

EVENING SITTING

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure  
Consumer and Commercial Affairs  
Ordinary Expenditure — Vote 4

Item 1 (continued)

**Hon. Mr. Blakeney:** — Mr. Chairman, and Madam Minister, when we arose at 5, I asked you whether the superintendent who is supervising the administration of this Act was aware of the fact that First Investors had submitted a prospectus for filing. I was not asking you whether first the superintendent kept in touch with all of the prospectuses under The Securities Act which may have been submitted for filing. I was pointing out that there were three, and three only, companies registered under this Act. I asked you and I ask you now: was the superintendent aware of basic financial information about First Investors such as that they had submitted a prospectus for filing in several provinces? Was he aware of that fact or not aware of that fact?

**Hon. Mrs. Duncan:** — I indicated to you before the supper break, Leader of the Opposition, that, no, he was not aware that they had filed preliminary prospectuses in some jurisdictions.

**Hon. Mr. Blakeney:** — Mr. Chairman, and Madam Minister, I will not attempt to find out what he was aware of during the course of the administration of the Act, of The Investment Contracts Act, which he and you were charged with seeing was proper. And I first ask what information you had then and what information you have now . . . Did all the investments made by First Investors — and I'll confine myself to First Investors; whatever I say could almost equally be said of Associated — did all of the investments comply with section 22 of The Investment Contracts Act, i.e. were they all in securities permitted under the Canadian and British Insurance Companies Act of Canada?

**Hon. Mrs. Duncan:** — To the Leader of the Opposition, section 22 lists the various securities or the assets that can be secured. We relied on the primary jurisdiction, as did all other provinces rely on the primary jurisdiction, which in this case is Alberta. I think you recognize and you know exactly how extra-provincial corporations, financial corporations, are dealt with, that we rely on the primary jurisdiction to make sure that the requirements under the Act — Alberta's similar to ours, B.C.'s is similar to ours — that those regulations are in fact being upheld. And we relied on Alberta to do the auditing of the investments and the security that they held against those investments.

**Hon. Mr. Blakeney:** — Mr. Chairman, Madam Minister, have you since found out that this company was in compliance or not in compliance, or haven't you found out?

**Hon. Mrs. Duncan:** — I can indicate that the type of assets held by the company were in compliance with the requirement of the Act; however it was the dispute that

arose between the external audit and the company as to the evaluation of those assets that brought this matter to a head.

**Hon. Mr. Blakeney:** — So you're telling me that so far as you're concerned this could happen again, that another company could have the same package of assets and be fully in compliance with section 22. I hope you're not telling me that, but that's what you just told me . . . (inaudible interjection) . . . Well you just told me that the assets of this company, so far as you were aware, complied with the Act and that we're merely talking about valuation. And you're suggesting somehow that valuation isn't part of the Act, that the Canadian and British Insurance Companies Act permits any mortgage, however much in arrears it is. I sort of challenge that, but you're telling me that.

Well, Madam Minister, I asked you whether the assets complied and you said, yes, they did as to form; the only issue was valuation. I say to you, Madam Minister, that valuation is part of the Canadian and British Insurance Companies Act, and if they don't have the value then they don't comply with that Act. You're telling me otherwise. I simply don't believe you. But I must go on because we can't be here all night.

I want to ask you this, Madam Minister. Section 23 . . . I don't believe that you've complied with section 22. Section 23 says there cannot be dealings where any director of the company directly or indirectly had a pecuniary interest. Do you say that the dealings between First Investors and other members of the Principal Group violated that provision or did not violate that provision?

**Hon. Mrs. Duncan:** — We weren't aware, Leader of the Opposition, of any self dealing amongst the principals involved. The question has arisen, however, since the bankruptcy of the two companies. The Code inquiry which is on right now will be establishing that very fact. We had in indication from the primary jurisdiction that the company was in violation with that particular section.

**Hon. Mr. Blakeney:** — Madam Minister, I'm not asking whether you had an indication from anyone else, I'm asking whether you enforced this Act? And take it you are not able to say whether or not that section of the Act was violated, and that no subsequent investigation by you or your staff has indicated whether that provision of the Act was complied with. But I suggest to you, Madam Minister, that section 22 was not complied with and I think when the facts are in, as I suspect you have them now, section 23 was not complied with.

Now let's move to section 25. Did you or your staff receive quarterly statements as provided for by the provisions of section 25 or the Act which you were charged with enforcing?

**Hon. Mrs. Duncan:** — I would indicate that the compliance to this Act with regards to the two companies is the very same that it has been since these companies started business in the province of Saskatchewan, namely, that as an extra-provincially licensed company we, as you did, as other governments have, relied on the

primary jurisdiction. And as far as we know, the company since 1954 has complied with regulations.

(1915)

And we relied upon, as I say, as your government did when you were in power, as the Liberal government did when they were in power, relied on the primary incorporating jurisdiction to make sure that regulations were adhered to. I might say that this is a tragedy, a tragedy not only for investors who lost part of their savings and investments, but it's a tragedy that a company that has served its investors well over the course of the last 30 or so years really had to go into bankruptcy. It's a tragedy not only for the company but also for the investors.

But you know and you know well, how extra-provincially licensed companies are handled. The Government of Saskatchewan has always relied upon the primary jurisdiction — Alberta — for the enforcement, the auditing of the assets, making sure that the assets listed had the value as stated. And I really can't say more than that.

**Hon. Mr. Blakeney:** — Mr. Chairman and Madam Minister, in case you've forgotten the question, it was: were the quarterly statements filed?

**Hon. Mrs. Duncan:** — And as I answered you, it was an extra-provincially licensed company, and we assume that the quarterly statements were filed with the primary jurisdiction; we were given no indication that they were in violation with any of the requirements. Alberta's Act is almost word for word to the Saskatchewan Act; the B.C. Act is almost word for word to the Saskatchewan Act. And you know well that in the case of extra-provincially licensed institutions, governments always rely on the incorporating jurisdiction to maintain enforcement of the regulations.

**Hon. Mr. Blakeney:** — Mr. Chairman, Madam Minister, I don't want to get into an argument about what previous governments allegedly did because I simply flatly deny your allegations that people blithely relied upon foreign jurisdictions or Alberta jurisdictions with respect to The Securities Act; I flatly deny that.

But coming back to this Act now in this year 1987, which you are charged with administering, I take it your answer is, you did not receive the quarterly statements. Now if I've got that wrong, tell me. But I have assumed that you did not receive the quarterly statements in compliance with section 25. If you have them on file, simply tell me; if you haven't, tell me that, and I'll go on to section 26. There aren't many sections left that you had to comply with and, so far, I don't think you've hit many.

Not later than 90 days after the expiration of its fiscal year, every licence issuer shall file with the superintendent a balance sheet and profit and loss statement . . .

I ask you, Madam Minister: was that section complied with? Was it complied with for the 1985 year and if so, when was the financial statement filed?

**Hon. Mrs. Duncan:** — I can inform the member than in 1978 when The Investment Contracts Act came into play, audited financial statements were filed with the department from 1980 up until we had received their 1985 audited annual report.

The 1986 audited annual report was not submitted because it was during this period that the dispute arose between the external auditor and the company. So we didn't get one for 1986. I believe they had sent an unsigned statement which was not acceptable.

**Hon. Mr. Blakeney:** — I take it that you got one for 1985. Is it the one which was dated May 9, 1986 from Deloitte Haskins & Sells, addressed to the shareholders of First Investors Corporation? Is it the one you got showing that the company was insolvent, and you still licensed it? Is this the financial statement you got which showed that the net worth of the company — not net worth, capital deficiency — as was clearly stated, was \$4.1 million? Is this the financial statement you got early in 1986, and still registered the company?

**Hon. Mrs. Duncan:** — Had you been in the House this afternoon your colleague has already asked that question. You, as a lawyer, are taking one sentence out of a full report.

Now the 1985 audited statement, audited by Deloitte Haskins, indicate that they are in dispute as to the valuation put on by the company of certain properties. And they clearly state that, that in their opinion that those properties, the value of those properties was not a temporary aberration as claimed by the company, and they felt as auditors that that should be written down.

However, if you read the whole statement, the statement also shows that offsetting loans by shareholders and other investments reported were undervalued. And there is no statement, there is no statement in that report that concludes that the companies were insolvent — no statements.

**Hon. Mr. Blakeney:** — Mr. Chairman, and Madam Minister, that is simply and flatly not the case — simply and flatly not the case. Madam Minister, here is Deloitte Haskins & Sells. They have put their balance sheet here and the balance sheet shows capital deficiency, not assets but capital deficiency. There is no way, Madam Minister . . . no way, Madam Minister, that a company with a capital deficiency can be anything but insolvent, and is simply not true for you to say otherwise. And you can't find one accountant anywhere who will say that a company with a capital deficiency is not insolvent.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — You say, Madam Minister, that there is an argument about valuation of the assets, and there is indeed. But the argument is whether this company is insolvent to the extent of \$ million or \$14 million. Madam Minister, this is what it is. I invite you to read the note.

But Madam Minister, I leave that because that's a matter of public . . . or I was going to say it's a matter of public

record. It is not a matter of public record. I want to raise the other issue, Madam Minister, and it's this. You had or should have had the records in your department that would have indicated to anybody who might have wanted to buy a certificate that this company was in good shape or was not in good shape.

Is it not true, Madam Minister, that you denied, you and your staff denied the public and me and members of this caucus access to the financial statements filed with your department? Is that not true, Madam Minister?

**Hon. Mrs. Duncan:** — I would indicate to you that the department had no requests for information on this particular . . . either company, for that matter, as to whether they were licensed in the province, whether they were solvent, whether they were insolvent, or whatever.

Now you say that we denied you information. I find it rather strange that the information you requested came after the companies were put into bankruptcy, not before, and I think, too, as a lawyer you know full well that these were closely held companies, not public companies, therefore we are unable to give you that information. If it was a publicly held company, yes we could. A privately held company, no we can't.

**Hon. Mr. Blakeney:** — Madam Minister, I don't accept that for 30 seconds — not for 30 second that any company that files under The Investment Contracts Act, can keep its financial statements secret. I don't agree with that for 30 seconds . . . (inaudible interjection . . . All right, you be as sorry as you like, but you're not nearly as sorry as the thousands of people who lost money because you . . .

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — . . . because you would not enforce this Act. You would not enforce section 22 and we've established that. You wouldn't enforce section 23 and we've established that. You are now telling me you didn't even get quarterly statements required by section 25. You tell e you didn't get the 26 statement in time, Madam Minister. And you freely admit that I asked for the financial statements and you declined to give them to me. I think you will freely admit that.

(1930)

I have it on paper so I would advise you not to deny it . . . (inaudible interjection . . . That's right. Let me ask you this. Would you give a list of the people who were registered to sell investment contracts under this Act, and are you saying that that was somehow privileged information? And do you deny that to the opposition and to lawyers who were acting on behalf of clients?

**Hon. Mrs. Duncan:** — We do not provide lists of sales people. If you had asked whether a specific person was licensed, we could give you that information — whether he or she was duly licensed to conduct business in the province. But we do not provide lists either to the opposition, or to any organization for that matter, of people who are licensed under the department, under the

various statutes of the department. We can give you their status, whether or not they are licensed, but not . . . We don't give out names.

**Hon. Mr. Blakeney:** — Mr. Chairman, and Madam Minister, I would like you to agree to file all the financial information you had in your department with respect to First Investors. I believe the public are entitled to know what information you had gathered in as you were required to do pursuant to the Act. I think you will agree that it couldn't possibly do anybody any harm now since this company is in bankruptcy.

Will you kindly file this information so that somebody in this House will have some idea of how you're performing duties pursuant to this Act? Is there any reason why you wouldn't do that, and can we expect it promptly?

**Hon. Mrs. Duncan:** — I believe as a result of the court proceedings in Alberta, that all the financial information is now a matter of public record. I go back though, Hon. Leader of the Opposition, that the treatment of this company is the same as it was under your administration, as it was under the Liberal administration, and as extra-provincially licensed companies are treated across the country. All jurisdictions depend upon the primary jurisdiction for the enforcement of regulations.

Now when the Alberta regulator accepted the 1985 audited annual statement, we did too, and when the Alberta regulator accepted that 1985 audited statement, we assumed and B.C. assumed and the Maritimes assumed that the regulations thereto had been complied with. Now that is standard practice across the country, has been for ever and a day, and I'm sure will continue to do so.

What you area saying is that each company should have their own external auditors come in, the primary jurisdiction come in, plus 10 or 12 other jurisdictions come in and do an audit. That's exactly what you're saying. Now we will continue to rely on the primary jurisdiction for enforcement of regulations.

It is unfortunate that this happened. We were given no advance notice, which is too bad. As I said before supper, I think an incident like this indicates the need for a sole regulator and not 10 provinces and two territories. I think this points out the need for a national regulator to regulate across the country so they can know more or less what's going on.

**Hon. Mr. Blakeney:** — Mr. Chairman, and Madam Minister, obviously I failed to communicate the question, and I'm sorry.

My question was: will you file in this House the financial statements which were filed with your department? I ask you again, will you file . . . (inaudible interjection) . . . Mr. Chairman, the member for Souris-Cannington obviously doesn't understand the question, and he doesn't understand the thrust of it, and I would be . . .

