaker, and I referred to it yesterday as well, is that Saskoil is a well-managed company and it's not bleeding the public treasury to death like some other Crown corporations in this province have, Mr. Speaker.

Mr. Koskie: — New question. New question to the minister. Mr. Minister, I have a further document here which suggests and tells the real reason why you forced 60 Saskatchewan people, families, on to an employment line. And this document here indicates that Saskoil's new corporate strategy, dated June 17th of this year — I'll show it to you in case you aren't aware of it — Saskoil, Corporate Strategy and Objectives, dated July 17, 1986.

This is the strategy of Saskoil, and this document, do you know what it states? It states that over the next four years Saskoil plans to reduce its operation in our province and to expand rapidly in other provinces, primarily Alberta.

I ask you: can you explain why a Saskatchewan oil company has decided to abandon Saskatchewan and plans to expand almost exclusively in the province of Alberta during the next decade?

Hon. Mr. Hepworth: — Mr. Speaker, the hon. member is trying to suggest to the people of Saskatchewan that Saskoil should have continued to operate as a \$30-a-barrel oil company when oil prices are \$15 a barrel. They are trying to say to all the grandmothers and grandfathers out there who may have bought shares for their grandchildren, that yes, any good financial position we have, we should squander it away so that down the road there's no company to employ anybody, and nobody will enjoy dividends down the road from those shares they have bought, Mr. Speaker.

It surprises me as well, Mr. Speaker, that the only concerns that the NDP opposition have raised in this legislature relative to the oil patch have been about a former Crown corporation, Mr. Speaker. It seems to me that what that article is saying, in very glowing terms that the hon. member referred to, is that Saskoil is well-managed. They're not going to squander away a very low debt situation . . .

Mr. Speaker: — Order. Order. Order.

Hon. Mr. Hepworth: — If the hon. member would read all of that article for the hon. members in this House, would also go to tell where it sits in the 500 in Canada in terms of returns to its shareholders and maintaining employment out there and the record that it's done

relative to other oil companies during some very difficult times . . . Mr. Speaker, we, on this side of the House, are proud that that company is headquartered in this province.

Mr. Shillington: — New question, Mr. Speaker. Mr. Minister, I'm not surprised that you haven't referred in your answer to the document my colleague mentioned. It is Saskoil, Corporate Strategy and Objectives, dated June 17, '86 on Saskoil letterhead. This document lays out the objectives and the intention of Saskoil, and I want to refer you to one particular quote, Mr. Minister, which seems to summarize the matter:

Therefore, by 1990, Saskoil will achieve considerably more balance; at least 50 per cent of our production base will come from higher productivity wells located outside of Saskatchewan.

The minister is quite correct. It is selectively, chosen because it summarizes the document. It is selectively chosen indeed.

This document, Mr. Minister, explains that Saskoil will sell or abandon a third of its marginal wells in Saskatchewan over the new year and that within . . . (inaudible interjection) . . .

Mr. Speaker: — Order, please. I'm asking for order on both sides of the House. There's too much shouting. We cannot carry on business that way.

Mr. Shillington: — The document explains, Mr. Minister, that Saskoil will sell or abandon one-third of its wells in Saskatchewan over the next year, and that within four years, 50 per cent of the total production base will be outside Saskatchewan.

My question, Mr. Minister, is: how can you explain, or can you explain how abandoning Saskatchewan and creating new jobs in Alberta is in the best interests of Saskatchewan families? Will you admit that the practical result of the privatization of Saskoil is that Saskatchewan capital and Saskatchewan jobs are fleeing this province for Alberta?

Hon. Mr. Hepworth: — The board at Saskoil, Mr. Speaker, wants to make that a very, very strong company, even stronger than it is today, and it has very, very good financial data today.

The NDP somehow, Mr. Speaker, are suggesting that they want that company to fail. Don't do anything that's positive. Don't develop. It's okay for a company, a Crown corporation, to hemorrhage \$91,000 a day, but it's not okay to be a success. They want it to fail. They also believe that big bureaucracy and big government is good, that the more people you've got, that might somehow make the oil industry better.

I want to tell you, Mr. Speaker, that one of the reasons that that company is as successful as it is today is because they (a) have very little long-term debt, and (b) because of the co-operation that Premier Devine enjoys with his counterpart, Prime Minister Mulroney; in Ottawa, the

PGRT further removal went right to the bottom line of that company and means some substantial millions of dollars for that company, Mr. Speaker. We make no apologies for the soundness of that company, Mr. Speaker.

Mr. Shillington: — Mr. Speaker, new question. Mr. Minister, let me remind you that the Government of Saskatchewan, the Crown, is the majority shareholder in Saskoil. What you are saying to this Assembly, Mr. Minister, is that by locating Saskatchewan capital and locating Saskoil outside this province, you and your colleagues in cabinet no longer have any confidence in Saskatchewan as a place to invest.

How, Mr. Minister, do you expect this province to develop if the government doesn't have any confidence in this province?

Hon. Mr. Hepworth: — Mr. Speaker, I have lots of confidence in Saskoil, and if they're of the view that there's a good purchase to be made in Alberta and in heavy oil, which Saskoil is heavily involved in, as the hon. members may or may not know, and tends to straddle the border, then I say go for it if the price is right, if it makes sense. Because that's the way, Mr. Speaker, that we're going to have more people brought back on the production side and the drilling side at Saskoil, and at other companies in this province, Mr. Speaker.

Mr. Shillington: — Mr. Minister, you stated that it was an acquisition of heavy oil. Let me assist you by reading again from this document:

Purchase New Reserves in Alberta: By deploying our cash reserve and using our substantial financial capacity, to gain a significant Alberta light oil production base.

Mr. Minister, do you have the faintest notion what this Crown corporation is doing?

Hon. Mr. Hepworth: — Mr. Speaker, I suppose, given that the average well in Saskatchewan produces 20 barrels a day, and the average well in Alberta produces 60 barrels a day, if they can get into a property that is very productive in light oil at the right price — good, go for it!

Mr. Shillington: — Mr. Minister, will you explain to me how you expect investors to invest in Saskatchewan if the cabinet of the Government of Saskatchewan has no confidence in this province and wants to invest its money in Alberta?

Hon. Mr. Hepworth: — Mr. Speaker, when it comes to showing some confidence . . .

Mr. Speaker: — Order, please. Order.

Hon. Mr. Hepworth: — Mr. Speaker, when it comes to showing some confidence in this province by the oil industry, I would suggest to you, Mr. Speaker, that the oil industry has responded in spades to the initiatives of a PC government as opposed to an NDP government. It doesn't matter what measure you use, Mr. Speaker — wells drilled, capital dollars invested, or more importantly number of people employed — Saskoil and

virtually every other oil company that were chased out of here under the NDP have now returned. And albeit they're in a downturn, we certainly have a much broader and substantial base than we had four years ago, Mr. Minister, when things were heated up, so to speak, under the NDP.

Mr. Lingenfelter: — The minister indicates that the main drive for Saskoil is to find heavy oil in Saskatchewan . . . I want to quote as well from the document which deals with exploration and development. The paper refers to exploration and development and says that the capital expenditure "will comprise 70-75 per cent of cashflow over the next several years, and will be directed towards high productivity light oil in Alberta."

And what they're saying here is that 75 per cent of their drilling program will be in Alberta and will be for light oil. How do you square that with your previous public statements that Saskoil was the main tool being used to find heavy oil in north-western Saskatchewan? Obviously they have now changed, and they're laying off their staff in Saskatchewan and will be rehiring in Alberta. Do you think that's fair use of the taxpayers' money in this corporation?

Hon. Mr. Hepworth: — First, the correction for the hon. member: I did not say Saskoil was the government's main tool to develop heavy oil in north-west Saskatchewan. I say they are heavy into that kind of play, heavy oil. That was my point of correction.

The two points I would like to make in response to the question is: (a) there is nothing wrong with a company pursuing growth and strength; and (b) the realities of the Saskatchewan oil patch today, Mr. Speaker . . .

Mr. Speaker: — Order, please. The member for Shaunavon asked a question, and you're not giving an opportunity for an answer. If you asked the question, I think you should be considerate enough to give the minister an opportunity to answer.

Hon. Mr. Hepworth: — And the other very important point, Mr. Speaker, that we must make when it comes to the oil patch in Saskatchewan is this: that based on what we're pumping out of the ground today, we have something in the order of less than 10 years of conventional reserves left in Saskatchewan — something less than 10 years of conventional.

Now it seems to me, unless a company continues to develop and explore — an oil company — and with those kinds of numbers, if you don't continue to develop and explore and go where the oil is, pretty soon you're not going to be an oil company. And I think the shareholders of Saskatchewan are probably happy to hear that that company is taking an aggressive approach.

1982 Campaign Commitment to Eliminate Taxes

Mr. Tchorzewski: — Mr. Speaker, I direct a question to the Deputy Premier. Mr. Deputy Premier, my question deals with certain commitments that you made in 1982, the Conservative Party. We are in the dying days of your government, which is now in its fifth year in office, and

Saskatchewan people want to know the status of these commitments.

In 1982 you promised very clearly that your government would eliminate the 5 per cent sales tax. That was a commitment, and yet the March budget forecast that you will be collecting \$386 million in sales tax out of the pockets of Saskatchewan citizens. Is that 1982 campaign promise going to remain a broken promise, Mr. Minister, or do you intend to do a death-bed repentance and do something about this in the next few days?

Hon. Mr. Berntson: — Well, Mr. Speaker, I just can't believe what we've seen here today. I just can't believe it. We've got these guys sitting over there talking about saving jobs for the people of Saskatchewan. At the same time, Mr. Speaker, this government has invested time and money and people and time and money and people in major, major projects in the province of Saskatchewan, projects that these people actively tried to kill, projects, Mr. Speaker, like the upgrader, like the paper plant, like Du Pont in Saskatoon, like Phillips Cables in Moose Jaw . . .

Mr. Speaker: — Order. Order, please. Order. Order. The member was not on the subject of the question at all.

Some Hon. Members: Hear, hear!

Mr. Tchorzewski: — Mr. Speaker, since the minister refuses to answer the question and chooses to talk around it in his usual way, I will ask him another question in the form of a supplementary.

Mr. Minister, you also in 1982 promised a 10 per cent cut across the board on income tax. Instead what you did is you gave Saskatchewan people a flat tax on income, which was a massive tax increase for Saskatchewan citizens. We are now the only province in Canada with two provincial income taxes. And I ask you, Mr. Minister, does your government plan to make good on this promise of an income tax cut, or is this yet another broken promise?

