

The Assembly met at 10 a.m.

Prayers

## ROUTINE PROCEEDINGS

### INTRODUCTION OF GUESTS

**Mr. Lyons:** — Mr. Speaker, I'd like to introduce to you, and through you to the other members of the Assembly, a large group of students involved in the Wicca bridging program, which is jointly funded, I believe, by the federal job strategy, and involves putting women who have not been accustomed to working in the work place, putting them into the work place or into educational institutions.

And I've noticed that today they are here with Arlene Franko, who is one of the leaders of the Wicca program in the province. I'd like all members of the Assembly to give them a warm welcome here today.

**Hon. Members:** — Hear, hear!

### ORAL QUESTIONS

#### Call for Investigation into Collapse of Investment Companies

**Ms. Smart:** — Thank you, Mr. Speaker. My question is to the Minister for Consumer and Commercial Affairs, and it has to do, of course, with the collapse of First Investors Corporation and Associated Investors of Canada, and your government and your department's negligence in regulating these companies. It's obvious that your government's "open for business" philosophy has downgraded the Department of Consumer Affairs and your ability to regulate corporations for the protection of consumers.

We've had the collapse of Pioneer Trust, we've had the collapse of Supercart International, and now we have the collapse of First Investors Corporation and Associated Investors. The collapse of these two companies, First Investors and Associated Investors, is your responsibility under The Investment Contracts Act, an Act which does not distinguish between provincial and extra-provincial companies.

The people of Saskatchewan have a right to a full, independent inquiry into all the circumstances, including the actions of you and your department. You are responsible, and my . . .

**Mr. Speaker:** — Order. Order, please. Order, order, please. Order, order, please. Order on both sides of the House. I think you've had quite an adequate preamble. Please get to your question.

Order, please. Order, please. I would like to ask members not to question the Speaker's rulings. I have listened to the preamble carefully. I have determined that the preamble has had sufficient length. I now ask the member to put her question.

**Ms. Smart:** — My question is: will you now call that full public inquiry which would get to the responsibility of you and your department?

**Some Hon. Members:** — Hear, hear!

**Hon. Mrs. Duncan:** — Mr. Speaker, as I have stated before, the supervision of financial institutions across Canada is the responsibility of the incorporating jurisdiction and, as such, my department relied on Alberta's responsibility to enforce regulations of the two firms in question. And my department received no notice of pending problems and therefore continued to license the two firms to do business in the province.

This spring, Mr. Speaker, Alberta's . . . the Alberta firms' external auditors notified the Alberta provincial regulators that the firms' reserve requirements were substantially less than needed, and at that time the regulators checked, agreed, and suspended both of the firms' licences after giving these firms an opportunity to rectify the problem. At that time the firms applied to the courts for . . .

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

**Hon. Mrs. Duncan:** — Thank you, Mr. Speaker. At that time the firms applied to the courts for a manager, and Coopers & Lybrand was appointed as manager and was asked to report on the condition of the companies by August of this year. Since then, **Mr. Speaker**, two of the investors sought and got approval from the court to have the management committee extend its scope of . . .

**Mr. Speaker:** — Order, please. Order, please. Order. Order. I would like the minister to try to shorten her answer. It looks like she has several pages more, so if she could shorten her answer.

**Hon. Mrs. Duncan:** — Yes, Mr. Speaker. Thank you.

**Mr. Speaker:** — The member from Regina Centre has been carrying on a running commentary since question period started. And I would just ask him now to be quiet.

**Hon. Mrs. Duncan:** — Mr. Speaker, I'd like to comment specifically on the inquiry. The process includes a review of the practices in all provinces and with all investors. In other words, it includes the Saskatchewan investors whose moneys seem to be at risk at this point. Any criminal investigations being done is being done by our Department of Justice, and . . .

**Mr. Speaker:** — Order. Order. Order, please. I don't think there's any doubt that the answer's getting quite long. Could you wrap up your answer in a few seconds? Could you just wrap it up in a few seconds.

**Hon. Mrs. Duncan:** — Thank you. The member asked a very, very important question as to why we would not, in this province, hold our own inquiry. I would say to the member that the allegations of impropriety and misleading of investors seems to encompass the whole Principal Group. The Principal Group is not licensed to

do business in this province. The Alberta court has expanded the inquiry to delve into the practices and the inner workings of all the Principal Group's companies. And as that, we will be providing Alberta with information from here. Investors from Saskatchewan can report to the . . .

**Mr. Speaker:** — Order. Order, please, order. Next question.

**Ms. Smart:** — My question is a supplementary. I did not ask for a public inquiry into the companies. I'm asking for that as well, but I'm asking for a full public inquiry into the workings of your department. It is your responsibility, in terms of licensing these companies in Saskatchewan.

We want to know what's happening in Saskatchewan, and I would like you to give me the opportunity to give you one example of why we question your government's competence and responsibility when it comes to the regulation of companies like these.

Alberta's former Superintendent of Insurance has told reporters that he knew in early 1986 that First Investors Corporation and Associated Investors of Canada were not keeping enough cash on hand to cover investments. In fact, in early 1986, the Alberta Superintendent of Insurance instructed . . .

**Mr. Speaker:** — Order. Order. Now we're starting off this question period with a . . . certainly going in the wrong trend. We're getting too long preambles to question. We have a very long answer by the minister. So let's get back on track. Let's put the question, put your supplementary question, and I would ask the minister to keep her answer brief.

**Ms. Smart:** — Mr. Speaker, I would love to get on track with the Department of Consumer . . .

**Some Hon. Members:** — Hear, hear!

**Ms. Smart:** — I would love to get the Department of Consumer and Commercial Affairs on track. And obviously, because I'm not getting my questions answered, I have to put this information forward. The Alberta Superintendent of Insurance . . .

**Mr. Speaker:** — Order. Order. Order, please. Order, please. Order, please. Now I will ask the member to put her question directly without any further preamble.

**Ms. Smart:** — Was that fact not reported to the Saskatchewan Superintendent of Insurance? and if so, why didn't he act on that information before renewing the licence of these two companies in January of 1987 under The Investment Contracts Act of Saskatchewan, which is your department's responsibility?

**Hon. Mrs. Duncan:** — Mr. Speaker, we had no information prior to the end of June to indicate that these two firms were in financial difficulty. We were given two days' notification by the Alberta government that the licence were being cancelled.

#### Licensing of Investment Dealers

**Ms. Smart:** — I've a new question to the Minister for Consumer and Commercial Affairs. The minister has continued to try to get herself and the government of the hook for this sorry mess by claiming that First Investors Corporation and Associated Investors of Canada were registered to do business in Alberta, and therefore Saskatchewan didn't need to investigate them before renewing their licence in January.

You are referring to the Business Corporations Act, and this law has nothing to do with the Investment Contracts Act, Section 7 of the Investment Contracts Act requires Saskatchewan's Superintendent of Insurance to see to it that any application meets a number of conditions before getting a licence to sell investment contracts in Saskatchewan. Can you tell us what information Saskatchewan's Superintendent of Insurance had when he recommended the renewal of these companies' licences under the Investment Contracts Act just seven months ago?

**Some Hon. Members:** — Hear, hear!

**Hon. Mrs. Duncan:** — Certainly I can. As an extra-provincial institution working in Saskatchewan they are required to submit an annual audited report to the Superintendent of Insurance for review prior to a licence being issued. The Superintendent of Insurance received an audited, signed annual report, I believe in December, and issued the licence.

The member does not understand how financial institutions are regulated across the country. I will state again, as an extra-provincial institution operating in Saskatchewan it is the primary responsibility of the incorporating jurisdiction to see that all regulations are abided to and are enforced. This practice has gone on in Canada for years and years and years. It was done under your administration, it has been done under our administration, and to suggest that the people in the department are not living up to their responsibility is just not true. The people, senior people in the department are the same people that worked under your administration and, surely to goodness, if they were competent enough to work for you, they are competent enough to work for us.

#### Protection of Investors

**Hon. Mr. Blakeney:** — Mr. Speaker, a question to the Minister of Consumer and Corporate Affairs. Madam Minister, you have suggested that the primary responsibility for regulating these companies rests with the government of Alberta. No one quarrels with that. I ask you, Mr. Minister, can you show, Madam Minister, can you show one shred — one shred of legislative jurisdiction for your proposition that let's you off the hook?

Do you not agree that regardless of the obligations of the Government of Alberta, your obligation under The Investment contracts Act is to see that Saskatchewan Investors are protected and there's nothing in this Act which permits you to rely upon the Alberta assessment?

**Some Hon. Members:** — Hear, hear!

**Hon. Mrs. Duncan:** — Mr. Speaker, the hon. member, the former premier of this province, knew exactly how financial institutions are regulated across the country. And what we are doing today is no different than what is accepted as normal practice and will be accepted as normal practice in years to come.

**Hon. Mr. Blakeney:** — Supplementary, Mr. Speaker, Madam Minister, you know that the implications of your answer is wrong. You know that the Government of Saskatchewan has rejected, under The Securities Act, dozens of financial companies which were incorporated in other provinces, because the Act requires that. You know that the Government of Ontario rejected these companies.

Why can you say that it is not your personal and your departmental responsibility to see that these companies are safe for Saskatchewan investors? Do you not agree that that's what the legislature said, and you have no legislative authority to rely upon the Alberta assessment?

**Some Hon. Members:** — Hear, hear!

**Hon. Mrs. Duncan:** — Mr. Speaker, I will repeat one more time. The Principal Group incorporated which, at this point in time, seems to be at the centre of this controversy, is not licensed to do business in the province. Two of their subsidiaries were.

However, the member full well knows that the practice, the accepted practice across the country, is that the primary responsibility for regulatory enforcement lies with the incorporating jurisdictions. We do not go out and audit banks. They are federally incorporated, therefore it is the responsibility of the Government of Canada to see that regulations are enforced and are in place. He knows full well.

Now you want us to have a hearing in this province, a hearing that will not get down to the questions that the investors are asking because we have no jurisdiction to go and see what Principal trust did at Alberta if there was finagling between the subsidiaries, etc. You know full well.

The management committee that is being appointed by the courts in Alberta will be looking into all improprieties, all transactions on behalf of all investors, including Saskatchewan investors. And I want . . .

**Mr. Speaker:** — Order, order. I think the minister has adequately answered the question.

#### Meeting of Saskatchewan Investors

**Hon. Mr. Blakeney:** — Mr. Speaker, I direct a question to the Minister of Consumer and Corporate Affairs. Mr. Speaker, the member for Souris-Cannington has undertaken your obligation. But I'll readdress you and say, Mr. Speaker, new question.

I direct this question to you, Madam Minister. Earlier this week you decided not to attend — you declined to attend

a meeting of Saskatchewan investors, some hundreds of Saskatchewan investors to discuss the collapse of these companies. And you sent an official who, I may say, sat in the crowd when the official of the federal Department of Consumer Affairs was up at the table.

Now there's a second meeting of investors next Monday evening in Saskatoon. My question to you, Madam Minister, is this: will you agree to attend; will you take your senior officials with you so that you can answer the questions of Saskatchewan investors about your obligation to protect them under Saskatchewan legislation, The Investment Contracts Act?

**Some Hon. Members:** — Hear, hear!

**Hon. Mrs. Duncan:** — Mr. Speaker, the Leader of the Opposition alleges that I declined to attend a meeting of investors in Regina on Tuesday night. For your information, I was not invited to . . .

**Mr. Speaker:** — Order, Order, please. I would ask members not to constantly interrupt the minister. Will you allow her to answer the question, please.

**Hon. Mrs. Duncan:** — What my department was requested was to send a representative from the department. A representative was there, and a representative will be in Saskatoon on Monday night.

But I might say, Mr. Speaker, I find it rather funny. I mean, they profess to be concerned about the investors. They are not concerned about the investors, Mr. Speaker. And that was evident by the member from Saskatoon. They love to see businesses fail in this province. They are against business.

**Hon. Mr. Blakeney:** — Supplementary, Mr. Speaker. Mr. Speaker, the member for Maple Creek, the minister, may feel that it's humorous to talk about business failures, but what I want to ask her is this: why should individual investors have to pursue legal action to get recovery when it is becoming increasingly obvious that their loss stems from the negligence of your department in failing to discharge its statutory responsibilities, you have some obligation to assist these people to get their money back and do something more than tell them to go see a lawyer?

