

EVENING SITTING

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by Hon. Mr. Taylor that Bill No. 55 — **An Act to establish the Public Participation Program** be now read a second time.

Mr. Rolfes: — Thank you, Mr. Speaker. Mr. Speaker, before the supper break, I was indicating to the House that, in the good old Saskatchewan traditional way, we have built this province using the three sectors of our economy: the private sector, the co-operative sector, and the public sector. And Bill No. 55 is so contrary to that philosophy that no one, I think, who believes in the good old Saskatchewan way, which has stood us in good stead, could possibly support this Bill.

This Bill, Mr. Speaker, sells out Saskatchewan. And if you look at the deals that this government has made, almost every one of them has been a disadvantage to the people of Saskatchewan. We can go through all of them, but I'll just mention a few.

Take PAPCO (Prince Albert Pulp Company), for example, the pulp mill in P.A. which was evaluated at about \$350 million. The government sold it for 248. And Weyerhaeuser, who bought the mill, themselves said that they were very fortunate to be able to buy it when the forest industry was at its worst. And so they bought it for \$248 million, and we noticed that . . . with no down payment, Mr. Speaker, absolutely no payment whatsoever — interest rates for 30 years at eight and a half per cent. And, not only that, Mr. Speaker, but unless they made at least 12 per cent profits here in Saskatchewan, no payments, no payments would be made to the people of Saskatchewan. Now what kind of a deal is that for the people of this province? I say it's a bad deal, it's a bad deal.

And, Mr. Speaker, this year, the books of Weyerhaeuser proved exactly that. Weyerhaeuser made over \$80 million, which would have been in the coffers of this province to pay for health cost that the Minister of Health couldn't afford to pay. It would've gone for education so that we wouldn't have to cancel some of our programs and increase the teacher-pupil ratio. That money would've been there. Over \$80 million would've gone to our coffers. But no, Weyerhaeuser was able to take \$58 million to United States of our money, and we got very, very little in return.

And they brag about their business expertise. What kind of business people are those people over there that, when they can have \$88 million, try and pat themselves on the back when they only get 30 million? It doesn't make sense to me, Mr. Speaker, and it doesn't make sense to the people on this side of the House.

Mr. Speaker, let's go to Saskoil. Saskoil has made millions of dollars for this province, and, Mr. Speaker, what did they do? They turned Saskoil into a private company, sold

the shares, and before long, what do you know, most of the shares are owned by people in Ontario. And not only that, what do they do? They lay off, they lay off 25 per cent of the people here in Saskatchewan so that Saskoil can go to Alberta, buy two private companies, and hire additional staff. Saskoil hiring people in Alberta, laying off people here in Saskatchewan. That's what privatization does. What kind of a deal is that for our people? That, Mr. Speaker, is a bad deal, and we should do everything we can to oppose Bill 55 which simply does not benefit the people of this province.

Mr. Speaker, the Minister of Finance, the genius, the guy that could only be out over 200 per cent on his predictions — that is the guy. I'm sure that, Mr. Speaker, if the government listened to the present Minister of Finance on all their privatizations, it's no wonder that we've had such bad deals. The guy that says that he was only going to have a deficit of 300 and some million ends up, ends up with a deficit of 1.2 billion. He is the guy . . .

An Hon. Member: — One point four.

Mr. Rolfes: — One point four billion. Oh, I'm sorry — \$1.4 billion deficit. He is the guy, he is the guy that has advised the government on these bad deals. It's no wonder. Selling out, for example, our coal — coal fields and our drag-line to Manalta Coal of \$150 million. Those are the people. Highway equipment sold for 5 or 6 million that was worth 40 million bucks. Now what deal is that for the people of Saskatchewan? Mr. Speaker, that's a bad deal, it's a poor deal, and every deal that these people have made has concentrated the moneys into the hands of the very rich, the few. But the ordinary citizen of Saskatchewan is the one that suffers.

Mr. Speaker, they take as their examples, is the British . . . is the United Kingdom. And they say, well, you know, this has been done all over the world and it's been so successful. Well I've got an article here written on July 28, 1987, in the *Star-Phoenix* by Richard Gwyn. And Richard Gwyn writes about: "The U.K. developments show privatization not cure-all." Privatization is not the cure-all. And let me read a few select paragraphs from this article. Richard Gwyn says the following:

. . . Newly re-elected, she (Thatcher) plans to privatize just about everything that's left, including water; some Conservatives even talk about privatizing state education and the national health service.

Mr. Speaker, is it any wonder that the Saskatchewan people are concerned? These people model themselves on the United Kingdom way of privatizing, bring in Madsen Pirie to advise them on what should be done, and Thatcher, Madam Thatcher, Prime Minister Thatcher is considering privatizing state education and health, national health services. This, Mr. Speaker, I think is part of the hidden agenda of this government opposite. Oh yes, they start with highway equipment, they start with Saskoil, they start with the coal mines, SaskPower, the next thing is health and education — that's next.

And, Mr. Speaker, as Richard Gwyn goes on to say, and I

want the members opposite to note: "Some privatized companies are performing no better than before." No better than before. So why privatize when the profits that you had before went to the people of the province and people of the country? And now you're going to privatize and hope that the trickle down theory, where they give us a little bit of their profits, comes back to the ordinary citizen. That, Mr. Speaker, in my opinion, is a backward step and we simply shouldn't follow through on that.

Secondly, Richard Gwyn says this: "Less expectedly, and potentially much more significantly, some government companies are doing far better with having been privatized," that's Richard Gwyn talking about what's happening in the United Kingdom on which these people are modeling their privatization scheme, their strategy. So, Mr. Speaker, just because you privatize doesn't mean that the companies are going to be more efficient.

Mr. Speaker, he goes on to say:

Thatcher loves to talk about "people's capitalism" and about how one in five Britons have become mini-capitalists by buying the shares of privatized companies.

And exactly what this government is talking about. Oh, we'll let people buy shares, people can buy shares in, or can buy shares in SaskPower, or buy the bonds at least in SaskPower. And then they can turn them in and buy shares in Saskoil.

But what has happened? Those people who have bought shares in Saskoil, as I indicated before supper, what has happened? Exactly, Mr. Speaker, what's happened in Britain. Those people, those individuals who have bought those shares didn't keep the share because one of the things that you do when you privatize is you undervalue the shares so that people feel good about it.

Well the people aren't that dumb. I mean they buy these shares, they know they're undervalued, and then when the shares go up a little higher, they sell. They make their little profit. And who buys the shares? Well the shares are bought up by a few big companies. Exactly the same thing that happened at Saskoil, exactly the same thing happened in the United Kingdom, and consequently we find that 75 per cent of Saskoil now is owned outside of the province of Saskatchewan, and mostly owned by people in Ontario and companies in Ontario. So when Saskoil makes a profit or pays a dividend, that money, instead of staying here and going into our coffers, goes into the province of Ontario.

Exactly the same thing happened in Britain. It says:

Instead, almost all of these have turned out to be just mini-gamblers who buy an allotment of shares and instantly sell them for a guaranteed profit — about \$90 each in the current instance of the sale of British Airport Authority shares.

Now these people aren't so dumb. That's what they do. They gather up . . . They say, if the government is stupid enough to undervalue the shares, yes, we'll buy them, and we'll turn around the very next day or the next week and we'll sell out, and we'll make ourselves a little bit of money.

But, Mr. Speaker, that's what so wrong about it, because the bottom 20 or 30 per cent of the people who don't have any money, they can't afford to buy any, and not only do they lose the shares as owned by the public, but they have to subsidize through taxation those gamblers who are able to buy shares and make a quick buck.

Richard Gwyn goes on to say:

None of these developments means that privatization is misguided. They do mean that it isn't a cure-all.

Privatization is not going to be the cure-all. Oh it'll give the government, it'll give the government, as it did the Thatcher government, some money, some immediate money to offset the deficit that these people have created, Mr. Speaker, a deficit of close to \$4 billion — close to \$4 billion. Yes, they can take some of that money, and they will offset some of their deficit, Mr. Speaker, that deficit created by the ill policies implemented by the members opposite.

Richard Gwyn goes on to say the following:

More relevant to Canada (more relevant to Canada), these development demonstrate that government companies don't need to be privatized to become efficient. (And I want the members opposite to note that — government companies don't need to be privatized to be efficient). The right attitude and the right person in the right place gets the job done rather than does the newest, conventional, economic, wisdom.

Richard Gwyn has done a fair amount of study of what's happened on privatization in England, and he comes to the exact same conclusion: that government-run companies can be efficient, but you hire capable people, people who are . . . people who believe in the philosophy, run the companies efficiently, and don't run them into the ground.

We've got a good example of this, Mr. Speaker, right now, a good example of this right now. We have the Potash Corporation of Saskatchewan, which has earned millions of dollars for the people of this province. When these people became the government, they didn't believe in public companies. So what did they do? They ran the potash corporation into the ground. But not only that — what do they do? — they hire to head up the Potash Corporation of Saskatchewan, an individual, Mr. Childers, who was, I believe, a big wheel in the company of IMC (International Minerals and Chemicals) who doesn't believe in Crown corporations, doesn't believe in government companies, to head up the Potash Corporation of Saskatchewan.

So what do we do, I mean, what do we see? We see Childers and his group again not running the Potash Corporation of Saskatchewan very efficiently, not going out and being very vigorous and finding international markets, but to make sure that it looks bad when compared to other private corporations, so, Mr. Speaker, the government opposite and Mr. Childers will have a good excuse for selling off the Potash Corporation of Saskatchewan. We've already seen it, Mr. Speaker, in shutting down, virtually shutting down the Cory mine in Saskatoon.

Mr. Speaker, you can't expect someone like Mr. Childers, who believes in private enterprise, to put in all his efforts and all his talent to run PCS (Potash Corporation of Saskatchewan) as efficiently and to run it within the best interests of PCS and the best interests of the people of Saskatchewan.