Hon. Mr. Berntson: — Mr. Speaker, I'll try to answer the question directly. I don't know if it's parliamentary or not to use the word "hypocrite," but rather than use the word "hypocrite," I will say less than sincere in their motives, Mr. Speaker. That man, that member, Mr. Speaker, belongs to the party that promised a pension plan for home-makers in . . .

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

Hon. Mr. Berntson: — That member, Mr. Speaker, belongs to the party that promised to remove education from property tax in 1971, Mr. Speaker. That party is the party that nationalized potash mines and put a burden around the people of Saskatchewan's neck probably for a very long time. And that party, Mr. Speaker, that party is asking us why we haven't delivered. Well we've spent a lot of time delivering on things that they promised as far back as 1971.

And I don't intend, Mr. Speaker, to stand here and apologize for all of the positive things that we've done by

way of tax measures as well, Mr. Speaker. There was the elimination of the gas tax. Let's talk about that for a while — \$130 million a year, each year, Mr. Speaker.

There was the reduction of interest rates, the MIRP (mortgage interest reduction program) program we called it, when interest rates were 20, 21, 22 per cent. And those people, Mr. Speaker, said, I'm sorry, Mr. Home Owner, we can't help you. We came in, Mr. Speaker, and we helped. We removed the gas tax; we removed sales tax from clothing up to \$300.

Mr. Speaker, we don't apologize for the tax measures that we've taken in this province, and the people of Saskatchewan are very pleased with it. You talk to the people on the west side of Manitoba, Mr. Speaker, and see how much . . .

Mr. Speaker: — Order, order.

Some Hon. Members: Hear, hear!

Mr. Speaker: — Order, please.

Mr. Lusney: — Thank you, Mr. Speaker. My question is to the Deputy Premier. Mr. Deputy Premier, in 1982 and again in your throne speech, your government promised freedom of information legislation. You promised this to the Saskatchewan taxpayers and you said that you would provide them access to information on how you spent their hard-earned tax dollars. Now, Mr. Deputy Premier, can you explain why you haven't kept that '82 promise and why you haven't kept your promise of the throne speech either?

Hon. Mr. Berntson: — Mr. Speaker, I don't know when we will get the legislation tabled, so I can't answer with precision, Mr. Speaker. But let me say that we have given more information on the PAPCO deal than members opposite have given on any deal that they've ever put together. I could name a few more. We have television, Mr. speaker, in the legislature. The forum is now used by people right across Saskatchewan. And I tell you, Mr. Speaker, that it hasn't served members opposite that well. Television in this Chamber has cost them dearly.

The final point I make, Mr. Speaker, half if jest, is I'm not sure that we need any freedom of information legislation based, Mr. Speaker, on the truck loads of brown envelopes that members opposite seem to show up with on a regular basis.

Mr. Speaker: — Order, please.

ANNOUNCEMENTS

Introduction of Page

Mr. Speaker: — Before orders of the day I would like to introduce to you a page that has served in our Assembly before and is back to serve again. Lani Knaus has served us earlier in the year and is back now, and we welcome Lani back.

Hon. Members: Hear, hear!

ORDERS OF THE DAY

GOVERNMENT ORDERS

COMMITTEE OF THE WHOLE

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

Clause 1 (continued)

Mr. Lingenfelter: — Mr. Minister, I wanted you to explain about the interest that may be unpaid by Weyerhaeuser as the 30 years progress, in which time they may or may not pay back any of the principal. Can you tell me: what is the interest rate on the unpaid interest? Can you tell me: does the 8.5 per cent apply to the unpaid interest on an annual basis? Can you explain to us what the arrangement is on that part of the deal?

Hon. Mr. McLeod: — Yes, I'm informed that there is no interest on unpaid interest.

Mr. Lingenfelter: — Can you confirm that? I find it hard to believe what you're telling us, that if the corporation in the first year misses an interest payment, then that interest could remain unpaid for 30 years and there's no penalty for not paying it. Is that correct?

Hon. Mr. McLeod: — In response to the member from Shaunavon, his question — and we've been through this before in terms of how interest becomes due. After a certain level of earnings, interest becomes due. So if that was the case and there was interest due and was for some reason not paid, well then that overdue interest, there would be interest paid on that, and it would be at the rate of the debenture, 8.5 per cent, or slightly more than that.

Mr. Lingenfelter: — Well this deal gets better and better for Weyerhaeuser as we go along here. Let me use the example of 1987. There's no paper-mill built; they have a loss of \$50 million. They can write off the \$50 million against what they owe, the \$248 million, and then at the end of the year they would owe \$198 million. And you go through that scenario for three years. They end up owing about \$98 million if they lost \$50 million for three years. Then after that if they didn't make enough money to pay the interest, they wouldn't have to pay any interest on the debenture. Is that correct?

Hon. Mr. McLeod: — Mr. Chairman, interest accrues on to the debenture in every year beginning in 1987 or '86. The interest becomes payable at the point — and we've been through this before — the interest becomes payable at the point at which the combined project, pulp-mill with paper-mill, reaches the level of earnings whereby payments are made. And we've been through this. And the point that has to be made here is the only hope of that kind of earnings, or earnings to that level being made, is from the combined project. I make that point once again.

So for those who would oppose the deal, as the members opposite have been doing, what they are really saying is: maintain what we have and continue to pay out this

interest with no hope of making money with the stand-alone project.

Mr. Shillington: — Thank you very much. Mr. Minister, I want to refer you again to your expectations with respect to repayment of interest and principal. I took the figures for 1981 which was a banner year. If you take the profit over the assets listed on that financial statement, they achieved a return of 12.5 per cent on assets. A pulp company isn't going to do a lot better than that; that's a banner year.

I took the figures for that year as best I could, because I admit I do not have complete financial information — you won't give that to us — but as best I could, I started on the assumption that 1981 would have been the start-up year. Mr. Minister, under that formula in 1981 they would have fallen far, far short of paying anything on interest.

I wonder, Mr. Minister, if you will tell us what your expectations are? What level of profit does this company have to make before it starts to pay interest on dividends? If I am correct, and nothing would have been payable in 1981 had '81 been the start-up year, when on earth do you expect this company to ever repay interest on principal?

There are those who have said that you are giving away a pulp-mill in order to get a paper-mill. Correct? Are you in essence, Mr. Minister, giving this thing away with no expectation of getting anything on it?

Hon. Mr. McLeod: — Okay. The simple answer to the member's question is that the expectation is that they will pay, once a return of 5.5 per cent on the combined investment. And the very key word here is "combined investment" because there is almost no potential for profit to be made given today's market and the markets projected into the future for northern kraft pulp — which is what is made at the Prince Albert pulp-mill — for very many factors, and I can go through those again. We've done that with the Leader of the Opposition the other night.

(1445)

So the potential for a return or for the provincial government, if you maintain the status quo, which means the people of Saskatchewan continuing to own the pulp-mill, the potential for return on that investment is almost nil, given the market today and the changing markets and the changing competition system out there, or situations with third-world countries and the fact that there's no premium any more on northern kraft pulp.

And so with the forest mix that we have — and by that I mean with the introduction of aspen or hardwood into the pulp which will then be made into paper, which will then be sold — the projections in the paper industry are such that we believe that it's a very realistic expectation to see a profit from the combined operation. And that's the only hope for the operation at all, and it's certainly the only hope for the viability of the forest industry. That is the basis upon which this is an excellent deal for the forest industry in northern Saskatchewan.

Mr. Shillington: — What do you anticipate the combined investment will be? What's the figure? What's the combined investment? What's that figure?

Hon. Mr. McLeod: — The combined investment we're talking about is \$498 million: \$250 million for the construction of a brand-new paper-mill and \$248 million which is the debenture value for the assets which now exist.

Mr. Shillington: — Now, Mr. Minister, going back to the schedule then, we are talking about 2(d), are we? We are saying that if the profit earnings — as they're normally calculated, according to the principles generally followed by accountants — exceeds 5.5 per cent of the combined investment of 498 million, then you expect that the earnings will be . . . that the definition of earnings in 2(d) will achieve a positive balance; that then there will be something there. Is that what we're saying? Under 2(d), if the earnings as normally understood exceed 5.5 per cent, then for the purpose of 2(d) there's something there, and there are some earnings with which to pay interest?

Hon. Mr. McLeod: — Yes, that's if you're referring to 2(d) in the schedule which I provided to you, that's right.

Mr. Shillington: — Then with respect to paragraph 3, paragraph 3 of this agreement explains how money is actually paid. Starting with 3(b), interest after the start-up period, it states that you use available cash flow minus these deductions.

At what percentage point would you anticipate the profits to be before available cash flow was sufficient to pay anything? As I calculate the figure, Mr. Minister, the figure needed so that 2(d) is higher than a zero balance is considerably less than what is needed under 3(b) to pay anything. So I wonder, Mr. Minister, what percentage of profits is needed under 3(b) before there's something available to pay?

Hon. Mr. McLeod: — Okay, Mr. Chairman, I think neither the member from Regina Centre nor I pretend to be accountants; at least, I know that I don't. But I will give you the answer as it's provided to me and as it relates to 3(b), I believe, to make a clarification — 3(b) in the schedule which I provided to you: 3(b) is a cash flow calculation; it's not appropriate to express as a percentage of assets. The cash flow is the income plus non-cash charges such as depreciation and deferred income taxes.

Mr. Shillington: — Well now that is an amazing statement — that is an amazing statement. I knew that years before I ever got to this legislature, Mr. Minister, Mr. Minister, I wonder if you'd deal with the question. I hope that wasn't taken to be a serious answer. I'm well aware of what cash flow is.

Let me then give the minister some assistance. Paragraph 3(a) states:

Cash flow from operations of the combined assets equals earnings as determined in accordance with paragraph 2 (that is, earnings exceeding 5.5 return on assets) plus depreciation and depletion;

plus the lesser of net book value of fixed assets sold or actual sale price during such year, less the non-cash proceeds of such sale, plus the cash proceeds received during that year for any previous sale . . .

Mr. Minister, I think in general terms the only thing unusual about cash flow in this paragraph is it means earnings less a 5.5 per cent return plus the usual depreciation and sale of assets, etc.

So I ask you, Mr. . . . And then from cash flow in paragraph 3(b) as thus defined — cash flow minus the 5.5 per cent return on investment — you then take off scheduled principal due that year; maintenance in the amount of 12 million; changes in working capital in accordance with 3(c); any unpaid balance and any third-party debt, whatever that may mean; \$1 million to be allocated in accordance with 3(c); and the cumulative balance of the investment reserve, which appears to be a straight 20 per cent of the aggregate investment.

So I ask you, Mr. Minister: what does cash flow . . . what return on assets has to be achieved before there'll be anything to pay on interest? Because you start out, Mr. Minister, saying that the cash flow equals earnings less the 5.5 per cent, and then it goes on to make a bunch of deductions. So I ask you, under 3(b) what level of earnings do you have to have before you have anything to pay on interest and principal under this schedule of 3(b)?