**An Hon. Member:** — You'd be very happy if I'd shut up, right?

**Hon. Mr. Blakeney:** — Well he expresses it in a very cogent way. I couldn't improve upon it, so I will direct my attention to the member for Maple Creek, the minister, and ask her: will you file the financial statements that were filed with you?

And that obviously has a twofold purpose: one, to see what the financial statements were — which may be able to be obtained from some other jurisdiction; I don't know — but also to find out what financial statements you received and ignored.

Now my question is simple: will you file in this House the financial statements you received? They certainly couldn't possibly hurt anybody, except perhaps you.

**Hon. Mrs. Duncan:** — I would indicate to the member that we said before supper that the last audited statement we got covered the year 1985. There was no 1986 statement filed because of the dispute with the external auditor and the company. All the financial statements are a matter of public record. The Code inquiry has them; the investor's committee has them; you have them — you're reading from them. That is the last financial statement that we had, was the 1985 one.

**Hon. Mr. Blakeney:** — Sorry, Mr. Chairman and Madam Minister. What I have is not the question I'm asking. I want to know what was on your file, not whether I got it from Alberta, but what was on your file as your staff year after year licensed this company.

Now will you file the financial statements that were on your file so that we may know what information you had or did not have when you acted in a manner which caused thousands of Saskatchewan citizens to lose their life savings?

**Some Hon. Members:** Hear, hear!

**Hon. Mrs. Duncan:** — I want to clarify something. Are you asking for the financial statements for the 35 years that this company was doing business in the province? You want the financial statements from each of those years? Or do you just want the latest, because the latest if the 1985 audited report which is a summary of 35 years of doing business in the province.

**Hon. Mr. Blakeney:** — Mr. Chairman, Madam Minister, I'd find it perfectly acceptable if she gave us, say the '83, '84, '85 annuals and quarterlies.

**Hon. Mrs. Duncan:** — I'll send that information over to you.

**Hon. Mr. Blakeney:** — Mr. Chairman, and Madam Minister, I now turn to section 30:

The superintendent may at any time require any issues or salesman to submit for review any circulars, pamphlets, brochures, specimen contracts, application forms (etc.) used by the issuer or salesman . . .

I ask you, Madam Minister, are you familiar with something called the Principal Group 31st Annual

Review 1985 which I am reliably advised was used for soliciting sales in Saskatchewan? And I have no idea whether it was used in any other province. So I'm talking about what the superintendent in Saskatchewan did about this brochure. And I want to read a section from it, and this has been quoted to me by people who have lost money, saying they read it and relied on it. And I will read it — one provision — at page 16.

The companies maintain with a Canadian chartered bank qualified assets in excess of 100 per cent of the cash surrender value of all certificates at all times.

Now you are familiar with that representation. It's come up many times in the course of meetings and hearings; it was in this brochure. Your staff had the full right to call for a review of these brochures. Was it done? Did your staff detect this statement and is the statement true or anywhere near true?

**Hon. Mrs. Duncan:** — The company filed with us the pro forma contracts, a specimen of the pro forma contracts, which clearly in bold print indicate that the investment contracts are not insured by Canada Deposit Insurance Corporation.

With regards to page 16, there again that is the very essence of the dispute that led to the insolvency of the two companies. According to the company . . . And they still argue today that 100 per cent of the assets were covered. It was the valuation of those assets that came into dispute.

(1945)

But as far as we know, the company was complying in setting aside assets to cover the contracts, and in early '86 it was the valuation of those assets that were disputed by the external auditor and supported by the independent auditor that the Alberta regulator sent in to evaluate the assets.

**Hon. Mr. Blakeney:** — Well, Mr. Chairman, and Madam Minister, if you don't think that that is misleading for an average investor, to say that it maintains qualified assets in excess of 100 per cent with a Canadian chartered bank, if you don't think that would mislead the average investor, then I think you believe they're very highly sophisticated.

They believed that the money was in the bank' that's what they were led to believe, and it wasn't true. And when read with some of the other provisions of this brochure, it makes it clear that, at least, the reliance upon real estate investments was denied.

Madam Minister, there is no point in us arguing this because in your judgement you say the Act does not apply in Saskatchewan. But, yes, it says that the superintendent should do this and he should do that; he should require compliance with section 20, but that doesn't count because we're relying upon Alberta. And propagating the myth, for example — and I can't recall what happened under The Investment Contracts Act; I never had the administration of that — but I can very much assure this House and the people of Saskatchewan

that when it comes to The Securities Act, if a financial statement was required, it was filed in Saskatchewan; and we were not relying upon financial statements filed in Toronto or in Edmonton in order to comply with The Securities Act. That's a bizarre,, a bizarre position.

I'm not suggesting for one moment that you should necessarily have sent your own auditors in. but to suggest that they should not have filed the financial statements with you, which the Act clearly required, strikes me as being a negligence on your part, particularly in the last several years when everybody who had their eyes open knew that financial organizations in western Canada were in difficulty.

Madam Minister, you watched a trust company in Saskatchewan go down the chute because it had too much money in real estate. You watched any number of other financial agencies in Alberta get into difficulty because they had too much money in western real estate. And you said, it's no concern of mine; I don't even need . . . don't even need quarterly financial statements. I don't need annual financial statements in time. And if I get an annual financial statement which shows the company is insolvent, and the company says they don't agree with it, you don't feel that that's any grounds to cause you to do a little more investigating. And as a result of that attitude, hundreds, thousands of Saskatchewan people have lost their money, lost, in many cases, their life savings.

And I say to you that did you did not have your staff comply with section 22,1 and I don't believe with we, and certainly, from your words, not 25 o 26. And in so far as section 30 is concerned, you didn't trouble your head about that except for the form of the contract. And because of this totally lackadaisical view . . . totally lackadaisical view, hundreds and thousands of Saskatchewan people have lot their money.

Now, Madam Minister, I am not saying that initially there is anything terribly wrong with relying upon the issuing jurisdiction in the case of Alberta. But at minimum you should have received financial statements regularly, and had somebody at least look at them, and certainly in the last several years when you knew that financial organizations in western Canada were in trouble you should have perused those financial statements with a good deal of care.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — Once you'd been through the Pioneer Trust fiasco, a fiasco caused exactly this way — exactly this way, or organization which represented its financial statements to be sound, but they were not sound because they've over valued their real estate — we have now got a dead ringer for that.

Are you trying to tell this House you didn't know about Pioneer Trust, or are you trying to tell this House that even knowing about Pioneer Trust, and knowing how the people of Saskatchewan lost tens of millions on that, you still ignored it, you still didn't bother to look, you still relied totally on Alberta, without even a look?

Madam Minister, I don't need to recount to you just how

many people have suffered because you failed to exercise even minimum prudence, but I don't think there's any use us dragging this out. You didn't require financial statements; when they came, you didn't review them. And when you did review them, you preferred to take the opinion of the company against the opinion of the chartered accountants. The companies are broke, they're bankrupt; thousands of Saskatchewan have lost their money because of the negligent way in which you have discharged your duties or indeed failed to discharge your duties under this Act; And on your shoulders, Madam Minister, rests the loss of these thousands of people.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — Once, once you were aware, once you were aware, Madam Minister, of the events of Northland Bank and Canadian Commercial Bank and North West Trust and Fidelity Trust and on and on, you had a clear duty to see that this wasn't another of them — a clear duty, a duty which you did not discharge and which you try to say, oh well, that wasn't my problem. True, the Saskatchewan legislature had passed this Act; true, it said that I was to do all these things, but why should I, why should I do that? Why should I do that? And the answer was, it was no longer safe to rely upon the issuing jurisdiction.

After all, there are only three of these companies. We're not talking about massive staff. A financial statement of one of these companies can be reviewed in half an hour or an hour. Questions could be lined up. You could send off to Alberta to get answers to the questions. It's a day's work to check this out. You didn't do it, and many, many hundreds of Saskatchewan people are paying for it. And, Madam Minister, this is a situation where — notwithstanding what the Minister of Finance says — I believe it will be shown that your government was grossly negligent. And when it is shown, when you're prepared to admit it, then your government should undertake to see that some or all of the loss suffered by these people is made up.

**Some Hon. Members:** Hear, hear!

**Hon. Mr. Blakeney:** — That's the hard fact. It is very clear that your negligence led to this — not their bad decisions, but yours — and under those circumstances it's clear to me at least that you should help them with the loss suffered by these people is made up.

**Some Hon. Members:** Hear, hear!

**Hon. Mrs. Duncan:** — I would indicate to the member that we take our responsibilities very seriously. Our audit section has gone from two auditors to 10 auditors. And those 10 auditors go out and audit approximately 250 provincially incorporated companies doing business in the province.

Now we can not audit the 500 or so other companies who are incorporated in other jurisdictions and doing business in this province. But we take our responsibility very, very serious because other jurisdictions rely upon our capacity to audit the 250 provincially incorporated companies.

**Hon. Mr. Blakeney:** — Mr. Chairman, and Madam Minister, I've heard you say this . . . What's about this 250 incorporated companies? We're not talking about what companies are incorporated, we're talking about companies that sell their securities to the public.

Now let's not confuse that with Joe's grocery. The issue is how many companies sell their securities to the public under The Investment Contracts Act. They're three. Under the Securities Act at any one time there are probably 50 — and I doubt that — except for ones which are listed on the stock exchange where you don't have to trouble your head about it.

Now, Madam Minister, dealing with only three companies, three companies who are taking in what are essentially deposits, do you still maintain that you don't have the auditing capacity? None of them could have spared a day or two for these three companies who were taking in, to your full knowledge, tens and hundreds of thousands of dollars of the savings of Saskatchewan people each year?

**Hon. Mrs. Duncan:** — There are approximately 250 firms in the province that we have responsibility to go and audit. We have eight loan companies, four trust companies, nine insurance companies, and 200 or more credit unions that we audit. And because we take that responsibility very seriously, we have increased the audit division from two auditors to 10 auditors.

Now you can harp back to the fact that we didn't do this and we didn't do that. We have treated the two companies in the same manner as they have always been treated. Your administration relied on the Government of Alberta for the enforcement of regulations pertaining to the investment contracts — and so did we. And we continue. . . As I said, we have approximately 500 companies doing business in the province that are incorporated in another jurisdiction and that are licensed as extra-provincial corporations doing business here.

We rely on the regulators in Alberta. We rely on the regulators in Ontario. We rely on the regulators in British Columbia and Manitoba if that's where the primary incorporating jurisdiction is. We rely on those regulators in those other provinces to ensure that the proper steps are being taken, that regulations are being complied with. We have done that, I suppose, since 1905 and we will continue to do so.

I think it is extremely unfortunate that not once prior to the collapse — of which we had two days notice — did an investor come to us and say, look it, I wanted to buy this contract and the guy said, well don't worry, it's guaranteed. But good heavens, look at this form. It says here it's not guaranteed by CDIC (Canada Deposit Insurance Corporation) insurance. It is unfortunate people are very trusting. It is very unfortunate that they lost part of their savings, because they will be getting some back. Not as much as they would have hoped for, but as I said, Alberta being the primary incorporating jurisdiction, we relied on them. We will continue to rely on the primary jurisdiction. Those companies that are registered here, we will make sure that they are

conforming to regulations as put forward.

**Hon. Mr. Blakeney:** — Well, Mr. Chairman, Madam Minister, all I can say is that I do not accept that as an appropriate standard of conduct, when you had any number of warning signals that companies of this kind in western Canada were in trouble. If you didn't have any, you should have had it from Pioneer Trust. You still did nothing.

What may have been done 30 years ago under very different circumstances, when no trust company and no investment contract company had ever gone broke in recent years, may be one thing. When you had clear knowledge that things were in difficulties with the financial companies in western Canada, and you did nothing, then the burden rests on your shoulders and not on anybody in Alberta. It was your responsibility to protect Saskatchewan people. You didn't do so, and on your shoulders must rest the burden.

**Some Hon. Members:** Hear, hear!

(2000)

**Mr. Rolfes:** — Madam Minister, just very, very quick questions. I hope you can answer them very quickly. I want to turn to a company that you have primary responsibility over, and that was Pioneer Trust.

Could you tell the Assembly, when was your department first alerted to the financial difficulties that Pioneer Trust was having, and who informed you so.

**Mrs. Duncan:** — We had no jurisdiction over Pioneer Trust. Pioneer Trust was a federally incorporated trust company, and the federal Superintendent of Insurance did the auditing and whatever for Pioneer Trust.

**Mr. Rolfes:** — Madam Minister, would you please answer the question for me When was your department, the Department of Consumer and Corporate Affairs, when were they first informed about the financial difficulties of Pioneer Trust, and by whom?

**Hon. Mrs. Duncan:** — In answer to your question, member from Saskatoon South, I believe — and this we'll have to confirm; we don't have that information here — but we believe that problems were first brought forward to the department when the member from Quill Lakes was the minister. But we will confirm that.

**Mr. Rolfes:** — Madam Minister, if we have to, we will go through this in some length. I was hoping we could do it in 10 minutes, but if that's the way you want to deal with it I'll refer you to a good friend of yours and good friend of the Deputy Premier, Will Klein. If we have to go through the whole article we'll go through it, and if it takes a couple of hours, we'll do it.

It is very clearly indicated in that article, Madam Minister, that your department, the Department of Consumer and Corporate Affairs, was informed in July by the federal Department of Insurance and it was confirmed this morning in public accounts by the Finance officials. Is

that not true, Madam Minister?