That's what's wrong. These people have their ideological bent set in their minds that they're going to privatize everything that they possibly can — everything. And, Mr. Speaker, I will predict that it will not be far down the road and you will see further privatization of our education system and of our health system.

We've seen the health system in the dental program; we've seen it, for example, in private nursing homes; we see it now in private day cares coming in; and we will see it, Mr. Speaker, to a much larger extent if the people of Saskatchewan don't wake up soon to the hidden agenda of this government.

Mr. Speaker, Bill 55, not only is it opposed to the traditional way in which we have organized ourselves here in Saskatchewan and in building up Saskatchewan, but, Mr. Speaker, this Bill goes too far. It gives the minister sweeping powers, sweeping powers to sell virtually everything and anything in this province. Mr. Speaker, it gives all-encompassing power to the minister to make radical changes to the way this province has been run. And I quote, Mr. Speaker. This Bill will allow the minister to do any other thing — I quote — “to do any other thing that he considers appropriate . . .” to assist in the development of public participation.

We don't know . . . The minister says that he will consult, that he will allow individuals to participate. But we've seen what he means by participation. He goes to Chaplin, he tells the workers that, yes, there may be someone who will be buying Sask Minerals, but he doesn't tell them who. He doesn't tell them how much. He doesn't give them any indication as to what the price will be. And they hear via the press later on — a few days later — that Sask Minerals has been sold to an outfit outside the province. That, Mr. Speaker, is not consultation, that is not allowing the employees to participate.

Now, Mr. Speaker, this Bill, I think, will go a long way in changing the whole environment of Saskatchewan. This Bill, and as the actions of the government have indicated, will not increase jobs. Every deal that they have performed so far has cost us jobs, has cost Saskatchewan jobs.

They say it will bring in more investments. Well look at the record of this government. If you compare it to the record of Allan Blakeney in the late '70s and early '80s, we have brought in more investment per year, and those are Statistics Canada — I know, the member from Yorkton shakes his head — we brought in more investment in this province before 1982 than in any other year in '82 over . . . (inaudible interjection) . . . Oh the member says we chased everybody out. You would have thought, Mr. Speaker, if we'd chased everybody out, there wouldn't have been any revenues. We wouldn't have been able to balance our budget.

Mr. Speaker, more jobs were created, more housing per year than under this government. And, Mr. Speaker, if that is true, if there were more people in our province, if, Mr. Speaker, we built more houses on an annual basis than this government, surely one must assume therefore that the economy was better, and it was. It was. We had, Mr. Speaker, the fastest-growing economy in all of Canada, in all of Canada. We had the lowest unemployment, not, Mr. Speaker, as these people now. We have out-migrating about 14 or 15,000 people annually — a net out-migration of 9,000 under this government.

They say that their privatization is going to bring in investment, going to bring the people into this province. It's simply not true. Mr. Speaker, unless here in Saskatchewan, where we are a land-locked province, unless we take advantage . . . as our leader often says, unless we take advantage of the three engines of our society — that is the public engine, the private engine, and the co-operative engine — unless we use all three, this province simply can't compete, not only cannot compete nationally, it can't compete internationally. We've got to take advantage of all three and they've got to work in harmony.

What this government has done is, they said, forget about two of those sectors; we'll just go along with one, and that's the private sector. And in order, Mr. speaker, to bring that about, they are willing to sacrifice much of what we have built over the last 40 or 50 years — much of what we have built. And that, Mr. Speaker, is one of the main reasons why we are opposed to this Bill on privatization.

They call it public participation. That's a misnomer. Much better to call it, as my colleague from Moose Jaw indicated, privatization. Much better to call it that because it's much closer, much closer to the real truth.

And, Mr. Speaker, unless, as I said before, the people of Saskatchewan heed the warning that this hidden agenda is going to hurt us and hurt this province badly — unless they do that — it is going to take us literally years to undo the harm that this government has done by its ill-founded policies. Mr. Speaker, because this Bill ignores the history of this province, and because this Bill gives sweeping powers to the Minister of Public Participation, and because this Bill will not hold the minister accountable to this legislature, I can't support this Bill and neither can my colleagues.

Thank you very much, Mr. Speaker.

Mr. Brockelbank: — Mr. Speaker, Bill 55, which deals with privatization in Saskatchewan, has got to be a pivotal piece of legislation of this government. And as in cases such as this, there will be vigorous debate and it will be difficult for the public to determine from the debate that goes on in this Chamber, in all cases, what are the arguments in favour and against the Bill which is before us, Bill, 55, privatization.

Now the public will see us disagreeing in this Chamber and disagreeing quite strongly, and recalling the history of Saskatchewan and how the economy of Saskatchewan was built up from the period of the '30s, when it was in utter disarray, until the early 1980s when the economy was in very fine shape — one of the highest credit ratings in the country, all sectors of the economy participating in the growth of the province of Saskatchewan. And people will hear us recall those facts and government members will disagree with that and, as a consequence, some people will have some difficulty in making up their mind about what is the best stance to take on this Bill.

But one thing is necessary in the discussion of Bills of this nature and that is that the public's right to know be recognized. When we were the government of Saskatchewan we paid attention to that, that the public had a right to know, and various pieces of legislation were brought into this Assembly which demonstrated that point, that the public had a legislated or a statutory right to know what was going on. Since that time, some of that legislation has been taken away. We have Bill 5, which was brought in in a previous sitting of this legislature, which permits this Executive Council to do in the cabinet chambers that which would normally have been done in the legislative Chamber in full public view.

However, government members are still giving assurances, although hollow they may be, that they are prepared to provide information. And they need only turn to the comments of the minister, when introducing this Bill on second readings, and speaking to the principle of Bill 55. He says the government has put in place "... protections to ensure public participation process is fair and is open." And he goes on a little later on, on June 3, "We will continue this open tradition. Documents will be tabled under a public participation program for all to see."

And further the minister, in his literature dealing with privatization in Saskatchewan, has this statement as part of the four paragraphs of his personal message to the citizens of Saskatchewan. And in this he says, "As minister, I want to be fair and open throughout the public participation process so that all Saskatchewan people may realize the opportunities that await them."

Well, Mr. Speaker, in order that the public be assured, or otherwise, of the minister's intent, and the minister's statement, and the government's statement about wanting to be open, it's important that we should take a few minutes to examine the background in which this legislation is brought forward, in effect, to find out if the government's word is the government's bond. In other words, when they say something, do they mean it and do they stick to it? It's important that the people of Saskatchewan feel secure that that is how their

government acts.

This government — and I was referring to it in another debate the other day — back in 1982 said they were going to establish freedom of information legislation. This government has been in power six years now and has never brought in freedom of information legislation. So they haven't kept their word there. Their word is not their bond in that area.

They said also, Mr. Speaker, that they would provide more funds for the watch-dog function of the Provincial Auditor in accordance with the growth of the budget of Saskatchewan. Well the budget of Saskatchewan has continued to grow in the last six years, but the exact reverse has occurred, Mr. Speaker. The auditor's staff has been reduced, his power has been reduced, his budget has been reduced. But this government promised, promised in their election ads that they would give the auditor more power and more funds to provide the watch-dog function.

Last Thursday, Mr. Speaker, we had the estimates of the Department of Health in this Assembly and spent some time dealing with them. And as we were beginning to deal with those particular estimates, the Minister of Health had laid on the table four reports dealing with his Department of Health. And at another time, I referred to these particular reports. One is Saskatchewan Health prescription drug plan. The Auditor approved it in June 26, '87, it was tabled June 9, 1988. So this report, actually this information about the Saskatchewan health prescription drug plan, was available when this House was sitting last summer.

The next report was Saskatchewan Medical Care Insurance Commission. It was tabled on June 9, as I stated earlier, but the auditor's stamp on the report was August 18, 1987, almost a year ago. This report was actually available, so it could have been made available to the members of this Assembly when this House was sitting last summer because the House was sitting here in session.

There followed two other reports from the Department of Health area: Saskatchewan Health vital statistics and the Saskatchewan Health annual report, each of them tabled on June 9 for the previous year ending March 31, 1987. Mr. Speaker, March 31, 1987, both of those reports — neither one tabled.

(1930)

So the government has not kept its word, has not kept its word about providing more information to the people of Saskatchewan in a timely fashion. Now since that time, since Thursday last, this government has tabled two more reports with regard to the Department of Health after the estimates had started — one is the Saskatchewan Health Research Board and the other one is the Saskatchewan Cancer Foundation. Now it's interesting to note, Mr. Speaker, that in keeping with this alleged provision of information in a timely fashion to this Assembly, that the auditor's stamp on the Health Research Board document is June 11, 1987 — June 11, 1987, this report was completed as far as the auditor was concerned.

And we see the one for the Saskatchewan Cancer Foundation, Mr. Deputy Speaker. The audit was actually done on August 14, 1987. So we have six reports here all related to the Department of Health, all in a health context, all tabled on June 9 and 10 this year, when four of them actually had been audited in time to be tabled when the session was sitting last summer. None of those were tabled until last Thursday and Friday.

So in the Department of Health area, the minister was a position that he could claim incompetence or concealing information. Now the minister chose the former. He said that he had them locked in his vault and had neglected to table them, and he apparently found two more that were locked in his vault after he said that.

But the point I want to make, Mr. Deputy Speaker, is that this Department of Health, one of the ministers of the Executive Council, has sought to and has kept information away from this Assembly. So this government has not provided information in a timely fashion. This government's word is not their bond.

I dealt with before, Mr. Deputy Speaker, the tabling of the public accounts documents last year and this year. This year was May 19, 1988. That is probably the latest public accounts have ever been tabled in this legislature. And once again it's a good illustration of the point that this government has not made information available which was prepared and could have been made available. So this government has not kept their word; their word is not their bond.

It's similar to the last election when the government said that they were going to take care of the dental program. They gave no inclination of what they were going to do to the dental program. But once the election was out of the way and they formed a government again, they certainly took care of the dental program in a fashion which you could expect a reactionary Conservative government to take care of a plan like that. They, in effect, did away with the plan.