Hon. Mr. McLeod: — Well the return on assets must be 5.5 per cent before there's any kind of a . . . before there's any deduction.

Mr. Shillington: — Mr. Chairman, this is absolutely impossible. I might as well be asking the minister for the finer points of nuclear submarine technology as ask him to deal with this. Mr. Minister, I told you that about 20 minutes ago.

What I want to know is what . . . The only variable, it seems to me, in this formula is earnings. All the rest are flat sums that are unrelated to earnings. All right? And we can calculate most of those. I can calculate, I think, most of those. What level of earnings has to be achieved before you have anything left, after making all those deductions from the cash flow? I say it's an impossibly high figure.

Hon. Mr. McLeod: — Well I've said before, they will make 5.5 per cent on the total assets which, if you calculate it out, and the total asset I've said is \$498 million, which if you total that out is calculated as \$27,390,000, and they're allowed to make that return in terms of dollars or five and one-half per cent before payments accrue on the principal of the debenture.

Mr. Shillington: — I get the unfortunate impression, Mr. Minister, that you came to this Assembly not understanding the principles upon which this operates. I can only assume that from the kinds of questions I'm getting. I'm getting absolutely nonsensical answers to questions. I can only assume, Mr. Minister, that you came to these estimates not knowing how this formula worked. I can well understand that you can't figure it out in this Assembly under the heat of battle.

(1500)

All I can say, Mr. Minister, is the deal is so bad it's apparent that you went into the negotiations and came out and signed this agreement not knowing how this formula worked, because as I figure it out, even if you take the combined assets, the level of earnings has to be at least 10 to 11 per cent before there's anything payable, which means before you pay interest you've got to pay eighteen and one-half to nineteen and one-half per cent. It's just impossible. They'll never do it. There isn't a prayer, with the vest will in the world, if they wanted to do nothing but show profit, if they wanted to arrange their bookkeeping in such a fashion to maximize the profit, they wouldn't pay anything, Mr. Minister. So I say, Mr. Minister, the only assumption I can make is that you entered the negotiations as you came to this Assembly, not understanding the formula, not understanding how it worked, and I think that may well be an explanation for how you and this government got cleaned so badly.

Mr. Minister, you and your colleagues came into office promising industrial development and new jobs. Mr. Minister, it is not acceptable to achieve that by giving away the heritage of this province as you're doing. Mr. Minister, I refer you to Saskoil — I refer you to Saskoil, Mr. Minister. You privatized Saskoil. You maintained a 60 per cent interest in it, if my memory is correct, and what happens . . . (inaudible interjection). . . 58, all right. I'll accept that figure. You've maintained a 58 per cent interest in it and what happens? Jobs and Saskatchewan capital flee the province. The money which Saskatchewan people invested in Saskoil, we're now told, is going to be put in Alberta. That, Mr. Minister, is because private companies operate in the vest interest of their shareholders and not in the best interest of this province . . . (inaudible interjection). . . No it isn't. That is a fair way for private companies to operate.

But I am saying to the member from Prince Albert, who appears to have a better understanding of it than the minister, I say to the member from Prince Albert, you may forgive Weyerhaeuser if they do the same thing — if they look after their shareholders first and this province comes second. And if that happens, you're going to find that their financial statements are arranged without lying, cheating or stealing — to quote an unfamous Canadian — without laying, cheating or stealing, their financial statements will show such that there will be very modest payments on interest if any. That, Mr. Minister, is not an acceptable way to bring about industrial development to give away the assets of this province.

I know you were coming to an election knowing you had to show something. You've been in office for four years and you've got nothing to show for it except one of the sorriest records of any government in the history of this country. You came in, Mr. Minister, promising tax cuts, and we have experienced tax increases. You come in promising jobs, and we have a much higher level of unemployment than we had then. You come in, Mr. Minister, promising industrial development and have achieved virtually nothing.

I can understand, Mr. Minister, why you felt, before you

faced the people, that you were going to face annihilation unless you could show something, but I say to the minister, this kind of give-away is not an acceptable way to achieve industrial development in Saskatchewan. There may be provinces, there may be areas, there may be states where this kind of thing's acceptable; it's not acceptable in Saskatchewan.

I will make you a prediction, Mr. Minister. I will make you a prediction, Mr. Minister. I will predict that we will be campaigning on this issue in the election and you won't. You may be mentioning it in Prince Albert. The member from Prince Albert may be mentioning it in his riding, but I'll darn well bet you that the member from Meadow Lake isn't going to mention it out of Prince Albert. The proof, Mr. Minister, the proof of the pudding, Mr. Minister, with respect to this issue, will be in the election; we'll be campaigning on it, and you won't.

And I will tell you something else, Mr. Minister; the proof of the pudding is your unwillingness to give us the answers. If this were a defensible deal, this committee of the whole would not have dragged on for days as it has, with us trying to get some information out of you. Mr. Minister, if you could defend the deal, you would have.

It is apparent, Mr. Minister, that you came into this Assembly not knowing the deal. I think you signed the agreement not knowing the deal.

Hon. Mr. McLeod: — Mr. Chairman, here is the member, comes in and purports to give me a lecture about how this is done. Mr. Chairman, I asked the member when he was in his seat a few moments ago, I asked him where did the — and this relates very much to his comment in talking about Weyerhaeuser Canada looking after their shareholders — and I ask this rhetorical question of the member from Regina Centre and all his other NDP colleagues; where did you look after your shareholders, or the shareholders — meaning the public of Saskatchewan — where did you look after them when you borrowed — borrowed — at the bank, at prime rate, \$162 million to purchase 70 per cent? How did you look after the shareholders of Saskatchewan when you did that, and since that time — that was at the end of 1980, right in the last month of 1980 — and where did you look after the shareholders — being the public of Saskatchewan?

And let's hearken back to those days of 20 per cent and 18 and 19 per cent interest rates, that type of interest rate, certainly in the high teens; we'll go back to those kinds of interest rates and look at the numbers, the numbers which I've released before that really come out to one thing. In interest alone, \$68,000 a day — \$68,000 a day — being lost in interest alone; \$98,000 a day losses to the public of Saskatchewan, being the shareholders of this corporation which you people are so, so reluctant to let go. You just cannot let go. You cling to it with your very fingernails because you must not let . . . and one of the jewels of the great family of Crown corporations go by the board. You cannot let it go, even though your head, your heart, everything that is anything about common sense around you would say, this is a good deal; but you can't say that because your philosophy will not allow it to happen.

Mr. Chairman, \$91,000 a day is a number. The member says the member from Meadow Lake will not talk about this in the election. I'll relate a story to you from this very weekend, this past weekend in Meadow Lake. Here's what the people in Meadow Lake think of your stand on this deal. And that's an area, I might remind everybody in the House and the people in this province, that's an area that understands the forest industry.

I was in . . . and a little plug for the Meadow Lake stampede as well, Mr. Chairman. In the rodeo parade in Meadow Lake where there's several thousands of people, one person in the crowd yelled at me when I was introduced going by, "Never mind Blakeney," and I quote, Mr. Chairman, "Never mind Blakeney. Sell that pulp-mill." And there was spontaneous applause up and down the street. That's the same public of Saskatchewan.

Some Hon. Members: Hear, hear!

Hon. Mr. McLeod: — That's the same public of Saskatchewan, Mr. Chairman, that pinned your NDP ears back last weekend. That's the same public in Saskatchewan that pinned your ears back wherever you went when you tried to make a big issue with your phoney little ad campaign. I'll tell you, that public in Saskatchewan pinned your ears back and they said this thing should be sold. This is a money-losing proposition, a proposition that you should never have entered in the first place. And why do you cling to it? Why do you hang on to it like this when you know in your heart that it's wrong.

They say we, the public of Saskatchewan, know that it's right. This deal is right, and this paper-mill which will be built, which is the one portion which you refuse to talk about — the fact that there will be a \$250 million paper-mill. Not only do you refuse to talk about it, you have even gone so far as to say that the paper-mill will not be there, as you have gone so far as to say that the upgrader's a phantom project, and that this other, Gainers in North Battleford, even though steel is up and the building is there, is a phantom project.

You guys will be phantoms in the political scene of Saskatchewan in a very short time whenever that election is held. There will be the late member — the former member from Regina Centre, the former member from Cumberland, the former member from Assiniboia-Gravelbourg, and whatever others of your colleagues that want to come into the House and debate this issue.

Some Hon. Members: Hear, hear!

Mr. Shillington: — I just note, Mr. Minister, coming back to the facts you conveniently overlook. When the NDP were in office, the pulp-mill made 27 million in 1980, 24 million in 1981. Not until it came under the kind auspices of the Tory administration did it fall out of bed. I say, Mr. Minister, when we had it, it made money. Like everything else when you get a hold of it, because of patronage, because of mismanagement, they don't make money.

Hon. Mr. McLeod: — Prior to your government

borrowing the money at two chartered banks, even though the member from Regina Centre says that the money came from the Heritage Fund . . . He says the money came from the Heritage Fund. His leader says the money came from the Heritage Fund to purchase, and they told all of the people of Saskatchewan, we will buy the remaining 70 per cent of this pulp-mill because the Heritage Fund has this overflow of money and we're going to use it to invest on behalf of the people of Saskatchewan. And you told people that story, and you, to some extent, sold that story to the people of Saskatchewan.

Well, Mr. Chairman, the truth is this: the truth is that they went to two chartered banks and they borrowed the total amount of \$162 million — \$162,370,000. They borrowed that total amount, borrowed it at those high teen rates in 1980 to purchase 70 per cent of that pulp-mill asset. And he talks about the profits in 1980 and '81. He says in 1981 it made \$24 million. It made \$24 million in operating, and you paid out in interest, on that very ill-advised loan that I just referred to, \$36 million you paid out on behalf of the people of Saskatchewan. But did you ever tell them that?

At no time did your government, did that leader of yours, at no time did he ever say to the people of Saskatchewan: we are paying \$36 million interest in 1981. Nor did he ever say in 1982 that we're paying out \$29 million in interest, and he did not say in '83, or '84, or '85 that we're paying in the area . . . (inaudible interjection). . . He did not say that. That is the kind of interest that is accruing. That's the kind of interest that's being paid by the public of Saskatchewan because of the ill-advised deal that he entered into. That leader of yours who now stands and says and will not defend that it was a good deal. He knows it was a bad deal. He knows very well that it was a bad deal, but he does not stand and defend it.