**Some Hon. Members:** — Hear, hear!

**Hon. Mrs. Duncan:** — Mr. Speaker, I will once again tell the Leader of the Opposition, my department fulfilled their responsibilities. We are concerned, Mr. Speaker, about the allegations of improprieties, but those allegations will clearly be dealt with by the management committee which, I might add, has been expanded to include two of the investors on that panel. Those allegations and those improprieties and redress will be ordered and upheld by the court, once the hearings are completed.

**Hon. Mr. Blakeney:** — Madam Minister, you have referred to other companies in the Principal Group, three

of which are operating in Saskatchewan — at least Principal Trust and Associated and First. Will you use your authority under legislation to see that none of those subsidiaries operate, none of the Principal Group operate in Saskatchewan until all of them take responsibility for the losses sustained by Saskatchewan people in dealing with First and Associated.

**Some Hon. Members:** — Hear, hear!

**Hon. Mrs. Duncan:** — Mr. Speaker, upon notification from the Government of Alberta that there were problems and the licences were being suspended in Alberta, the two firm's licences here were suspended, as were the licences of some 70-odd salesmen throughout the province. At this time my department is also reviewing the status of Principal Trust.

### Saskatchewan Input into Inquiry

**Mr. Goodale:** — Thank you, Mr. Speaker. On the same matter to the same minister: is the minister telling us in her answers, that if events as they have unfolded in this case had, in fact, unfolded in a slightly different manner so that there had not been difficulty in Alberta but difficulty only in Saskatchewan, that this matter would not be investigated in Saskatchewan because the incorporating jurisdiction was in the province of Alberta?

Are you telling us, Madam Minister, that if Alberta had not had grounds to investigate this matter, but those grounds existed only in the province of Saskatchewan, that Saskatchewan could not have investigated because the incorporating jurisdiction was the province of Alberta? Is that the proposition you're advancing to us?

**Hon. Mrs. Duncan:** — That's a hypothetical question, Mr. Speaker.

**Mr. Goodale:** — Madam Minister, it is not a hypothetical . . .

**Mr. Speaker:** — Please indicate if it's a . . . Order, please. Order, please. Order, please. Would the member please indicate if he's asking a new question or a supplementary.

**Mr. Goodale:** — This will be a new question, Mr. Speaker, to the same minister, Mr. Speaker, Madam Minister, if you're going to rely upon an inquiry procedure in Alberta, if that is going to be good enough for you and good enough for the Government of Saskatchewan, could I ask you specifically what input you have had into that inquiry procedure? What input did you have into the definition of the mandate of that inquiry, and into the personnel doing that inquiry? And what will be the specific jurisdiction of any court-appointed procedure of the Court of Queen's Bench in the province of Alberta? What will be the jurisdiction of that court-appointed procedure in the province of Saskatchewan? I presume you would know the answers to those questions.

**Hon. Mrs. Duncan:** — Mr. Speaker, the process of structuring the management group, as ordered by the court to look into a broad area, they indicate that the review of practices in all provinces off Principal Group

incorporated, including their subsidiaries, will unfold and will include all investors — including the investors here in the province. I believe that the court has also ordered, upon completion of their review of the practices, that the management committee may recommend redress to the investors who are at risk.

**Mr. Goodale:** — Mr. Speaker, I take it the minister is saying that she had no input into the establishment of the procedure. My final supplementary would be this: will the minister and her appropriate officials volunteer, Mr. Speaker, to appear before that Alberta inquiry and to give testimony under oath before that Alberta inquiry about their conduct — that is, the conduct of the minister and her officials in the province of Saskatchewan?

**Hon. Mrs. Duncan:** — Mr. Speaker, part of the mandate of the management committee includes a review of the regulatory process, and they have also been charged that, if necessary, changes or recommendations for improvements in the regulatory process be recommended. And we would definitely have a look at those.

### Royalty Tax Rebates to Farmers

**Hon. Mr. Lane:** — I took notice, Mr. Speaker, of a question on July 6, *Hansard*, from the member from Assiniboia-Gravelbourg . . .

**Mr. Speaker:** — Order, please. Order, please. I have recognized the Minister of finance. He is going to give the reply to a question he took notice of. He has the floor.

**Hon. Mr. Lane:** — As I indicated, Mr. Speaker, I took notice of a question on July 6, *Hansard*, page 950, from the member from Assiniboia-Gravelbourg. The question was with regard to the deadline for receipts for . . . or applications for the farmers' oil royalty rebate program. As I indicated . . .

**Mr. Speaker:** — Order, please. Order, please. If we're going to have constant interruptions, we can't hear the minister's reply. I'd ask your co-operation in allowing the minister to reply.

**Hon. Mr. Lane:** — Mr. Speaker, I know the members opposite don't care about farmers, but I would like to answer the question, notwithstanding the interruptions from the members opposite.

The April 30, 1988 deadline for 1987 fuel purchases was established, as I indicated, because most of the refund applications for 1986 fuel purchases were submitted during the first four months of 1987. I am prepared, however, to extend the annual deadline to May 31 to accommodate those farmers who may require additional time to apply for the refund, in response to the hon. member's question and suggestion.

### Pharmacy Closure at Ile-a-la-Crosse

**Mr. Thompson:** — Thank you, Mr. Speaker, and I direct my question to the Minister of Health. On July 2 in this Assembly the acting minister of Health took notice of a question concerning the closure of the only pharmacy in

the northern community of Ile-a-la-Crosse. The closure of this pharmacy makes Buffalo Narrows, a return trip of approximately 100 miles, the nearest location where the people of Ile-a-la-Crosse can get medication, and it leaves the regional hospital in Ile-a-la-Crosse without night stocks for emergency medication.

Have you looked into the planned closure, and what arrangements have you made to guarantee that the residents of Ile-a-la-Crosse and the surrounding area will continue to have access to needed medication?

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. McLeod:** — Mr. Speaker, yes, we're aware of the circumstance that the member raises. We are working to be sure that there is a pharmacist service in Ile-a-la-Crosse. As the member has stated, Ile-a-la-Crosse has the hospital, and the only one in for quite a wide region around there. The pharmacist who is in operation there is in Buffalo Narrows and had a branch office in Ile-a-la-Crosse, and has stated that he has no longer an intention to remain in the Ile-a-la-Crosse area.

It is of some significant concern to us, as it relates to having a pharmacy service in proximity to the hospital. We're working on it through our northern health branch, and as the member has also indicated, it has not . . . this service has not closed as yet, and we're trying to get a contingency plan in place so that there will be pharmacy service in that area.

## INTRODUCTION OF BILLS

### **Bill No. 21 — An Act to amend The Mineral Taxation Act, 1983**

**Hon. Mrs. Smith:** — Mr. Speaker, I move first reading of a Bill, An Act to amend The Mineral Taxation Act, 1983, be now introduced and read for the first time.

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

### **Bill No. 22 — An Act to amend The Municipal Revenue Sharing Act**

**Hon. Mr. Klein:** — Mr. Speaker, I move first reading of a Bill to amend The Municipal Revenue Sharing Act.

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

## ORDERS OF THE DAY

### GOVERNMENT ORDERS

### COMMITTEE OF FINANCE

#### **Consolidated Fund Budgetary Expenditure Energy and Mines Ordinary Expenditure — Vote 23**

#### **Item 1 (continued)**

**Mr. Rolfes:** — Mr. Chairman, and Madam Minister, last

night we covered a number of topics, and a number of questions were asked and requests were made. I must admit, Madam Minister, I was somewhat disappointed in not getting the answers that we, as an opposition, not only required, but have an obligation to ask and should receive.

Madam Minister, it may not be impressed upon you, or you may not be aware that 45 per cent of the people in the last election voted for the members on this side of the House, and only 44-point-some per cent voted on your side. So I think we're about equal in representation on both sides of the House and we have an obligation, I think, to perform our duty. And it can't be done, Madam Minister, unless you are willing to carry out your responsibility in answering some questions.

This morning, Madam Minister, I want to pursue a line of questioning on the NewGrade upgrader in Regina. Last night the Leader of the Opposition asked you a number of questions on the NewGrade, and you conveniently, Madam Minister, opted out by saying, confidentiality.

I want to say to you, Madam Minister, that that cop-out is simply not acceptable. And it can't be acceptable, Madam Minister, for the simple reason that, as I indicated, 45 per cent of the people supported people on this side of the House. And the people out there are asking questions. They asked questions, as you well remember, on the Weyerhaeuser deal when your colleague also refused to answer any questions or table any documents.

But finally when the heat got to him because of the insistent pursuant of the members on this side of the House, and because pressure got to you from people on the outside, your government finally caved in and made documents available.

Madam Minister, we're still waiting for documents on the Pocklington deal. We're still awaiting documents on many other deals that you people have made.

But, Madam Minister, this particular agreement that you have with the federal government and Federated Co-operatives is the biggest agreement, guaranteed agreement, that has been made in the history of this province. It cannot be done in secret. It must be done in the open. That agreement must be scrutinized by the opposition and by the people of this province. And if you have nothing to hide, then you should be willing to table those documents, let us have a look at them in the estimates, so that we then can question you on the legitimacy of that agreement, on the viability of that agreement.

I think, Madam Minister, the reason that you don't want to table this document is the following.

Let me start back a little bit. There is no one in this province that doesn't welcome the agreement and the project if it is viable. But I think you're a little bit afraid about the agreement and the facts that are contained in that agreement because you may be afraid that the project may not be viable. And since you have taken 99 and nine-tenths responsibility — you and the federal government — on the financial aspects of that agreement, you may be afraid to let us have a look at it, and let the

people have a look at that agreement.

I say to you, Madam Minister, that that is not acceptable here. And I think we have a right to those answers. We have a right to see those agreements. And I want to ask you again, now, will you make those agreements available? Not only those agreements you have signed between the Saskatchewan government and the federal government, but also those agreements that have been signed between CCRL, the Consumer Co-operative Refinery Ltd., and the provincial government.

Have you changed your mind overnight, and are you now willing to be open with the people of this province, and make those agreements available to us today so that we can scrutinize them over the weekend and discuss them in estimates next week?

**Hon. Mrs. Smith:** — Mr. Chairman, I would certainly agree with the member's first statement that we have an obligation to perform as designated in this House. And that includes more than simply myself and the department, but it also includes some responsibilities that rest with the critic.

We will do our best to answer questions as quickly and as correctly as we are able to. On the other hand, I believe that he has an obligation to act responsible with the information and, in fact, with the question that he's seeking.

I think that, for example, it was responsible on our part to send him information with some figures because of the technicalities of the areas that we are dealing with before we even get into estimates. So from that point, Mr. Chairman, we're going to start the morning off fairly well in agreeing that we both have some obligations to this House.

As it relates to NewGrade, Mr. Chairman, I think back to the member from Saskatoon South's opening statements last night. And I believe it went something like the private sector cannot do it all by itself; that, in fact, there should be joint ventures or a mixed economy. I recall you using those words. You may correct me if I'm wrong.

**An Hon. Member:** — We're off to a good start.

**Hon. Mrs. Smith:** — Okay, we're off to a good start.

If I think back to some of the joint ventures that have taken place between government and the private sector in this province of Saskatchewan, I would remind the member that it has cut across all political lines in governments; that, in fact, governments of any particular day, regardless of the political stripe, did, in fact, take part in joint ventures, joint commercial ventures. It is not unusual, Mr. Chairman, that in such joint ventures where there is a commercial entity form the private sector that, in fact, the agreements are not disclosed.

**An Hon. Member:** — Nonsense.

**Hon. Mrs. Smith:** — Well, the member from Regina Centre says, nonsense. I'm going to remind him, PAPCO (Prince Albert Pulp Company) in the NDP . . .