**An Hon. Member:** — July of what . . .

**Mr. Rolfes:** Madam Minister, in July of '83?

**Hon. Mrs. Duncan:** — I believe that the federal Superintendent of Insurance was monitoring Pioneer Trust as early as 1980 or '81. Now . . . that's correct. We . . . you know . . .

Because they were headquartered here in the province, the federal Superintendent of Insurance would advise this government, or the Government of Saskatchewan, on a confidential basis if they are monitoring any institution which is headquartered in Saskatchewan. Okay. But it's our understanding that the Government of Saskatchewan was informed as early as 1980 or '81 that they were monitoring Pioneer Trust. And then after that, I think we were . . . I know when I was minister, we would be alerted about every three months. They would sort of give us a little update on the status.

**Mr. Rolfes:** — Madam Minister, you say that you were alerted. What were you alerted about? I mean you were alerted; now what were you alerted about?

**Hon. Mrs. Duncan:** — We don't have that information with us. I mean, that is not under the year under review, what we are going in this budget. We will provide you with that information, the type of things that the federal Superintendent of Insurance informed us. But I don't want to give you specifics without having them in black and white. But I will get that to you., as to the first . . . when we first were notified — okay? — and what we were notified about.

**Mr. Rolfes:** — Were there none . . . The officials that are present here today, were none of those in your department in 1983, July of 1983, and they are not aware of what the department was being alerted about? You used a term, that we were being alerted about Pioneer Trust. I didn't use the term, you did. My question to you simply was: when were you informed about the financial difficulties about Pioneer Trust By whom?

I have already confirmed that it was done by the federal Department of Insurance. Okay. They informed you, and they informed you somewhere around July or just previous to that. You were informed about the financial difficulties about Pioneer Trust.

Now, Madam Minister, I want to know now when you got that information, when your department got that information, who did they alert about the financial difficulties of Pioneer Trust. Who in government did they alert to that difficulty that Pioneer Trust was having?

**Hon. Mrs. Duncan:** — They would have alerted the Saskatchewan Superintendent of Insurance. And the Superintendent of Insurance from 1983 is not here, so I can't give you . . . These people weren't in that particular branch at that time so they don't have knowledge of what the federal Superintendent of Insurance informed the Superintendent of Insurance here about. The present Superintendent of Insurance was the Rentalsman in 1983.

**Mr. Rolfes:** — I just don't believe it. I just don't believe that you wouldn't expect that there would be some questions, either last year or this year, about Pioneer Trust. I wasn't in this House but I've read about it, and you people have gone through Pioneer Trust. Surely those people who are now in your department should have informed themselves about the happenings of Pioneer Trust. And all I'm asking you again, Madam Minister: when your department was informed, who did they alert in government? Who did they alert that Pioneer Trust was having some financial difficulties. Surely they can answer that.

**Hon. Mrs. Duncan:** — I've answered that. I said the federal Superintendent of Insurance alerted the Saskatchewan Superintendent of Insurance that they were monitoring Pioneer Trust. They were monitoring Pioneer Trust as early as 1980 and '91. I know when Mr. Sandberg was minister of Consumer and Commercial Affairs, he would inform us that they'd had a call.

I know that once I became minister, if the federal Superintendent of Insurance phoned to say that they'd given Pioneer Trust a restricted licence, or they would only extend it for 90 days at a time, we were always informed on that. But that was about it. And they kept us informed, believe about, you know, every three months, whether they were going to extend the licence, whether they were going to put ore restrictions on them, and that type of thing.

**Mr. Rolfes:** — Madam Minister, from what you are saying then, that the Premier and the Minister of Finance and all the Executive Council knew in . . . Madam Minister, you just said to me that Mr. Sandberg knew about it, you knew about it. Mr. Sandberg was part of Executive Council; you were part of the Executive Council. Don't tell me that you didn't alert the other cabinet colleagues about the difficulties that Pioneer Trust was having.

So that you're telling me that the Executive Council knew about the financial difficulties with Pioneer Trust; because you said that their licence only extended a few days and that you were aware of it, that the federal Department of Insurance was monitoring it. Mr. Sandberg was aware of it, and I assume because of the minister of Finance involved, therefore the minister of Finance knew it. And yet you did absolutely nothing to prevent the roll-over of \$4 million which subsequently was lost.

And yet you're telling this House right now that in 1982 you were already aware that there were difficulties with Pioneer Trust; because you said that their licence only extended a few days and that you were aware of it, that the federal Department of Insurance was monitoring it. Mr. Sandberg was aware of it and I assume because the minister of Finance involved, therefore the minister of Finance knew it. And yet you did absolutely nothing to prevent the roll-over of \$4 million which subsequently was lost.

Madam Minister, you continue to show your incompetence this evening and I guess you've done it over a number of days in this House. Would you be just a little bit honest with the people of Saskatchewan and tell them who knew, and when did you know that the Pioneer

Trust was in financial difficulties?

**Hon. Mrs. Duncan:** — You know . . . I don't know. I can't believe sometimes that you're a teacher because I said very clearly, as early as 1980 or 1981 the Superintendent of Insurance was informed that the federal Superintendent of Insurance was monitoring Pioneer Trust, was monitoring Pioneer Trust. Now I, as minister, would get an update and . . . You know, your attitude is the minute a company gets in trouble, go close them down. But as I understand it, the federal Superintendent of Insurance worked very closely with Pioneer Trust about 1980 until the eventual collapse or closure of Pioneer Trust, to get it back on its feet in a financially viable position.

As to the specifics of what the superintendent was informed, I told you that the present Superintendent of Insurance was not there. I'm not going to hazard a guess as to what we were told. I want to give you the specific correct information, and I will provide that to you very quickly. Okay?

**Mr. Rolfes:** — Madam Minister, my understanding is that there was a report given to your department by the federal Department of Insurance. Would you be prepared to . . . somewhere around July or previous to July of 1993. Would you be prepared to table that report in the House?

(2015)

**Hon. Mrs. Duncan:** — The only thing the department . . . We didn't receive a specific report. We received interim letters informing us of the negotiations that were going on between the federal Superintendent of Insurance, his auditors, and the trust company in question. I will have a look at those. I don't know about the confidentiality between the provincial regulator and the federal regulator, so I'd have to look at them first.

**Mr. Rolfes:** — When you do have a look, if they're not confidential would you table them in the House? Would you table them in the House?

**Hon. Mrs. Duncan:** — If it doesn't violate any rules of confidentiality between the two regulators, yes. I would be prepared.

**Mr. Tchorzewski** — Thank you, Mr. Chairman. I only have one question and I don't think it should take long to answer.

Madam Minister, in July of 1983 your department provided a report on the Pioneer Trust situation. It provided a report based on what was provided to the department by the federal Department of Insurance. Based on that report, the Premier undertook to meet with one Will Klein, the president, I believe that he was, of Pioneer Trust to discuss the problems of Pioneer Trust. Will you table that report of your department — it has nothing to do with confidentiality — in this Assembly so that we can know what your department knew which promoted the Premier to feel the need to meet with Mr. Klein.

**Hon. Mrs. Duncan:** — My department didn't prepare a

report for the Premier.

**An Hon. Member:** — No. for the minister who gave it to the Premier.

**Hon. Mrs. Duncan:** — No, my department didn't prepare a report for any minister on the status of Pioneer Trust.

**Ms. Smart:** — Madam Minister, I have a document here dated April 25, 1984, a confidential document sent to you from W. G. Johnson, the chairman of the Securities Commission. It's a discussion of the financial services industries, "The Way Ahead." And in this document he talks about the blurring of the barriers between the banks, the trust companies, the insurance companies, and the securities. And he has this to say in the document:

Consumers are being encouraged to sort out their financial affairs and in so doing to arrange most of their borrowing and investment needs under one roof. The changes are coming so fast that the legislation will be slow to keep up. Officially, the deregulation of financial services now taking place in the . . . (United States) has barely begun in Canada. Experts are saying that the fact (that) we don't have deregulation is irrelevant because the financial services industry are doing it anyway. The blurring of boundaries in Canada has gained its own momentum and deregulation will follow after the fact.

The document goes on to say:

The process of deregulation should not degenerate into anarchy and a return to the monopolies of the 19th Century but it could be a means of transferring effective and efficient services onto the consumer.

And in the conclusion, Mr. Johnson says to you:

What is needed is not an advisory committee but a task orientated work force whose mandate is to ask and answer the relevant questions and as expeditiously as possible to put together recommendations for legislative and regulatory modifications in order to encourage the effective and efficient development of the financial services industry.

In the covering letter, Mr. Johnson says:

In the final paragraph I am suggesting that a rather intensive review be undertaken of the financial services industry. I have discussed that matter in other letters which I have written to you. Perhaps we could discuss this at your convenience.

This is a topic that's . . . the topic of the regulation of financial services that's been going on in your department since 1984. I would like to know whether you did have discussions with Mr. Johnson and what you are doing now with his recommendations about moving quickly on more regulation of the industry.

**Hon. Mrs. Duncan:** — I would indicate to you that people



from my department meet with other jurisdictions on a regular basis, in particular to look at the financial services sector. I think we all agree that there is a lot of dynamic changes taking place.

It's also been discussed at several of the conferences that I have been. Provinces have put up proposals and they're being evaluated right now, the different proposals by different provinces, as to the regulation of the financial services sector. We don't have a firm legislative program in place yet, but I think that is the direction that we'll be moving.

I said to your leader — I don't know if you were in the house at the time — I think there is a real need across the country to either harmonize all regulations or else have one regulatory body for the whole of the country. You find it's very difficult when you have 10 set of rules and 10 sets of requirements, and we are trying, as all provincial bodies, to either move to harmonization of all our financial laws, or laws pertaining to financial services or financial institutions, or looking at the need of having one primary regulator. Okay? But we . . . As yet we don't have . . . We haven't done all the evaluation on the various proposals, but we are looking at bringing in some regulation in that area.

**Ms. Smart:** — Madam Minister, the reason I wanted you to know that I had this document, and wanted to bring this to your attention, is because your government and you yourself have constantly promoted the idea of deregulation when you talk about the value of one network, having one national group, or one group having jurisdiction over a company as somehow better than what we have now.

We obviously see, when the jurisdiction controlling Principal Trust was in Alberta, that we had no protection in Saskatchewan. Saskatchewan investors got hurt. You didn't follow our provincial regulations, and having regulations some place else didn't do us any good either. So we've got a situation here where your government promotes a policy of deregulation. Financial services industries are becoming more complex, more complicated, more blurred. The mandate is on the governments of the provinces and the Government of Canada to make sure that these are regulated and controlled properly in the market-place.

**Some Hon. Members:** Hear, hear!

**Ms. Smart:** — And if you don't take this issue seriously from now on and start working — doing the work of your department — more people are going to be hurt in this province, I'm very much afraid.

Now I have some other questions I wanted to ask you specifically in connection with the deregulation, because of the comments you made in Hansard in 1985, June 4th. You are praising — and this is again to show you what I'm talking about, my concern — the freedom of the market-place. You are praising education rather than legislation. You want to see the government:

. . . be lean and efficient and effective and productive, and to this end we have worked very

hard to reorganize and to streamline any of our operations. (And your) . . . move to a preventive approach, based on sound education and information programs, is certainly the most cost-effective way and provides long-term solutions to many problems.

I've already pointed out how that information brochure on investments didn't give anybody much help because they said to consult your financial institutions and the financial institutions just led them down the garden path.

But I want to question you about a couple of other examples of the kind of education work that your department has been spending its money on and you've been spending your time promoting, when you haven't been taking time to regulate the investment contract companies properly, and you haven't been doing other work. You've been putting more emphasis into education — into brochures like this that must have cost quite a lot of money, "The Marketplace; The Future." And people can pick this up at your resource centres. And this is what you want them to find out about. Are you ready for your future? Some questions to ask in the following quiz. Do you own a computer? Do you use a computer for household budgets, or filing, or for your work? Do you use a video cassette recorder?

After people have answered these questions, it's supposed to indicate to them whether their readiness for the future, according to the following chart. If they answered 15 questions "yes," you're really there, living in the future, making use of the technology available. Isn't that wonderful. If you got 11 to 14 questions "yes," you're getting ready for a take-off into your future. In just a short time, and probably with just a little more money, you will really be there.

When we talk about a little more money, we're talking about your government that's got people living on \$123 a month for food, clothing, personal expenses, transportation, and bus. And this is what they pick up to help them. This is the consumers' education from the Department of Consumer and Commercial Affairs.

Let me give you another example — a media quiz. It came out in the Consumer Times, "Consumer Education for the Year 2000." What do you want people to know?

And you've used a whole page to ask this quiz, things like this; it's a media quiz on television and radio stations. Who said this? "One of these days, Alice, pow, right in the kisser." The answer: the honeymooners. Isn't that great information for people who've got problems like where they're going to invest their money, to have you spending your money on this kind of thing.

A total waste of money. Absolutely ridiculous. I was appalled when I went down to your resource centre and picked up this kind of stuff. Taxpayers' money is going out on this. It absolutely has nothing to do with what kind of information that people need from your department.

The Consumer Times for the summer of 1987 included in a two-page part of it a survey being done for the Canadian

Automobile Association. Your government and your department is using taxpayers' money to do a survey for the Canadian Automobile Association. I would like to know why you have put money into doing a survey for a private company. The information here asks for things like what kind of vehicle people have, a description of their vehicle, the model of their car, what kind of transmission they have, what method of rust protection they use, how satisfied they are with the services that they're getting at their independent garages.