Mr. Yew: —Thank you, Mr. Chairman. Mr. Minister, I want to raise a few very important questions with you regarding the Weyerhaeuser deal. The people on this side of the House, the New Democrats, have had the courtesy and the sensitivity to try to inform the public regarding the Weyerhaeuser deal. In doing so we have not only communicated in person with the people of this province and with our constituents, we have put ads in the paper and we've had a tremendous amount of response regarding the ad.

I want to put it in the records, Mr. Minister. We've asked the people of this province regarding Weyerhaeuser: a good deal or a give-away? Put it in big, big, black, bold headlines: you be the judge. On March 25, 1986, the Devine PCs announced a sale of the Prince Albert Pulp Company to a giant multinational Weyerhaeuser corporation. Weyerhaeuser gets in this deal, Mr. Minister, the Prince Albert pulp-mill, number one; number two, a Saskatoon chemical plant; number three, the Big River sawmill, like my colleague pointed out from Athabasca, the Bodmin mill; and number four, they get 30 years of exclusive timber rights to seven million acres of Saskatchewan's best commercial timber.

And Weyerhaeuser on the other hand pays zero down. Weyerhaeuser gets ownership of these public assets for

nothing down, not one red penny and a \$248 million loan repayable for 30 years that can even deduct losses at the pulp-mill for what they pay back. Secondly, zero later; zero down, zero later. Weyerhaeuser won't have to make payments on the loan unless profits are 12 per cent or more in any given year.

(1515)

And then the final paragraph reads:

Zero for ever. If Weyerhaeuser still owes any of the loan after 30 years, it can avoid paying Saskatchewan people a penny — not a penny — by issuing them non-voting preferred shares which will pay no dividends whatsoever.

Based on the facts, and still quoting from our article:

The Devine Progressive Conservative is selling important public assets for nothing.

It is a bad deal; it is a give-away. The message we're getting from the people of this province, and particularly the people in the North, present it's a bad deal, and it's a give-away. It's a sweetheart deal and nothing more.

Some Hon. Members: Hear, hear!

Mr. Yew: —We've had a lot of feedback on the northern forests. I happen to represent the top half of this province which this deal, this bad deal, this give-away deal, this sweetheart deal to a multinational corporation from the United States, is been dealt with. I happen to represent that constituency where those prime timber resources are, and, Mr. Minister, I want to tell you that I heard a different song when I was in your constituency the other day. I heard a different song.

You noticed I had well over a half a dozen people talking to me while you were standing in front of the Co-op story with one individual person, and I think, Mr. Minister, he was chastising you for selling out our resources. I think you came out of that little conversation without a smile. I think you were getting a pretty rough time there from one of your constituents, to tell you the honest truth. But every single person I talked with told me that this is a bad deal; that this is a give-away.

And I want to ask you, Mr. Minister, some very important pertinent questions. Can you provide, Mr. Minister the people of this province documentation which make it clear that the northern commercial fishermen, the trappers, the wild rice growers, people of native ancestry, the traditional resource users — I'm talking about the Indian, the Metis, and the non-status people in this province — will they or will they not have access to the 7 million acres of northern forests which will be restricted, I'm certain? But I'm asking you: will you not provide any documentation to ensure that they do not get a restricted, no trespassing policy implemented or imposed upon them by Weyerhaeuser corporation of Tacoma, Washington from the United States? I'm asking you that question, Mr. Minister, the number one question.

We want to know and we want to ensure that the people

in the North are not restricted in their traditional life-styles and traditional pursuits, because with the present and current policy of your government, we have had nothing but high unemployment and high welfare dependency rates. That is all we have had through your administration, through the Progressive Conservative government of this province. I ask you in all sincerity, Mr. Minister; I want to know what is your position on that?

Hon. Mr. McLeod: — Mr. Chairman, my colleague, the Minister of Parks and Resources answered that very question on two occasions in question period. He answered the very question asked by the member today, whether there would be access for the traditional pursuits and so on, and the answer to that very clearly is, yes.

What the management agreements, forest management agreements, whether it's with Weyerhaeuser Canada, or with Simpson timber, or with MacMillan Bloedel, or Sask Forest Products, or the Meadow Lake sawmill, L & M Wood Products at Glaslyn, whichever one it is, all of those will provide for integrated resource management policies because forestry, wildlife, all of those aspects are part of the jurisdiction of that minister, the Minister of Parks and Renewable Resources. And he's given that assurance to you, sir, and to the House and to the people you represent.

But what I am sensing here is another of the NDP scare tactics, Mr. Chairman, typical NDP scare tactics — divisive attitude of the New Democratic Party. You see it in so many areas. They first of all said there'll be no paper-mill. There will be no paper-mill, they said; that's just a phantom project. Remember when they said there would be no upgrader — just a phantom project. And now their folks are out there saying, well hey, this phantom project, there's actually some people working there in this phantom upgrader project.

So they've abandoned that argument. And then they say, oh, there's no paper-mill. Now they're acknowledging, yes, there will be a paper-mill, but we don't like it. We want to kill it anyway because it would be too good for Saskatchewan's development and growth. And if they're not the government, they don't want to see any development and growth in Saskatchewan.

We saw the divisive attitude of the NDP yesterday in this very House, the Leader of the Opposition talking about western representation or what he pretends is the lack of western representation in the federal cabinet. Divisive attitude. Divide — east versus west.

And here's this member from Cumberland standing here as he has done so many times in the House and try to divide North versus South. He says, oh, I represent a northern riding. I represent a northern riding too, Mr. Chairman, and I do not stand in this House at any time and suggest that there should be a division between North and South in this province, nor do I suggest there should be a division between East and West in this country. You NDP are always like that. You will divide North, South, East, West, labour-management, urban versus rural, whatever kind of a split you can develop, you will try to develop it. Well I don't buy that kind of policy.

And just the short answer to your question, just so that you are not able to carry on with the same scare tactics which you have been trying to do for some time, is that yes, people in traditional pursuits will have access as they do now, and there's nothing in the forest management agreements which would suggest that there would be any change to that policy.

Mr. Yew: — Mr. Minister, I'll ask you then if you will provide the document to ensure the people of northern Saskatchewan that they will in fact have those rights. Will you table those documents, Mr. Minister? You've tabled schedule B when we have not seen schedule A nor schedule C of the agreement.

Another major item that I'm concerned with, Mr. Minister, deals with the training and the hiring, the employment opportunities, jobs related to this major transaction or major bad deal or give-away, whichever phrase you want to use.

I want to ask you questions about the health and safety standards of the worker. Are we going to be bombarded here with a whole migration of out-of-the-province and out-of-Canada technical experts and employees from the United States of America, or will you employ local people, particularly those people that are directly affected, or will you not?

Hon. Mr. McLeod: — Well, Mr. Chairman, if the member . . . And I know that there was a delegation from the city of Prince Albert — representatives of the chamber of commerce, the local government, elected people, other representatives of Prince Albert and that area. Big River representatives were there as well, the R.M. around Big River. One of the things that Weyerhaeuser Canada is known for is their community relations, is their hiring of local people. All of those kinds of things are very well documented in other locations in this country.

I member once again — I just make the point, and we have give that assurance — the member once again raises it. His colleague from Quill Lakes in the question period the other day used such tactics as to suggest that there would be tolls on the roads and toll bridges throughout northern Saskatchewan. So those are the kind of absolutely . . . those are incredible questions, Mr. Chairman. Such questions are incredible, to suggest that there'd be tolls on the roads.

Now that's nothing but scare tactics based on no fact, no information whatever, based on no even suggestion of fact anywhere. But they say toll roads; they say all these employees are coming from the United States of America; Weyerhaeuser, because shareholders are in the United States and so on, they'll be bringing American workers to Prince Albert. It makes no sense, based on no information at all that the member has, and in fact it's quite false.

So it just goes on and on. Like I say, it's a typical story and it's the same story that's been raised. First of all, no paper-mill will be built. Now they've abandoned that. Well, there'll be toll roads. I haven't heard that since the other day, since the people of the province, you could almost hear them laughing in unison all across the province when that question was asked. They certainly

laugh in unison across northern Saskatchewan; that member knows it. But he'll stand down here in his way and trying to divide North and South, trying to tell people in southern Saskatchewan that, oh no, it's all doom and gloom in the North.

It's not the case. It is not the case. And I just want you to know that I do not believe the arguments that you're using. I haven't believed those arguments for some time, and I want to make sure that I tell you that on behalf of the northern people that I represent here as well.

Mr. Yew: —Mr. Minister, I don't want to argue about the split between the North and the South. But I will tell you, Mr. Minister, that you are the one that told us and the people in northern Saskatchewan that you wanted to bring northern Saskatchewan into mainstream Saskatchewan. But to date, through your fifth year in terms of your government's term of office, we are still not with the mainstream Saskatchewan, and statistics will prove that, Mr. Minister, statistics will prove that.

If you look at the unemployment rates, and they're 95 to 100 per cent high unemployment in the North, where in the South we have 7, 8, maybe 10 per cent, which is far . . . where there is an outrageous difference, Mr. Minister. The statistics related to welfare dependency rates are extremely high as compared to the rest of the province. That indicates to me, Mr. Minister, that you have . . . you yourself and your Progressive Conservative governments have isolated and abandoned and neglected the North. You're the ones that are separating the North from the South.

But regardless, I just thought I'd raise those points.

The other question I want to ask you, Mr. Minister, with regards to this major give-away: have you completed any major environmental impact studies with regards to the Weyerhaeuser deal and with regards to the proposed paper-mill?

Hon. Mr. McLeod: — Well, Mr. Chairman, the member will come with his concerns about unemployment in the North which, I believe, and you've heard the Premier express and we have expressed, across northern Canada there's a problem with unemployment. We know that's the case; there's no question that that's the case. And we know there's no question, as well, that the forest industry, by and large in this country, is located in the northern portions of our country. Okay.

What we have here is an opportunity. So the member will on the one hand argue about the problem that there is unemployment in the northern part of this province, that part of northern Canada which Saskatchewan takes in. He argues against, and all of his colleagues have argued against, the development of a paper-mill in Prince Albert which will have accruing to the province 215 new jobs — 215 new jobs, and yet in one breath too much unemployment in the North, and in the other breath kill this paper-mill because there'll be 215 new jobs. There is no logic to that argument, sir, none. No logic.

I ask you one more question . . . you say keep the status quo on these assets which the public of Saskatchewan

own. I'll say the status quo is a cost to the public of Saskatchewan of \$91,000 a day — \$91,000 a day from the beginning of 1981 to the end of 1985. And I ask the member: what could have been done with that kind of money in his portion of northern Saskatchewan or across northern Saskatchewan where unemployment is a problem; what could have been done with that kind of money on a daily basis had it not been hemorrhaging from this company, this pulp-mill company, on a daily basis?