They did much similar, Mr. Deputy Speaker, with the prescription drug plan. They said nothing before the election about the drug plan except to fret a bit about it, but they said nothing of what they would do with it. Once the election was out of the way, of course, we know that they've decimated the prescription drug plan and they shifted the cost on to the sick people where it's now become a sick tax. And it's as sick as the actions of this government in this area of not keeping its word — saying one thing one time, and doing something else different later.

These put me in mind of the guarantee that the present Minister of Finance issued some time ago, which said they would never put, never put deterrent fees on the prescription drug plan — which, of course, they've done.

Public participation or privatization, that is the question. And if the Minister of Consumer Affairs was doing his job, he would have the cabinet ringleaders of privatization in jail for false advertising, quite frankly. But of course the Minister of Consumer Affairs is implicated in the plot of

privatization on Saskatchewan people so therefore he won't do anything about that.

The question is: is there public participation or privatization? No public participation in Weyerhaeuser. It's a give-away to a multinational corporation — no public participation there; that's private participation. Sask Minerals has been mentioned earlier, sacrificed to Ontario and Quebec — not to the public of Saskatchewan, but sacrificed to Ontario and Quebec. SED Systems to Fleet Aerospace in Ontario, another example of privatization. SPC (Saskatchewan Power Corporation) to Manalta Coal in Alberta, another example. And there are further examples in SPC since that time.

Saskoil sacrificed to the benefit of private investors outside of Saskatchewan. And I couldn't help but review Saskoil because this is a . . . It turns out to be a classical example of this government's privatization, Mr. Deputy Speaker.

The PC government privatized Saskoil at the beginning of 1986. From the time the PC government took office in 1982, Saskoil made a profit every year until its first year as a privatized corporation. So the year 1982 to 1985, if you average those four years out, they made an average profit of \$31.7 million every year, Mr. Chairman, until they had their first loss under the privatization of this government in 1986.

IN 1984, Mr. Deputy Speaker, before privatization, Saskoil made a profit of 44 million, all of which was kept in the province of Saskatchewan — all kept in Saskatchewan.

In 1986, the company had a loss of \$1.3 million, paid nothing to the people of Saskatchewan but paid dividends of \$5.3 million to the private holders of preferred shares. Within six months of being privatized, Saskoil had laid off one-quarter of its work-force, under this government. Within one year of privatization, by the end of 1986, three-quarters of the privately-owned shares were owned outside Saskatchewan. This is a statement right out of the annual report of Saskoil in 1986.

As a matter of fact, I have that particular page out of the financial report of Saskoil before me, Mr. Deputy Speaker. And I stated that the \$5.3 million of profit in 1986, 62 per cent of it went to 258 people or firms in Ontario — 62.04 per cent of the \$5.3 million went to preferred shareholders, in the number of 258, in the province of Ontario. That was the largest amount that went to anyone. So we see the effect of the privatization of this government.

And the list goes on; the list goes on. There's been bits of SaskTel privatized, and more bits of SaskTel are scheduled to be privatized. I can see that coming. Even the member for Saltcoats has said in his election literature that he was going to give more information to the people of Saskatchewan. They were going to boost the auditor up and give him greater prominence, and all those kind of things which you promised people before the election, but has not kept his word on after the election.

This government's word is not its bond. These privatizations go on. Privatization is now being talked about for the liquor business in Saskatchewan, and we'll have all of the ramifications that go with privatization in the liquor business.

We heard earlier today, Mr. Deputy Speaker, of some of the side effects of privatization in the liquor business. There will be promotion to a greater extent than there is now. There will be difficult problems on the horizon for enforcement in that area, and we will see, we will see some of the effects of privatization of the liquor business in Saskatchewan. And it will be interesting to note, Mr. Deputy Speaker, who is involved in the privatization of liquor business in Saskatchewan.

And I suggest to you that it may be . . . This may be the reward for the important Conservatives in Saskatchewan. This may be the reward for going along with the give-aways like Weyerhaeuser, Sask Minerals, SED Systems, and Saskoil. This may be their pay-off, the liquor business in Saskatchewan.

The bottom line, the bottom line, Mr. Deputy Speaker, in this whole privatization fiasco, is lost jobs or jobs at a public cost which is unconscionable. These are the effects.

Mr. Deputy Speaker, even with this privatization that this government . . . Even the member of Weyburn supports this privatization, even though he's trying to befuddle the issue from his seat in the legislature, as he usually does. He's full of advice when he's sitting down, and hasn't got too much sense to say when he gets up, but he's got lots of advice on this one. I'll look forward to hearing from the member for Weyburn, whose arrival this evening was certainly welcome by us all because this is one of the few contributions we'll get from him as he sits in his seat.

Now, Mr. Speaker, taxes continue to rise under this government, under privatization. Government deficits are increasing under this government, under privatization. And I can only draw the same conclusion that my other members in the Assembly have drawn, that there will be some serious shortcomings in this privatization program of this government.

And I'm certainly not going to be a party to supporting this privatization Bill which is before us in this legislature because the government says one day, and does something else another day. And I think I've illustrated that with a number of points in the comments I've made this evening, and I certainly am not in a position to support this Bill, Mr. Deputy Speaker. I ask leave to adjourn the debate.

Debate adjourned.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Berntson that Bill No. 56 — *An Act respecting the Reorganization of the Saskatchewan Mining Development Corporation* be now read a second time.

Mr. Goulet: — Mr. Deputy Speaker, my presentation, of course, is on Bill 56, in regards to the privatization of

Saskatchewan Mining Development Corporation. Mr. Deputy Speaker, I'll be examining the privatization Bill in regards to the central issue of why privatization had taken place, also its impact in relation to jobs. I'll also be mentioning other factors that were very important in the overall development of Saskatchewan Mining Development Corporation, the workers' health and safety question, and the environmental question.

I guess in my comments on the first day, Mr. Deputy Speaker, I mentioned this was indeed the biggest example to date on what will be the biggest PC form of patronage in the history of Saskatchewan. And the reason why I say that, Mr. Deputy Speaker, is because the question of privatization, especially in this case, makes absolutely no sense.

(1945)

In most cases, this PC government has argued that privatization occurs because we have to improve efficiency. In most cases, the previous speaker and many other speakers have pointed out, that is indeed a phoney argument, because we have found out that many public institutions can indeed be efficient, whether it is in the case of hospitals, schools, highways, or mines, or forests. And the question of efficiency is one that is based more on the level of development of the work-force and also the level of development in regards to technology.

And in both of those cases, private and public corporations try to have both a highly developed work-force and also highly developed and up-to-date technology. So the question is a deep question in regards to efficiency, and when you examine the research, points out that it's really no question of efficiency — that indeed, as I mentioned before, it's more than efficiency.

As I looked at this issue of privatization of our mining industry, I looked at it, number one, as something that has been done that goes against the basics of Saskatchewan tradition and Saskatchewan history. What we have seen in this province is a situation where we have basic raw materials; where the secondary manufacturing doesn't exist; where the markets are usually far away and the transportation costs are fairly high, so that what was done by the early pioneers of this province is such that they wanted to have more control and more say on what happened in different areas of development. We had seen that in the areas of controlling our own school system, controlling our own health systems, and so on.

In the early days, especially during the '30s, a lot of people recognized that the ups and downs of the markets could not be relied upon in regards to not only public institutions, but in regards to the production end of the scale on economic development. And as such, many of the people in the province developed the idea that they ought to challenge the highly unstable and highly fluctuating private market system, and that in order for them to have a more stable, long-term, effective, and efficient approach, they had to join forces together, and to join forces together to be able to counteract the monopolizing tendencies of large-scale business which had been moving on the west.

The farmers were well aware of the earlier days of big corporate development in western Canada. One has to recall the issue where a large-scale corporation such as the pacific, the Canadian pacific was such that they had received about 25 . . . oh, I would say about 25 million acres of land. And when people were fighting for land, they saw the corporations only benefitting.

So the strategy had been developed ideologically and in practice in England where the co-ops had formed. And the co-ops were forming in eastern Canada, as well, to counteract this highly unstable base of the market system. So co-ops were developed in that respect, and people worked together and challenged the large-scale corporations.

One looks at that history and recognizes that it's been highly successful. Of the top 100 businesses in Saskatchewan, we now have 25 of them in regards to the co-op system.

When you examine the next phase of development, people recognized that the larger-scale developers were still moving and overtaking the co-ops in other key areas that the co-ops did not have time to move into. And again, basing their traditions on working together, the idea came out that indeed we have been effective in establishing not only a counter to, let's say to the private school systems of the 1800s, we now had effective public school systems. The same idea was then applied to the service sector where we had sky-rocketing rates of insurance, and Saskatchewan Government Insurance was born as a counter to the monopolizing tendencies of the large-scale private profiteers in the area of insurance.

So there needed to be a balanced approach, and many of the people debated whether or not the public sector could be effective in our system. And as time went on, it came to be recognized that not only could a public institution like a school under public control be effective and efficient, you could also add the same applying in regards to the service sector. And as such we came to see the involvement of Crown corporations in our lives in Saskatchewan as part of the building of this province.

The next point of debate that took place was whether or not the public sector, which had moved into the school systems and also, you know, by the 60s in our health system, where we championed one of the best health care systems in the whole world, that indeed the proof had been there — that indeed we could have the best of both worlds in regards to this whole question of public control.

But it was debated as to whether or not it was possible to have public control to move into the sphere of production. To a certain extent the co-op movement in regards to the wheat pools had already laid the basis of the argument and that, indeed, they had proven that they could be effective and efficient. But the debate still went on in regard to the areas such as forestry and mining, and today, this evening, I want to point out that one of the major corporations that is being privatized under this Bill has proven beyond any doubt that public involvement through Crown corporations can also be effective and efficient in what we might call the more industrialized sectors of the economy. We have seen that in the areas of

both forestry and mining.