It seems to me that this kind of information is the kind of information that could be used by a used car dealer or a gas station. But I don't know how it could be of use to the individual consumers. Can you explain why you're using the taxpayers' money to do a survey for a private company?

**Hon. Mrs. Duncan:** — The Canadian Automobile Association is a non-profit organization, for the member's information. That's one way of increasing consumer awareness. The number one complaint that the department receives has to do with automobiles.

**Ms. Smart:** — How much does this production of the Consumer Times cost you per year? How much of the budget is used for this?

(2030)

**Hon. Mrs. Duncan:** — I don't have the specific information on that. I've got the total of our printing costs. This particular publication, which goes to mailing lists of approximately 10,000, is printed by the Saskatchewan Government Printing Company. Okay?

**Ms. Smart:** — Madam Minister, I have standard questions that I'd like to get answered that other departments have been presented with. I don't want to take the time to ask them to you orally. Will you answer them if I send them over?

**Hon. Mrs. Duncan:** — Sure.

**Ms. Smart:** — All right.

**Mr. Goodale:** — Thank you, Mr. Chairman. I just have a few questions that I would like to address to the minister tonight and, if I could, I would like to go back specifically to the Principal Trust matter.

The minister and other ministers in the House have constantly said, in respect of this matter, that they were entitled to rely upon the word and the advice of the incorporating jurisdiction and that being, in this case, the province of Alberta. And that has been essentially the total line of defence in terms of what went wrong with these particular companies.

Madam Minister, could I just confirm this point. When you say that you are entitled to rely upon the advice that may come from the incorporating jurisdiction, are you required to rely upon that advice, or are you able to use your own provincial jurisdiction in the matter? Is it a permissive kind of policy or a mandatory kind of policy?

**Hon. Mrs. Duncan:** — It's your standard practice across Canada to rely on the incorporating jurisdiction to see that those regulations are upheld. It's the standard practice and has been the standard practice since time began.

**Mr. Goodale:** — Mr. Chairman, the minister says it is the standard practice. But could I have a precise answer to the very specific point?

While it may be the standard practice, there are occasions with respect to every practice where there are exceptions.; I want to know very clearly, in the case of this practice are you required to rely upon the incorporating jurisdiction, or is it just a matter of you being entitled to rely on that jurisdiction if you wish to rely upon that jurisdiction?

**Hon. Mrs. Duncan:** — It's not a requirement, it's just . . . As I said, it's standard practice that has evolved over many, many years.

**Mr. Goodale:** — Madam Minister, in respect of the whole series of events that has unfolded in connection with Principal Trust, as you look back on that series of events today is there nothing in that pattern of revelations, with respect to the two companies that ran into difficulty, that would cause you any alarm? As you look back on those events, are you quite sanguine and satisfied in the way that this whole matter unfolded? Is there nothing about that situation that with the benefit of hindsight you would now say should have sounded some alarm bells along the way?

**Hon. Mrs. Duncan:** — Well, I suppose hindsight is always 20/20. I think what this really highlights is what, I feel, is the need for a federal regulator rather than 10 jurisdictions and two territories having their own rules and whatever.

I believe that there's a great need either to harmonize all laws pertaining to financial institutions across the country or to have one regulator — to oversee these type of functions. And that has been talked at a number of meetings that I have been to with my federal and provincial colleagues. I think you understand the green paper that Barbara McDougall filed or tabled in Ottawa a number of years ago really indicates the dynamic change that has taken place in the whole area of financial services. And I think coupled with an incident such as this, plus with what's happened to a few of our western based financial institutions, I think it really points to the need to have one regulator. We have always maintained that there should be a central data bank where information is shared amongst jurisdictions.

As you are aware, Saskatchewan only had two days notice of the impending cancellation of the licences in Alberta. And I find that, quite frankly, unacceptable.

**Mr. Goodale:** — Mr. Chairman, Madam Minister, I would like to ask you a couple of things about the operations of the companies in question with respect to the Principal Trust affair in other parts of the country, which activities may or may not have come to the knowledge of the Government of Saskatchewan. And it's my

understanding, according to information that I have received, and indeed the flow of questions in this House, that the companies attempted to acquire the authority to do business in other provinces such as the province of Ontario, and they were not successful in obtaining the authority to conduct their business in other provinces.

I would like to know, if the Saskatchewan government was aware of that, at what time did the Saskatchewan government become aware of the difficulties these companies were facing in terms of their ability to do business in the province of Ontario. What information came to the attention of the Government of Saskatchewan and was there anything in that information that would sound some alarm bells with respect to those companies in Saskatchewan?

**Hon. Mrs. Duncan:** — We do know now that the company filed a preliminary prospectus with the Ontario Securities Commission, and the company withdrew that preliminary prospectus. They weren't refused the right to do business in the province, but I understand now that the Ontario Securities Commission had requested additional information, and at that point the company withdrew their preliminary prospectus. But we couldn't have been aware of that at the time.

**Mr. Goodale:** — Could you indicate, Madam Minister, when exactly that information would have come to the knowledge of the Government of Saskatchewan? Is it only in the last number of weeks, or would that have been some months ago, or a couple of years ago? When exactly did you learn that the companies in question here had not been successful in establishing themselves in Ontario, and the reasons why they were not so successful?

**Hon. Mrs. Duncan:** — We found out after we had cancelled their licences to do business in the province. We found out in July.

**Mr. Goodale:** — Madam Minister, do I take it from your remarks this evening that you would now quite readily admit that the procedure being followed by the Government of Saskatchewan, while it may be "standard" practice, has obviously been a flawed procedure in respect to the Principal Trust companies, flawed obviously because many hundreds of Saskatchewan people have been put in some pretty severe financial jeopardy?

I would take it from your comments tonight that while in a sense you defend the process, you none the less acknowledge the flaws and the defects in that process. And can the people of Saskatchewan be absolutely assured now after this event and the Pioneer Trust event of a few years ago, and the other failures of other financial institutions across western Canada, can the people of Saskatchewan now be absolutely assured that whatever process has been pursued in the past, with all of its obvious flaws and defects for which the people of Saskatchewan are now paying in a very dear manner, that that process will not be allowed by your government to fail yet again that when a company is licensed to do business in Saskatchewan, that the Government of Saskatchewan not blindly rubber-stamping somebody else's word but exercising their own judgement and their

own responsibility, licenses that company to do business in Saskatchewan and stands behind that company, not because somebody else said it was okay, but because the Government of Saskatchewan has in fact done its homework and satisfied itself in its own right that it's okay?

Can the people of Saskatchewan have that absolute assurance that what has sadly happened in this case will not be allowed to happen again within this province?

**Hon. Mrs. Duncan:** — Well, I can't give you a commitment like that. I mean, 'd be hard pressed to say that there is never going to be a collapse of another company either here or wherever.

I can tell you that there is a meeting of the western ministers being held November 16 to discuss this very issue, the need for harmonization or the need for more sharing of information or perhaps the need for a national regulator.

But when I say that the standard practice has served this province very well over the past 40, 50, 60 years, and to say well, no, we're going to throw it out — I would be hesitant to throw anything out unless we have a better mechanism to replace it with. And at this point, we don't. But that's under discussion on November 16.

**Mr. Goodale:** — Madam Minister, you obviously cannot guarantee that no other company will ever again run into difficulty. No government could ever offer that guarantee. But I think what the people of Saskatchewan would be anxious to hear is that in so far as the Government of Saskatchewan has legislative and regulatory authority, that that authority is going to be exercised conscientiously and that we're not in future simply going to rubber-stamp a company's operations in Saskatchewan because some other jurisdiction somewhere else told us it was okay. I think that is the kind of assurance that the people of Saskatchewan would be anxious to receive, that we'll put the rubber stamp away, and that we will be a bit more cautious and a bit more prudent in exercising our own governmental responsibility here in the province of Saskatchewan.

Madam Minister, one other point I wish to raise with you, and it may well fit very nicely with the ministerial discussions that you have just referred to involving a number of Canadian provinces. The Premier of Alberta has stated publicly that if it is found in the investigation that is going on in the province of Alberta with respect to the Principal Trust affair that his government has in some way been negligent in the discharging of its responsibility, that his government will be prepared to offer some kind of reimbursement or compensation for those who have been injured by that — perhaps yet to be found, but perhaps may be found — negligent compensation on the part of the Government of Alberta.

Will your government be taking the very strong stand that the Government of Alberta owes a duty in this matter beyond the borders of the province of Alberta? Will you make it clear to your counterparts in Alberta that if there is to be a compensation package forthcoming by that province that it must extend to those people who have

been injured in Saskatchewan.

(2045)

And I refer you, Madam Minister, to some of your earlier answers tonight where you have commented — at least obliquely — upon some of the conduct of the regulatory agencies in the province of Alberta indicating that you found some of that conduct, I believe your word was "unacceptable." It seems to me that you and Saskatchewan have a very good case to insist that the province of Alberta discharge its obligations, and that those obligations do indeed extend beyond the boundaries of that one province especially to include the people who have been victimized in Saskatchewan.

**Hon. Mrs. Duncan:** — The Minister of Finance has written a letter to his counterpart in Alberta requesting that very same thing, that if it's found . . . if they're found negligent, we would expect the depositor or investors in Saskatchewan would be reimbursed by the Government of Alberta — not only in Saskatchewan but the investors right across Canada would be reimbursed. We looked after the depositor of Pioneer Trust, and we'd expect that same courtesy for Saskatchewan people in this event.

**Mr. Goodale:** — Madam Minister, I think you said that meeting you referred to, the ministerial meeting, was coming up on November 16. Could I have your assurance this evening that this particular matter of the obligations of the Government of Alberta will be specifically raised by you at that meeting to ensure that at every level within the Government of Alberta they understand the expectations of the Government of Saskatchewan with respect to reimbursement.

And would you also make the point, Madam Minister, that reimbursement may well be appropriate and justified whether or not the Government of Alberta is technically found to be "negligent" in this matter, that as a matter of public policy — and I refer here to the conduct of the Saskatchewan government in relation to Pioneer — that as a matter of public policy, the Government of Alberta may well have a broader duty that is not triggered solely by a technical finding of negligence.

**Hon. Mrs. Duncan:** — I can give you the assurance that we will be following up on the Minister of Finance's letter and pursuing that option very vigorously.

Item 1 agreed to.

Items 2 to 9 inclusive agreed to.

#### Item 10

**Ms. Smart:** — Thank you, Madam Minister, I wonder if you've got a mandate for the gaming commission yet. I know you've appointed the people, but I'd like to have the guide-lines that they're going to follow, if you could give me a copy of the mandate that they've been given from your department. And I also want to know — and you could tell me this now — whether they've been told specifically to pay attention to the recommendations in the bingo inquiry.

**Hon. Mrs. Duncan:** — Their mandate is covered by the lottery licensing provisions and they're meeting tomorrow — the first meeting of the whole board — and the bingo inquiry recommendations is one of their priorities to deal with them and make recommendations on how the recommendations can be implemented. I'll send you over that.

Item 10 agreed to.

Item 11 agreed to.

Vote 4 agreed to.

#### Supplementary Estimates 1987 Consolidated Fund Budgetary Expenditure Consumer and Commercial Affairs Ordinary Expenditure — Vote 4

Items 1 to 7 inclusive agreed to.

Vote 4 agreed to.

#### Supplementary Estimates 1987 Consolidated Fund Budgetary Expenditure Consumer and Commercial Affairs Ordinary Expenditure — Vote 4

**Mr. Chairman:** — Any questions on supplementary for '88, page 5?

**Hon. Mrs. Duncan:** — Thank you, Mr. Chairman. I'd like to thank my officials for their presence this afternoon and this evening. And I would like to thank the opposition for their straightforward questions and the expedient way in which we conducted the estimates of this department. Thank you.

**Ms. Smart:** — Madam Minister, I would also like to thank your officials for being here this afternoon and this evening, and wish them well in the work ahead to protect the consumers of this province.

#### Consolidated Fund Budgetary Expenditure Highways and Transportation Ordinary Expenditure — Vote 16

#### Item 1

**Hon. Mr. Hodgins:** — Thank you, Mr. Chairman. It's my pleasure at this time to introduce my officials. To my immediate right is the deputy minister, Mr. Jack Sutherland; behind Mr. Sutherland is Mr. Myron Herasymuik, the executive director of operations division; directly behind me is Mr. Paul Fitzel, executive director of support services division; to Mr. Herasymuik's right is Mr. Bob Cocks, the director of operation services branch; and to my left is Bill McLaren, chairman of the Highway Traffic Board.

In addition we have Jack Upshall, director of communications branch, and Mr. Bernie Churko, the director of the transportation systems branch, seated in the back of the Chamber to provide additional support.

**Mr. Chairman,** at this time I would like to just recognize

an honour that we bestowed upon my deputy minister late this afternoon. This afternoon our deputy minister, Jack Sutherland, was presented with the Lieutenant Governor's medal of the Institute of Public Administration of Canada. The Lieutenant Governor, Mr. Johnson, did make that presentation. I want you to know that Jack Sutherland has served with the department for 34 years. He was certainly very deserving of this recognition and it was just a very, very pleasant event, Mr. Chairman.