Mr. Yew: —You didn't answer my question, Mr. Minister. I asked you: have you completed a major environmental impact study with regards to the Weyerhaeuser deal, with regards to the proposed paper-mill?

Hon. Mr. McLeod: — The provisions of the environment Act — I'm not sure if that's exactly the name of the Act — but those provisions are being adhered to. In fact, that's ongoing right now. I think if you look in last night's Leader-Post, in the Leader-Post of last night, and I'm sure in other publications across the province, there's an advertisement in there for people to make submissions and so on regarding this project. So the project is put out, and there's an address there in the Department of Environment, the name of the person, the representative of the Department of Environment, and also the representative of Weyerhaeuser Canada who should be contacted by people who have comments to make as it relates to the project.

(1530)

Mr. Yew: —A moment ago, Mr. Minister, you argued that the Prince Albert pulp-mill was losing \$91,000 a day. Do you know that under your administration, Mr. Minister, under the leadership of the member for Estevan, Premier Devine, under the leadership of the Progressive Conservative party, that we are losing, through bad management, through the bad policies and the philosophy of your government a total . . . The people of this province are losing a total, every day, \$548,000 a day. That's from the bad management of your government, we are now — I'm referring to the deficit that you have accrued since you took office — \$548,000 a day is now being paid by the people of Saskatchewan to people that don't need that kind of money, the banks and the bond dealers from the East.

Now, Mr. Minister, you call our questions, on this side of the House, as irrelevant. And you tell us that your give-away, your bad deal to Weyerhaeuser — and I continuously call it a bad deal because you will not go to the public and you will not disclose the information that is relevant to the questions that the people of this province want to know. You released a general outline of schedule B, but where is the other pertinent information that is required?

I'll tell you, Mr. Minister, if anybody has made a bad deal, bad management and bad judgements, that's your government. That's your Progressive Conservative Government on that side of the House. You've put this province well over \$2 billion in the red, and the people of this province now have to pay back just on interest

payments alone, and not on the principal, but on interest payments alone \$548,000 a day and you complain about the \$91,000 a day loss. That is nothing compared to what you guys are paying out from the people of this province to banks and bond dealers from the East. If you want to get into an argument, I can very well get into an argument with you on that.

But I'll tell you, Mr. Minister, you have not held one public meeting that I know of with the 24 organized and unorganized hamlets that nine local communities authorities which were referred to under The Northern Municipalities Act as villages. You have not held meetings with the Saskatchewan Association of Northern Local Governments. Nor have you held meetings with the two native organizations. You have not actually had the nerve or the guts or the sincerity to . . . You were elected to be responsible and responsive to the . . . You were elected to do a job for the people of this province.

You were elected, not as masters of the people in this province, but as servants of the people of this province. You were elected to respond to the needs of the working people of the ordinary families, of those people that are unemployed. That's what you were elected for.

But what you do with regards to the Weyerhaeuser deal is, you get chummy and you get a hug and a big . . . while your leader, without first consulting the people of this province, without first consulting the people in the North, just goes right ahead and makes a sweetheart deal out of desperation. You guys have been down in the polls for so long now that you just don't know who to turn to.

You know, that little do in Saskatoon has turned against you guys. You know, we've got . . . You guys, your leader here, the member for Estevan, the Premier, Premier Devine and the Conservative government of the day is so desperate they have to rely on their counterparts in Ottawa to bail them out. That's basically what you're doing. It's nothing but a strategy to try to alleviate some of your difficult, very difficult problems.

I want to ask you, Mr. Minister: have you met with the native organizations to discuss the outstanding land claims settlements, to discuss issues pertinent to the first ministers' constitutional talks, aboriginal rights? What about major issues of that nature? Have you met with the native organizations, MR. Minister, to discuss the Weyerhaeuser deal? And if you have — and I doubt very much if you have — but if you have, what was their response?

Hon. Mr. McLeod: — Mr. Chairman, what I have said to the House and to the public of Saskatchewan: that when the final deal is signed, the total deal, all documents will be released to the public. All documents will be released to the public of this province, including you people in opposition.

Mr. Chairman, I just ask the member one rhetorical question without trying to get into a long answer to a . . . I'm not sure where the question was.

But the point is: negotiations are going on; the forested area belongs to the Crown in right of all the people of

Saskatchewan; that forested area belongs to the people of Saskatchewan, and we will be good stewards over that through the Minister of Parks and Resources. Any agreements that are signed will have the rights of the people of Saskatchewan and the revenues which can accrue to the people of Saskatchewan in line. There's no question about that; in fact, it's foremost.

And the third question that I . . . the question I would ask the member, as I've asked several of his colleagues before this: who, which person, which taxpayer, which citizen, did you ever consult with when you decided to buy this pulp-mill, to borrow \$162 million to purchase the last 70 per cent of this mill? Who did that leader of yours ever consult with when he decided to buy it?

Mr. Yew: —The procedures of the Assembly, Mr. Minister, if I may remind you, is for the opposition to raise questions of the government of the day.

I want to ask you my question, Mr. Minister, which you deliberately ignored. Have you met with the two parent native organizations, the Federation of Saskatchewan Indian Nations and the Association of Metis and Non-Status Indians of Saskatchewan, to discuss the Weyerhaeuser deal? Have you met with them on issues pertinent to the constitutional talks? Have you met with them on issues pertinent to aboriginal rights, to land claims? Have you met with them to discuss major issues related to the Indian, the Metis, and non-status people of Saskatchewan?

Hon. Mr. McLeod: — Mr. Chairman, as I've said, the paper-mill will be built. The integrated facility will be there. Profits of it will accrue to people of Saskatchewan. And the answer to the question is that all of the people of Saskatchewan will see the details of the deal at the same time, which is right after closing, which is at no time done by your government.

And as far as the specifics of your question as to whether or not I have asked, or the government has asked Sol Sanderson and Wayne McKenzie if they approve of the paper-mill, the answer to that is no.

Mr. Yew: —Thank you very much, Mr. Minister. You finally answered the question to a very important aspect of this major give-away. It's a bad deal, and I repeat to you, Mr. Minister, it is a bad deal because you're telling me, and the people of this province, that you will not meet and to disclose any information with the people of Saskatchewan until the deal is finalized. That is what you said a moment ago.

But you did, in a general way, approach Wayne McKenzie and Sol Sanderson, and no doubt they said no, because you have not met with the people that they represent. The Federation of Saskatchewan Indian nations represents 72 major bands in this province. You have not met in the terms of the people directly affected; you have not met with Chief Roy Bird of Montreal Lake; you have not met with Chief Myles Venne of the Lac la Ronge Indian Band; you have not met with Joe Laliberté of the Cumberland House Band. You have neglected to meet with Hector Kailther of the Wollaston Lake Band. You have not met with the Canoe Lake Band. You have

not met with any bands whatsoever to discuss the possible implications or possible involvement. They may, you know, have very genuine concerns and interests, but you have failed to meet with those people directly affected.

And you know, there are issues that are outstanding in terms of the native people in this province, and in terms of the people in general, the common, the ordinary working families. I've been into Saskatoon and Regina. I've been into many other communities — Yorkton, Moose Jaw — and I've met people on the streets, you know, unemployed, and they, you know, indicated that they need work, certainly.

But, Mr. Minister, as a minister and as a government, you are delegated the responsibility of consulting with the people of this province before going through with a major give-away, a major deal. You're supposed to go back to the people of this province, and that's why you're going to lose the next election, Mr. Minister, because you deliberately, continuously ignore . . . your government is arrogant; it ignores the people of this province; it does not have any compassion or sensitivity when it comes down to the people of this province.

Our people in the North, Mr. Minister, are genuinely . . . and they're interested to know what will happen to our lakes, our streams, our prime forests.

The Progressive Conservative government on one hand advocates a strong policy for tourism. The other day I heard the minister for Tourism and Small Business indicating in this House that tourism would become the major industry, the number one industry in this province.

An Hon. Member: —In the world.

Mr. Yew: —Now he tells me, he repeats, maybe in the world. But, Mr. Minister, when it comes to consulting and meeting the public in a public forum to discuss a major deal like the 11,000 square miles of prime timber that is being given away to the United States of America, to that Washington multinational corporation from Tacoma, Washington, you've failed to consult and to meet with the public of Saskatchewan. And yet on one hand you say one thing and do another.

You state that the tourist industry will be the number one industry, but I said to you, Mr. Minister, when it comes down to natural resources in this province, when it comes down to the natural environment of our province, the only last remaining frontier in Saskatchewan, you've failed to consult the people. That's why, Mr. Minister, you will be ousted out of office. You will be, in the next election, I'm certain of that.

You're having so many internal problems with your own cabinet. You've given away so much of our assets already. You've given away so many incentives and royalty breaks to multinational corporations, banks, and bond dealers.

Today, Mr. Minister, the ordinary working families of this province have nothing but food banks, food kitchens, soup kitchens, high welfare dependency rates, a high

incarceration for sure of native people, and nothing but high unemployment throughout the province and, in particular, in the northern administration district in the top half of this province.

(1545)

You will not consult with the people in the North about the very thing that is going to affect the North, the very thing that will change the face of the North for the next 30 years. That agreement is for 30 years. Perhaps that agreement will change the face of the last frontier for ever, and you will not consult the people on that respect.

What about my question? The minister was so busy trying to get consultation from the member for P.A. that he forgot.

Hon. Mr. McLeod: — Well, Mr. Chairman, the member obviously . . . I didn't detect a question in there. I really didn't. His question in the former long statement that he made was: did I consult with or did the government consult with the two native organizations as to whether or not there should be a paper-mill? The answer to that was no. The other question that he asked was: will they find out what the deal is and so on? The answer to that is yes, when the citizens of Saskatchewan all find out, which is exactly . . . which is much more than was ever related to the citizens of Saskatchewan by the government when your party was in government.

I ask the member from Cumberland, who says consult — and he named the people. I ask the member, when he was an employee, a high-paid employee of the old department of northern Saskatchewan — and I think he was that at the very time when this pulp-mill was bought and when the money was borrowed; the money was borrowed from the Bank of Montreal and the Canadian Imperial Bank of Commerce; I have a couple of documents here — when that money was borrowed on behalf of the people of Saskatchewan to buy the pulp-mill for the citizens of Saskatchewan, did you consult? Were you sent out as the emissary of the New Democratic government to consult with all of the people whom you listed? No, they weren't. You did not. You did not consult. There was never a consultation on that basis. I'm not saying that there should have been; I'm just saying to you that there wasn't, and there isn't now, with the two organizations that you suggest.

The two organizations certainly will have a point of view to express, and I'm sure they will express it; and the citizens of Saskatchewan will have a point of view to express, and they did express it to you in the last weekend when you tried to drum up your opposition to this building of this paper-mill. When you tried to drum up opposition to it among the people of Saskatchewan, you fell flat. That opposition fell flat.