**Mr. Chairman:** — Order, please. Order. Would you let the member answer, or the minister please answer the question.

**Hon. Mrs. Smith:** — There's another example, Mr. Chairman, Prairie Malt — Prairie Malt was another one where, because of commercial reasons, the competitors, the information was not laid out to the public. I didn't have any difficulty with it back when these people were in government and I was a taxpayer, because I understood some of the reasons that you would not, in fact, disclose for the protection of the commercial entry.

I believe the potash corporation is perhaps another good one, but somewhat different. But somewhat different, Mr. Chairman. But, Mr. Chairman, there is a definite precedents laid out by the NDP in their day, and there's a reason for some of the ventures not, in fact, being disclosed. It has nothing to do with secrecy or with what somebody may be afraid of, as it relates to the project.

Well, Mr. Chairman, NewGrade is one of those joint ventures that entails three organizations — the federal government, the provincial government, and the Consumers' Co-operative Refinery. We signed an agreement that parts would not be disclosed to the public, and it was basically for commercial reasons. I would remind these members that there is probably information in there that would put the Co-op — and I'm not sure that you would do that to the Co-op. I don't believe you would, but that's what you're asking for. You are asking for pertinent information, as it relates to the Co-op's competitive position, to be laid out to the public where they, in fact, would lose.

Now I also want to remind you that is the only, Mr. Chairman, the only refinery that is left in Saskatchewan, is the Co-op Refinery. Why would we put them in a position where that may be lost, in order to be competitive with the Esso refineries in Edmonton and other factors. I don't believe that the members want that done. I also don't think they understand that is, in fact, they are asking that to be done.

Mr. Chairman, we signed a confidentiality clause within the agreement, the three. I cannot lay out this agreement because of that being signed, but I would say to the member from Saskatoon South, if he has some specific questions, we will do our best to respond to the questions that he may have as it relates to the investment in NewGrade. But, Mr. Chairman, at this time that will not be disclosed.

**Mr. Rolfes:** — Madam Minister, I cannot accept what you have just related to us. First of all, Madam Minister, just to deviate a little bit from the NewGrade, you indicated to me that you would give me the answers, you know, that you have to research. Let me remind the minister, it was not us that delayed the calling of the legislature for four or five months. It was you people that delayed it.

And the answer that was constantly given by the members of the Executive Council was that they had to get things in order; we have to get ready for it; we are reorganizing and we need to get all our information ready so that we can

give the answers to the opposition. I'll tell you, Madam Minister, that those four months, obviously you didn't make good use of them because I still have not got the answers that we need.

Madam Minister, you say that there were joint ventures. I agree with you that there were joint ventures, and that's the history of this province are joint ventures. But I can't recall, Madam Minister, a joint venture where you have three partners, and two partners are 100 per cent responsible for the financial risk of that, and then the minister coming before the House and saying that I can't make this public because it may do damage to the third party that has no financial risk involved.

Madam Minister, you told us last night that the total risk, financial risk, of the NewGrade was between the federal government and the provincial government, either in equity capital or in loans guaranteed. And therefore I'm asking you, since the federal government and the provincial government represent the people of this province, you have an obligation to tell us what those agreements were so that they can come under public scrutiny, and then the public can judge whether or not this is a good deal or a viable deal for the people of the province.

No one is saying that we want to do damage to the co-ops. And I'm not prepared to take the minister's word for it, particularly based on some of the answers that I received last night. I'm not going to take your word for it that there is a competitive position for the co-ops that they will lose out on. I don't buy that.

(1045)

And, Madam Minister, to tell us, to come before this House and say, well, I decided that we will write a confidentiality clause in here and then I don't have to disclose the deal to the public — now that is nonsense. If that were the case, the public would never ever find out a single thing about agreements that are made. All governments have to do is simply write in a confidentiality clause, come before the legislature and say, well, we can't disclose that because we have agreed to a confidentiality clause. Now that's a cop-out. And what I'm saying to you is that you have an obligation to make those agreements available to us.

Madam Minister, in order that I can more clearly and fully understand this NewGrade company, would you tell me, first of all, when was NewGrade registered as a company in this province?

**Hon. Mrs. Smith:** — Mr. Chairman, I want to respond briefly to what the member from Saskatoon south has said in terms of not providing information and not being ready. I want to remind him that it is near to impossible to second-guess every question that the opposition may very well ask.

In fact, Mr. Chairman, it's one of the reasons that information was sent to him beforehand, to enable and to speed up the process somewhat. So I find it interesting that he feels a department or a minister should be able to second-guess everything that the opposition may be

interested in knowing. I would also suggest that it would be an extremely inefficient use of time.

The NewGrade upgrader . . . The member asks if there's risks. I want to remind him that the Co-op is a full partner and active in this project. To suggest that they would seriously jeopardize their refinery, I believe, is very unfair and in fact plans a seed of fear, and maybe that's what the motive is, I don't know. But I find it unfair; I find it unfair to the Co-op refinery.

The other aspect, Mr. Chairman, those agreements contain commercial information about costs of producing their product and other factors that are very sensitive, once again, to the Co-op's competitive position in competing with others out of this province. And, Mr. Chairman, it is for that reason, and a very good reason, that there is a degree of protection for the Co-op within the agreements itself.

I can only state once again, Mr. Chairman, that if he has some specific questions we will do our best to answer, as opposed to layout out the agreement. To the best of recollection, it was registered in 1984.

**Mr. Rolfes:** — Madam Minister, would you tell me very succinctly, why was the company formed? Just give me your reasons as to why the company was formed.

**Hon. Mrs. Smith:** — Mr. Chairman, in answer to the member's question, it was simply put into place to build and operate an upgrader.

**Mr. Rolfes:** — Madam Minister, would you mind telling me who are the partners in NewGrade?

**Hon. Mrs. Smith:** — The Government of Saskatchewan and the Consumers' Co-operative Refinery.

**Mr. Rolfes:** — The Government of Canada and Saskatchewan, did you say?

**Hon. Mrs. Smith:** — No, I didn't. I said the Government of Saskatchewan and the Consumers' Co-operative.

**Mr. Rolfes:** — All right. Who are the Consumers' Co-operative that you're referring to? Who are they?

**Hon. Mrs. Smith:** — Mr. Chairman, it is a wholly-owned subsidiary owned by the Federated Co-operatives.

**Mr. Rolfes:** — Madam Minister, in other words what you're saying to me is that the company is owned by the Government of Saskatchewan and Federated Co-ops. Is that correct?

**Hon. Mrs. Smith:** — In practical terms, that's correct.

**Mr. Rolfes:** — Madam Minister, would you mind explaining to me where NewGrade receives its funding for the upgrader?

**Hon. Mrs. Smith:** — Basically through equity, but . . . (inaudible interjection) . . . let me finish, please. \$120 million. Now the rest is in debt, so they will be borrowing. It is the Government of Canada and Saskatchewan that

guarantee it. But they will be borrowing.

**Mr. Rolfes:** — You didn't answer my question. From whom has NewGrade received its funding up to date? They obviously, you told me last night, were paying some bills. From whom has NewGrade received its funding? And will you please break it down for me; from whom has NewGrade received its funding up to date, and how much?

**Hon. Mrs. Smith:** — Mr. Chairman, up until the last statement we've received, the money is as follows, if the member would like to note of it; CCRL (Canadian Co-operative Refineries Limited); \$2 million, the Toronto Dominion Bank, 25 million; the Credit Union central, 51.6 million . . .

**An Hon. Member:** — 51.6?

**Hon. Mrs. Smith:** — That's correct. The Government of Saskatchewan, 60; the Government of Canada, 15. And that's funds expended to date from the last statement we've had.

**Mr. Rolfes:** — Madam Minister, am I correct in assuming that all these funds, even the \$2 million by CCRL, and except for the Government of Canada, are they guaranteed by the province of Saskatchewan?

**Hon. Mrs. Smith:** — No, Mr. Chairman, this is interim. The final financial arrangements will have \$120 million of equity, and the remainder will be debt, and that will be borrowed by NewGrade itself.

**Mr. Rolfes:** — Madam Chairperson, that was not my question. My question to you is — I know this interim — would you tell me: is this money part of the 120 million?

**Hon. Mrs. Smith:** — I did answer that, with all due respect. I said no, this is interim, and there will be a final one of the 120. It was outside. I said no.

**Mr. Rolfes:** — All right. Madam Minister, please make certain that you are sure of this. What you're telling me, that the 51 million and the 25 million and the 60 million from the government of Saskatchewan and the 15 million from the Government of Canada, is above the \$120 million. Is that correct?

**Hon. Mrs. Smith:** — Mr. Chairman, in answer to the member's question, let me say, first of all, not technically, to your question. When the final finances are put into place, the interim payments will be done on the equity.

I also want to remind the member that this project is being managed through the Crown Management Board, which he . . . if he takes the opportunity to, or chooses to, can question crown Management Board in that respect. However, as I said before, we will do our best to respond to his questions.

**Mr. Rolfes:** — Madam Minister, we're going to be on this a long, long time. Either you don't . . . Either you've got to get yourself knowledgeable about this \$600 million project or get someone else in your place who has the answers. We are simply not going to take this as a sleight

of hand. If the critic wants to go somewhere else and ask the question, fine, but I'm not going to take the responsibility for it.

(1100)

As I said to you earlier, you had four months to get yourself knowledgeable. Surely, Madam Minister, you didn't expect that we were not going to ask any questions about the NewGrade upgrader. And surely you should have been briefed by your officials on the details of this agreement.

Madam Minister, I want to know whether or not this interim financing . . . And you're saying to me, and I wrote down, the interim payments will be done in equity. Now the equity, you told me, you told me the equity was \$120 million.

Now first of all, I don't really understand what it means — interim payments will be done in equity. Do you mean it will be part of the equity — of the 120 million? What are you asking? Or what are you saying? Is it part of the \$120 million equity, or is it not? And don't say: technically, yes it is, or technically, no it isn't.

**Hon. Mrs. Smith:** — Mr. Chairman, I can only repeat what I said to him. And perhaps he did not understand it the first time. My answer to you in light of your question was, when the final financing is in place — and I believe I earlier said, when the final finances are done, the interim financing will be paid out.

**Mr. Rolfes:** — Please, very simply answer yes or no. Is this interim financing part of, or included in, the 120 million equity? Yes or no?

**Hon. Mrs. Smith:** — Mr. Chairman, Saskatchewan will most likely choose to leave our 60 million in the equity.

**Mr. Rolfes:** — Madam Minister, please, very simply, yes or no. You have 2 million from CCRL. You have 25 million from Toronto Dominion. You have 51.6 million from Credit Union Central. You have 60 million from the Government of Saskatchewan. And you have 15 million from the Government of Canada. Please answer yes or no. Are these part of the \$120 million equity? Yes or no?

**Hon. Mrs. Smith:** — Mr. Chairman, with all due respect, I had answered that about two questions ago. And I told you no.

**Mr. Rolfes:** — But, Madam Minister, all right; you told me that it wasn't part of the equity about two minutes ago. Yet just 60 seconds ago you said that the Government of Saskatchewan would leave its 60 million in as equity. That's exactly what you said, and we can go back to *Hansard* next week and check. You told me that would be part of the equity. Now is this part of the \$120 million equity or isn't it?

Let me be more specific now. See if you'll reverse your position. Is the 60 million that you have made available from the Government of Saskatchewan, is that part of the equity?

**Hon. Mrs. Smith:** — Mr. Chairman, again, technically speaking, the answer is no. You know, I don't pretend to be a banker, and I don't believe you are either . . . (inaudible interjection) . . . Yes, you're right, that's what we have officials for. But you are not going to address your question or get the simplistic answer that you want if you don't consider some of the technicalities of the financial information. Now I will do my best to give you simple answers, but you must admit that some of this makes it very difficult to address it in the simplicity that you're demanding.

**Mr. Rolfes:** — There is nothing difficult; there is nothing complex. You have told me there was 120 million in equity. You have told me that the rest of it was borrowed and guaranteed by the Government of Canada and the Government of Saskatchewan. I understand all of that.

All I am now doing is returning to the 120 million equity. I want to know what is included in that 120 million equity. You have told me that the interim financing up to date has been the following: CCRL, 2 million; Toronto Dominion, 25 million; CUC, 51.6 million; Government of Saskatchewan, 60 million; Government of Canada, 15 million. That is simple mathematics, nothing complicated about it. Would you please now tell the people of Saskatchewan is the 60 million that you have forwarded from the province of Saskatchewan, is that part of the 120 million equity, or is it not?