Tonight I will now turn to the issue of Saskatchewan Mining Development Corporation, which is being privatized through this Bill. Saskatchewan Mining Development Corporation was started in 1974 and it's been going on now in its 14th year. What we see here is a world-class corporation. It has assets of \$900 million. It has a return on investment of 20 per cent. It has revenues totalling close to \$200 million a year and a profit margin of 60 million, with a return on dividends totalling \$30 million. In other words, Saskatchewan Mining Development Corporation has been a financial success.

When we look at the questions that have been brought out in regards to long-term debt, we know that Saskatchewan Mining Development Corporation would finish paying off its debt in about two years, so the issue is not really even in regard to the long-term debt. The long-term debt will be easily paid off.

I think the other factor in regards to what SMDC (Saskatchewan Mining Development Corporation) is about is: not only is it financially successful, it has utilized regular business management practice in regards to the overall integration of the industry. What we have seen is vertical and horizontal integration. We have seen the fact that Saskatchewan Mining Development Corporation not only is involved in the early stages of exploration, what people usually refer to as the checking of the areas through aircraft and then later on starting line-cutting or geophysical survey when they prove that there's a high enough reading on the different minerals that are there.

Saskatchewan Mining Development Corporation has involved itself in that, but they've also been involved in the area of the construction of mines and the operation of mines so that not only were they in the exploration field, it has been involved in very many areas of the overall aspect of mining development in the North.

The other thing that's important to recognize of Saskatchewan Mining Development Corporation is that it had gone not only in the area of gold, but it had gone on into the areas of uranium and had played a very crucial role in putting Saskatchewan on the world map in regards to uranium development. Gold is another area where Saskatchewan has been put on the map, and Saskatchewan Mining Development Corporation plays a very strong role in looking at the overall aspect of gold production. The other aspects, the other base metals such as zinc, nickel, copper is also a place where Saskatchewan Mining Development Corporation works.

(2000)

In other words, when you look at Saskatchewan Mining Development Corporation, it is financially successful, it's got integration in the different aspects of mining, it's dealing with the various resources from gold, copper, zinc, or uranium, and it has also done so in regards to Saskatchewan tradition. And the Saskatchewan tradition, of course, is such where you combine the public and the private sector.

The mixed economy approach is what has been used in

this overall situation — SMDC has not simply gone in to monopolize every mine. They own 16 per cent here, 20 per cent there, 33 per cent there, and 50 per cent in other situations. So that what they have done is strategic investment on the different aspects of mining production in northern Saskatchewan. And that has been the overall role played in regards to the economic management aspects of the resource.

I suppose one could say that the reason why the joint venture strategy was so effectively used is because it provides a sense of stability for the private sector in recognizing that the government is playing a partnership role with them in regards to production. One also looks at the record of the past where the NDP government had an excellent record internationally in regards to borrowing and so on — their financial rating was top-notch. And in that sense, it brought a sense of stability for a lot of businesses to go in joint enterprise with the public corporation.

In other words, in both cases, it reduced the risk for both the government and the private industry. It also helped to cut costs because each were efficient on different aspects of the development because SMDC would team up with corporations that were effective in some aspects and they, the private corporations, in turn recognized that the Saskatchewan development corporation that played a leadership role in key aspects of mining and, as such, the joint venture corporations became an effective means of doing business.

But I think the real reason why a lot of people went into the public sector argument was this, and this is what the Bill does not deal with. We look at the aspects of development today not in a narrow, simplistic, and profit-oriented approach. Most development and most large-scale corporations in the world are starting to examine the fact that economic development has to be combined with social development and that some of the regional disparities that exist in particular areas have to be considered in relation to overall development. And key issues that arise from time to time are of course the concerns of jobs, the concerns of workers' health and safety, especially in regards to uranium industry, the concerns of the environment question, and so on.

When people became to be involved in the whole aspect of the public sector, there was another adjoining positive aspect — people expected greater involvement in the public sector. Where there was a lot of secrecy on the private sector development because the private sector always says, we can't disclose the information because it might jeopardize our competitive base, a lot of people expected the public corporations to be a lot more than just secret, competitive, dealing businesses; that they had to deal with business in regards to the public good, that in regards to what was happening in that area, that ought to be recognized.

So the Saskatchewan Mining Development Corporation set standards in the mining industry in regards to the whole issue of jobs. The device utilized in regards to jobs, which appears nowhere in terms of recognizing its potential in Bill 56, is a concept of lease agreement. The lease agreements had provided for the hiring of people in

northern Saskatchewan and also for the Inuit and Metis people because the unemployment rate was anywhere from 60 to 80 per cent.

One of the top concerns for allowing development to proceed was that the jobs aspect had to be there; that the company had to be able to work with the local people so that the local people can have the responsibility of putting their own food on the table for their children and their families. And that was a key item, and in many cases, the other one that was brought in from time to time was a question of education and training.

When we look at the experience of the '70s during the rise of Saskatchewan Mining Development Corporation, especially in its joint ownership ventures in Amok and in Key Lake and later on in the gold industry, we recognize that we had tried certain things. One of the key things that was definitely stated was that the voluntarism of the past, where you do not define things in terms of how many people are going to be hired from the North or from Indian Metis people, if it was not defined, the voluntarism would slip back to how the old system used to run, where only maybe 2 to 5 per cent of the people used to get employed after the construction phase.

As the construction phase went on in Amok, it was recognized that that was to be the case, so a clause was put in for hiring of people in the North. And a lot of that development took place, there was a lack of a clause for the operational phase. Later on people have found out that you had to have a clause also on the operational phase; that indeed, if you did not have these for protection of the people and for developmental reasons, things would always go back to the way it was in the past.

There is no way in this Bill that there is any mention of jobs at all. There is no mention for jobs for Indian Metis people; there is no mention of jobs for northern people; there is no mention of jobs for Saskatchewan people. In other words, there is nothing, and what I predict is probably an empty promise from the minister in regards to jobs in the upcoming future.

But it's the same type of promise we have seen in six years. Six years of northern development has just proven to move us into more unemployment and greater hardships for the children, the workers, and the families. And this whole question is not mentioned anywhere in this Bill. And when I mentioned it in committee before, in the Crown Corporations Committee, again there was only a promise that something would be done. But people cannot live on promises. It has to be if it's important, governed in law. If it's meaningful and important, then the law should take that into consideration. But what we have seen in the past six years of PC practice is that they do not respect these historic developments of hiring people in the North from the previous government.

When we looked at '82 and the minister of northern affairs at that time came in, he did away with the monitoring committee that was supposed to look after jobs, to look the . . . making sure we had the northern contracts intact, making sure that the workers' health and safety question was there, making sure that the environmental questions were being looked after.

Because the best standards had been set up to that point in time in those days, and the minister of the day knew that, so they did away with the monitoring committee so there would be no public device except the whole secrecy based on the whole faulty theory of competitive edge.

And so, Mr. Speaker, that question, along with the workers' health and safety question and the question of environment, is something we will be pursuing with the minister, something that we know he has made absolutely no mention in this Act.

The other thing about the deal is that it smacks of the regular PC government patronage. It appears that here we have something we already own as Saskatchewan people. We already own this mine. We already own these mines. And what we're going to do is turn them over to the big corporations and the business friends of the Tories. And all they will leave us is promises.

I mentioned that this . . . I said that this, indeed this planned privatization of SMDC will become the highest and slickest form of PC patronage this province will have seen. And the sad part of it is that in the end result, we will be paying for this patronage. As I mentioned before, we will be paying in terms of not only the financial resources and the tremendous dividends and the profits that we already have coming to the coffers, we will be losing all that.

We will be losing also jobs because the whole history of open for business, the past six years have shown that we will lose jobs. And I don't see any other reason to change that. And when we look at Thatcher's England in privatization, lost jobs are there. In other words, people will end up paying while the big corporations and the friends of the PCs get richer.

One of the other aspects of SMDC was the whole issue of the politics behind it. I consider the selling of SMDC as directly tied to the politics of the Prime Minister, Brian Mulroney.

(2015)

In 1986 the Prime Minister bought the Saskatchewan election, and \$1 billion that were transferred to the West, with 400 coming over here, was, in many of the people's eyes, the decisive factor in the winning of the election basically, because people knew that the NDP did win more votes than the PCs did, and that it has to be done on a selective basis. And this SMDC deal therefore is directly tied with Mulroney's strategy of privatization.

Mulroney could not sell Eldorado Nuclear the way it stood. Eldorado Nuclear, in comparison the SMDC, has a lot to be desired. I'll give you some facts. Yes, it's got \$900 million — over \$900 million worth of assets — but the long-term debt in that is over 400 million. It's actually \$420 million. And in the past three years, they've been losing \$100 million — over \$100 million. At the same time, when we look at the fact that this past year alone, Saskatchewan Mining Development Corporation made 60 million.

So when we look at the financial record of Eldorado Nuclear, it's not in very good shape, and what the Prime Minister wanted to do was to still sell Eldorado, but no private corporation would buy it because it was a losing entity at this point in time in history. So it had to be combined with a more world-class corporation like SMDC. And in that sense then, the combined assets of this new corporation — this new super corporation in Saskatchewan — would be 1.8 billion. And that's taken from the annual reports of both Eldorado Nuclear and SMDC.

It's interesting, when I checked the reports out and it said that the company who looked over the assets of the two companies said it was \$1.6 billion, somehow, somewhere already 200 million was lost. We predict that the same will happen in regards to the devaluation of the shares as was mentioned earlier on. So all in all, we see the privatization of SMDC, as a political debt paid to Mulroney so that he can release Eldorado Nuclear.

The only thing that we hear in regards to the minister is the 75 per cent . . . The only thing that we see in regards is the shares, and the shares, supposing, are going to be sold. And that's how we're supposed to get it. But many speakers have already pointed out the shares themselves, the majority of the shares, will be owned by big business. That's straightforward.