And I submit to you, as I have once before — on this past weekend, when you went out and faced the people of Saskatchewan, and they said, why are you not allowing this deal to go forward? They said, why are you not letting this deal go forward? And quite frankly, as I said before, you folks in the New Democratic Party had your ears pinned back by the people of Saskatchewan.

Mr. Yew: —Wishful thinking, George . . . oh, pardon me, Mr. Minister — wishful thinking on your part. Your answers to our questions, Mr. Minister, are not actually clearly relevant to the major concerns being expressed to us and being expressed here in regards to the estimates before us, or the Bill 56.

I want to ask you, Mr. Minister. The other day I asked the Acting Minister for Parks and Renewable Resources a number of questions which were taken notice of, and I have to this point in time not received any response to. I want to ask you or the Minister for Parks and Renewable Resources. There was a task force report that recommended the creation of a forestry advisory committee. And I want to ask you, Mr. Minister: with regards to that recommendation, how many northern native people, or people from the North, will be on that committee if it is the government's plan to proceed with the establishment of a northern forestry committee?

Hon. Mr. McLeod: — Mr. Chairman, I don't know about the committee you refer to. I'm quite frankly . . . It's not, certainly, part of my responsibilities, and I'm not sure of what the member is referring to.

I know the committee . . . There's one committee that exists as it relates . . . that could be remotely related to this Bill — because I think that's what we should be doing, Mr. Chairman, and get back to the clauses of the Bill — and that is a forestry development committee which has been struck in Prince Albert with various representatives of various groups and labour groups and, I believe, some native representation.

I know that my colleague, the member from Prince Albert, is on that committee as well. And that committee is a very positive one, looking at what benefits will accrue to the community of Prince Albert and the communities surrounding Prince Albert and the rural people around Prince Albert, the people . . . and northern people as well, who can benefit from this extra development in the forest industry.

Mr. Yew: —With regards to the committee I was referring to, Mr. Minister, the member for Turtleford, your colleague, established a task force consisting mainly of political patronage appointees from, you know, friends of your Tory government — did not have one single northern native person on that committee.

However, the committee did recommend the establishment . . . If you want, Mr. Minister, I can read you your own press statement, your government's press statement:

Herbicide task force report released. Parks and Renewable Resources Minister Colin Maxwell today released a report prepared by the Task Force on Use of Herbicides in Forest Management.

Now we're dealing with forest management, Mr. Minister. And in part the report suggested and:

Maxwell stated that after thoroughly reviewing the report he accepts in principle its recommendations, but plans to discuss the report

with his colleagues before deciding on a course of action. However, Maxwell said he will proceed immediately with the report's recommendation on establishing a Forestry Advisory Committee.

That's basically what I'm talking about, Mr. Minister. But now you're referring to another committee, a forestry development committee, one that is composed by members on that side of the House, the member for P.A.

I want to ask you, Mr. Minister: what are the terms of that committee, and do you have any northern native people in that committee? Have you consulted with the small sawmill operators like Benny Campbell of La Ronge? Have you consulted people in Weyakwin, people that have that Chisholm log-mill operation? Have you consulted with the Cumberland House sawmill small operators? Have you consulted with other small-forestry operators?

Hon. Mr. McLeod: — As it relates to the forest advisory committee, my colleague, the Minister of Parks and Renewable Resources, is sitting near me here now, and he tells me that that committee is in the process of being put in place. I don't know anything more than that. It's certainly not in my area of responsibility.

Forestry development committee, I'm informed, there is a representative of the Indian forestry institute, which is, I think, an institute that you are aware of. It's operated by the . . . I think it's the Meadow Lake district chiefs, which has several of their bands in the northern region. Most of them are in the northern region. And that's a positive committee which, as I said, the make-up is as I described a few moments ago.

Mr. Yew: —Mr. Minister, I cannot understand the mentality of your government. You know, when we talk about a major deal . . . you know, giving away provincial assets which total \$248 million, and giving exclusive timber rights for 30 years to Weyerhaeuser of Tacoma, Washington, without going to the people.

I've had discussions with people in my constituency, the people in the North, and they are afraid, Mr. Minister, we are giving away our renewable resource, doing something to the effect that will change this province, particularly the face of northern Saskatchewan, the last remote northern frontier that we have, without consulting the people.

We are going to have a firm brought here which we don't know very much about. We don't know their credentials; we don't know their record; we don't know how sensitive they will be to issues like the high unemployment rates in the North. We don't know how sensitive they will be for issues such as the constitutional discussions under way with the two parent native organizations I mentioned a moment ago. We don't know anything about their record, period.

This is a bad deal. It's a give-away. And before we know it, the people in the North are saying, we're going to be owned by the United States. We're going to be controlled by Ronald Reagan. That's what's going to happen. That is what's going to happen.

For 30 years . . . The people of the North are afraid that they will lose both their non- and their renewable resource areas to a multinational corporation that will not be sensitive to the needs of the people in northern Saskatchewan, Mr. Minister. That is what's going to happen.

He called DNS "run amuck" the other day. Well if this deal ever goes through, then it will be called the Ronald Reagan run amuck over the north top half of this province. That's what's going to . . . (inaudible interjection). . . Well what assurance do we have? You have not met the people of this province; you have not met the people of the North. You're going to strike up a major deal without consulting the people of this province.

Mr. Birkbeck: — Mr. Chairman, I would ask leave of the Assembly to introduce some guests that we have in the legislature.

INTRODUCTION OF GUESTS

Mr. Birkbeck: — Thank you, Mr. Chairman. I have the distinct pleasure of introducing two different groups at the same time, almost. I will first introduce a group of 44 tourists from Minnesota. They are seated in the Speaker's gallery, escorted by Mr. Dave Zimmer. They are of course touring our beautiful legislature here in Saskatchewan. I want to welcome all of you here to our legislature. I trust you will enjoy the discussions and debate that are ensuing here. You'll pardon the legislature from time to time as we get a few shots at the American friends that we have, and you'll stand that, I'm sure.

I also have another group, Mr. Chairman, seated in the west gallery. I'm to understand they are 43 tourists from Mount Forest, Ontario and area, and they're escorted by Christine Russell and Brian Milne, the bus driver. I want to, as well, welcome you people to the legislature and trust that you have a good visit here to our fair province and to our legislature.

And I would ask all members to join with me in welcoming these distinguished guests to our legislature.

Hon. Members: Hear, hear!

COMMITTEE OF THE WHOLE

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

Clause 1 (continued)

Mr. Shillington: — Mr. Minister, you stated that the \$187 million or the purchase price of the shares was borrowed from chartered banks. Do I take it it was CIC (Crown investment corporation) which borrowed the money?

Hon. Mr. McLeod: — Yes, that money was borrowed by the Crown investments corporation, Mr. Chairman.

Mr. Shillington: — From who, Mr. Minister?

Hon. Mr. McLeod: — Well \$162,370,000 was borrowed, which is what was borrowed to purchase. The remaining 70 per cent when your government exercised its right of refusal when Canfor wanted to purchase the pulp-mill assets from Parsons and Whittemore, that money was borrowed by Crown investments corporation; \$80 million from the Bank of Montreal, main branch, Regina, Saskatchewan; \$82,370,000 from Canadian Imperial Bank of Commerce.

(1600)

Mr. Shillington: — Mr. Minister, I have the bank indebtedness, bank loans, from the annual report filed by the then minister, who admittedly was not a member of this government. It shows no such loan, Mr. Minister. You may say that's inaccurate, but I notice in 1982 the same amount of bank indebtedness is shown, and, Mr. Minister, there appears to be no increase in bank indebtedness by CIC during the period in question.

I wonder, Mr. Minister, how they could have borrowed the money from the bank if there is no increase in bank indebtedness shown in the annual report . . . (inaudible interjection). . . Well the then minister may have cooked the books, but so did the former member from Regina South because he provided the same information the next year.

Hon. Mr. McLeod: — I'm not sure which annual report the member from Regina Centre refers to. I can't say why the former government of which he was a part did not report the borrowings which they had undertaken, but I can say to the member that the loans that were taken out for the purchase of the pulp-mill assets are as I have outlined.

Mr. Shillington: — Mr. Minister, I can tell you why the annual report does not contain the information. I want to point out again, the 1980 annual report contains no record of the loans. The 1981 annual report contains no record of the loans. And the 1982 report which was signed by Paul Rousseau, former member of this Assembly, contains no record of that bank loan. I'll tell you why it contains no record of the bank loan. Because that information isn't accurate . . . (inaudible interjection). . . You're darn right. That information is not accurate. This money did not come from a bank loan.

An Hon. Member: — Misleading the House again.

Mr. Shillington: — Yes, he has been misleading the House. It's not intentional, Mr. Chairman; it's abject stupidity. He's leading this House on this issue for the same reason that he has been unable to give us any information with respect to these formulas. Abject stupidity!

Mr. Minister, I'll tell you why the information wasn't disclosed in the annual report. Because you didn't borrow it from the banks, You've been misleading the House on this issue. So I say to you, Mr. Minister, this information is not accurate. The money did not come from the banks. If it had, it would have been in the annual

report.

Hon. Mr. McLeod: — Mr. Chairman, I will stand by the report that I gave to the House a few moments ago about the two bank loans in the amounts which I outlined. The former government, under the leadership of the former premier who is now the Leader of the Opposition, borrowed — I repeat, Mr. Chairman — borrowed \$162,370,000 from two chartered banks in order to buy the assets of Prince Albert Pulp Company. And they borrowed that at an interest rate which was, as I will say, in the high teens, very high interest rates. And we'll remember at the latter stages of 1980, we'll ask all members to hearken back to that time when interest rates were very high.

And so the interest rates were in the high teens. The member may say, and I heard . . . I'm not sure if I heard the member accurately, Mr. Chairman, but did he say that the loans as I have outlined them it's inaccurate? Did he say that the information is inaccurate? I'm not sure if he said that. I'd like him to clarify that, Mr. Chairman.

Mr. Shillington: — Mr. Minister, you are obviously reading from a document. Would you send it over?

Hon. Mr. McLeod: — I'm reading now from a term sheet, Crown investments corporation of Saskatchewan financing offer. Borrower: Crown Investments Corporation of Saskatchewan. Lender: Bank of Montreal, Main Branch, Regina, Saskatchewan. Amount: up to \$165 million Canadian or the equivalent in U.S. dollars. Purpose: to assist with the purchase of Prince Albert Pulp Company shares pending resale to an investor yet to be named — pending resale to an investor yet to be named.

Mr. Shillington: — Is the minister going to give me a copy of that?