**Hon. Mrs. Smith:** — Mr. Chairman, I believe I've answered the question. I've said, no. It will be paid out. I don't know what more there is to gain by this. N-o, no.

**Mr. Rolfes:** — Now you're telling me that it's not part of the equity. If it's not part of the equity, what is it then? Where does it come in? If it's not part of the equity, where is it included?

**Hon. Mrs. Smith:** — It's interim financing, Mr. Chairman.

**Mr. Rolfes:** — But interim financing in what? When you described the financing to me, Madam Chairman — let me go through, and you check *Hansard* — when I asked you about the financing you told me the following, and you told the Leader of the Opposition last night the following: that there was 120 million in equity; the rest would be in loans guaranteed by the Government of Saskatchewan and the Government of Canada. That is all that you included in your answer to the Leader of the Opposition, and that is all that you told me this morning when I asked you about the financial structure.

Now, you are telling me that there is another section which is called interim financing. Would you please tell me, in the final analysis, where does it fall under — under 120 million equity, under the loan guarantees? Or is this a separate section that you have now created that you didn't tell us about before, or forgot to tell us about before?

**Hon. Mrs. Smith:** — Mr. Chairman, if the member from Saskatoon South will just think back to what was asked last night. The information asked for had to do with the debt equity arrangements. The interim financing, once again, will be paid out. I'm not sure what we are

misunderstanding here. If there is any further information, perhaps another question to try and clarify it. I'm not sure what the member's having difficulty with, but I believe that it's been rather straightforward, as straightforward as some very complex financial arrangements can be said.

**Mr. Rolfes:** — Madam Minister, I am simply trying to find out what the total financing for the NewGrade upgrader is going to be. I simply want to know: is this in addition to what you told us last night and told me this morning?

You told us, and I want to make it very clear again, you told us there's a 120 . . . Madam Minister, would you answer this for me: did you not tell us last night, and this morning, that there would be a \$120 million equity? Is that correct?

**Hon. Mrs. Smith:** — The total that we gave you last night — \$680 million — that was the total for the project. This is interim financing. It is not in addition to. There are some arrangements made in order to get the project up and running until the final details of the financial arrangements are put into place, and I don't find that difficult to understand at all.

**Mr. Rolfes:** — Madam Minister, I simply asked you a very simple question. Did you not say this morning that the equity would be \$120 million?

**Hon. Mrs. Smith:** — Well if he wants to be precise, it was the Leader of the Opposition, last night, that raised, yes, with all due respect, the \$120 on equity.

It is within that range, the equity. I would suggest it's probably a little higher than 120, perhaps 130, but yes that's what we've been talking about since last night.

**Mr. Rolfes:** — Madam Minister, you could have answered that before. Madam Minister, by the way, you said that this morning. I wrote it down here — equity, source of funding. In order to keep track I wrote it down this morning; when you were answering, you said equity is \$120 million. From that I simply ask you: where does the interim financing fall in? But I will come back to that a little later.

So we have approximately now 120 to 130 million equity financing. Would you now answer the following question: in loan guarantees, what do you estimate that will be, both under provincial government and the federal government?

**Hon. Mrs. Smith:** — Mr. Chairman, this information has already been given also. The total debt is \$544 million. That breaks down as such: Canada, \$234 million; and Saskatchewan's loan guarantee will be \$310 million.

**Mr. Rolfes:** — All right, Madam Minister. It doesn't add quite up to 680 million, but . . . now, so we're out \$20 or \$30 million. The Tory Minister of Finance was out about a billion dollars, so I'll have to forgive you about the 20 or 30 million. Now Madam Minister, that is the total financing for the project. Is that correct?

**Hon. Mrs. Smith:** — Total financing, or the total cost of the project, is \$680 million. The debt is 544.

**Mr. Rolfes:** — Madam Minister, why be so vague about things? I'm asking you some very simple questions. The financing, as you see it right now, is 120 to 130 million in equity, plus loan guarantees by the federal and provincial government of \$540 million, making a total of \$560 to \$570 million. That's what you're saying to me now. Is that the total financing? Is that it?

**Hon. Mrs. Smith:** — Yes, Mr. Chairman.

**Mr. Rolfes:** — Now we got that straight. We got two sources. We've got equity of 120 million to 130 million; we've got loans. Now you've done some interim financing. All right. Now we've got those two categories. You told me that's all the financing there is. Under what category does the finding fall that we have discussing this morning — the CCRL, 2 million; TD, 25; and the rest? That's interim financing. Does some of it fall under loan? If so, which ones and how much? Does the rest fall under equity? Which ones and how much?

(1115)

**Hon. Mrs. Smith:** — Mr. Chairman, it's interim financing, and it will be fully paid out by the long-term debt financial arrangement that have been made.

**Mr. Rolfes:** — Okay, so you're telling me now that it doesn't fall under equity, it falls under loans. Because you told me the debt was 540 million. You told me this morning that the long-term debt, guaranteed debt was 230 million by the federal government, 310 million by the provincial government, and therefore, now you're telling me that this comes under long-term debt and will be paid out over a number of years. Is that correct?

**Hon. Mrs. Smith:** — Mr. Deputy Chairman, again, this is interim financing . . . I'm asking you. I'm asking you to think about this. And if you don't believe what we are saying, then I encourage you to go and talk to a financial expert on the matter. It's interim financing. It's going to be paid out — fully paid out — once the financial arrangements are completed. Okay. It is neither your equity, nor is it your long-term debt. It is interim. Interim means for the time being . . .

**An Hon. Member:** — For the time being.

**Hon. Mrs. Smith:** — Exactly, Mr. Member, for the time being. That's precisely it. You know, what more can one say to it, because you are not understanding it.

**Mr. Rolfes:** — Madam Minister, just one further question. I can't let this go by. Madam Minister, don't lecture this side on arithmetic because last night we had so many mistakes coming from that side, and I certainly don't blame that onto your officials. I've known some of those people for a long time, and I know what they're capable of.

Madam Minister, you told me, and I asked you, very specifically — two categories. You told me there was a long-term debt, guaranteed long-term debt of \$540 million. Then you told me that there is a guarantee equity of 120 to \$130 million. And I asked you, is that the total financing: you said yes.

Now if that is the total financing, I'm simply asking you: when you make your final decision on the finances, out of which pot are you going to take it? Out of loans that are guaranteed, out of equity that you have invested? And you have to take it out of one of those if you have no other pot to take it out of. It's got to come out of one of those, and if you don't, then you're telling me that there's another pot that you have put extra money in.

So I can't see why you can't simply tell me: no, Mr. Critic, we're going to take so much out of loans; we're going to take so much out of equity, or it all comes out of equity, or all comes out of loans. Surely that's not too difficult a question to answer.

**Hon. Mrs. Smith:** — Well, Mr. Chairman, he's right. It's not difficult. Let's hope it's not as difficult to understand also.

It isn't like there's several pots, to use your words, sitting around. Okay? When all is said and done, there is going to be the interim payment paid out on the total, not out of this little bunch over here or this little bunch over there. And I think that's what you're trying to see, and that in fact isn't how it works, for all practical purposes.

**Mr. Shillington:** — Madam Minister, I hope I can put this in a form which even you can understand. Your inability to grasp detail is legendary — absolutely legendary. But let me try and put this issue in a fashion which I would hope even you could understand.

Madam Minister, whose dollar is in first. Is the equity capital of 120 million, or the debt capital or the capital supplied by debt of 540? Incidentally, it doesn't add up to 680. But 16 million bucks here or there, oh, what the heck, with an outfit like this. Whose capital's in first? Is it the equity capital that goes in first, or the debt capital that goes in first? It makes an awful difference in the funding of a project of this sort.

**Hon. Mrs. Smith:** — Mr. Chairman, in answer to the member's question — I believe it was the member from Regina Centre — the first block of funding will be \$28 million in debt . . . in equity, I'm sorry, in equity; and 310 in the debt. Now once that is spent . . . (inaudible interjection) . . . Well that's not unusual in the beginning, that your debt is higher. Once that's spent, it reverts back to the 20 per cent equity and the 80 per cent debt ratio.

**Mr. Shillington:** — All right. This trifling sum of 28 million, which about equals the difference between the figures you gave us and 680, I might add — this trifling figure of 28 million, these figures that are so slight as to be almost irrelevant in the scheme of things — the \$28 million which goes in in equity first, is that the portion being purchased by the . . . I understand, of the \$120 million equity — I want to get back to that figure because I don't believe it. It's more than that. That's another movie for next week I suppose.

With respect to the \$120 million, I understand a portion is equity provided by the Government of Saskatchewan purchasing shares, and a portion — the fractions I don't have and I'm going to ask for that in due course — a

portion is provided by a guarantee to CCRL to purchase shares. The government's guaranteeing a purchase of shares by CCRL, so that, as I understand it, is the equity. Who's equity is the \$28 million? Is this the shares that the government is purchasing or the shares that CCRL is purchasing with a government guarantee?

**Hon. Mrs. Smith:** — Mr. Deputy Chairman, the first equity, the \$28 million, will, like all equity, be put in by Saskatchewan.

**Mr. Shillington:** — I want to get back to the primary question of the complete disclosure of the details of this and the financing documents. Madam Minister, do I understand that all the equity is being provided by the Government of Saskatchewan?

**Hon. Mrs. Smith:** — In answer to your question, yes. But once we are repaid by the project, then CCRL will be entitled to its shares.

**Mr. Shillington:** — Mr. Chairman, and Madam Minister, this is just nonsense. We've spent an hour of the time of this Assembly trying to pull out of the minister a few meagre details about this project. Madam Minister, I want to get back to the main issue of you providing a complete disclosure by laying on the table the entire details of this financing.

Madam Minister, I want to remind you of the history of some of these projects. I go back to the financing of PAPCO (Prince Albert Pulp Company) back in the '60s, when it was originally . . . when the mill was originally financed by the Thatcher government. That was . . . The Thatcher government did it by bringing a Bill into the legislature — moved by Ross Thatcher, and he laid all of the financing documents on the table.

Whether or not, Madam Minister, we agreed with it, at least he had the courage to defend what he was doing. He didn't hide behind a nonsensical excuse that PAPCO (Prince Albert Pulp Company) needed the details of the financing of its construction kept confidential.

Madam Minister, when the potash . . . during the takeover of the potash mines in the '70s, the now leader, the now House Leader, the member from Saskatoon Riversdale, moved the Bill, and in his second reading speech he laid on this table all of the papers, all of the documents dealing with the financing of it.

Madam Minister, there's a great deal more involved in this than there was in either of those two. This is \$650 million. That's an . . . (inaudible interjection) . . . Well, that's an open question. Up until today. It was 650 million. Now, last night, it's become 680 million.

**An Hon. Member:** — Just 30 million.

**Mr. Shillington:** — There seems to be a \$30 million cost overrun somewhere.

Madam Minister, the public are entitled to a complete disclosure of the details in this financing. This business of badgering you, and begging you, alternatively for details is nonsense. Madam Minister, the public are entitled to an

accounting of a sum this large. If it were only \$650, the public would be entitled to an accounting of it. But this is \$680 million. Even to a bunch of spendthrifts such as this government, one would think such a sum would be treated with some respect.

(1130)

Madam Minister, you raised in your comments the . . . a couple of projects financed by Sedco (Saskatchewan Economic Development Corporation). Those are loans to ongoing businesses, and different considerations apply. But, Madam Minister, until this government took office, I don't think there was a single case of a new development . . . of the financing of a new development, a megaproject, as they were once called, without (a) a Bill being introduced in the legislature, and (b) complete disclosure. Complete disclosure.

Madam Minister, with one exception, which I'll get to, you've never done that. You gave a most unsavoury character, Peter Pocklington, some 20 to 30 million without ever disclosing the terms upon which you gave it. During the period of time that loan was being granted, *Maclean's* magazine carried a story about the Royal Bank foreclosing on his house in Edmonton. And you gave him 20, \$30 million, and you didn't feel any obligation to tell the public of Saskatchewan the basis upon which you were giving him that sum of money.