I mentioned in the last statement, we'd be ending up paying for the . . . it was analogous to having our own house. The corporation would still own the house. We might be able to buy a few shares for a couple window panes or, you know, the door knobs or at the most, maybe, having a share on the garbage can in the back alley.

So when we look at the overall aspect of the shares, they'll use our money to try and advertise and paint it as our new golden garbage can. And in that regard, I would say that the minister should earn the title of the golden garbage can award of the year because, basically, that's all it is. It's not, of course, a solid golden garbage can, basically, because the minister probably will use gold paint to paint it over and . . .

An Hon. Member: — Fool's gold.

Mr. Goulet: — And fool's gold will probably be used, as the member points out. So this whole idea of fool's gold is a fitting basis on how to look at the shares.

So in overall terms, in summary therefore, what we have seen is this: number one, we have gone away from Saskatchewan history. We have used the three engines of growth as many speakers have said. We have looked at the public sector, the private sector, and the co-ops as the essence of Saskatchewan history. What we are doing is relying solely on private enterprise to deal with economic development. What we have seen in the past is that that has been unstable, it has not proven itself, that it has fluctuated too much, it could not be relied upon, and that's why Saskatchewan built a public sector and a co-op along with it.

And so the other aspect is this: in the end result this slick

form of patronage, which we'll have to pay the advertising costs on will only benefit, of course, the large scale corporations and the friends of the Tories. The promises for jobs will not materialize because the history of privatization shows that we lose jobs. The history also shows that the concerns for social and resource development will not be there — that indeed, slowly but surely, the concerns for environment and the concerns for workers' health and safety will diminish.

So when I debate more in the future when we get back into the committee, I'll be looking at the specifics.

Number one, we know that this is a bad deal; it's a rotten deal for the people of the province of Saskatchewan. It's a sell-out of one of our last major assets and resources. We have sold out just about everything. All we will have left is probably our hands and a few jobs that'll be relayed to us from time to time.

The jobs aspects — in comparison, is a second major thing — absolutely no promise in this Bill in regards to the jobs issue.

The other thing that the people have talked about in regards to workers' health and safety and environment are other things we will be looking at.

So that what the people have laid out as a standard in regards to Saskatchewan history — that we will need to work jointly with the public sector; that, indeed, we will need to combine economic development with social development, along with resource development — are important standards that we need to uphold.

So when I stand here, Mr. Speaker, I'll have more people to make statements on it, and I'll have a lot more to say when we get into committee. So, with leave, I guess I will ask for the adjournment of the debate.

Debate adjourned.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Swan that Bill NO. 82 — *An Act to amend The Litter Control Act* be now read a second time.

Mr. Calvert: — Thank you, Mr. Speaker. Mr. Speaker, I intend to make a few more remarks on this Bill in second reading, and then we will hopefully move the Bill into committee where we can have a discussion with the minister on some of its implications.

Mr. Speaker, as I identified my earlier remarks before moving the adjournment, when the initial legislation was brought to this House a year ago in terms of litter control — the legislation that made it possible for the reintroduction of cans . . .

Mr. Speaker: — Order. I'm afraid that, depending on what the House decides to do, we might have to take a step back. Our records show that the member for Cumberland already adjourned debate on a prior occasion, so with leave we'll allow somebody else to adjourn.

Mr. Kowalsky: — Mr. Speaker, the debate on the SMDC Bill is essentially a debate about privatization and the way that the economy of the province shall be run. My colleagues and I will want to make additional statements on that, and I would, at this time, adjourn debate on that motion.

Debate adjourned.

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Swan that Bill No. 82 — *An Act to amend The Litter Control Act* be now read a second time.

Mr. Calvert: — Thank you again, Mr. Speaker. Mr. Speaker, when the initial legislation was brought to this House last session to permit the reintroduction of canned beverages and future containers, plastic containers for beverages, we on this side of the House supported the Bill, but we raised two very significant concerns in the hopes that the government would deal realistically with those concerns. They were concern about protection for Saskatchewan jobs and protection for Saskatchewan interests on the one hand, and concern about the environment on the other.

Mr. Speaker, on the question of protection of Saskatchewan jobs and Saskatchewan interests, with the reintroduction of the aluminum cans — and we can speak about that now because it happened about a month ago and we're already beginning to see some of the results — on the question of protecting Saskatchewan jobs and protecting Saskatchewan interests, I think it can be fairly said that this government has been a failure in that regard.

Mr. Speaker, I am told that at the Molson's brewery here in Regina, at this one brewery alone, it is expected by September, 25 individuals will have lost their jobs directly as a result of the reintroduction of canned beer, and, in fact, some of those lay-off notices may be coming as early as this week. Twenty-five jobs in that brewery is a full 25 per cent of the work-force. I'm told that at the Carling brewery in Saskatoon, already 14 employees are gone — and that figure is 25 per cent of the work-force in the Carling brewery. Again, as a result of the reintroduction of aluminum cans, just by way of note, Mr. Speaker, during the current heat wave that this province has suffered, in a normal course of events, before the introduction of aluminum cans again, that Carling brewery in Saskatoon would have liked to have been working two full shifts, probably three. In fact, they've been working at one shift, at one shift. And 14 people have lost their jobs.

Mr. Speaker, I talked to a hotel owner in Moose Jaw and he tells me that, in fact, canned beer is now selling 10:1 — 10:1 to the beer being bottled in Saskatchewan. And so clearly, the brewing industry in Saskatchewan is suffering and Saskatchewan jobs are being lost.

This government did not, did not insist that a canning line be built in Saskatchewan for the breweries and so, understandably, the majority of the cans are coming in from Alberta. We are creating jobs in Alberta and we're seeing an industry in Saskatchewan suffering.

(2030)

Mr. Speaker, the way that this government should be protecting those jobs — it's easy and it's obvious — is through a fair two-price system so that the market share for bottled beer can be held somewhat against the popularity of cans. A two-price system would . . . a two-price system, may I say, Mr. Speaker, that was enforced. And clearly, the two-price system that the government may have proposed is not being enforced and it's not happening.

Just for your information, Mr. speaker, this is from the weekend of June 3 and 4 — June 3 and 4 of this month. Of 14 Saskatoon hotels, only two sold the canned beer at the Liquor Board's recommended suggested retail price of \$13.95 a dozen, only two out of the 14. The remainder, 12 of them, were selling the canned beer at a lower price, at a lower price than the suggested retail. At one hotel, the price of canned beer, the price of canned beer, was at 12.95 initially, and then it was reduced to 12.70 a dozen. And that compared to their bottled beer price of 14.75 a dozen. So they're undercutting the bottled beer and selling the canned beer. The solution, Mr. Speaker, is an enforced two-price system that ensures a market share for the bottled beer, which therefore would ensure Saskatchewan jobs can continue.

The reintroduction of the aluminum cans is not benefitting the workers in Saskatchewan breweries — that's obvious. And it's obvious that this government is not willing to take the steps to protect those jobs. And the long-run consequence, Mr. Speaker, if it's true across the province as it's true in the hotel in Moose Jaw that I spoke with, that canned beer is selling 10:1, we may see the eventual loss of the brewing industry altogether. And so we're not therefore just talking about tens of jobs, we're talking about hundreds of jobs in our province.

And, Mr. Speaker, when this government talks about replacing those jobs at the breweries with jobs in recycling, in the recycling system that they've established, we're really talking about apples and oranges. As welcome as the jobs are to the handicapped people of our Saskatchewan, they can hardly be compared to the jobs which now exist in the brewing industry.

And so on that first point, Mr. Speaker, our concerns have not been met. And I don't fault this entirely on the Minister of the Environment; it's not his responsibility. I'm sure he should look down to his colleague, the minister responsible for the Liquor Board, to see if something can't be done to address this job loss which is happening.

Mr. Speaker, I observe in the short time now, in the month that we've had the canned products, that there are other Saskatchewan interests that are being sacrificed. I'm aware that one of the beverage companies has indeed established, or will soon have established, a canning line in the province. But I'm wondering, Mr. Speaker, what is to happen to the other Saskatchewan bottlers, the locally owned bottlers — for instance, the Pop Shoppe and the Pic-A-Pops. How will they survive against the influx of cans? What is being done to maintain their interests in our province? And they are a significant part of our province.

What's to be done to protect the jobs in those companies?

And I'm also told, Mr. Speaker, that when a bottle of beer is produced in this province, 53 per cent of the purchase price eventually comes to the provincial treasury — 53 per cent — but when a can is produced in Alberta the excise, of course, is paid in Alberta. And I'm told that we could stand to lose somewhere in the neighbourhood of \$275 million from the provincial treasury.

An Hon. Member: — Dreaming.

Mr. Calvert: — So while the minister responsible says I'm dreaming, I'll be glad for him to correct my error if it's wrong. I'll be glad to have him stand up and defend what he's doing to the brewing industry in this province.

And so, Mr. Speaker, on the first point when we ask that Saskatchewan jobs and Saskatchewan interests be protected with the reintroduction of cans, we find that that, in fact, has not been the case.

Mr. Minister, Mr. Speaker, the other major concern that we had . . . Oh, let me say, Mr. Speaker, just also another concern that has come to my attention since the legislation was introduced last year, and has come to my attention again of late, is the role and relationship between the aluminum and the Alzheimer's disease. It had . . .

An Hon. Member: — Oh, get serious.

Mr. Calvert: — Now the minister from Kindersley says I ought to get serious. Well if he would take some time to study recent medical journals, if he would . . .

An Hon. Member: — Which journals?

Mr. Calvert: — The Minister of Education wants to know which journal. I refer him to the *Lancet*; I refer him to neurosurgeons out of Toronto; I refer him to somewhere much closer — the Saskatchewan Alzheimer's Society who raised this concern with me.

Now I know this government is not in the habit of consulting with people. Perhaps they should, Mr. Speaker. It is fairly clearly established now by the medical community that a link exists between aluminum and Alzheimer's. I ask, therefore, Mr. Speaker, what is this government doing to acquaint consumers with possible risks and what is this government doing to protect those who will work with these aluminum cans . . . Mr. Speaker, I'm having some difficulty communicating.