Hon. Mr. McLeod: — Mr. Chairman, as I've said to the member from Regina Centre, the information as I have given about the two loans are as I have outlined — one from the Imperial Bank of Commerce; one from the Bank of Montreal.

What is very clear here, Mr. Chairman, very clearly what the member from Regina Centre stated — I want this to be very clear — what the member has said is that they did not borrow money. All members of the committee have heard that. They did not borrow money; they did not borrow to purchase the 70 per cent of the Prince Albert pulp-mill. He said in this House that it was simply not accurate. He said that they did not borrow \$162 million to purchase that. I heard him say it, and I know all members of the committee have heard him say that.

Now either the member did not know — which I don't believe, because he was a member of the treasury benches of the former government; he was a member of the cabinet of the former government. The member who sits there, the former minister of Finance, whose signature appears here, whose signature appears in one of the pages that I have, on either of the loans, will know that that's the case.

But that member very, very clearly said, Mr. Chairman,

that they did not borrow \$162 million, which only once again goes to show, Mr. Chairman, that the position of this New Democratic Party on this deal to build a paper-mill in Saskatchewan is based on misleading information, on the scare tactics which I have outlined prior in the answers to the questions from the member from Cumberland — the scare tactics, the divisive tactics, the scaring the public; the talking of all of these so-called catch words of theirs — give away this, and sweetheart deal this, and so on; the kind of terminology that's used by these guys, the kind of terminology that comes from the mouths of those NDP members.

Mr. Chairman, the proof is in the pudding. The proof is in the pudding and the proof is in these two documents: one a loan of \$80 million from the Bank of Montreal, main branch, Regina, Saskatchewan, interest rate 17 per cent, Mr. Chairman — 17 per cent; one other one a loan of \$82,370,000, interest rate 17 per cent, Mr. Chairman. And yet that member and that New Democratic Party opposition says they did not borrow it. They have said since 1980, Mr. Chairman, that they got all of that money from this phantom Heritage Fund. The Heritage Fund bought that; the Heritage Fund bought it on behalf of the people of Saskatchewan.

What did they do? In fact, what did they do? And by his own admission, it didn't show up anywhere. It didn't show up anywhere, this kind of borrowing, and the purposes of the borrowing did not show up. But they said, oh, we're buying this from the Heritage Fund.

Well I submit to you, Mr. Chairman, I submit to the committee, and I submit to the people of Saskatchewan, that is the kind of misleading tactic that they have been carrying on through this debate and through 11 years in office and through all of these years in opposition, and they will continue to carry it on because it is the nature of the NDP and they will continue to carry it on in opposition, Mr. Chairman.

Some Hon. Members: Hear, hear!

Mr. Shillington: — Is the minister going to give me the document and prove me wrong?

Hon. Mr. McLeod: — Mr. Chairman, in the term sheet which I quoted from earlier — and I'll just quote once again the purpose of the loan which I outlined, this being the one loan from the Bank of Montreal:

Purpose: to assist with the purchase of Prince Albert Pulp Company shares pending resale to an investor yet to be named.

Pending resale to an investor yet to be named. I ask the member from Regina Centre, or any New Democratic member: who was the investor that you resold it to and when did that resale take place? And if that resale actually took place, why is it that the people of Saskatchewan are the sole owners of that pulp-mill asset right now? Who was it resold it, that's the question? Nobody. It was not resold.

(1615)

Mr. Shillington: — I can well understand why the minister wants to get off the subject of that bank loan. I can well understand, because that bank loan was not in existence at the end of the year. That was just bridge financing. The whole business about borrowing money, and \$69,000 a day interest this was costing us . . . Incidentally, has anyone stopped to calculate what \$69,000 a day amounts to? . . . (inaudible interjection). . . Is it 91,000? Well then I've been too kind to the Premier.

This is just a figure concocted by the Premier out of mid-air. It's the same as 40 cents a gallon off the gas, for the reduction of gas tax. The fact that there never was 40 cents a gallon on it didn't bother him. This is the same individual now who says \$91,00 a day — \$91,000 — \$69,000 a day comes to an impossibly large sum of money. It would mean that the province is paying 14 per cent interest. Of course the province these days is not paying 14 per cent interest.

What does it come to? Sixty-nine thousand, which was the figure that I heard him use — the member from Lakeview has no doubt heard him use a larger figure — comes to 14 per cent. And 91,000 would come to 17, 18 per cent interest. This province is not paying 14 per cent or 18 per cent. The province does not pay prime plus one. Now the member from Lakeview has been in the banking business longer than to know that . . . (inaudible interjection). . . Well, he's been out of the banking business for quite a while. I say to the . . . I don't pay prime plus one, much less the government.

I say to the minister that these figures are concocted; the bank loan was interim financing. Mr. Minister, you are calculating interest on an equity investment and you'd get laughed out of any brokerage house or chartered accountant's firm in the province calculating interest on an equity investment. It does not make any sense. Either you make a loan to someone or you make an interest investment, but you can't calculate the two of them.

To take as you do in the sheet which you distributed, the interest costs — which incidentally are not a whole lot easier to figure out; they don't come to any interest rate that I think this province would be paying — and then to deduct from that profits is just ludicrous. This government is playing with figures as you did with the gas tax. Once again, you're playing with figures.

The fact remains that when the pulp-mill was purchased, it made a profit of \$27 million which was a return of about 14, 15 per cent on assets. The next year it made a profit of 24 million, and that's a return of about 12, 13 per cent on assets. That's a good return. That pulp-mill made money when we had it. When you people get a hold of it, it loses money. You've lost money on everything you've done. You people couldn't manage a three-house paper route. You really couldn't. You lose money on anything. You people could buy the Royal Mint and you'd lose money on it. I guarantee you it would happen.

I say to the minister, you are playing with figures here, the same as you've been playing with figures elsewhere. That bank loan, if it exists at all, exists as interim financing, Mr. Minister.

Hon. Mr. McLeod: — Mr. Chairman, the member from Regina Centre says that . . . I heard him say it and all members of the committee will have heard him say, that the \$162 million was paid directly out of the Heritage Fund, this phantom fund that they said was rolling in all of these millions of dollars, and they said it was paid directly from the Heritage Fund; that's what they said. And if I remind all members of the committee what they also said about that Heritage Fund — they said they had so many investments paid for by the Heritage Fund.

I guess the question becomes now: now that it has been shown that they borrowed the money to buy the assets of Prince Albert Pulp, \$162 million, which is not a small amount of money, Mr. Chairman, but that \$162 million is a very small amount of money compared to all of what they said they spent out of the Heritage Fund. And the question becomes: how much really was spent out of the Heritage Fund, and how much of it was, in fact, borrowing that was not reported? That's the question for the member from Regina Centre and for all of his NDP colleagues.

Mr. Shillington: — If I were wrong, you'd give me a copy of that and prove me wrong. I am right, and I know I'm not going to get a copy of it, and I know you're going to continue to insist that I'm wrong, but not give me the evidence. I say, Mr. Minister, that your reticence to give me that document proves I'm right. There was no bank loan, except perhaps interim financing.

Hon. Mr. McLeod: — Mr. Chairman, the member referred to the 1980 annual report of Crown investments corporation. He said that it's not reported; this bank indebtedness is not reported. One can look at page 17 of that annual report, wherein which bank indebtedness went up \$256 million in that year — \$256 million increase in bank indebtedness which one now knowing these facts which I've outlined today, can only assume that that bank indebtedness, that \$256 million increase included the \$162 million which I've been referring to.

As well, Mr. Chairman, from that very same annual report in 1980, on page 12, I draw the members attention to page 12 of the annual report to which he referred earlier, and it's just the report of the purchase. And I quote from that annual report, Mr. Chairman:

In December 1980 Crown investments corporation exercised its option to purchase the remaining 70 per cent of the shares of Prince Albert Pulp Company when they were offered for sale by the owner, Parsons and Whittemore of New York. This purchase will provide an opportunity for the government to revise outdated royalty structures and forest management agreements. CIC intends to sell a major interest in PAPCO to an operating partner on revised commercial terms. The great intentions . . .

And that was in 1980, I remind you, Mr. Chairman, and members of the committee.

So I remind the committee once again, Mr. Chairman, as I did in the earlier portions of this debate, because the one stated reason here, "to revise outdated royalty structures

and forest management," those things which we have done — forest management agreement revisions, outdated royalty structures — those things which have been outlined by my colleague, the Minister of Parks and Renewable Resources, that was your stated reason. The stated reason in this annual report and the stated reason in this House by the former minister in charge of Crown investments corporation, Mr. Cowley, when he said that that was important to do.

And that was the one selling point that you used in trying to convince the people of Saskatchewan that it was a good investment. And you said, we will invest this money from the Heritage Fund at that time; at that time, you said, from the Heritage Fund. You said it's from the Heritage Fund. In fact, Mr. Chairman, it was not from the Heritage Fund; it was from two banks loans which added to a total of 162 million — \$162,370,000.

Mr. Yew: —Thank you very much, Mr. Chairman. I and my colleagues have raised a number of issues, very important, very relevant to the people of this province with regards to the Weyerhaeuser deal.

I'd like to indicate to the chairman and to the minister that I will be introducing an amendment to the Bill before us after I've made a few remarks regarding the Weyerhaeuser deal.

Just for the record again I want to say to the minister and to members of the Assembly and to the people of the province, that this Weyerhaeuser corporation, this document tabled in the legislature, shows that under the terms of the agreements Weyerhaeuser corporation is paying nothing down — not a penny, not a red cent — towards the purchase of Saskatchewan's \$240 million asset referred to as PAPCO, the Prince Albert Pulp Company.

And again, the Weyerhaeuser corporation will be able to deduct any losses it suffers at the Prince Albert pulp-mill in the years prior to the construction of a new paper-mill addition from the final purchase price. As well, Weyerhaeuser corporation has 30 years to pay the \$240 million purchase price but will not have to pay principal or interest during that time unless its return on investment is in the 12 to 13 per cent range.

Mr. Minister, this is a level neither the forest industry nor the Weyerhaeuser corporation has ever achieved in the past 10 years.

Further, Mr. Minister, even at the end of the 30-year repayment period, Weyerhaeuser corporation would be able to avoid paying any of the \$240 million by simply issuing an unique form of shares to Saskatchewan taxpayers which appear to be all but worthless.

Any sale of a public asset like PAPCO — provincial asset — must be on the best possible terms for Saskatchewan taxpayers, Mr. Minister. This deal appears to me, and to us on this side of the House and the people of this province, to be little more than another of the Devine — the PC government's give-away to another multinational corporation.