In attendance at the ceremony was a number of Mr. Sutherland's family — and seated in the gallery. I would like to recognize those individuals and especially Mr. Sutherland's father who is 95 years young who was in attendance at this afternoon's award presentation.

So if the rest of the Chamber would join with me in welcoming these people to the legislature.

**Hon. Members:** Hear, hear!

**Mr. Anguish:** — Well, we too would like to congratulate the deputy minister on the award that he received today and welcome his family to the gallery here this evening.

We on this side of the House would like to expedite these estimates as much as possible. There are some difficult questions that we would like to see answered.

**An Hon. Member:** — Item 1 agreed.

**Mr. Anguish:** — And item 1 is not agreed yet. We need a few more minutes on that. We can't expedite it quite that quickly. And I'll try and make my remarks short and concise and I hope that the minister would comply in the same regard.

I'd like to start off, Mr. Minister, by asking a few questions about road construction, condition of roads in northern Saskatchewan, and specifically, first off on Highway 102 and Highway 905, that the roads in northern Saskatchewan, like this, have been virtually overlooked by the Highways budget. Highway 102 and 905 represent some 400 kilometres of coiling, hilly, gravelled road which have been a death-trap for many drivers.

Over a seven-year period our figures indicate that there have been 185 collisions on that stretch of road. There have been 19 fatalities, were registered on the stretch of road. And again in 1986, on Highway 102 there were some 33 accidents resulting in seven people being injured and one more fatality.

In addition, the traffic volume on certain control sections of this road have increased substantially. For instance, on the control section 102-025 in 1984, the average annual daily traffic count was 425. In the 1986, this jumped to some 675, about a 60 per cent increase in the traffic over that road. In comparison, Highway 32, control section 03 had an average annual traffic figure of 485 and 495 for 1984 and 1986 respectively — only a 2 per cent increase. This part of the road has received some resurfacing of 20.15 kilometres, an estimated cost of \$1.4 million.

I'd ask the minister if this is reasonable, and whether or

not you have given some consideration to this particular section of road in northern Saskatchewan. It may have some heavier traffic with further development in northern Saskatchewan. I'm wondering what your plans are for Highway 102 and 905 in northern Saskatchewan.

**Hon. Mr. Hodgins:** — I think the hon. member for his question. He is quite right that the annual or daily vehicle traffic per day has increased significantly over the last few years. The work that we have done in the short term and the immediate past has been basically spot improvements. I will concede that this is one of the roads within Saskatchewan that could use an upgrading. The road does requires some upgrading and repair.

What I would provide for the member is a list of the works that have been recently completed on the roads, the maintenance expenditures. And I would also give the member the commitment that within our annual review of all of the roads within Saskatchewan, that that particular stretch of road will receive consideration.

I think it is interesting to note that with the developments in the North, with the industries that have been attracted and the growing economic diversity of the province of Saskatchewan, that these demands are becoming more and more every day.

As well, you will know that tourism within Saskatchewan has expanded greatly in the past few years and this is placing a fair bit of burden on some of those roads in the North.

(2100)

**Mr. Anguish:** — Well I appreciate that. I'm glad that there will be some consideration given to that road. The other road I want to refer to does not exist yet, but is on the other side of the province. For quite some time people from the community of La Loche and from the La Loche Indian Band and people from the surrounding area have wanted a road from La Loche to Fort McMurray.

I think there have been presentations made to you. Mr. Minister, about a proposed road, an all weather road, from La Loche to Fort McMurray. I'm wondering if the minister has taken into consideration the presentations that have been made to him, and what the current status of that proposed road is. Can we well, in fact, expect the department to have that road in their construction plans for next year?

**Hon. Mr. Hodgins:** — I'm advised, Mr. Chairman, that we have undertaken a fair degree of study with respect to the proposed road from La Loche to Fort McMurray. There has been an economic analysis done of the proposal. We have entered discussions with the province of Alberta with respect to the proposed road, and those discussions have been fairly lengthy, I will admit.

I can tell you that in the near future we will be looking at a proposal to construct the road from La Loche to Black Point, which would be a start. We are in consultation with the New Careers Corporation, and there is a proposal that we are seriously looking at that may well, in fact, see construction on that part of the road from La Loche to

Black Point to start in the near future.

**Mr. Anguish:** — Have there been preliminary surveys done on that stretch of road already?

**Hon. Mr. Hodgins:** — I'm advised that the department will be starting some preliminary field work as early as next week on the road.

**Mr. Anguish:** — I'm sorry, I didn't catch that.

**Hon. Mr. Hodgins:** — I'm advised that as early as next week the department will be conducting some preliminary field work.

**Mr. Anguish:** — One thing that I would ask the minister to keep in consideration when the work is being done on the road. There's a very old and historic trail there called the Methy Portage or the Methy Trail, and it was used in the early days and has a great deal of sentimental and historic value to the people that live in that area. I would ask the minister that you give consideration to that when there are preliminary surveys being done, and when the actual road construction commences that there is not destruction of that trail that does exist there.

**Hon. Mr. Hodgins:** — I thank you for that information, and you may rest assured that we will keep that information in mind when any studies or survey work is done.

**Mr. Anguish:** — Moving back over to the other side of the province in northern Saskatchewan, Mr. Minister, there's an issue at Cumberland House which people find important to themselves, and that is there is no bridge at Cumberland House. They still have to use the ferry across the water body to get into Cumberland House.

I'm wondering what stage your department is at in terms of planning for a bridge to be constructed? I would think it would be similar to the bridge that's at Nipawin but would not be nearly so costly to construct because the grade levels are not as extreme as what they are at Nipawin. And I would like to ask the Minister if you have plans for bridge construction to replace the ferry at Cumberland House in the near future, preferably in the next construction year?

**Hon. Mr. Hodgins:** — Just for the hon. member's information, I do understand that SaskPower, in their dealings with the residents of Cumberland House, have a package before the which is currently under mediation. And I do understand that within that package there is a proposal for a bridge. I'm just not sure when that package will be accepted or rejected, but it is before a mediator right at this present time.

**Mr. Anguish:** — Another question that I have, Mr. Minister, concerns a walkway on Muskoday bridge.

On October 16, 1986, there was a letter from a member of Executive Council at that tie to Chief Everette Bear and the band council of Muskoday Reserve. He says in this letter that he is pleased to advise that:

... due to my discussion with you and my

conversations with Mr. Saxinger, who will represent a portion of your reserve, we'll be proceeding towards the construction of a walkway in relation to your bridge. This is to confirm that we have had engineering assessments done within the last year, and I will therefore be directing the necessary expenditure to finalize the engineering requirements in co-operation with yourself and the council.

I'd like to know, Mr. Minister, whether or not the current administration, of who this member of the Executive Council no longer belongs, whether it's your intention to still proceed with a walkway for the Muskoday band members across that bridge?

**Hon. Mr. Hodgins:** — Mr. Chairman, I am advised that in past years there have been discussion respecting the proposed walkway. I do also understand that studies have been done.

Respecting any commitments that have been made, I was not privy or party to them, but I would certainly agree to review your correspondence and to direct my officials to bring forward all the information respecting this walkway and take a personal look at it myself.

**Mr. Anguish:** — Well I would hope you would do that. If you want a copy of the letter, you can certainly have a copy of the letter. It was constructed by Sid Dutchak that this would be constructed. It's a safety feature for the bridge. There has been a major accident on the bridge, and if someone was walking on it, they quite conceivably could have been seriously injured or a fatality could have occurred because there is not a walkway.

The band certainly took the commitment during an election campaign from a member of cabinet — a member of Executive Council — that in fact they would receive their walkway. So I appreciate that you will consider this and we'll be sending you a copy of the letter in the very near future.

The other question I have is concerning the department's assets, and whether or not you insure, take out general insurance on the department's assets. And if you do, who do you place that insurance with? Who is the underwriter of the insurance, and in what amount is your insurance on Highways assets, if you do in fact take out general insurance on them?

**Hon. Mr. Hodgins:** — I'm advised that the general underwriter for the insurance is Saskatchewan Government Insurance, and the agent is Thompson Insurance Services in Naicam, Saskatchewan.

**Mr. Goodale:** — Thank you, Mr. Chairman. I'd like to move very briefly to one other policy area with respect to transportation in Saskatchewan, and that has to do with certain rail transportation matters which I'm sure are of concern and interest to the Minister of Highways and Transportation.

I want to refer the minister very specifically to the deep concern that has been expressed very publicly and very loudly by the community of Melville with respect to the

recent decision by CN rail to transfer a very large number of jobs out of that community to other locations in Canada, a decision that has been seriously and adversely affected that historic railway community.

I know that the minister must share the concern of the people of Melville about this development. The minister must also know that the community is particularly agitated because the Saskatchewan representative on the CN board of directors does not seem to be prepared to communicate with the community, to respond to their representations. They have had the opportunity to communicate with other CN board members from other parts of the country, and there has been a flow of communication in that direction but for some strange reason the member of the CN board from the province of Saskatchewan seems unwilling or unprepared to communicate with that community to carry their case, to explain what is going on and indeed to lobby on their behalf.

And I simply want to satisfy myself that: number one, the minister is acutely aware of this situation, both the concern in Melville with respect to the job losses, and secondly, their agitation about the failure of the CN board member from Saskatchewan to pay any particular attention to their concerns — and if I could have the minister's assurance on those two points, of his awareness of these matters.

Would he also indicate in his response to me that he will personally undertake to make representations to the Canadian National Railways on behalf of Melville in their opposition to these jobs transfers that are going to hurt their community? And will he also personally take it upon himself to request — if he can't order, at least request — the member of the CN board representing Saskatchewan to respond to the inquiries that that CN board member has received from the city of Melville and other interested parties in that community? Will he request that that CN board member, in fact, travel to Melville to meet with the people who are concerned about these job losses and to take up their cause on their behalf and on behalf of Saskatchewan?

**Hon. Mr. Hodgins:** — Thank you very much, Mr. Chairman. Certainly I am very aware of the situation in Melville. It certainly is very distressing to those in Melville to see this type of action take place.

(2115)

I want to at this time commend my seat-mate who is not with us this evening, but the Minister of Human Resources and Social Services, who is the sitting member for Melville. That particular member has done an excellent job of lobbying CN, of being out at virtually every meeting that there has been in his city on this subject, and has made very strong representation as a member for the constituency of Melville. Just two weeks ago there was a meeting in Melville. I directed my deputy minister to attend the meeting; the member for Melville, as well, was there.

So I can tell you that we are very much aware of the problem. We have made our representations in a firm and

strong manner, I might add. I have had correspondence with the minister in charge. I do know that the Premier of the province has taken a personal interest in the situation, and as well has made written representation to senior officials, and senior officials in both government and CN.

With respect to a certain individual on the board of directors of CN, I am not aware that there is this very pressing problem with the individual. But I can commit to you that I will take notice of that. Certainly, if there appears to be a problem I would have no hesitation in writing or making a telephone call to the individual and expressing to him the problem that you have expressed here in the legislature.

Other than that, I can simply tell you that we will continue to monitor the situation. You can rest assured that members on this side of the House, including the Premier, including myself, and including the member from Melville, are continuing to make strong representation on behalf of the citizens of Melville.

**Mr. Goodale:** — Just one final point, Mr. Minister. In respect of the CN board member from the province of Saskatchewan, I wonder in your pursuit of this matter if you could confirm that the individual in question is one Mr. Alf Bentley, who in another incarnation is also a fund raiser for the Progressive Conservative Party.

Hopefully you could all get your heads together and sing from the same song sheet, and save Melville from the very serious economic predicament that it is facing because of the withdrawal of those jobs from that community.

**Hon. Mr. Hodgins:** — Well I once again would just reiterate that if this problem has surfaced in the legislature and if you, personally, have a problem with Mr. With and if there's others who feel the same way, I'll have no hesitation in making those representations known to him.

**Mr. Anguish:** — Mr. Minister, I appreciate your answer on the insurance that's placed for the Department of Highways. The one thing that you failed to give me was the dollar amount of the insurance coverage that's taken out. And if you have that handy, I'd appreciate it. If not, you could possibly send that over to me.

**Hon. Mr. Hodgins:** — If you're asking the limits of liability, the limits of liability are \$200,000 for any single accident.

**Mr. Anguish:** — I'm also asking, Mr. Minister, what the amount of insurance is that you take out on physical assets in the event of loss or damage?

**Hon. Mr. Hodgins:** — I don't know that I have the information precisely that you're asking. The licensed vehicles that we operate are all self-insured, if you like, or they only have the basic plate insurance. Other than that there's the unlicensed equipment, the camp equipment, I would take it, and the motor scrapers and the things like that that do not carry licence plates.

I take it you're wanting the value of that equipment that it is insured for, and I'm sorry I do not have that information, but I'm sure that we could get that for you.

**Mr. Anguish:** — Does the department own buildings or physical structures which are required to have insurance or that you, in fact, take out insurance on, or are all of your buildings now supplied by the property management corporation?

**Hon. Mr. Hodgins:** — Property management corporation.

**Mr. Anguish:** — Mr. Minister, during the last provincial election, the member of parliament for The Battlefords-Meadow Lake, who assisted me in taking early retirement, made an announcement in The Battlefords that the Yellowhead highway, Highway 16 would, in fact, come in to part of the Trans-Canada Highway system, and it would be a federally, provincially cost shared route, and there would be participation from provinces and the federal government in terms of improvements, four-laning, bridge construction along that route.