Mr. Speaker, I will eagerly wait and perhaps the debate should not go to committee, because apparently some members wish to get into this debate. Apparently they would like to stand in the House and deny there is any link between aluminum and the Alzheimer's disease. Perhaps they would like to share with us their medical knowledge that says this is so.

An Hon. Member: — Mr. Speaker . . .

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

Hon. Mr. Hepworth: — Mr. Speaker, I wonder if the member would permit a question.

Mr. Speaker: — Would the member entertain a question?

Mr. Calvert: No, Mr. Speaker, I will not. I will recommend that that member, if he has some questions about this issue, should tomorrow, at his earliest opportunity, phone the Alzheimer Society of Saskatchewan. Let him phone the people who are concerned and are aware, and when he's made that consultation then I'll expect him to get into this debate.

Some Hon. Members: Hear, hear!

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

Mr. Calvert: — Thank you. Thank you, Mr. Speaker. Mr. Speaker, I simply raise this concern because it has been raised with me by people much more knowledgeable than I in the field, and I want to know what this government intends to do to notify consumers of some of these concerns; I want to know what this government intends to do to protect those who will be working in the recycling process, who will be working with aluminum now on a daily basis, day in and day out.

Mr. Speaker, the major concern that I want to bring to the discussion tonight has to do with environmental protection. And, Mr. Speaker, the reintroduction of cans and perhaps in future, of plastic containers, is clearly the reintroduction of a non-biodegradable product into the Saskatchewan environment. And I don't believe that there's anyone in this House or anyone in this province that wants to see the Saskatchewan landscape littered with aluminum cans, who want to see our beaches, our parks, our back alleys, our streets . . . No one in this House, no one in this province wants to see a littering of aluminum cans or plastic containers.

And so, in essence, Mr. Speaker, the protection of our environment depends almost totally on the kind of return and recycling system that we have in place — almost entirely. Because we've had the cans now on the market for a month and because we've not really had a return and recycling system in place until of very late, and some portions not yet in place, we've had a bit of a chance to observe what can happen with aluminum cans. And, Mr. Speaker, on the Sunday of the very week that the cans were reintroduced in Saskatchewan, I happened to travel the piece of road that goes from Briercrest to Avonlea — I think it's something like 18 miles. And on that very first weekend I counted no less than eight cans in the ditch on that 18-mile stretch of road.

An Hon. Member: — How many bottles?

Mr. Calvert: — And I didn't see one bottle, Mr. Speaker. The member asks how many bottles did I see. I didn't see one bottle, because he knows full well that the return rate for bottles in this province has never fallen below 90 per cent. He knows that the return rate has been 90 plus for bottles.

Now, Mr. Speaker, he has brought to the province, and through this piece of legislation, a return recycling system

that, by his own prediction, is going to net a return of somewhere in the neighbourhood of 20 per cent — 20 per cent, Mr. Speaker. Mr. Speaker, that's not good enough. It's simply not good enough.

Now in my estimation, Mr. Speaker, the government has made a beginning, and in some ways a good beginning on a return and recycling system. I know that those folks involved with SARC, the Saskatchewan Association of Rehabilitation Centres, are pleased with the opportunity to be part of this system. They've made a beginning and in some ways a good beginning. But, Mr. Speaker, I just think it's not enough.

In fact, we have a golden opportunity here, I think, to go further. We have a golden opportunity because we're sort of late now on the scene of the aluminum can recycling. Many other jurisdictions have plans. We have an opportunity, now, to look for the very best and improve on that for our province. We've made a beginning but clearly it's not good enough. If we're only talking about a 20 per cent return, that's simply not good enough.

The legislation regulations, I understand, have placed a 5 cent deposit on the cans. That's significantly lower than the deposit on bottles, as you know. And as I just pointed out, bottles have a return rate of 90 per cent. I will want to see if the government would be willing to institute a higher deposit fee which, in my judgement, would assist in the return rate.

It's my understanding — and I get a variety of figures, but it's my understanding that when in place the recycling system will involve, and I've heard a variety of figures, some figures indicate 25 depots, some indicate 30 depots, some indicate as high as 40 depots across the province for the return of aluminum cans.

Well, Mr. Speaker, there are in Saskatchewan, by my count, well over 500 communities — 500 cities, towns and villages. And out of 500 cities, town and villages we're only going to have, at best, 40 depots for the return of cans. I'm told we're only going to have one; there will only be one depot in the city of Regina — one depot for 175,000 people.

An Hon. Member: — It doesn't even exist.

Mr. Calvert: — As my colleague says, it doesn't even exist to this point. Well it's just not enough, Mr. Speaker. The government has made a start, and in some ways a good start, but it's just not enough.

I'll be interested to know when we get into committee why the minister chose not to further explore the possibility of a curb-side recycling. It's my understanding that the study was completed, which recommended curb-side recycling. I'll be interested to know why that possibility was neglected; and I'll be interested in committee to see if this government will consider a higher deposit on the cans.

I'll be interested in committee, Mr. Speaker, to see if the minister will consider expanding the program he's put in place, maybe taking a leaf out of the Manitoba model — using charitable organizations across the province, in

every community, to act as gathering points, recycling agents — and then perhaps with the assistance of his department in providing transportation for the cans, to bring those cans from a whole variety of communities to the 25 or 30 or 40 depots so that perhaps the Boy Scout troop in Gravelbourg can be a collection agency, perhaps the 4-H club in Maidstone could be a collection, and if his department would then provide some transport for the cans — that's the difficulty, it's getting the cans from the small community to the larger depots. So I'll be exploring that with him, Mr. Speaker, and seeing if he'll consider perhaps establishing an experimental curb-side recycling, because we have a golden opportunity to start something new and be creative here.

Simply put, Mr. Speaker, I want to say that if nothing is done to build, to build upon what is in place now; if nothing is done in a positive manner to improve the system instituted, then I think we're going to have a problem. If a 20 per cent return rate is all that we can expect, I think we're going to have a problem.

(2045)

So, Mr. Speaker, I would be very interested to discuss these issues with the minister in committee, and we'll be judging our response on his willingness to look at some positive suggestions and improvements.

So therefore, Mr. speaker, I would like to conclude my remarks in this second reading debate.

Motion agreed to, the Bill read a second time and referred to a Committee of the Whole at the next sitting.

COMMITTEE OF FINANCE

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

Item 1 (continued)

Mr. Koenker: — Thank you, Mr. Chairperson. Unfortunately, there was a bit of an interruption of several days since we began these estimates for the Department of Consumer and Commercial Affairs, and I just want to pick up by reinforcing some of the things that I said last Thursday when we began these estimates.

The first thing I want to say, Mr. Chairperson, is that I stand here tonight to give voice to those 6,733 Saskatchewan citizens who lost their life savings and in many cases their retirement funds because of government negligence. I want to begin by reading into the record the comments of one of those Saskatchewan couples that contacted me this spring, and I quote:

My wife and I are 64 years old. We invested nearly all the money we had saved in Principal Trust. It amounted to \$45,000. We were told, like many others, that for every dollar we invested, Principal Trust or its subsidiaries had to have \$1.04 on deposit in a chartered bank in Canada. Now I think it is very unlikely we will get back over 50

cents on the dollar, and God knows when.

That is pathetic, Mr. Chairperson. That is absolutely pathetic. And I say more than that, I say it is a damning indictment of this Progressive Conservative government and its regulatory policies — or lack of them, more properly put.

I quote from another individual, a Saskatchewan citizen who wrote to me earlier this spring referring to a letter written to Joan Duncan, the former minister of consumer affairs, in July of 1986. The individual writes:

I believe what has taken place since then proves ever more that we were cheated, lied to, and our money stolen. I hold the Saskatchewan government responsible for it is up to them to control and regulate the firms they license to practise.

This individual, Mr. Chairperson, displays much more realism and sensitivity to the facts of the matter than the government has displayed to date. And I want to say, therefore, that there are now 6,733 Saskatchewan citizens who have been victimized by their own government, who have lost their life savings and their future financial security.

Now it's obvious from the reports of the Code inquiry that have been coming the last number of months since last fall, through the media, that these investors are angry. They're certainly angry at Donald Cormie and his cronies for their sleazy operation and their self-serving manipulations of depositors' finances that ended up in robbery.

But I contend, and these investors here in Saskatchewan contend, that they're equally angry at the Premier of this province and his government for complicity in this crime and for lack of sensitivity to their plight, even to this day. Even to this day there isn't the slightest decency from the Premier in terms of recognizing the plight of these people and doing anything about it. He can't even commiserate with them.

And I say that this government, then, is fast to rush and cover its head and to protect itself and to hire legal counsel to go to the Code inquiry in Edmonton to protect itself. But it refuses to acknowledge the real life tragedies that are endured by its own citizens, tragedies that confront Saskatchewan depositors on a day-to-day basis as they face their future, or what they deem the lack of it, because of government negligence, as they experience emotional trauma, and still to this day some of them, sleepless nights as they experience marital breakup. And I've heard from depositors that that's precisely what some of them are still going through because of the stress induced by the loss of their life savings; and yes, some of them, even thoughts of suicide.

And these people were not the wheelers and dealers that the Premier of this province would like us to believe. These people were, for the most part, senior citizens who remembered the Dirty Thirties, who wanted to take charge of their own lives and provide for their own retirement so they wouldn't have to fall back on the

government. But the government let them down — this PC government — and they were betrayed.

So tonight they're looking for some answers. They're looking for the government to come clean and to come through for them, and they're looking for the government to make good on some of the losses. They're looking for the government to finally, even now at this late hour, to admit some of its negligence, some of its responsibility in mismanagement in this affair, to assume some shred of responsibility, and to give some slight measure of comfort that they might, in fact, be compensated and have advocacy done on their behalf by their own Saskatchewan government, which isn't too much to ask.