We have raised issues about jobs, about training. We have raised issues about major environmental impact, that this major give-away may have implications regarding our northern frontier. But, Mr. Minister, we have not received any relevant information. We have not had any major public inquiries. We have not had any major public meetings to discuss the details, the terms of reference, the clause by clause implications of this major give-away introduced and agreed to by the PC government of this province with the multinational corporation from Tacoma, Washington. Therefore, Mr. Acting Chairman, I would like to move an amendment to the motion before us — pardon me, for the Bill 56. I would move that:

Notwithstanding any agreement or arrangement with respect to the sale of assets of Prince Albert Pulp Company Ltd. and Saskatchewan Forest Products Corporation in exchange for a \$248,000,000 debenture from Weyerhaeuser, under no circumstances shall the Province of Saskatchewan assume responsibility for the construction or maintenance of roads in any area covered by a forest management licence granted to Weyerhaeuser.

That is the amendment, Mr. Speaker, Mr. Acting Deputy Chairman. I so move that motion.

(1630)

For the record, I want to say to the people of this province, and particularly to the people of the North, that we have to this point in time received no information — even the media has picked that up. I've got in big bold headlines here in front of me, dated the 26th of June: "Freedom of information unlikely in this session." That's headlines coming from that side of the House because your people, the PC government of the day, of this province, will not provide any detailed information pertaining to any project, any proposal, any policy that you guys have introduced in this House.

Mr. Chairman, I so move the motion that I read a moment ago. Thank you.

Hon. Mr. McLeod: — Mr. Chairman, this is the third instalment in the attempts by the opposition to negotiate this very major deal for Saskatchewan in this forum, the legislature, and as they said in government, and as I say now, a deal like this cannot be negotiated, nor can any of the aspects of the deal be negotiated here in the legislature.

But, Mr. Chairman, once again, I will say that the final agreements, as it relates to road agreement, as it relates to the forest management agreements, as it relates to all aspects which relate to this very good deal for the people of Saskatchewan, will be made public after closing.

It's obviously, Mr. Chairman, another example of the New Democratic Party opposition doing some political posturing and some grandstanding, and all I can say, what I would do, Mr. Chairman, is urge all members of the committee to vote no to this amendment and reject the political posturing of the New Democratic Party.

Mr. Shillington: — If, indeed, as the minister said, this agreement will be nothing but sweetness and light, I do not understand why you wouldn't accept this amendment. This amendment states in the clearest possible terms:

... under no circumstances shall the Province of Saskatchewan assume responsibility for the construction or maintenance of roads in any area covered by a forest management licence granted to Weyerhaeuser.

What is wrong with that, if that in fact is going to be the deal?

What you want, Mr. Minister, is a carte blanche, and you say trust us. All I can say is that the government which has saddled this province with a \$2 billion deficit, a government which has saddled this province with massive give-aways to the oil industry, he's hardly in a position to say trust me. That was a mistake the public made in 1982 — they trusted you. As the polls show, they're in no mood to do it again, Mr. Minister. And as your vacillation with an election shows, you know that the public don't trust you again. So for you to say, trust me, is a variance with public sentiment.

If, Mr. Minister, you are going to . . . If, Mr. Minister, there isn't going to be any cost to the province for these roads, then accept this. If not, Mr. Minister . . . (inaudible interjection). . . Well the minister may be too dumb to realize what's going on out there. I say, Mr. Minister, that there's a good deal of public concern out there, and if you're so insensitive you don't know that, then you're going to find out when you call an election.

If, Mr. Minister . . . (inaudible interjection). . . Well I don't know how the member from Esterhazy would know. He's been on his feet so much and made such a contribution to this session — just a tower of strength to the government.

I say, Mr. Minister, if indeed it isn't going to cost the province anything, then accept this amendment. If not, we'll take it that this, as well as everything else, is up for sale when you sign that final agreement.

Amendment negated on the following recorded division.

Yeas — 7

Tchorzewski	Lusney
Engel	Shillington
Lingenfelter	Yew
Koskie	

Nays — 27

Birkbeck	Duncan
McLeod	Pickering
Berntson	Hardy
Lane	Hepworth

Mr. Chairman: Order, please. Order, please. The

member from Regina Centre has not stopped talking while this vote is being taken. I would ask him to please be quiet.

Embury	Johnson
Klein	Young
Currie	Hopfner
Martens	Rybchuk
Maxwell	Meagher
Smith (Moose Jaw South)	Muller
Morin	Baker
Muirhead	Petersen
McLaren	Swenson
Parker	

Clause 1 (continued)

Mr. Lusney: — Thank you, Mr. Chairman. Mr. Minister, you just voted down a perfect amendment that would have been very reasonable. I think, in this case — one that would be at least providing to the people of Saskatchewan some assurance that you wouldn't be spending their money in the forest area, in the area which you are giving to Weyerhaeuser, rather than putting it into highways where it belongs.

Mr. Minister, the Minister of Highways wouldn't answer the question; you didn't in the past. Would you answer now: if you have such a good deal with Weyerhaeuser and a good deal for the people of Saskatchewan, whether you are going to be covering the costs of the maintenance and construction of the roads in the forests, or if Weyerhaeuser is going to be responsible for the maintenance and construction of the roads in that forest?

Hon. Mr. McLeod: — Mr. Chairman, as I have said before, I believe, to that member but maybe to one of his colleagues, there will be a roads agreement with Weyerhaeuser. There is at present a roads agreement with Weyerhaeuser. There is at present a roads agreement with Prince Albert Pulp Company. There is at present a roads agreement. Roads agreements are a normal process which must be entered into between the Crown who owns the forested land and the company which receives a licence to harvest in a certain area. That is a normal process and will take place in this case. The roads agreement, as is the case with quite a number of the other clauses, continues to be under negotiation.

Mr. Lusney: — Well, Mr. Minister, at present PAPCO looks after the maintenance of those roads. Why would you be considering any other type of agreement? Why not, if you're going to give all of that forest to Weyerhaeuser, why wouldn't you say that they would also have to be responsible for the maintenance of those roads?

Hon. Mr. McLeod: — I have not said that it was other than that. I have not said one way or the other what the roads agreement will contain. What I have said is that there is a roads agreement presently with PAPCO.

In my own . . . Near my own community of Meadow Lake, in fact, there's a major road which is known in that area as the mill road, which was built by Prince Albert Pulp Company. That road was built by the Prince Albert Pulp

Company originally, and it is now in the provincial highway system. That was a part of an agreement, a long-standing agreement, and that's the way it's done.

And, quite frankly, that road is very well received by the people of the area. Many people use it. People from the home area of the member from Cumberland use that road on a daily basis, because it's much straighter, cuts off a good number of miles from Canoe Lake area into Meadow Lake, much under what was once the case when they carried on the old road on No. 4 Highway.

So those roads . . . And there is a road agreement presently with PAPCO; there will be a roads agreement with Weyerhaeuser, and . . . (inaudible interjection). . . No. The member from Shaunavon wants to interject and say, we agreed there will be. He doesn't agree at all. He's one of the members of the House who was suggesting in the House that there will be tolls on the roads, and there will be toll bridges, and all of these incredible statements — incredible statements coming from these masters of the scare tactic.

I can assure the House, as the Minister of Highways did previously, there'll be no tolls on the bridges, there'll be no tolls on the roads, and there will be access for the normal pursuits of the people in the traditional pursuits across northern Saskatchewan.

Mr. Lusney: — Well, Mr. Minister, you keep talking about the agreement that PAPCO had previously, and we're well aware of the agreement PAPCO had and what they did with some of the roads and who looked after them.

What I was asking you, Mr. Minister, was a very simple question. You keep talking about freedom of information in this House, and you keep trying to tell the people, as you did in '82, that this government, when you got elected, that you were going to provide all the information the public wanted. Your books were going to be open to the people of Saskatchewan.

Well, Mr. Minister, where are those open books today? Why don't you tell the people of Saskatchewan, the taxpayers, whose money you are giving away and going to be spending in that forest area, whether they are going to be responsible for the maintenance of those roads or whether in your agreement you are going to be saying to Weyerhaeuser that they will be responsible for those roads — pure and simple. It's a yes or a no. Who's going to be responsible for them, Weyerhaeuser or the government? Just tell the people of Saskatchewan.

Hon. Mr. McLeod: — I have told the member that that is a portion that's still under negotiation, will continue to be under negotiation for several weeks, and the agreement will be made available — the total agreement including the roads agreement will be made available to the public of Saskatchewan.

The member would even have the gall, the unmitigated gall, to talk about freedom of information, information going to the public — a member of the New Democratic Party who, when in government, gave no information to the public, none; and the information that they did give was misleading information.

We've seen that this afternoon, when they suggest that . . . they said that there was \$162 million spent in late 1980 to purchase the assets, the 70 per cent of the assets of the Prince Albert Pulp Company. They said it came from the Heritage Fund. They said it was not borrowed; that member from Regina Centre clearly stated that — clearly stated that. And the fact is, they borrowed the money, Mr. Chairman. And the member, his seat-mate there, will say, he'll talk about freedom of information.

Well, Mr. Chairman, as you know and as all members of this committee know, this government stands head and shoulders above that group over there when it comes to releasing information to the public of Saskatchewan.

Mr. Lusney: — Well, Mr. Minister, talk about misleading the House — you are really one to talk about some of the information that we've been receiving from that end, or from that side of the House, Mr. Minister.

Mr. Minister, you continually avoid the question. You just say that the people are going to get a good deal; you go off on another tangent altogether; you won't give any information to the people of Saskatchewan. And all I asked you was, who is going to be responsible for those roads? And you say that you are going to negotiate some type of agreement.

Well, Mr. Minister, if you are still negotiating some type of agreement, why are you asking the people of Saskatchewan to approve that agreement before you even negotiate it? Why don't you negotiate it, come back to this House, tell the people of Saskatchewan just what it is you're going to be doing, and then ask them to make a decision?

That's what you should doing, Mr. Minister, if you want to be fair and open with the people of Saskatchewan, but you're not. Mr. Minister, you certainly are not being open with the people of Saskatchewan and you are not being honest with the people of Saskatchewan, Mr. Minister. That's what you are not being.

Mr. Minister, you have been always telling the people that you are going to be giving them all this information and that you are going to be providing in this agreement the best deal for the taxpayers. Well, Mr. Minister, we have seen part of the documents; we have seen the principle of the documents, and they certainly don't indicate that you are somehow going to be giving the people of Saskatchewan the best deal. You are going to be giving a good deal all right, but it isn't for the taxpayers; it's a good deal for Weyerhaeuser of the United States. That's who the good deal is for.

I think it's about time that you became honest with the people . . .

Mr. Chairman: — It being 5 o'clock the House is now recessed until 7 p.m.

The Assembly recessed until 7 p.m.