You financed a perfectly respectable company, Manalta Coal — the takeover of their . . . of the coal mines in Coronach. You didn't give us any detail. You gave away an asset worth a quarter of a billion dollars in Prince Albert, and you wouldn't give us the details. We got some of them by mistake. We finally got the balance, but after the election, Madam Minister, I say to you that you are under an obligation to disclose, in complete detail, the financing of this project.

Madam Minister, you refer to the competitive position of the Co-op. I say that's absolute nonsense. Either through ignorance or through a lack of integrity, you fabricated that excuse, because I don't believe for one moment that the directors of Federated Co-operatives, most of whom I know, would ever allege that they should get \$650 million of public money without any accounting for it. I don't think that Federated Co-operatives would put that forward. I think you concocted that, Madam Minister, and I don't think it came from them.

There is nothing about the financing of this project which would in any way impair the competitive position of the Co-op. It is public knowledge — you gave it last night — it's public knowledge what the cost of the product from the refinery is. It's public knowledge what the differential must be. Everybody, both in and out of the oil industry, knows that.

Madam Minister, I say there that is something about this project that you don't . . . that you, the government, doesn't want disclosed, and that's why you won't give it to us. It has nothing to do with the competitive position of Co-operative Refineries. Madam Minister, I say to you that you're under an obligation to do it. You may think that \$650 million is a paltry sum. The public of

Saskatchewan don't. Until this government took office, full and complete disclosure was always made in these megaprojects which the government, through one means or another, back — as was done in potash by the NDP, as was done with PAPCO in the '60s by the Liberals.

So I ask you, Madam Minister, to give us the details and stop relying on this complete fabrication of an excuse that it would impair the position of Federated Co-operatives. That's patently not so. And I don't believe for a moment that Federated Co-operatives will ever put that forward. They have some integrity.

**Hon. Mrs. Smith:** — Mr. Chairman, I take very serious the charges and the allegations by the member from Regina Centre. I also think . . .

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

**Mr. Rolfes:** — I would like to ask the minister to speak up a little bit. I have a little tough time hearing her. I didn't bring my hearing-aid today. I'm serious; I can't really hear you. Okay?

**Mr. Chairman:** — At the same time, I would ask for the co-operation of all members of the House to please be a little bit quieter. And I'm sure that we will then be able to hear the minister.

**Hon. Mrs. Smith:** — Yes, I will Mr. Chairman, as I was saying, I find it serious — the charges and the allegations coming from the member from Regina Centre. He talks about accountability, as do many of his other members. I want to say that accountability is a two-way street in this House, and that includes both government members and opposition. The unfortunate part is that many times opposition gets a free ride when it comes to accountability; accountability for the figures they use; accountability for the charges they make, and accountability for, in fact, backing up what they say is actually happening. And I suppose in one respect that's unfortunate; however, they have a good opportunity to change it, and perhaps we'll get into that later on.

As I stated before, there are three signatories to this agreement, one being a commercial entity. There is a confidentiality clause within the agreement and, if the member does not believe me, then I would ask him perhaps to contact the senior management or perhaps the chairman of the board of Federated Co-op and the Co-op Refinery and in fact ask if there is a confidentiality clause. I think that would be one big step forward in terms of accountability for your charges and for the information that I have given you.

Mr. Chairman, I have stated, and I will say it again, while we are not able to lay out the agreement, the full agreement, we will provide whatever information we can. For example, if you would like a full, complete description of the financial arrangements, we will provide that to you. But we will not provide the agreement that has cost information in it as it relates, in this case, to the Co-op Refinery. I will not jeopardize their competitive position with other refineries outside of this province. And I don't think you're asking us to do that; at least I hope you're not.

**Mr. Shillington:** — Indeed I am, Madam Minister, asking you to disclose that agreement. The last thing on earth I want to have to do is to rely upon your interpretation of what that agreement says. Madam Minister, who cannot appear to add simple sums and have them come out, I do not want you interpreting that agreement for me.

I want to see that agreement for myself so that we may judge whether or not the public of Saskatchewan are getting good value for what is an enormous sum of money.

Madam Minister, I believe there is a confidentiality clause in the agreement, but I believe it was inserted at your request. I don't believe for a moment Federated Co-operative give a hang whether or not this information is disclosed.

I believe, Madam Minister, the clause was inserted at your behest and not at the request of Federated Co-operatives. I believe, Madam Minister, that you did it because you know that this agreement cannot stand the light of day. You can't defend it. You cannot defend it.

No one, Madam Minister, is suggesting that the Federated Co-operatives or the CCRL is anything but a worthwhile partner. But Madam Minister, your behaviour since this project has begun suggests that you people have not, have not been careful stewards of the public purse in this project. And, Madam Minister, you confound those suspicions and pour fuel on the fire when you stand here and give us this nonsense about CCRL being impaired in their competitive position because of the costs of a new project. That's just nonsense, Madam Minister.

There's nothing about the disclosure of that agreement which would in any way impair their competitive position. And if there is, I wish you'd describe it for me.

**An Hon. Member:** — Take that portion of the agreement out.

**Mr. Shillington:** — Well, someone behind me says take that portion of the agreement out. If I were in any way convinced that the agreement did in any way impair CCRL, I'd agree to that suggestion. But I don't agree to the suggestion because I don't believe that. I don't think there's anything about that agreement which impairs CCRL's position.

I think you put it in, Madam Minister, because you can't defend it. And I'll tell you, as the summer wears on, you're going to get lots of opportunity to give us these excuses, because for \$650 million we have a responsibility to put these questions to you over and over and over again until we get some answers.

**Some Hon. Members:** — Hear, hear!

**Hon. Mrs. Smith:** — Mr. Chairman, the member from Regina Centre is wrong — dead wrong.

The Co-op Refinery, as a commercial entity, the only one as a refinery in this province, competing with

multinationals outside of this province. He is wrong if he thinks that they don't care about the confidentiality of pertinent cost information items as it relates to them doing business. He is wrong again. And I can only say that is unfortunate, not only for this Assembly but for the Co-op Refinery.

If that's the kind of position that he wants to put them in — and let me rewind him that if he does put them into that position, there will be no Co-op Refinery in this province. They will be in Edmonton and elsewhere, and we're back to the same old story — Saskatchewan not being able to compete with others and not being able to attract that kind of economic activity and investment and jobs that are there for people in this province.

You talked and talked about an upgrader for how many years — how many years? And that's all you did, my friend, you talked. You didn't accomplish anything with it. Now that the accomplishment is there, because you didn't do it you want to tear it down. And we, quite frankly, get a little fed up with your attitude when it comes to ripping apart Saskatchewan opportunity. And why do you do it? It's a simple answer.

**Mr. Chairman:** — Order, please. Order, please. At the rate it's going, I'm going to have to ask for a headset myself, and I don't think that would be appropriate, so could we calm it down a little bit so I can hear too. Thank you.

**Hon. Mrs. Smith:** — Thank you, Mr. Chairman. It's a difference, I suppose, in how these political parties, when they are in government, approach the role of government. Better it be that people be dependent on government, or have a little bit of dignity and happening, what's happening on their own. Think about it. Think about it, Mr. Chairman.

Mr. Chairman, I can only repeat again, there are three signatories to the agreement, the Co-op Refinery being one of them. And we will provide all the information that we can in terms of the complete and full description of the financial arrangement. But we will not disclose the components of the arrangements that affect cost information items as it relates to the Co-op Refinery position. We will not do that.

We signed a confidentiality clause, so did the Co-op, so did the other party to the agreement, and I believe that there is not only a legal obligation but a moral obligation to uphold that. And I think that the member from Regina Centre, being a lawyer, would probably agree.

**Mr. Shillington:** — Well, being a member of the Legislative Assembly for the last five years, and listening to this government fabricate excuses for its own incompetency. I'll tell you that I don't . . . I just simply do not believe what you just said. Madam Minister, if the CCRL and the Federated Co-operatives would agree to the disclosure of that agreement, would the Government of Saskatchewan do so?

(1145)

**Hon. Mrs. Smith:** — Mr. Chairman, let's not forget

Canada is in on the agreement. There's three. However . . . (inaudible interjection) . . . Once again you jump in before giving somebody else a chance. Okay, I'm reminding you that there is a third one — Canada. Canada, Saskatchewan, and the Co-op. We would be glad to review the issue with the other signatories and along with yourself, but I remind you it is not just a matter of Saskatchewan and Co-op. There is a third component there which is Canada.

**Mr. Shillington:** — Madam Minister, I'll take my chances with someone with the integrity of Michael Wilson. I'll worry about the Government of Canada later on. You didn't answer my question. If Federated Co-operatives and CCRL will agree to this, will you? I want a yes or no. I don't want a comment which is, we'll go and review it with them.

What you'll do is go and try to intimidate them into not agreeing. That's what you'll do. I don't believe for a moment. I don't trust you for a moment to go and talk to them, as I think you will go to them and try to encourage them to say no.

Madam Minister, if you were sincere in what you just said about keeping it confidential because of the competitive position of CCRL, you'd have given us a simple, yes; if Federated Co-operative and CCRL will agree to it, we'll agree to it. The fact that you've obfuscated and hedged on your answer confirms what I just said, and that is that the clause, that the confidentiality clause, was inserted at your behest because you don't want to have to defend this agreement. You made some comments about us wanting all . . . everything to depend upon the government. What in heaven's name is this, if this isn't a project which depends entirely to the last nickel on government support? There's no risk capital in this thing at all except to the public purse.

Madam Minister, you said that we tried to get the project of the ground and didn't succeed. One of the reasons, Madam Minister, we didn't was because we were never satisfied that we had all of the details in place, and that's important when you're spending 650, 680 . . . these figures float around. By the tens of millions they grow. That's important when you're spending hundreds of millions of dollars of public funds.

Madam Minister, you say you've got it off the ground. To borrow the language from the member from Morse, prove it! Give us the agreement. Let us see that agreement so we will know whether or not you've struck a sound deal. Because, Madam Minister, Madam Minister, your behaviour suggests that you haven't struck a sound deal. If you did, you'd defend it as has always been done with these new developments which the government funds. Madam Minister, I say that your answer which you just gave us confirms our worst suspicions, and that is that you put the clause in because you wanted it.

I'll take my chances with Michael Wilson. Whatever the sins of the federal government, a lack of integrity and competence by the current Minister of Finance in the Government of Canada isn't one of them. I'll take my chances with him. I certainly will not take my chances with the member from Regina-Qu'Appelle, or with the

member from Swift Current.

I say, Madam Minister, the answer you just gave us, that we'll negotiate it, instead of a simple yes, confirms what I've said. You put the clause in because you wanted it, because you didn't want to have to answer hard questions in this Legislative Assembly about that agreement. I ask you again, Madam Minister, for \$650 million, cut the crap, give us the agreement.

**Hon. Mrs. Smith:** — Mr. Chairman, to the hon. member . . . (inaudible interjection) . . . No, I'm not shaking. It would take more than you to make me shake.

Let me suggest why you didn't make a deal when you were government on an upgrader . . . (inaudible interjection) . . . I'm going to talk about that. But you, you talked about it. I believe that that's fair and that's within the rules and the procedures of this debate, and I'm sure as a lawyer you'll correct me if I'm wrong.

The reason, the reason there was no deal made was that you zeroed in on the multinationals, and that's all you were trying to make a deal with were the bigger oil companies, the multinationals. You never even thought about the local Co-op Refinery as being a possibility for the upgrader. It had nothing to do with the amount of time in order to put some figures together. As I recall, at that point in time you were in office from 1971 to 1982. Now that's 11 years. How much time do you need? Eleven years. That's a long time, my friend.

Let me simply state again, and I can assure you we would be willing to sit down and review parts of the agreement as it pertains to the . . .

**An Hon. Member:** — It's not what I want. That's not satisfactory.

**Hon. Mrs. Smith:** — Well I know it's not what you want. But I believe that it does, in fact, go for a long way to aiding what you have been requesting for. And for me to simply stand in here today and say, yes, we'll agree to this, if Co-op agrees to this. I mean, I believe that's simply playing one off against the other. And I don't believe that that is fair. Not at all. Not at all.