So I would like to begin tonight, Mr. Minister, by asking you if you could tell me if you have a list of the Saskatchewan depositors who lost money in FIC (First Investors Corporation) and AIC (Associated Investors of Canada).

Hon. Mr. Meiklejohn: — Well, Mr. Chairman, it sounds to me like we're right back at square one. I realize, I think it was as far back as last Monday that we were in estimates, and the hon. member across the way doesn't seem to have remembered anything that was discussed that night.

There's no doubt about it that this government is very much in sympathy with those individuals who are involved with the two companies that have gone into receivership. But let me just review again a few of the facts that he likes to throw out here, misleading people. I think the only fear that the investors have, of course, is the scare tactics that are used by the members opposite.

I have already pointed out to you, and I'll do it again because your memory seems to be just a little bit short, we're talking about 4,392 — that's 4-3-9-2 individuals who were investors. They're not depositors; not 6,733 as you keep putting out. You talk about depositors. Let me point out to you that there were only two depositors that had money with Principal Savings and Trust that did not recover all of the money that they had on deposit. In other words, they were in excess of the \$60,000.

The investors that we're talking about, they haven't lost their life savings, I pointed that out to you last week as well. To this point, no one has lost anything. We know that the investors have all received a minimum of 30 cents on the dollar to date; they will be receiving more money as time goes on and as real estate is going to be disposed of. The Alberta government has indicated that they may very well consider purchasing the real estate to speed up the process, but they're not going to do anything until the Code inquiry has been completed, and you're well aware of that as well.

The investors have not been victimized by this government. We're talking about investors who had invested money in two different companies that were based out of Alberta, two companies that got into difficulty because they got into a lot of real estate and the prices of the real estate went down substantially, and the two companies ended up going into receivership. But they certainly have not been victimized by this

government.

This government has done many things over the last several months to assure the investors that they will do all that they can to help, and there are many things that we have done to date. The investors that I've talked to are well aware of what the situation is; they know the position of the government; they know that nothing is going to be done by any of the governments that are involved with these two investment companies until the Code inquiry is finished.

We do sympathize with these investors, and we'll do everything that we can to ensure that they are going to get their money back, but the Alberta government has indicated that they may very well consider paying the investors if in fact the Code inquiry is going to find that they are at fault. And we have stressed very strongly that the Alberta government should be refunding the money to all investors, not just those who reside in Alberta.

So we have taken several steps to help out and we will continue to do that. We're monitoring the situation. The Code inquiry, as you know, is now into, I think, its 118th day and is expected to wrap up some time within the next couple of months and the final report should be forthcoming probably around the middle or later part of September.

So until that time, there is nothing more that this government or any other government is going to be doing until all of the evidence has been put out. But in the meantime, we are handling inquiries that come in from investors and assuring them that we are monitoring the situation and we will do all that we can to insure that they are going to get their money back after the whole thing is finished.

Mr. Koenker: — Does the minister have a list of Saskatchewan individuals who deposited in Principal subsidiaries FIC and AIC?

Hon. Mr. Meiklejohn: — Well, Mr. Chairman, we have a list, as I understand it, of the investors but we do not have addresses as to where these individual would live.

Mr. Koenker: — How can that be, Mr. Minister, that you have a list of the names but not of the addresses of the individuals?

(2100)

Hon. Mr. Meiklejohn: — This is the only information that had been provided to us by the receivers.

Mr. Koenker: — And has the minister seen no need to secure or attempt to secure the addresses of the depositors?

Hon. Mr. Meiklejohn: — Well this is the only information that the receivers have agreed to give us at this time, and we don't see that it would serve any purpose right now to have the addresses of these individuals.

Mr. Koenker: — So if you don't have that information from the receivers, could the minister tell me how many

names and addresses of Saskatchewan depositors does the department have on file?

Hon. Mr. Meiklejohn: — Well again, Mr. Chairman, the hon. member is referring to investors, I believe, and not depositors. The only names and addresses that we would have would be those individuals who have contacted the department, and there have been several that have contacted the department, and we have responded to those.

Mr. Koenker: — And how many depositors then would have contacted the department?

Hon. Mr. Meiklejohn: — All I can say is several hundred.

Mr. Koenker: — Will the minister undertake to share the addresses and the names with the official opposition?

Hon. Mr. Meiklejohn: — No, the inquiries are all confidential in nature, and unless we were to get the permission from each one of the individuals, we could not provide that information to the opposition.

Mr. Koenker: — Will the member . . . the minister undertake to secure permission, from the individuals whose names and addresses he has, as to whether those names might be released to the official opposition?

Hon. Mr. Meiklejohn: — Mr. Chairman, we don't feel that there'd be any justification for the additional costs that would be involved in getting these names and addresses.

Mr. Koenker: — Well, Mr. Minister, your Minister of Finance has just spent in the neighbourhood of a quarter of a million dollars shipping his smiling mug shot across Saskatchewan to notify people that they're receiving their gas rebates in yet another piece of correspondence from his office. And so I don't think it's an undue burden on Saskatchewan taxpayers, many of whom are looking to the official opposition to advocate their cause, to share the names and the addresses of those individuals who deem it appropriate. Why don't you let them make that decision for themselves rather than you denying that information and that potential opportunity for information for those depositors?

Hon. Mr. Meiklejohn: — Well I'm not sure, Mr. Chairman, what the purpose would be for the opposition wanting the names and addresses of these individuals. And I feel that if those individuals want us to give you that information, or in fact, if they want you to have that information, they can contact us or they can send you the information.

Mr. Koenker: — Well let's just pursue this for a minute, Mr. Minister. On how many occasions have you communicated by mail with your list of several hundred Saskatchewan depositors?

Hon. Mr. Meiklejohn: — It's my information that they have received two letters from the receiver, and they have received, I believe, two letters with information from the department.

Mr. Koenker: — Could the minister table those two pieces of correspondence that he has shared with his list of Saskatchewan depositors?

Hon. Mr. Meiklejohn: — Mr. Chairman, the very nature of complaints and letters that would come in from the investors are confidential, and it's not information that we would be sharing.

Mr. Koenker: — Mr. Minister, what you're really saying is that you have not communicated once with the complete list of those names and addresses that you have. Will you admit that you have not yet taken even that minor, minuscule step to correspond with those individuals most affected by your government's negligence?

Hon. Mr. Meiklejohn: — Well, Mr. Chairman, I point out to the member opposite that this government has not been negligent with regard to these investors. I would also point out again to you that those who have contacted the department have received responses from the department. Here again, going back to the list of all of the investors, and I've indicated to you that we do not have the addresses of all of those people, and they certainly have not all been contacted. But those that have contacted the department have been contacted.

Mr. Koenker: — Yes, but you led me to believe earlier that you had sent out two blanket mailings to those depositors whose names and addresses you had. And what you're saying now, Mr. Minister, is you haven't done that at all.

What you're really saying in so many words is you'll have the courtesy — which some of your ministers on that side of the House don't even extend — you'll have the courtesy and the decency to at least answer correspondence, and for that, I commend you.

But I condemn you for not sharing information on this matter that directly touches the lives of 6,733 Saskatchewan depositors. And I condemn you for not sharing the list of names and addresses of depositors you have so that a government in waiting that is responsible — namely the official opposition on this side of the House — can at least communicate some of the facts of the matter, even so basic as copies of *Hansard*, with those individuals who are affected.

But I can see very clearly why you wouldn't want that to happen at all when you earlier tonight have minimized — entirely minimized — the problems besetting these depositors, that the numbers aren't as large as they might seem, that these people aren't really depositors, that they were taken care of by the government, that there was no negligence, and finally, the audacious statement, "To this point, no one has lost anything."

Well if you can't release and you won't release names and addresses, can you tell me, according to your department's studies of this problem, what is the average loss facing depositors that your department has dealt with to date?

Hon. Mr. Meiklejohn: — Well, Mr. Chairman, as I understand it, the 4,392 investors — not depositors — on

average, the loss or the amount that they had invested here was approximately 10 to \$12,000. And I just want to clarify for the member that, with regard to what has been done and what hasn't been done, the department has responded to any of those letters that investors had written to the department, and I had indicated that that was several hundred.

We have the addresses, naturally, for those people, and we did respond. But for all of those who had invested, we don't have the addresses for that total list, so I want to make that perfectly clear for the member opposite.

But as I said, from the information that we have, the average investment here would have been in the neighbourhood of 10 to \$12,000.

Mr. Koenker: — Does the minister have a figure for the total loss sustained by Saskatchewan depositors?

Hon. Mr. Meiklejohn: — The potential loss, if we take the thing right through . . . And I pointed out earlier, there hasn't been a loss to this particular point, but if you consider that if there are 4,392 investors and the average loss was . . . or the amount invested, 10 to \$12,000, the total would be about \$48 million. Now the investors have received, you must remember, 30 cents on the dollar from each one of these companies and, I believe, another 5 cents on the dollar from one of the companies. So the \$48 million would be the total, but they have received back in excess, I suppose, of a third of that. But until the Code inquiry is completed and it's established then exactly what is happening, we can't say that the investors have really lost anything to this point. That's the total amount approximately that has been invested in Saskatchewan.

Mr. Koenker: — You'd lead one to believe, Mr. Minister, that things are just merrily going their way as if nothing had happened. Certainly those individuals who sustained the loss will confirm that that's not the case.

Mr. Minister, can you tell us what the average age of Saskatchewan depositors is, according to the contact or the information that you've had from your department?

Hon. Mr. Meiklejohn: — Mr. Chairman, it's beyond me how the member opposite would feel that we would have the average age of these investors.

I would also point out, too — he likes to make a point of the fact that the government isn't doing anything — there's no information going out to these investors. I would think that the majority of the newspapers and media outlets in the country have fairly adequately covered the Code inquiry in Edmonton. So I don't think there's been any shortage of information coming out. Since I took over the department back in the middle of January, I have had one call from one investor. So it's not like there are hundreds out there or thousands that are contacting me every day to find out what's going on. So it's fairly adequately being covered in the media — lots of information coming out.