They announced that some \$50 million would be spent in the four western provinces and they're asking for \$50 million to be contributed from the provinces as well. And I would assume that the Department of Highways at this time has made the commitment for their share of the \$50 million.

**Hon. Mr. Hodgins:** — Yes, we most certainly have.

**Mr. Anguish:** — Part of the construction there, some major works that need to take place, in fact the projects to be undertaken during this agreement between 1987 and 1990, there are a couple of underpasses: there's a CPR underpass near Lloydminster and a CNR underpass just east of Borden. And I'm wondering whether or not the Department of Highways has applied to the Canadian Transport Commission to, in fact, widen or to make changes to those underpasses as they exist now.

**Hon. Mr. Hodgins:** — I am advised that we have made application for the CPR underpass at Lloydminster and that is pending approval. We have made application and it has subsequently been approved for the CNR underpass at Borden.

**Mr. Anguish:** — Also for the work plan between the years 1987 and 1990 it's stated that there be the replacement of six bridges at Dafoe, Maidstone, Springside, Wynyard, Foam Lake, and Yorkton, and the dollar amount that's been estimated for that particular expenditure is \$1 million. And I find this a little bit astounding. Can the minister explain to me how you can build six bridges for \$1 million?

**Hon. Mr. Hodgins:** — Certainly you would be correct in stating that bridges for the most part are very, very expensive projects to undertake. These particular bridges that we speak of that were in the agreement are smaller, rural type bridges.

I'll just give you an example: the one at Orcadia is 40 feet long by 40 foot wide. It is a relatively small bridge, that what we would propose to do would be to replace it with a culvert type of a structure and that cost would be in the

neighbourhood of \$160,000 for that bridge. So these are smaller, minor, rural type bridges that will, for the most part, be replaced by a culvert type of a structure.

**Mr. Anguish:** — Well I'm still anxious to see how you do all six for the million dollars, but we'll see how it turns out in future years.

Another thing that concerns me about the Yellowhead highway, Highway 16, is at the junction of Highway 16 and what they refer to as Battleford Road. Battleford Road is actually the old No. 4 highway. As you come across the old bridges you come in perpendicular to Highway 16. It's a very dangerous intersection and has been controversial for many years. I think that Eiling Kramer, who was Minister of Highways for several years, in fact ran into some controversy about putting his own stop sign up at the particular intersection. Since that time the traffic has increased by a substantial amount and community groups are concerned about the danger of the intersection. and I believe that the city of North Battleford, at least, has contacted you or your department to come up with some remedy to make this a safer intersection.

And I suppose there are a couple of alternatives. One would be to install traffic lights with advanced warning flashers. But the preferred course of action to find a remedy, I would think, would be to cut down the grade of Highway 16 and bridge the gap with an overpass for Battleford Road. And of course, with that there would have to be access roads built to allow people travelling through the area to get off of Highway 16 and utilize the services that are quite concentrated at that intersection. And I'm wondering if the minister has considered, in consultation with his department, the possibility of cutting down the grade of Highway 16 at that particular point and putting an overpass there for Battleford Road so the residents can get back and forth from North Battleford to Battleford and vice versa.

**Hon. Mr. Hodgins:** — Certainly I share the member's concern with respect to a less than safe intersection. I am advised that departmental officials are aware that improvements to that intersection would be desirable. With respect to your suggestion of an overpass, that is an alternative. I might add it is a very costly alternative. I wouldn't rule it out completely, but I will commit to the member that my officials will continue to look at the intersection. We are presently doing a study, as a matter of fact, to look at the various alternatives.

I do know that the city of North Battleford has made representation requesting a meeting with myself. And although I have not been able to accommodate the in the last short while, I would endeavour to do so, and you may rest assured that we will take a very serious look at making whatever improvements we can to that intersection.

**Mr. Anguish:** — Well I'm pleased to know that you're going to be meeting with the city of North Battleford. I'm sure you would want me there at the same time, and if you'd inform me of the date of the meeting, I will make it a point of attending the meeting with you.



Another thing that concerns me a bit is the increased traffic pending some rail lines being cut out in the province of Saskatchewan. I notice in a press clipping from September 16, 1987 from the Saskatoon Star-Phoenix that an Alberta individual wants to start a rail firm in Saskatchewan similar to one that he started in the province of Alberta. And I'm wondering whether this individual has made application, or do you have any knowledge of this through your department?

**Hon. Mr. Hodgins:** — I'm advised that the individual of whom you speak has not made any formal request or application to the department or to my office. I am aware that the individual has spoken with the MLA for Rosthern, I believe, and has discussed a proposal with hi. However, I myself have not had a look at it, nor has the individual made any formal request to the department.

**Mr. Anguish:** — Has your department, Mr. Minister, done any studies in regard to the varying flows of transportation within the province of Saskatchewan pending closure of various rail lines in the province, and the increased traffic over a number of roads, and whether or not it would be advantageous to in fact has a small railway company operating in the province of Saskatchewan?

**Hon. Mr. Hodgins:** — Yes, in fact the department has done a great deal of work, as a matter of fact, with respect to rail line abandonments, and the effects on our roads in Saskatchewan, and some alternatives.

I as minister have a deep concern about more and more rail lines being abandoned, and the impact, not only on farmers first and foremost, but certainly on our roads here in Saskatchewan.

(2130)

I am also advised that, I think it was two years ago, the department did a very thorough analysis and made representation to the McDonough inquiry or the McDonough commission, and that study that we completed is a public document. I would send one of those over to you. If we don't have any here tonight, I'll certainly put one in your mail box, and I think it will show that there's been a fair bit of effort put forth by this administration with respect to alternatives and rail line abandonments, and the whole subject.

**Mr. Anguish:** — I would appreciate getting a copy of that submission, Mr. Minister. And I will in fact look at it with some degree of interest.

The department ... And I would have to commend the department. It's looking at new techniques of road construction, and one of the things that I found surprising came to my attention through an article in the print media, was the fact that styrofoam is being used to counter road frost in the province of Saskatchewan. I'm wondering if there are other techniques, other fabrics, that the department utilize in road construction to counteract moisture problems, and frost, and heaving problems.

**Hon. Mr. Hodgins:** — Yes, I'm advised that a fair bit of research and experimental activities have taken place.

Not only has styrofoam been a textile or a product that we have experimented with, but I also understand that some form of a plastic mat has been used. I wouldn't want to go into much more detail; I may reveal my ignorance about some of these very technical items. But what I would do for the . member is extend an invitation for you to come to our research laboratory at any time you may desire, and I would be happy to direct some of the boys to take you around and show you some of the very new and very interesting concepts in road technology.

**Mr. Anguish:** — In terms of plastic mats, is there a private company in the province of Saskatchewan or an individual who has a contract for providing those mats, sewing them together, and assembling them for the contractor to in fact put down on the road-bed?

**Hon. Mr. Hodgins:** — Yes. I'm advised that when we use these plastic mats that we order the material through Supply and Services and then the individual contractor — whatever private contractor has been the successful tendered on whatever contract you're speaking of — he in turn would hire individuals to sew the mat together.

**Mr. Anguish:** — Is there one specific contractor or ... Contractor's the wrong word. Is there one specific company or individual in the province who has the contract to sew those mats together? And if so,, could you tell me who it is?

**Hon. Mr. Hodgins:** — No, there is no one contractor that has the contract. Once again it would be up to the individual tendered or contractor to sub-contract if you like, to whoever he may find to do this job.

**Mr. Anguish:** — So each individual piece of road that requires such a process would be a separate contract. I see you nod your head in the affirmative.

I'd like to deal with some individual sections of road now, specifically Highway No. 5, the highway from Humboldt to Saskatoon. It's been labelled as a deadly strip of highway by a group that's made representation to you. Indeed, in one section there have been 42 accidents involving 22 injured people and four deaths. In 1985, there were 47 accidents, 31 injuries, and one death on that stretch of road.

The daily traffic has also increased substantially on most sections of that road. And given these facts, it is not reasonable that the Highway 5 rebuilding committee be honoured in their proposal that they put forth to you to have the shoulders widened and some reconstruction on that road, to in fact improve the safety.

I'm wondering what work has been planned for the section of highway this year and, if none, will it be in the next year's estimates, Mr. Minister?

**Hon. Mr. Hodgins:** — I'm certainly very familiar with that highway, and I can remember driving on that highway a number of times in my university days on my way to Saskatoon. I will certainly concede that it is a narrow highway that can be very dangerous.

You speak of the accident rates, and certainly there has

been a fair number of accidents on the highway. If you were to compare that to some other highways in Saskatchewan, there are others that would have an equal or higher accident rate, but I certainly do not argue that that road is a narrow road that should be looked at. I have had representation made to me by the Highway No. 5 rebuilding committee; I had a meeting with them a few months ago. I could also tell you that there was no work, no significant work undertaken in this current fiscal year.

With respect to committing to you this evening for that highway to be on next year's program, I'm afraid that that would be premature. I could not make that commitment this evening to you; however, I will keep it in mind in our annual review of our priorities.

**Mr. Anguish:** — Another highway that you're very familiar with, Mr. Minister, is Highway 41. And I'm sure it's been an issue that's plagued you and given you some unrest for a number of months and maybe a few years.

The final decision has finally been made, I understand, as to what route Highway 41 is going to take. And I understand that this highway runs through or adjacent to some property that's owned either by you or your family. And I'm wondering whether or not you absented yourself so that there was no conflict of interest, that you absented yourself from decisions in regard to Highway 41, or do you feel, Mr. Minister, that there is some conflict of interest because the route for Highway 41 now comes to a point where it does run adjacent to or through land owned by yourself or your family?

**Hon. Mr. Hodgins:** — Well I'd say to the hon. member that you certainly are correct, that that highway has caused me some grief, if you like. It was probably one of the most difficult decisions that I have had to make as minister. You are correct that one of the routes does run adjacent to some property that my father has an interest in and has had for a long, long time.

I should advise the hon. member that we received a tremendous amount of representation on the particular routing of that highway. If you were to add the up I believe the figures would show that of the 1,600 names and letters and petitions and briefs and representations that were made to my office, 1,400 of those recommended that the highway go straight west from 3 and 6, which is adjacent to some property that my father has an interest in.

I can tell you that the perception of conflict was something that . . . that frightened me. But I believe that the people in north-east Saskatchewan have been and will be the judge, and I have no problem with the decisions that has been made, and I do think the people throughout north-east Saskatchewan are very happy with that decision.

**Mr. Anguish:** — Can you tell us, on that particular road, is there specific criteria that the department used? Is it your recommendation or is it recommendation of the department? How did you determine that that's the route the road should actually take? Who made the decision, and what criteria were used in arriving at that decision, Mr. Minister?

**Hon. Mr. Hodgins:** — I should perhaps clarify the decision. Firstly, the decision has not officially been made. The recommendation of the Department of Highways and Transportation has been put forth to the Department of the Environment. Now that Department of Environment will be reviewing the decision and may confirm or reject it. I would suspect they will accept it, but technically the decision has not been made because it has to have a review process through the Department of the Environment.

With respect to the Department of Highways and Transportation, an environmental impact assessment was done. We have a document that's probably that thick that has assessed it by every imaginable means. And road costs were taken into consideration, safety was taken into consideration, convenience of the travelling public was taken into consideration, and on and on. So it was a very thorough analysis done by the Department of Highways. I give a great deal of credit to the district engineer in Prince Albert district, Mr. Stu Armstrong, who together with some of his associates have done a tremendous pile of work on . . . work and study on this environmental impact assessment. So it was those gentlemen who put forth the recommendation. It was myself who accepted the recommendation and have forwarded that to the Minister of the Environment.

**Mr. Anguish:** — Well, Mr. Minister, another road, Highway 304. All the members of this Assembly who formerly came from Meadow Lake got together and decided unanimously that that's a goat's trail going through there, and I'm sure you've heard that from other members of this legislature. The road runs through, well actually Makwa and Morin Creek. Between the junction of High 4 into Loon Lake, the road is in terrible, terrible condition.

(2145)

And we would like to know, all those members that formerly came from Meadow Lake, in that area, whether or not you're going to do something about that road. It's in terrible, terrible shape; likely one of the worst in the province maybe outside of Highway 40 between Hafford and Blaine Lake.

**Hon. Mr. Hodgins:** — I thank the hon. member for that representation on Highway No. 304. I can tell you with a great deal of sincerity that the current member for Meadow Lake has been very, very forthright and very convincing in his arguments with respect to the upgrading of Highway No. 304.

The member from Meadow lake, for whom I have a great deal of respect, as a matter of fact made representations to me some time ago and invited me to go up and physically inspect Highway No. 304. It was my pleasure, it was my pleasure one afternoon to spend a good deal of time in meeting with the constituents from the Meadow Lake constituency. It was my pleasure to inspect the route. We had a nice coffee party and I can tell the member that we are giving very serious consideration to the complete upgrading of Highway No. 304.

**Mr. Anguish:** — Mr. Minister, Highway No. 368 runs between Melfort and St. Brieux — controversial issue. I notice in the construction plan there is some work proposed along that road and I'm wondering if you can tell me in the last two construction seasons what work has actually been done on Highway 368.