Let me finish, please. I sat and listened to you. Now please return it. We will sit down and we will review it with the signatories to the agreement. It was your request, and we would be glad to do that. I've stated that.

Now I don't know how much further, Mr. Chairman, we can go on this point. The member knows there's a contract signed with a confidentiality agreement to it, and I believe what we have offered to do on this matter is more than fair and reasonable.

**Mr. Shillington:** — It is neither fair nor reasonable. I say, Madam Minister, again, it is not satisfactory for you to decide what parts of that agreement I see and what I don't. I say, Madam Minister, unless we've got the complete agreement, we've got nothing at all. The last thing on earth I would do is trust this government to candidly and completely make a disclosure of a project in which they have entered into.

You say, Madam Minister, how long can we go on this? Just wait and see how long we can go on a \$650 million project which you don't want to tell us about.

Madam Minister, I am not at all encouraged by your comment that you'll sit down and review it. I'll tell you what will happen; after you sit down and review it, and after the Government of Canada says, disclose it, we don't care, and after Federated Co-operatives says, disclose it, we don't care, you're going to come back and say, we were unable to reach an agreement to disclose it, because you don't want it disclosed.

I say, Madam Minister, give us the agreement. I'll rephrase the question. If the Government of Canada agree to it, and the co-operatives in the form of the Federated Co-operatives Ltd. and the CCRL agree to it, if the other two partners agree to it, will you agree to it?

**Hon. Mrs. Smith:** — Mr. Chairman, I have given the member a possible resolution to the question, and I can only restate it again, that I am not at liberty to disclose the details to the agreement in this House. I've also stated why. I believe it's very serious what he is asking us to do. He is either not understanding the seriousness of that particular situation for the commercial enterprise of the Co-op Refinery, or he doesn't care. I'm not sure. But it is serious.

It is for that reason that we have said to the member, there's nothing to hide on this, but the clause is in there for a good reason when you're dealing with a commercial enterprise. We are not going to allow the Co-op to be second-rate in terms of its competitive position with outside factors of this province. We simply are not. We have a legal obligation and, I believe, a moral obligation to uphold that contract which included the confidentiality clause.

Now, Mr. Chairman, along with that we have given a commitment to the members opposite that we will give whatever information they want on the financial costs of the project, and details. If they want full disclosure of that particular agreement, then we will have to sit down with the other signatories to the agreement. We have given a commitment that we would in fact undertake that.

**Mr. Shillington:** — I asked a simple question and, Madam Minister, I ask you not to avoid the question by saying you'll consider it. The simple question is, Madam Minister, that's what you're saying, Madam Minister, what you're saying is that you'll consider it. I'm afraid you will consider it, and you'll always say no.

A simple question, Madam Minister: if the other two signatories to the agreement agree to disclose it, will you? If the other two signatories agree to disclose it, you can hardly claim you've a legal and moral obligation to keep it quiet. A simple question, Madam Minister: if they agree, will you?

**Hon. Mrs. Smith:** — Mr. Chairman, I have given a commitment to undertake the possibility of that happening. But I can't give the commitment that that in fact will happen. I just can't. I will undertake to address

the question and review it with the signatories to the agreement. I believe that's fair and reasonable under the circumstances.

**Mr. Trew:** — Well, thank you, Mr. Chairman, and Madam Minister, I feel compelled to join in this questioning and debate. But I want to preface my remarks simply by stating that I will happily match my support for the co-operative movement with that of anybody on either this side or that side of the government. I have a long history of co-operative support, and it's a personal one as one as a family one that goes back a great many years in this province.

I'm glad, Madam Minister, that the NewGrade refinery, that one of the major partners is a co-operative and not a multinational oil company. Indeed if it were anything other than the co-operatives that were involved in this, you would be facing such a barrage of questions, and we would not be accepting anything nearly the non-answers that you are giving us right now.

Madam Minister, yesterday did you say that the necessary differential between heavy oil and medium oil crude that was required to make the upgrader pay, did you not say that differential was \$7 per barrel?

**Hon. Mrs. Smith:** — Mr. Chairman, yes, the differential figures . . . There were two that were used last night. One was \$7. We based, in laying out the project, that we would require a differential of \$7, in fact, to make the project a good one. Last night the figure of \$5 was also used. And that is the figure at the current time on the differential. But even at \$5, the project will pay for itself.

I think, if you're having a look at the differentials and the viability of the project and what's going to make it tick, you should perhaps also know that there are some views within the energy field that, in fact, the differentials will have a good possibility of widening.

(1200)

**Mr. Trew:** — Thank you, Madam Minister, for a rather expansive answer to a rather straightforward, I thought, and simple question. The answer is that, yes, last night you said the upgrader requires a \$7 per barrel differential between medium and heavy crude oil to make the upgrader pay. Did you not? You're shaking your head. Now I thought I just heard you say, yes. I'll repeat the question, and please elaborate.

**Hon. Mrs. Smith:** — There was no discussion at any time about the differential, Mr. Chairman, on the difference between medium and heavy oil. That was not in the discussion when it raised last night and the figure of \$7 was given.

**Mr. Trew:** — Madam Minister, it's amazing to hear the double-speak, the double talk, and so on. What did \$7 differential between the price of a barrel of crude . . . what was that figure purported to represent? Because I was sitting in here last night, listening, and what I distinctly heard, my recollection of what I heard, is that for NewGrade upgrader — that project to pay, to make its own way — you required a \$7 per barrel difference

between medium crude oil, that it is now using, and heavy crude oil which, when the upgrader is completed, NewGrade will be processing. Please straighten the difference out.

**Hon. Mrs. Smith:** — I think perhaps, Mr. Chairman, we simply had a misunderstanding on how it was phrased. I believe you had said the differential between heavy and medium. And I wasn't talking about the differential between medium and heavy oil. I was talking about the differential that is required at the project. And the differences between the feedstock — and it is heavy and medium oil that goes in for feedstock — and then what come out, the product, that's the differential I was talking about. I had misread perhaps the member's question in that he wanted to know the differential between heavy and medium oil. If I was wrong, my apologies.

**Mr. Trew:** — Thank you, Madam Minister. Of course I was talking about feedstock, and obviously we had a little difference in understanding of what it was I was talking about.

Did I — to further this question a bit — did I hear you about five minutes ago saying that at \$5 per barrel differential between the feedstock price of medium and heavy crude, that at \$5 per barrel the NewGrade project would pay for itself? Did you say that about five minutes ago?

**Hon. Mrs. Smith:** — Yes, at \$5, Mr. Chairman, it will pay its debts.

**Mr. Trew:** — Now I'm really confused. Madam Minister, what has happened to change the situation between — some time between 7 and 10 o'clock last night and it's now 12 o'clock noon today — what has happened to change the figure from \$7 per barrel to \$5 per barrel in that short period of time? I don't think there has been any major event in the world that could possibly make that kind of a difference. Please tell me, why the difference between 7 and \$5.

**Hon. Mrs. Smith:** — I don't know why it's confusing, Mr. Chairman. I think, when statements are put together as it relates to a business or a project, that most people look at a reasonable return on their equity. That's what . . . the \$7 factor includes that. And what I said was the \$7 figure was used for the differential, and that will give a reasonable return on equity. That's fair to all involved. That's fair to the Co-op, and that's fair to the people of the province and to the federal government, in terms of their risks also.

**Mr. Trew:** — Madam Minister, I just simply say that is not so. The difference between \$5 per barrel and \$7 per barrel is some 40 per cent. I have been around the co-operative movement long enough to know that nowhere in their wildest fantasies do they ever get a mark-up of 40 per cent on materials that they are handling. I shouldn't say nowhere; certainly not in the oil area. There may be such a mark-up in drugs and some special items like that at pharmacies, but 40 per cent is clearly not just a marginal sort of a rate of return; 40 per cent is pretty substantive. Please justify the difference between the 7 and \$5 per barrel.

**Hon. Mrs. Smith:** — Well, Mr. Chairman, at \$7, there is going to be a reasonable return on equity. At \$5, it is simply going to be able to pay its debt.

**Mr. Trew:** — Well, Madam Minister, the next project that your government undertakes, would you please put me at the front of the list. These are such lucrative programs. I'd like to buy a coal-mine such as the deal you gave Manalta Coal in Coronach. I wouldn't mind getting Weyerhaeuser, one-quarter of a billion dollar gift. And I certainly wouldn't mind the terms that you've given to NewGrade Energy on this upgrader. Please put me at the head of the list for the next project. Whenever you want to give something away, I'd like to be at front and centre of it, and I think it would be pretty decent.

Madam Minister, it's with more than just a little bit of concern I note your projections on this project. And I really wonder, when last night you're telling us you need \$7 per barrel difference, today you need \$5 per barrel difference. Admittedly, that is much closer to being the same position than what the Minister of Finance came up with in his budget, where he was some 200 per cent out. You're vastly improved. You're only 40 per cent out.

But it's no wonder, Madam Minister, that the people of Saskatchewan have totally lost confidence in your administration. And what you're telling us last night and today, just adds to that lack of confidence that the people of Saskatchewan have in your government. So I ask you, Madam Minister without energy, I ask again for you to give us the terms of the agreement with NewGrade.

**Hon. Mrs. Smith:** — Mr. Chairman, when the question was addressed to us last night on the differential, it was: what is the differential that you were estimating to make this project successful?

I think most people understand that if you put money out at risk, you in fact expect a return. If you put money into something, you expect a return. The member probably is well aware of that in terms of putting his money into the credit union or into a bank. His interest is his reasonable return on loaning that money for investment to the credit union. So that's why the \$7 figure was used. Because I believe that's a responsible way to do it.

I believe the Co-op has been extremely responsible in how it's budgeting, its evaluations, and its projections on what is required for now and in the future. And I don't think the member would disagree with that.

I guess what I hear him subtly saying is that we have been far too generous to the Co-op Refinery, and that's what we're dealing with in this instance. I guess time will tell whether that in fact is so. I think he should also be aware that a reasonable return on that equity is going to give the Co-op and the people of Saskatchewan an opportunity for reinvestment into the province, and out of that reinvestment we have the potential or the possibility for job opportunities for young and old alike.

And when I think of the Co-op and its situation around that province, it essentially touches on every community. As he well knows, given what he has just stated, in this province — and it doesn't matter if it's Regina or if it's

Waldeck, Saskatchewan, or Richmond or Kamsack — the Co-op touches on every community in this province.

So from that aspect, I say all the more power to the Co-op if they can get a reasonable return on their equity in this project because it will in fact benefit the province well, and benefit from two aspects. If the member has done any reading in terms of energy, oil within this province, he will know that heavy oil — if there's going to be a future in oil for Saskatchewan, it's going to be on heavy oil.

And the upgrader is certainly going to facilitate the development and the markets for heavy oil. And given that factor when I look at the total project including the \$7 differential, I believe it's going to stand in good stead. And I challenge him to come up with anything different than that.

**Mr. Trew:** — Madam Minister, of course the Co-op is responsible in its assessments. Definitely. It's not the Co-op that is being questioned here, it is you and your department. It is not your generosity or lack of generosity to the co-operative movement. That's not the issue here today, although I can assure you it will be when Co-operatives comes up for estimates.

The issue here is simply one of your, and your only, incompetence in not being able to give me an answer within 40 per cent. And what typifies that is the difference between this \$7 differential on the feedstock of last night and the \$5 differential today. So I'm going to ask one more time: will you divulge to us and to the people of the province the details of the financial agreements that NewGrade Energy has entered into with you?

**Hon. Mrs. Smith:** — Mr. Chairman, I want the member to clearly understand that he's dealing with two different questions on the differential. The question last night, the first question last night was: what is the differential to make this project successful? We gave them that — \$7.

The second question was: what is the differential today? And we said, that is \$5. We have also said to him at \$5, that pays the debt. There's no return for further investment on the equity, but the \$5 does in fact pay the debt. So I just ask the member from Regina to understand that very clearly.