**Hon. Mr. Hodgins:** — You will take note of our 1986-87 project array document that Highway No. 368 was scheduled for a rebuild or an upgrade from south of the village of St. Brieux to Pathlow. That was a total of 19.8 kilometres. I have not been out to St. Brieux in the last short while, but I do understand through the grape-vine that that contract, a grading contract, is virtually complete at this time, or will be very shortly.

**Mr. Anguish:** — Mr. Minister, moving off of specific roads for a minute, the Canadian Transport Commission held hearings in Regina some time ago, and there was a brief presented by the Saskatchewan Trucking Association. I'm wondering whether or not the minister has any intentions of implementing legislation to carry out any of the recommendations that were in the Saskatchewan Trucking Association brief to the Roads and Transportation Association of Canada. I should say that's who the brief was presented to.

**Hon. Mr. Hodgins:** — With respect to the recommendation or the suggestions put forth by the Saskatchewan Trucking Association and the Canadian Trucking Association for that matter, those are currently under review. We, as a council of ministers — of highways ministers from across the country of Canada — met in Saskatoon just a few weeks ago at the RTAC (Roads and Transportation Association of Canada) conference and at that time the subject was discussed by ministers all across the country. I can tell you, however, that all of the recommendations . . . or the recommendations were not accepted at that tie. Quite frankly, some of the ministers needed to be briefed a little bit more on the subjects. They wanted a little more time to study it. So it would be premature for me to say whether or not these, those proposals as put forward by the Saskatchewan Trucking Association, will or will not be accepted.

In February of 1988, the council of ministers from across Canada will be meeting again and at that time the subject will receive further discussion.

**Mr. Anguish:** — Mr. Minister, going back to specific highways in Saskatchewan. Highway 11 between Saskatoon and Prince Albert, there has been some acquisition of land by the department along that route, but yet there is no construction plan for the road, or at least I didn't see anything in the proposed construction for this specific year. Can the minister tell me: is this normal that there's acquisition of land before there's actually any plan for a road being built along such a route?

**Hon. Mr. Hodgins:** — Yes, it is normal in some circumstances. Highway No. 11 is a very, very busy highway in Saskatchewan. I would think that it would have one of the very highest traffic counts of most highways in the province. If you look not too far down the road you will know that we're going to have to likely do some four-laning of that highway and I guess that will

come at . . . whenever budget levels will permit. But when you look into the future and you know that you've got a busy highway, and there is likely to be four-laning of it in the not too distant future, you would then go to some of the residents that you know, that you know may well be expanding an operation.

I would not want to see some farmer, for instance, put up a brand-new house, or a brand-new machine shed, or a brand-new cattle or livestock facility, if knowing full well you were going to likely do some four-laning or other words in the not too distant future. So yes, indeed, it is rather normal in those types of situations to go ahead and purchase property with the full knowledge that construction may not take place in a year or even two.

**Mr. Anguish:** — Mr. Minister, I understand that your depots and storage sheds and things like that now come through property management corporation, but prior to the property management corporation coming into place, the Department of Highways had a lease on a Highways shop at Rosetown with a local individual.

Can you tell us, Mr. Minister, what the dollar value per year of that least is, or was, that was paid by the department to the individual, how long was the term of the lease, and who the actual individual was who owned the Highways shop at Rosetown.

**Hon. Mr. Hodgins:** — I understand that the old Highway building in Rosetown was owned by the department. The new Highway building is owned by an individual or individuals or a corporation. I do not have with me the terms of the lease, or the names of the individual, or the length of the lease. I do understand though that property management corporation would have that information, and I would think that they would certainly share that with you.

**Mr. Anguish:** — Okay. Well we will bring that up with the property management corporation. I understand they're in estimates tomorrow.

Going back to the sewing of the fabric for Highways projects where there's a problem with seepage, could the minister confirm that either an Andrew Robson or Robson Seeds Limited, a company I believe in Melfort, have or had a contract to sew the fabric to prevent seepage on a highway project?

**Hon. Mr. Hodgins:** — Yes, I'm certainly aware of that.

**Mr. Anguish:** — You're confirming that in fact they do now have a contract to do that, Mr. Minister?

**Hon. Mr. Hodgins:** — Yes, I believe so.

**An Hon. Member:** — Item 1 agreed.

**Mr. Anguish:** — No, item 1 is not agreed to quite yet, but we're getting through it very rapidly, I thought. And if the . . .

**An Hon. Member:** — Are you going to ask him about Highway 21 in my riding?

**Mr. Anguish:** — Well the member from Meadow Lake wants me to ask about more highways in his riding. I don't think I can do that this evening.

Mr. Minister, there are a number of projects which seem to overlap each year. And when I look at the construction projects for the '86-87 year and you look at the projects for the '87-88 year, many, many seem to overlap. I'd like you to explain some of those for us this evening, because I certainly don't want the department or the minister to be taking credit for roads that are being done that aren't actually being done in the province.

And first off, I'd like to look at the 1987-88 grading projects. You'll notice on Highway No. 1, there's 6.3 kilometres east to 4.9 kilometres west of Gull Lake, a distance of 11.14 kilometres. And then in the '86-87, which was the previous year, on Highway No. 1, east to west of Gull Lake, 10.78 kilometres, and that was for grading in both of those particular years. Does that mean that there were two separate sections of grading performed, or in fact that's the same work being set down in two different years?

**Hon. Mr. Hodgins:** — Yes, I would confirm to the member that . . . Well firstly, I should say that there are two separate contracts on that particular stretch of highway. However, it has been the practice and I would suspect always will be the practice of the Department of Highways and Transportation to schedule its contracts of its tenders throughout the year and some of the later contracts that are let naturally could not be fully complete in that fiscal year, so they are carried over into the next fiscal year and certainly it would appear that that particular road is on the list on two separate fiscal years.

**Mr. Anguish:** — For the same section of road?

**Hon. Mr. Hodgins:** — Yes, it's certainly the same section of road.

**Mr. Anguish:** — Well the thing that concerns me is that it seems to be happening with a great deal of regularity, Mr. Minister. The same that I've just described to you applied, I'm sure to east of Robsart to east junction Highway 21. There's 23.5 kilometres in '87-88 grading, and you go to the '86-87 and there was 23.53 so I assume that's the same section of road.

Highway 16, Marshall, east of, same thing applies there. Lone Rock access, same applies. Junction of Highway No. 3 to north of Meridian Bridge, I think the same thing applies. Highway 18 in the vicinity of Oungre, same thing applies. Zenon Park north access, Prelate to Leader, Lucky Lake to junction of Highway 342, Loreburn easterly, Big Sandy cut-off. Well and there's another one, the Big Sandy Lake cut-off. People are amazed at how slow the work is proceeding there, Mr. Minister.

The same thing applies to Highway 334, Avonlea easterly; Highway 335, junction of Highway No. 23 westerly; Highway No. 361, Alida westerly; Highway No. 368, south of St. Brieux to Pathlow.

**An Hon. Member:** — Well how many more?

(2200)

**Mr. Anguish:** — Well just wait. There's more.

Then let's go to the surfacing. Highway No. 3 north junction to Highway No. 26, east of junction to Highway 21, is a repeat; Paradise Hill access road is a repeat; resurfacing from west of Canora to Buchanan is a repeat; Highway No. 13, east of Robsart to junction, east junction of Highway No. 21 is a repeat; resurfacing of four sections from Springside to Insinger — I think that's a repeat; Zenon Park north access road construction north of Spruce Lake to St. Walburg; the Cloan grid road northerly; east of Cabri.

So, Mr. Minister, here's one that troubles me a great deal because I have to travel over it quite often, is Highway No. 40; resurfacing from Blaine Lake to Hafford was in last year and nothing was done. In fact, I was amazed that there were signs there, "Road under construction," for a period of time, but nothing was happening; there was no equipment around. The biggest construction that happened there was the extra help you had to hire to get people to go out and pound the red flags in the road. The road's in terrible condition.

**An Hon. Member:** Where was that?

**Mr. Anguish:** — Well between Hafford and Krydor, and Krydor to Blaine Lake.

Highway 41 is a repeat; junction of No. 20 east of Wakaw; Highway No. 42, Lucky Lake to junction of Highway No. 342 is a repeat; Highway 55 from junction of 123 easterly appears to be a repeat, may not be; resurfacing from Smeaton to Foxford; north of Big River to south of junction to Highway No. 924; Avonlea easterly; Corinne westerly; junction of Highway No. 23 westerly, on Highway 335, repeat; Briercrest to junction of Highway No. 39, and that's on Highway 339.

I'm wondering if the minister can give a comparison, really, in the construction projects for '86-87, which are repeated in the '87-88 construction projects? I don't think there's ever been a year when there's been more repeats. And if there has been a year when there's been more repeats of those construction projects, I'd like the minister to tell me when it was.

**Hon. Mr. Hodgins:** — For the hon. member's information this practice, if you like — and there's certainly nothing devious about the practice — but this type of practice has been going on for 20 years, and I would be hard pressed to figure out a way in which you could avoid such a practice.

Now the hon. member has asked when there was a higher carry-over, in fact was what you were asking — when there was a higher carry-over than there was last year? I can tell you that in the years gone by, in years prior to 1982 there were higher carry-overs or there were more repeats.

Maybe just to clarify the situation for the hon. member, now I'll give you an example. If you look at Highway 16, Marshall to east of 11 on the '86-87 program,

you looked at a 20 kilometre section. If you look on the next year, it's a 14.59 kilometres section. In fact what happened is there was two contracts and we were simply listing on the following year's project array the amount that was carried over and included in there if you like — a new contract that was let in the current fiscal year. So there's nothing devious about the practice; it's certainly something that has gone on for more than 20 years.

**Mr. Anguish:** — I'd like the minister to clarify for us some of the details regarding the road and transportation agreement between Weyerhaeuser (Canada Ltd.) and the province of Saskatchewan. I believe your deputy minister has been quoted as saying the department in 1987-88 will spend \$6 million in capital expenditures on northern forestry roads for Weyerhaeuser.

The information supplied by your office, Mr. Minister, seemed to indicate that the amount agreed to was \$1,840,000. Now which is the correct figure? And if I'm wrong in quoting the deputy minister, I apologize for that, but I believe the quote was from the deputy minister was about 6 million.

**Hon. Mr. Hodgins:** — I apologize to the member if there was confusion between information you received from my office and information you received from the deputy minister. I can tell you that with respect to capital amounts, \$6 million would be a very good approximation. It would be slightly less than that figure, but in the neighbourhood of \$6 million.

**Mr. Anguish:** — Well people in the province, Mr. Minister, aren't very happy seeing \$6 million of their tax money go into roads for Weyerhaeuser, which I think in my interpretation of the agreement are all exclusively for Weyerhaeuser and the companies associated with them for their use, when roads like Highway No. 40, Highway No. 304, and highways like that continue to deteriorate in the province of Saskatchewan.

Irregardless of what the figure is, I'm happy that you confirmed it would be around the \$6 million mark. Who's doing the work? Is Weyerhaeuser responsible for letting the contracts? Is Weyerhaeuser doing the work themselves through a construction arm, or does the Department of Highways have some involvement in the construction of those roads, or are you paying the tab for it?

**Hon. Mr. Hodgins:** — In response to the hon. member's question then, I should firstly let you know that not all of the improvements are just simply and solely for the benefit of Weyerhaeuser corporation. I'd give you a good example. Within the city of Prince Albert you do have a \$2 million interchange at the connecting of Highway No. 55 and Highway No. 3, and I think it would be fair to recognize that that interchange was a safety hazard, if you like, and that that will certainly benefit more than the Weyerhaeuser corporation.

With respect to the other works undertaken, the maintenance activities have been undertaken by the Weyerhaeuser corporation themselves. Other projects such as the upgrading of the Shell River bridge, naturally, would be undertaken by the department themselves.

**Mr. Anguish:** — Mr. Minister, what I mean about the closed access to the roads. If I or any other Saskatchewan resident wants to travel over the actual roads that are being constructed for Weyerhaeuser's usage, can we just get in our automobile and drive over those roads, or do we not need permission of Weyerhaeuser to, in fact, utilize those roads?

**Hon. Mr. Hodgins:** — No. I do not believe that there are any roads that are closed to the public, if you like. I am advised by the minister of parks and renewable resources that in the past there were some rules or some restrictions with respect to stopping some of the passenger traffic and recording and documenting their names and addresses and points of destination. I believe that this is still in effect, and quite frankly, nothing has really changed.

**Mr. Anguish:** — Mr. Minister, I'd like to talk somewhat about the ... a little summary of the expenditures in the Highways department. When one includes the '86-87 supplementary estimates, the total expenditure for Highways and Transportation in 1986-87 comes to \$224,317,870. And in the '87-88, the total budget is down by some \$3.4 million less if you just look at the figures that are there. In terms of the individual components, this translates into an actual \$8.6 million decrease in capital construction budget and a \$1.4 million decline in the highway maintenance budget between '86-87 and '87-88.

However there are other expenditure items in '87-88 that must be taken into consideration — first off are the payments to the property management corporation. This is an \$8.23 million payment, and it's really a bookkeeping procedure, something that has never had to be paid before by the Department of Highways and Transportation, and it's money that normally would be spent on road construction and road maintenance in the province. So the payments out of the '87-88 Highways budget for capital construction and maintenance of roads for Weyerhaeuser — again this 6 million or so is going into roads not normally used by the public in the province, whether or not Weyerhaeuser has the right to restrict access or not — and when both of these expenditures are removed from the funds that could go into roads and construction and maintenance in the province, the Highways budget in effect has a total drop in expenditures from 1986-87 to this current fiscal year of some \$18.9 million.