Once again, Mr. Deputy Chairman, I will state what I have said to the member from Regina North — or Regina Centre, my apologies — and the member from Saskatoon South. We will be happy to answer questions on specific financial matters within the agreements but we are not at this point in time permitted to disclose. And I have laid out all the reasons, and I believe that the reasons are reasonable and I also believe our approach to it is one of acting in good faith in terms of those contracts. And I'm not about to move off of that.

If the member, and I will tell him again, wants to sit down and further discuss it, I've also told him that if they want, we will review the question, discuss the matter of full disclosure with the signatories to the agreement.

**Mr. Trew:** — Madam Minister, you keep talking about the competitive position of NewGrade. And yet you have

given for the whole world what is required for NewGrade to make money. Simply put, they need \$5 per barrel differential on the feedstock between medium and heavy crude to pay the debts. Anything after \$5 per barrel is gravy or is earnings, however you call it. I call it gravy because in this instance NewGrade has such a marginally small amount of money at risk, I would think it's gravy.

(1215)

But, Madam Minister, you have given all of the competitive details necessary to the whole world when you announced the differential required. So your argument just rings totally hollow that you refuse to give us the details of the financial arrangements because of a competitive position for NewGrade oil. It just simply cannot be, because you've already given the pertinent information.

So again, please give us the details of what is a massive amount of money that you are refusing to tell us where that money is. Give us that information.

**Hon. Mrs. Smith:** — Mr. Chairman, I have not given the member nor any of his other colleagues any information about the cost structures of the Co-op Refinery, and nor do I intend to. And that's what they're asking for. And I maintain it would put them in jeopardy, and I believe that the member from Regina North East probably knows that. If he doesn't, he should have, after being minister of Finance for a period of time.

The Co-op Refinery will be integrated with the upgrader, as the member well knows. And we are just not going to put them in a position where they will possibly lose an edge with their competition. So, Mr. Member from Regina, you have not received any information on the cost structures within the Co-op Refinery itself, nor will you from within the House. I would suggest if you want to talk about cost structures, you are by means at liberty to discuss it with the management at the Co-op Refinery but I will not release the details as it pertains to the cost structures for the Co-op.

**Ms. Simard:** — Madam Minister, is it true that the federal government has signed the confidentiality clause?

**Hon. Mrs. Smith:** — All parties to the agreement have, Mr. Chairman, yes.

**Ms. Simard:** — I wonder if you could tell me then, Madam Minister, how this co-ordinates with the disclosure of federal disclosure of information Act and how the federal government purports to circumvent that piece of legislation?

**Hon. Mrs. Smith:** — Mr. Chairman, I would suggest that as it relates to the federal legislation, that perhaps the member take it up with the . . . with perhaps her federal MP. I can say that our understanding is that the legislation allows for commercial energies and recognizes the need for confidentiality in respect to that. But I would encourage her to in fact, perhaps clarify it with the federal government.

**Ms. Simard:** — I would also like the minister to tell the

people of Saskatchewan what she thinks of the morality of an agreement that has clauses in it that do not allow her to disclose to the public all the facts and circumstances surrounding this agreement.

**Hon. Mrs. Smith:** — Mr. Chairman, the member from Regina Lakeview, being a lawyer, recognizes the need for many contracts dealing with government and private sector, that in fact there is going to be a point if you are dealing with pertinent information, particularly on the commercial side of it, that is not going to be disclosed.

We have said that we will give the financial information as much as we can to the members, as long as they are not requesting financial information that will put in jeopardy the competitive position of the Co-op Refinery.

To date, they have asked us to disclose the agreement that includes the cost structures of the Co-op Refinery. We will not do that. And I stand by that legally; we signed the confidentiality clause. But I would also say to the member I believe we have a moral obligation also.

**Mr. Van Mulligen:** — Thank you, Mr. Chairman. Madam Minister, I just have one question. At whose insistence was a confidentiality clause included in the agreement? Was this at the insistence of the federal government, your government, or the Consumers' Co-operative Refinery Ltd?

**Hon. Mrs. Smith:** — Mr. Chairman, we did not insist on this. I am informed that this is a very normal commercial and legal practice as it pertains to that section of the agreements.

**Mr. Van Mulligen:** — Hon. Minister, given the fact that there are two governments involved in this agreement, namely the federal government and the provincial government, it would seem normal that governments would seek to avoid confidentiality clauses insofar as they're dealing with the taxpayers' dollars. Can you clarify now, at whose insistence was this clause inserted into the agreement?

You're saying that it's a normal type of a clause, yet you did not say that it was at the insistence of one of the partners to this agreement. Can you tell this House, at whose insistence was this clause inserted?

**Hon. Mrs. Smith:** — Mr. Chairman, I can only say . . . and I believe it's the same answer; perhaps the member didn't quite understand it. We have been informed that this is a very normal clause when you are dealing with a commercial enterprise.

Now, Mr. Chairman, I have also started and the member knows that there in fact is a part of the agreement that will be made available. But it will not impact on the competitive position of the Co-op. You are asking for disclosure on areas that deal with the cost structures of the Co-op Refinery and as to how it deals with its competitors.

**Mr. Van Mulligen:** — Minister, I'm not asking for any disclosure. I just simply asked you at whose insistence was this confidentiality clause included in the agreement.

Your response is to say that this is a normal type of a clause. And it may well be a normal type of a clause. But I wonder, Madam Minister, did you at any time during the discussions with the Consumers' Co-operative Refineries Ltd. and with the federal government point out that there are significant taxpayers' dollars involved in this agreement and that for those reasons, that we might seek to exclude the confidentiality clause? Did you make any comments or your officials any comments, to that effect to try and ensure that there would be full disclosure of the agreement?

**Hon. Mrs. Smith:** — Mr. Chairman, no one insisted that this be put in. It was a recommendation from the legal people from all sides. And we were informed that this is a very normal and reasonable clause to be put in dealing with the types of information that was in there as it reflected upon the cost structures for the Co-op Refinery.

**Mr. Van Mulligen:** — Can you tell us, Madam Minister, that if this is one of those normal things that just sort of came before you, whose lawyers drafted the agreement? Was it your government's lawyers or was it Consumers' Co-operative Refineries Ltd. lawyers? Whose lawyers drafted this? Who included this in the agreement?

**Hon. Mrs. Smith:** — Well, Mr. Chairman, as joint projects go, this was jointly done.

**Mr. Van Mulligen:** — Madam Minister, might . . . you're being extremely evasive, Madam Minister. But might I ask you, might I ask you: did you or your officials, or any of the other members of the Executive Council that might have been involved in the discussions leading up to the signing of the agreement, did anyone from the Government of Saskatchewan, or acting on behalf of the Government of Saskatchewan, raise any questions about the advisability of including this confidentiality clause?

**Hon. Mrs. Smith:** — Mr. Chairman, once again I can only say that the clause was there as a draft or a recommendation and it was considered to be reasonable. And when we looked at it, that is the view that we took with it.

**Mr. Van Mulligen:** — Madam Minister, surely some of the officials that are with you today participated in the discussions leading up to the signing of that agreement. Can you ascertain, Madam Minister, did any of those officials, or again, anyone else acting on behalf of the province of Saskatchewan, raise any questions whatsoever about the advisability of including the confidentiality clause?

**Hon. Mrs. Smith:** — Mr. Chairman, again, the clause was reasonable and we did not try and remove it.

**Mr. Van Mulligen:** — Well, Madam Minister, I'm coming to the conclusion that we're not going to get anywhere with you, given your evasiveness on this whole matter. But there's a couple of things that are coming out. One is that you and your officials would be so blasé, so blasé about signing agreements and not asking questions about some of the clauses in that agreement; not pointing out, for example, that the Government of Saskatchewan, the taxpayers of Saskatchewan, are investing millions upon

millions of dollars in a venture, yet you would not ask one question about whether it's advisable to disclose as much information as possible so that the taxpayers might know what's going on in this particular development.

**Some Hon. Members:** — Hear, hear!

**Hon. Mrs. Smith:** — Mr. Chairman, we have never said we will not disclose information. And let me refresh the member's memory. Last night, when the question first arose, we gave a commitment to talk . . . to give information. We also said that the agreement on the guaranteed loans would be disclosed when the arrangements are finalized. And I believe I told your leader that that would be at the end of August, and the member from Saskatoon South can correct that if it's incorrect.

What we are talking about today is another matter also. I will disclose as much financial information as we can. We believe we have an obligation to do that. But it will not be the information that impacts on the competitive position of the Co-op Refinery. And that, my friend, is a very normal, reasonable clause to have in a contract when you have a joint venture with a commercial enterprise. I will not put them into that position, and I ask you to think seriously about what you are asking us to disclose as it pertains to the Co-op Refinery.

(1230)

You are talking about cost structures that impact on that Co-op Refinery because it is integrated with the upgrader. And it's a very normal and needed clause for a commercial entity and a joint project.

**Mr. Van Mulligen:** — I wasn't going to ask any more questions. I might say that my memory is excellent, Madam Minister. What you've been saying is that you'll release certain bits of information as it suits your purposes, but that you're more than reluctant to release all of the information and allow the taxpayers to judge for themselves whether this is a good deal for the taxpayers of Saskatchewan or not.

Might I ask one further question, Madam Minister. Did any of the representatives from the federal government who were involved in discussions leading up to this agreement raise any concerns whatsoever, ask any questions whatsoever, about the advisability of including or retaining a confidentiality clause?

**Hon. Mrs. Smith:** — Mr. Chairman, it is extremely interesting to listen to the member talking about what is a good deal, what should be disclosed, and what isn't. I don't believe he really believes what he's saying, simply because of the track record of the NDP when they were in power. You know, one of the questions I would ask for him to think about is this one: was it a good deal for Saskatchewan on buying potash mines? Nothing was disclosed. Was that a good deal?

**An Hon. Member:** — I think you hit a nerve, Patty.

**Hon. Mrs. Smith:** — I think so. That information wasn't disclosed. But it got worse. Those agreements weren't

even around in 1982 when this government came in. So what is a good deal? What's a good deal? I think the member talks out of both sides of his mouth. Hopefully it'll change.

Mr. Chairman, once again I'm not about to jeopardize the Co-op Refinery on that portion of the contracts. And the Co-op, in discussion, raised the importance of confidentiality as it pertains to the cost structures of the refinery. And, Mr. Chairman, we are going to stand by that agreement.

I will once again tell the members, if they want some specific financial figures, and if we can do that without breaking our obligation on the contract, we will do so. I have also given a commitment that we would undertake a discussion with the signatories to review the confidentiality clause. I can do no more than that. And I believe, Mr. Chairman, that is very fair and very reasonable.

**Mr. Van Mulligen:** — Well, Madam Minister, we'll let the people of Saskatchewan decide whether I'm speaking out of both sides of my mouth, or whether I'm putting to you straightforward questions about a deal that involves their money, that involves millions upon millions of taxpayers' dollars. And they will also judge whether or not you are providing the kinds of answers that should be forthcoming from a minister of the Crown.

Madam Minister, I'm not particularly concerned at this point about the financial arrangements of the potash corporations of the previous government. I am not concerned about the arrangements that led to the financing of the pulp mill under the Thatcher government. I am not concerned about the activities of the Patterson government of the 1930s. I was asking you some questions about events that are taking place now.

Madam Minister, we seem to be going up a blind alley. We're not getting anywhere with you. You're being evasive; you're avoiding the questions; you will not answer. The questions, I would suggest, are not offensive. They're straightforward questions about confidentiality clauses.

Might I ask you, Madam Minister, would it be your intention, in case of future contracts and agreements of this sort, would it be your intention to ask questions about the advisability of the confidentiality clauses? And would you commend a similar attitude to your colleagues in the Executive Council as they undertake to sign agreements with private interests which involve the taxpayers' dollars? Will you give us that undertaking?

**Hon. Mrs. Smith:** — Mr. Chairman, I understand fully why the member doesn't want to talk about the past. I think most of us on this side do. And, Mr. Chairman, quite frankly, I don't raise the issue to dwell on the past. But I raise it to keep it in perspective in terms of what the NDP are asking. And what I've said is: it has been reasonable, and it has been normal with joint ventures and commercial entities through various governments, they disclose as much as they can. But portions as it pertains to the commercial aspect of the signatory, it is not unusual that that has not been disclosed.

That's why I raise the past, Mr. Chairman. I am not prepared to suggest that in the future all joint ventures be disclosed in total. That's not reasonable to ask. And I don't think it's feasible. Unless of course you don't want any joint ventures but the government is going to do it all — how, I don't know. But perhaps that's one of the motives behind it.

Mr. Chairman, I can only state that on future joint ventures — and I mean it's a very hypothetical question, so perhaps the answer's going to be hypothetical also — that where it is necessary to protect commercial information, confidentiality clauses will be a normal, reasonable aspect of contracts.

**Mr. Tchorzewski:** — Thank you, Madam Minister, who signed this agreement on behalf of the Government of Saskatchewan?

**Hon. Mrs. Smith:** — Mr. Chairman, I did.

**Mr. Tchorzewski:** — Madam Minister, wouldn't it be a normal course of events to take such an agreement before cabinet? And I'm not asking you to divulge any discussion that may have taken place in cabinet. But wouldn't you agree that it's a normal course to take such an agreement to cabinet for approval before you've signed it?

**Hon. Mrs. Smith:** — Yes, that's a very normal process, as the member from Regina North East well knows.

**Mr. Tchorzewski:** — Thank you, Madam Minister. And indeed I do well know. And that is the crux of the issue here. And we've spent a lot of time talking about what is normal.

Well I say to you, Madam Minister, that there is nothing more normal than for a government to assure, when it puts at risk some \$680 million of taxpayers' money, that it make assurance that it can be and will be responsible and accountable for the expenditure of that money.

Madam Minister, you've made no such effort. You talk of the confidentiality clause in the agreement. And that is going beyond what should be required and expected of any government from what is normally expected. Why, Madam Minister, did you not request that this confidentiality portion be removed from the agreement because you were committing that kind of money which the people of Saskatchewan are going to put up?

**Hon. Mrs. Smith:** — Mr. Chairman, with all due respect, that question has been answered, I believe, about four times this morning.

**Mr. Tchorzewski:** — Well I'm sorry, Madam Minister, but you're going to have to answer it again, because my question is based on what is required of you and required of the Executive Council on behalf of the citizens of Saskatchewan.

Why would you not have, Madam Minister, requested, or at least made a suggestion, when you took this to your cabinet, that the confidentiality portion of this agreement

which you now are using as your excuse not to make this information public and available, why would you not have made some effort to have it removed? Because it is not your personal money that's being committed,, it's the personal money through the taxes of every Saskatchewan citizen.

**Hon. Mrs. Smith:** — Mr. Chairman, like I said, I've already answered the question. It was a reasonable clause to have in there in terms of it being a joint project with the Co-op Refinery.

**Mr. Tchorzewski:** — Is it not, Madam Minister, reasonable for the people of Saskatchewan to know what they are laying out their money for?

**Hon. Mrs. Smith:** — Mr. Chairman, I have offered several times. I haven't heard one member say yes, we will arrange a time and a meeting with you to talk about this. I will make the offer again. We will gladly sit down at their request, if they should choose, to review and discuss this matter with the signatories to the agreement. I have given a commitment to undertake that.

Mr. Chairman, I have also stated if they have some specific financial questions of various areas of the project, please come forth with them. We will disclose to them as much as we can and stay within the legal limits of that contract. But Mr. Chairman, I will not disclose the cost structure component as it reflects upon the Co-op Refinery and put them in jeopardy in terms of their competitive edge in doing business.

**Some Hon. Members:** — Hear, hear!

**Mr. Lautermilch:** — Madam Minister, I have been listening patiently as the members on this side have been fishing for the information that the people of this province deserve to have. I've been hearing consistently the members on that side chirping about business ethics and what's good for business and how you run a government. And I want to tell you, Madam Minister, that it's not acceptable, the kind of statements that you're making to this House.

You're trying to run this government as if it was a proprietorship and not as if it's a government. You, Madam Minister, are the chairman of the board of directors in this particular deal, and you are responsible to one million shareholders in this province. You're dealing with 650 million or 680 million; we're not sure, because you're not sure.

Madam Minister, do you not feel some responsibility? I ask you: do you not feel some responsibility to the million shareholders, the people of this province, to let them know what's going on to the 650 or the 680 or whatever how many millions you've got tied up in this deal? Do you not feel some responsibility to let those people know?

**Hon. Mrs. Smith:** — Mr. Chairman, I believe from every member in this House, it doesn't matter which side it comes from, each one of them would feel a high degree of responsibility when it comes to the expenditure of \$680 million. So yes, Mr. Member, we feel a heavy degree of responsibility, not only in terms of the \$680 million, but

what happens in the future, and that the project in fact be viable to give this province an opportunity to create more opportunities for the work-force and for other factors.

Mr. Chairman, the upgrader is a good deal, and we have said that to the opposition and to the taxpayers. In fact, Mr. Chairman, it is a much better deal than what the take-over of the potash mines ever were.

**Mr. Lautermilch:** — Madam Minister, you talk about the viability of the upgrader deal. And I want to say to you that there isn't member on this side of the House that doesn't hope, you're right. And the reason that we hope that you're right is because you've tied up 650 or \$680 million of the taxpayers' money.

(1245)

And what we're asking, Madam Minister, is that you table the agreement. I frankly don't believe, when you signed that agreement, that it was anybody but you who asked to have that confidentiality clause put in there, because you've got a track record, your side of the House, of not being accountable to this legislature. And this is just another example of the kind of incompetence that you guys have been demonstrating.

I ask you again, Madam Minister: why did you not, when you signed that agreement that was putting some \$680 million of taxpayers' money on the line, did you not insist on behalf of the people of this province that there be no confidentiality clause?

**Hon. Mrs. Smith:** — Mr. Chairman . . .

**Mr. Chairman:** — Order, please. Order. We're having difficulty hearing the minister's answer.

**Hon. Mrs. Smith:** — I want the member to understand what a loan guarantee is. He says we've tied up \$680 million. My guess would be he's trying to leave the insinuation that actual cash is tied up. That hasn't happened, Mr. Chairman, under this project. In fact the last time I remember a large amount of cash being tied up was 400 . . . I think it was, the Leader of the Opposition would know, about \$400-plus million cash, hard cash, for the take-over of potash mines. He may find that interesting.

Mr. Chairman, I believe that to his latter statement I have answered that question, and there is nothing more to add to it. The clause is reasonable and quite a normal clause as your past government would have known in doing joint ventures outside of government. Very reasonable.

**Hon. Mr. Blakeney:** — Mr. Chairman, and Madam Minister, I'd like to in essence pursue the same discussion but try to pursue it in as orderly a way as I can.

Madam Minister, would you please give to me the titles — the names and titles of the agreements which you have signed or are negotiating with respect to his project so that I will know just what we're talking about.

**Hon. Mrs. Smith:** — Mr. Chairman, I thought we had touched on them last night; perhaps we didn't. The

project agreement and the operating agreement — those two are signed.

**Hon. Mr. Blakeney:** — Sorry. I'm not hearing. Did you say the project agreement and the operating agreement?

**Hon. Mrs. Smith:** — And the operating agreement are signed. We have the loan agreements between NewGrade and its lenders to be estimated to be completed before the end of August, plus we have the guarantee agreement between Canada and Saskatchewan, and that too is scheduled for the end of August. Now there's about 20 other minor agreements, and if you would like a list of those, we will require a little bit of time to get them. But we can make those available to you if you so wish.

**Hon. Mr. Blakeney:** — Mr. Chairman, and Madam Minister, I wonder if I am now understanding you that there is a project agreement, an operating agreement, loan agreements between NewGrade and the lenders, and a guarantee agreement between Canada and Saskatchewan. If I have that right, could you tell me how many loan agreements are there? One between NewGrade and Canada, and one between NewGrade and Saskatchewan, or any others?

**Hon. Mrs. Smith:** — Yes, Mr. Chairman. The list, as the leader has laid out, is correct. There are two agreements to the loan agreement with NewGrade and its lenders. One agreement is dealing with the Canadian lenders, and one agreement is dealing with its American lenders.

**Hon. Mr. Blakeney:** — Thank you. Mr. Chairman, and Madam Minister, which of those agreements contain the confidentiality clauses to which you were earlier referring?

**Hon. Mrs. Smith:** — The operating agreement and the project agreement contain the vital information as it pertains to the Co-op cost structures.

**Hon. Mr. Blakeney:** — Madam Minister, you will have to speak up because your colleagues are making too much noise. Would you mind repeating.

**Hon. Mrs. Smith:** — With all due respect, Mr. Chairman, if the leader's colleagues would be quiet, the leader would be able to hear, both on the left and the right to him.

What I said was, the operating agreement and the project agreements are the agreements that contain the cost structure elements as it pertains to the Co-op Refineries that we will not release because of the confidentiality clause.

**Hon. Mr. Blakeney:** — Mr. Chairman, and Madam Minister, I'm sorry that I didn't make my question clear, or, in the alternative, the answer was not clear. I'm not asking whether the agreements contain a cost breakdown. I'm asking whether each of the project and operating agreements contain confidentiality clauses.

**Hon. Mrs. Smith:** — Yes, they do.

**Hon. Mr. Blakeney:** — Mr. Chairman, and Madam Minister, I want to be clear on what I am asking here. Many, many agreements contain a confidentiality clause which prohibits the disclosure of the contents of the agreement. Thus it is not uncommon to have a confidentiality clause which will say: technical information which we have disclosed to you to during the course of these negotiations shall be kept confidential; however, the terms of this agreement are of course perfectly public.

And that is the norm. After all, you couldn't list these shares on a stock exchange unless you would declare the underlying basic agreements. You wouldn't be able to get bank financing without disclosing them. You wouldn't indeed be able, generally speaking, get bond money without disclosing them. Now this doesn't mean that all the technical information is available. I'm talking about the terms, the copy of the project agreement and the operating agreement.

Now what I am asking you, Madam Minister, and I will talk about one for the moment, the project agreement: are you advising me that there is a provision in the project agreement which prohibits the disclosure of the terms of the project agreement by any one of the parties?

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

**Hon. Mrs. Smith:** — Mr. Chairman, the leader would have us believe that this is very abnormal; this has never happened in the past. And that's just utterly nonsense. I can't think of a clearer way of saying it. It is nonsense.

We have given a commitment to give you as much of the financial information as we can in terms of the total dollars amount, the breakdowns. You know that you will have access to the guarantee loan agreement when it is finished. You know that. But we have also been very up front in saying why we can't disclose the project and the operating agreements. You know that. And there's nothing to hide. It's a joint venture. And I'm not about to put the Co-op refinery in jeopardy. And I don't think you would ask that.

Those agreements contain some very pertinent information as it applies to cost structures with the refinery. Obviously, it would either put them in a competitive position or not. And I'm not about to disclose that. That's why the confidentiality clause is within the agreements, Mr. Chairman.

The committee reported progress.

**Mr. Speaker:** — Before I officially adjourn the House, fellow colleagues, I'd like to bring one or two items to your attention. Starting next week, as you no doubt are all aware, we'll be having here in Saskatchewan the 27th Canadian Regional Conference of the Commonwealth Parliamentary Association.

We will have delegates from Malaysia, the United Kingdom, some Caribbean islands, and from all provinces and territories in Canada — somewhere over 200 delegates and observers.

Just for your information we will be discussing in our business sessions, topics such as native self-government, free trade, parliament and the press, and immigration. There are six delegates from among you who will be official delegates of the convention. I would just like to point out that these business sessions are open to the public and if any of you can find time to attend, you're certainly welcome. We would look forward to that.

However, if you're looking for something to do this weekend, as you all know, there's a Big valley Jamboree going out there in Craven, Saskatchewan. There's going to be something like about 70,000 people, I understand. There's going to be some great talent there, like George Jones and the Saskatchewan Express and Glory-Anne, native Saskatchewan talent. I'm sure you'd enjoy it. And I mention this only because Craven, of course, is in Last Mountain-Touchwood constituency.

**Hon. Members:** — Hear, hear!

The Assembly adjourned at 1 p.m.