Does the minister acknowledge that, the things I've mentioned, the money to Weyerhaeuser, the money to property management corporation? A detailed analysis of the budget is that there's \$18.9 million less in this year's Highways budget than there was in the previous fiscal year.

**Hon. Mr. Hodgins:** — I don't think I'd be ready, at this time anyway, to concede that that is the case. The payments to the property management corporation certainly are new; certainly it's something that has not taken place before, but I can tell you that those payments to the property management corporation have not had any affect on our capital budget. And quite frankly, I don't think that it would be fair or reasonable to say that the

Highway budget has been cut by \$18 million, because I can tell you, our Highway budget, with respect to capital expenditures, is very similar to what it was last year. Our Highway budget, with respect to maintenance, is within dollars, or within just a few dollars, a few hundred dollars, of what it was last year. So I would not be willing to concede that \$8 million from the property management corporation in any way has had an effect upon our capital budget.

**Mr. Anguish:** — Well I maintain, Mr. Minister, that it does, that there is a reduction in the Highways budget. In fact, our analysis of the estimates for the Department of Highways is that the exact figure is \$18,984,870 less than what there was in the previous fiscal year. And that doesn't take into consideration, Mr. Minister, the few million dollars that used to be spent in northern Saskatchewan through the department of northern Saskatchewan when they constructed their own roads in the North. And I think that it's a little wonder, when there are reductions like that in the actual operating budget for construction and for maintenance, that the roads in the province are deteriorating.

And no matter what you say in the legislature here tonight, I don't think there's any way you can convince people in this province who have to travel over highway system that the roads are in good condition. I think it's generally accepted by many, many people — in fact, anyone who has to travel over the roads — is that our roads are deteriorating, and unless there's extra funding put into our highway system for construction and for maintenance, it's going to be very, very costly in the long term, Mr. Minister.

(2215)

I'm wondering, Mr. Minister, whether or not there is some kind of priority system that you have for establishing roads. It appears to me that there isn't a basis for doing that, and I would think that you must use traffic count. Like, if traffic count is a factor, are you actually putting money into roads that have increased traffic counts, or have you got some other way of prioritizing the roads that you maintain and the roads that you construct within the province?

**Hon. Mr. Hodgins:** — There are a number of factors that we take into consideration when we are prioritizing roads to be rebuilt or resurfaced here in Saskatchewan. I certainly will admit to you that traffic counts are one of the key players, or one of the key factors in our considerations. They do play an important role in determining where our priorities should lie. I can also tell you though that traffic patterns are important in such things as growth in industries in various parts of Saskatchewan, whether it be mining or whether it be manufacturing or whether it be in the tourism industry. Those types of factors certainly do as well come into consideration.

In addition to that, there are some very objective measures that we study, and that is in particular the riding quality of our highways. We have a machine that travels up and down the roads that measures, in a very objective manner, what the riding quality or condition of that

highway is, and we do certainly take those types of things into consideration as well.

**An Hon. Member:** — Could I borrow that for a weekend?

**Hon. Mr. Hodgins:** — Yes, the member from Meadow Lake has requested that we fetch that machine up to his constituency, and I would certainly make that commitment to him.

**Mr. Anguish:** — I thought when you're talking about riding quality, I thought you meant constituency and that would have some bearing on the riding quality, because, for instance, if you look at a breakdown of the ridings as to who holds the ridings and who doesn't, it's quite amazing, for example, constituency of Turtleford . . . Turtleford, this is '87-88, \$3.3 million in that constituency; Kelsey-Tisdale, that side of the House, \$4.3 million from Highways; Cut Knife-Lloyd, 3.6 million; Canora, 2.4 million; Thunder Creek, 2.3 million; Bengough-Milestone, 3.7 million; Athabasca, nothing; Cumberland, 375,000; P.A.-Duck Lake, nothing; Wilkie, nothing. I don't know what happened to the member from Wilkie; I don't know what he's done, but there seems to be nothing in that riding. Quill Lakes on this side, nothing, Assiniboia-Gravelbourg — the poor member from independence — Assiniboia-Gravelbourg, nothing.

So it seems to me that there are other criteria that are being used in an increasing way to determine which roads are going to be serviced and which roads aren't going to get service in the province of Saskatchewan. And I could go through the entire breakdown, constituency by constituency, Mr. Minister, and I think that traffic count and those factors of rideability or the ride factor certainly don't play the role that they should play in determining what roads should be improved in the province of Saskatchewan.

Mr. Minister, everyone who drives Saskatchewan's highways and roads is aware of their general disrepair, and since the current administration took office, Saskatchewan drivers have witnessed a steady decline in our road system. First there was the auctioning off of some \$40 million of the province's highway equipment to the private sector for a bargain basement price of somewhere between 5- to \$6 million, and by anyone's estimation it's a classical case of fiscal mismanagement by the administration that sits there with you today.

And I might point out something that's very important, is that that construction equipment did a very small portion of the work that was done in the province of Saskatchewan. Most of the work was done by private contractors. That equipment gave us a window on the industry; when there was a contractor that couldn't fulfil their contract, that equipment was utilized, and it also helped construct roads when bids came in just far too high. When the market was on the side of the contractors and there wasn't the money there to do the road, we could usually do it with that highway equipment for a cheaper price.

Now whether the road builders can build roads more cheaply is questionable; but however, what road builders

are concerned about is that there isn't any construction being done to keep their machines and their companies in business unless they're very good friends of the administration opposite.

And I see the Deputy Premier agrees with those statements. But what are the consequences? We've got roads in just a terrible state of repair in the province of Saskatchewan. I have a number of documents here that I would have liked to have gone through this evening, but I see we're well past the normal time of adjournment. We have problems wondering where all the money is going from the communications branch under subvote 7. Each year the estimate isn't met. You're way over in the expenditures in the communications branch for the years that I have documented here.

I think that instead of some of the things that you've been advertising, you might well look at putting a little more emphasis back on seat belts in the province. I see that the usage of seat belts is declining in the province of Saskatchewan. And I think it was a very good program, very controversial, and many of the members opposite that were here at the time that that legislation came in were in fact opposed to the seat belt legislation, but it has saved a great many lives in our fine province, and I think that we should have some emphasis on sound advertising like that rather than some of the areas where you've been spending your advertising dollars.

Mr. Minister, I don't want to unduly keep you any longer this evening. What I would like to ask is one further question, and that has to do with access roads to malls. I have a particular problem that I'd like you to deal with with someone in your department. It's a problem with mall access to one of the malls in the city of North Battleford, and I'm wondering whether or not you can tell me who I could contact in your department, and if you give me your assurance that whoever the contact is in the department, or yourself if you wish, will contact the people at the mall and discuss these problems with them.

**Hon. Mr. Hodgins:** — I thank the member for his question, and I would confess that I am not totally aware of the situation of which you speak. However, because the hon. member has acted in such a co-operative fashion here this evening, I would be more than pleased to direct hi to Myron Herasymuik, our director of operations here in head office in Regina. And at your convenience, Mr. Member, we would set up a meeting to review the situation with you, and to provide you with any advice or assistance that we can right from head office.

**Mr. Anguish:** — Well I thank you for that, Mr. Minister. As I mentioned, a good number of people are concerned about the highway system in the province. They're concerned about the transportation deregulation as well, which we didn't really get into here this evening, but I'm sure we'll have many other opportunities to do that.

I would like to thank the minister for his co-operation this evening, and the co-operation of the members opposite who sometimes heckle me. I don't know why they would do that. And I would like to tell the member from Meadow Lake that I'll likely never ask any questions about his roads in his constituency again.

I would, seriously, like to thank the officials from the department. I believe that the officials do a very good job under trying circumstances and budgetary restraint in the province, and I would like to thank you for your co-operation and taking time to be here this evening. My apologies to keeping you a little bit late.

And again my congratulations to Mr. Sutherland for the years that he's spent with the department and the award that you received today. Thank you very much.

**Some Hon. Members:** Hear, hear!

Item 1 agreed to.

Items 2 to 23 inclusive agreed to.

Vote 16 agreed to.

**Consolidated Fund Budgetary Expenditure  
Highways and Transportation  
Capital Expenditure — Vote 17**

Items 1 to 3 inclusive agreed to.

Vote 17 agreed to.

**Supplementary Estimates 1987  
Consolidated Fund Budgetary Expenditure  
Highways and Transportation  
Ordinary Expenditure — Vote 16**

Item 1 agreed to.

Vote 16 agreed to.

**Supplementary Estimates 1987  
Consolidated Fund Budgetary Expenditure  
Highways and Transportation  
Capital Expenditure — Vote 17**

Item 1 agreed to.

Vote 17 agreed to.

**Supplementary Estimates 1988  
Consolidated Fund Budgetary Expenditure  
Highways and Transportation  
Ordinary Expenditure — Vote 16**

**Mr. Chairman:** — Any questions on '88 supplements?

**Supplementary Estimates 1988  
Consolidated Fund Budgetary Expenditure  
Highways and Transportation  
Ordinary Expenditure — Vote 17**

**Mr. Chairman:** — Any questions on '88 supplements, capital expenditure?

I'd like to thank the officials for their time here tonight and the answers.

**Hon. Mr. Hodgins:** — Mr. Chairman, I'd like to thank the member from North Battleford this evening for the

questions that he put forth and I think, more importantly, the spirit and the manner in which those questions were given.

I would also like to thank very much my officials for coming this evening. I do know that they have prepared for these estimates over a good number of months, and they certainly have worked very, very hard over the past year, and it's just been my delight to be your minister and to have worked with you over the past year, and I look forward to a good and long-lasting relationship with you all. Thank you, Mr. Chairman .

(2230)

**Some Hon. Members:** Hear, hear!

The committee reported progress.

## MOTIONS

### Referral to Bills to Standing Committee on Non-Controversial Bills

**Hon. Mr. Berntson:** — Mr. Speaker, I have four or five Bills here that are considered to be non-controversial, so with leave of the Assembly I'll move to put them in Non-Controversial Bills Committee. I therefore move, seconded by the Minister of Health, by leave of the Assembly:

That the order for the second reading of Bill No. 29 An Act to amend The Legal Profession Act, be discharged, and the Bill referred to the Standing Committee on Non-Controversial Bills.

Motion agreed to.

**Hon. Mr. Berntson:** — Mr. Speaker, I move, seconded by the Minister of Health, by leave of the Assembly:

That the order for the second reading of Bill No. 38, An Act to amend The Prairie and Forest Fires Act, 1982, be discharged, and the Bill be referred to the Standing Committee on Non-Controversial Bills.

Motion agreed to.

**Hon. Mr. Berntson:** — Mr. Speaker, I move, seconded by the Minister of Health, by leave of the Assembly:

That the order for second reading of Bill No. 39, An Act to amend The Law Reform Commission Act, be discharged, and the Bill referred to the Standing Committee on Non-Controversial Bills.

Motion agreed to.

**Hon. Mr. Berntson:** — Mr. Speaker, I move, seconded by the Minister of Health, by leave of the Assembly:

That the order for second reading of Bill No. 40, An Act to facilitate Economic and Social Development in Rural Areas, be discharged, and the Bill referred to the Standing Committee on

Non-Controversial Bills.

Motion agreed to.

**Hon. Mr. Berntson:** — Mr. Speaker, I move, seconded by the Minister of Health, by leave of the Assembly:

That the order for second reading of Bill No. 53, An Act to amend The Uniform Building and Accessibility Standards Act, be discharged and the Bill referred to the Standing Committee on Non-Controversial Bills.

Motion agreed to.

**Hon. Mr. Berntson:** — Mr. Speaker, I move, seconded by the Minister of Health, by leave of the Assembly:

That the order for second reading of Bill No. 54, An Act to amend The Vital Statistics Act, be discharged, and the Bill referred to the Standing Committee on Non-Controversial Bills.

Motion agreed to.

### Extended Sitting Hours

**Hon. Mr. Berntson:** — Mr. Speaker, it has been agreed between House leaders that we don't have nearly enough work to fill our day, so that we have decided that we should extend sitting hours.

So I move, seconded by the Minister of Health, by leave of the Assembly:

That notwithstanding rule (3), this Assembly shall on Wednesday, October 28, tomorrow, meet from 10 o'clock a.m. until 5 o'clock p.m. with a recess of two hours at 12 noon; and on Thursday, October 29, and Friday, October 30, 1987, meet from 10 o'clock a.m. until 10 o'clock p.m., and there shall be a recess of two hours at 12 o'clock p.m. and 5 o'clock p.m., and the oral question period of 25 minutes under rule 35(2) shall be at 2 o'clock p.m. of each day; and

That this Assembly shall on Saturday, October 31, 1987, meet at 10 o'clock a.m. until 1 o'clock p.m., and that the order of business shall be the same as on Friday; and

That this Assembly shall on Tuesday, November 3, Wednesday, November 4 and Thursday, November 5, 1987, meet from 10 o'clock a.m. until 10 o'clock p.m., and there shall be a recess of two hours at 12 o'clock p.m. and 5 o'clock p.m., and that oral question period of 25 minutes under rule 35(2) be at 2 o'clock p.m. each day.

I move, seconded by the Minister of Health, Mr. Speaker.

Motion agreed to.

The Assembly adjourned at 10:39 p.m.