But in answer to your question about average age, we certainly don't have that information.

Mr. Koenker: — Well, I can only say thank God there's lots of information coming out in the media because there's nothing coming out of this government.

I'd like to shift gears, Mr. Minister, and refer to a letter you wrote me dated April 27, 1988, enclosing quarterly and financial statements for First Investors Corporation and Associated Investors Corporation, for which I thank you. You indicated in the second to the last paragraph of that letter:

Quarterly statements for the periods ending March 31, 1985 and June 30, 1985 could not be located.

Can you explain what's behind that sentence.

(2115)

Hon. Mr. Meiklejohn: — I am informed, Mr. Chairman, that the quarterly reports were not in the files. They were not in the files. That's why they're not available.

Mr. Koenker: — And can the minister explain then why the quarterly statements were not in the files.

Hon. Mr. Meiklejohn: — No, I can't.

Mr. Koenker: — Well, Mr. Minister, I can explain to the public of Saskatchewan that according to section 25 of The Investment Contracts Act, that the Department of Consumer and Commercial Affairs is responsible for, regarding the filing of statements and balance sheets, and I quote:

Not later than thirty days after the expiration of each quarterly period ending March 31, June 30, September 30, and December 31 respectively, every licensed issuer shall file with the superintendent a statement, certified by its auditor, showing:

And I won't go on to continue the particulars. But clearly, these are the quarterly statements required by law to be filed. Now how is it that those statements for the periods ending March 31, 1985 and June 30, 1985, required to be filed by law, are not in the possession of the department in its files?

Hon. Mr. Meiklejohn: — Mr. Chairman, the only information that I have with regard to the quarterly reports that they were not in the files and . . .

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

Mr. Koenker: — Given the noise in the Assembly, I cannot hear the minister's answer. I'm wondering if you could call the government members to order please.

Mr. Chairman: — I don't think that was a fair statement since the discussion seems to be quite adamant on both sides of the House. I would ask all members to please let the two people who are having this discussion on Consumer and Commercial Affairs to please proceed as unhindered as possible.

I give the floor back to the Minister of Consumer Affairs.

Hon. Mr. Meiklejohn: — Thank you, Mr. Chairman. As I pointed out earlier, the quarterly reports were not on file and there had been no indication from the Alberta government that there was any reason for any cancellations of licences at this particular time, and certainly I cannot give you any further explanation as to why they were not in the files.

Mr. Koenker: — Well, Mr. Minister, we have just established very conclusively, very conclusively, a point of Saskatchewan government negligence — that filing statements required by Saskatchewan law, according to section 25 of The Investment Contracts Act, filing statements for March 31, 1985 and June 30, 1985 are not in the possession of the Government of Saskatchewan as required by law.

I think that, as I've said, substantiates some of my earlier statements about your government's negligence. I think these facts here that we've just established are a damning indictment of your predecessor's incompetence.

Mr. Minister, I would like to refer now to a letter dated May 31, 1988, in which you respond to correspondence that I had requested, or that the Hon. Leader of the Opposition had requested, regarding a list of dates on which financial reports from First Investors and Associated Investors were received by the department for each year commencing in 1982; secondly, information for each year commencing in 1982 as to the date that the department issued the licence for each of these companies; and thirdly, any condition or qualification attached to any of these licences.

And I'm wondering if the minister can explain why his reply dated May 31, 1988 did not contain all of the information requested, namely the date that the department issued the licence and namely whether there were any qualifications or conditions attached to any of these licences.

Hon. Mr. Meiklejohn: — Mr. Chairman, I believe I gave this information to the member the last time we were in estimates. The licences were issued on the 31st or near the 31st of December in each of the last three years, and there were no conditions attached in either case.

Mr. Koenker: — Can the minister explain, further to this letter dated May 31, 1988, why, for the report period December 31, 1983, the annual statements for both First Investors and Associated Investors are indicated as having been received in March of 1984, and there is no date given as to precisely when they were received by the department in March of 1984.

Hon. Mr. Meiklejohn: — Mr. Chairman, this was another point that was covered last week, but I'll certainly go over it again for the hon. member.

The year end, of course, is December 31, and licences are usually issued on the basis of the previous year's annual report. The annual report, in pretty well all cases that I see here — including when the previous administration was in power — the reports would be received some time in

the spring of the year, probably in April or May. And so there is a certain period of time after the year end when the companies have to be audited and the audited statement received, and then the report, of course, is issued following that.

So you can't wait for the report to be received before you issue the licence, and that was the same practice that your administration followed back in the late '70s into 1981-82.

Mr. Koenker: — Can the minister tell us the dates in which he did receive the 1983 annual statements for First Investors and Associated Investors.

Hon. Mr. Meiklejohn: — Mr. Chairman, I'm sure the hon. member has to realize that the department receives thousands of pieces of mail in the course of a year, and to know the actual date when a report is received . . . The information that I have is that the report would have been received in March of 1984, but a specific date, I cannot give it.

Mr. Koenker: — Mr. Minister, I don't think it's too much to ask, when the superintendent of insurance was responsible for three firms under The Investment Contracts Act filing only three annual reports once a year, I don't think it's unreasonable that the department can't be expected to produce the date on which it received the annual report for First Investors and Associated Investors in March, 1984. None the less, I would like to ask if the minister has a copy of that 1983 annual statement from First Investors Corporation with him tonight.

Hon. Mr. Meiklejohn: — Mr. Chairman, we don't have a copy of that with us tonight. I would assure the hon. member that we will attempt to find the actual date for you as far as the report, when it was received in March, 1984.

And again I would point out to him that we do have no fewer than 500 licensed financial institutions doing business in this particular province. So, I mean, for him to say that there only three that were selling investment contracts, that's true, but there are many other licensed investment or financial firms as well. But we will attempt to get that specific date for you.

Mr. Koenker: — I don't pretend to say that there are only three investment firms licensed under The Investment Contracts Act, Mr. Minister. There were only three. That is the truth.

I wonder if the minister could undertake to have a copy of the annual statements with him when we continue these estimates tomorrow or at some subsequent date. Can you give me your assurance that those statements will be in hand when we continue these estimates.

Hon. Mr. Meiklejohn: — Well, Mr. Chairman, if it's necessary for us to come back again, I'm sure we could bring them with us; otherwise we would certainly be happy to forward them to the member.

Mr. Koenker: — I'd like to say, Mr. Minister, I think that they are necessary for the process of these estimates, and

I'm surprised — in fact, I'm shocked — that your departmental officials wouldn't have brought them along or that you wouldn't have ensured that they were in your possession as part of the preparation for these estimates.

And I'm wondering if you couldn't speed this thing along. We have the potential to conclude tonight, if you could secure those — even tonight send somebody upstairs if they're available up there.

Hon. Mr. Meiklejohn: — Mr. Chairman, from the information that I have, these reports have already been forwarded to the member opposite, so possibly if he wants the reports . . . We don't have them here tonight. Possibly he could check in his own office because it's my understanding, the officials say that they have forwarded that to you.

Mr. Koenker: — That's true, Mr. Minister, but in order to deal with some of the material, I need to ensure that you have a copy of it in front of yourself such that we can go through it. And I want to explain why now, for the benefit of those people who might be listening or might be reading the transcripts of *Hansard*.

The 1983 annual reports of First Investors Corporation and Associated Investors Corporation, as far as I can determine, have been to some extent sort of neglected in some of the discussion of Principal Trust here in Saskatchewan. But in Alberta, there has been information presented before Code which indicated heavy duty government negligence stemming from that period 1983-84.

(2130)

I want to run through a list of dates with information so that people can fully understand the significance of this material and the role of the provincial regulators in ensuring that depositors' investments were protected. For example, on March 31 of 1984 the superintendent of insurance in Alberta, Tewfik Saleh, renewed licences of First Investors Corporation and Associated Investors Corporation in contravention of provincial legislation despite the fact that their '83 financial statements were overdue.

We were talking about this question earlier, Mr. Minister. The statements finally arrived on May 7th of 1984. That's why I was asking as to when you had received the 1983 financial statements. You indicated it was in March of 1984; I find that a little bit surprising if the Alberta regulators received them only on May 7th of 1984.

In March, First Investors Corporation and Associated Investors Corporation purchased Principal Trust's interest in a \$65 million real estate and mortgage portfolio for 23.5 million, and what this transaction did was to provide the trust company with the cash that was needed to provide its Canadian Deposit Insurance Corporation requirements. And as you are probably well aware, and as most depositors are certainly aware, it was during this period of 1983, early 1984 that the Principal group was under some pressure from the federal regulators concerning fulfilling the federal requirements for CDIC (Canada Deposit Insurance Corporation).

Further to this, on April 24th of 1984 it was none other than the assistant deputy minister of the Department of Consumer and Corporate Affairs in Alberta, a Mr. Jim Darwish, who sent a memo to the deputy minister, Mr. Barry Martin, recommending that FIC and AIC be wound up if they refused to reverse the transaction that I've just referred to. This assistant deputy minister, Mr. Darwish, suggested that "serious consideration be given to the immediate curtailment . . ." (end of quote) of FIC and AIC licences.

And I think that it's obvious why I'm reading this material into the record, because if the Alberta regulators were smelling a rat in the Principal Group at this point, it's only reasonable to assume that Saskatchewan regulators should have had some alarm bells ringing as well. And let me make the point that we're talking about the assistant deputy minister in the Department of Consumer and Corporate Affairs in Alberta.

Furthermore, Mr. Darwish, in April of 1984, also recommended that the Alberta Securities Commission withdraw FIC and AIC from the list of investments provided to trustees under the Alberta Trustees Act. The Alberta Securities Commission finally did this, removed it from the list of trustees in July of 1985, more than a year later.

Mr. Darwish's memo goes on to list 20 problems, 20 different problems with FIC, AIC practices, and says, among other things, quote:

The present condition of the foreclosed real estate and mortgage portfolio is one of the worst, if not the worst, that the audit unit has examined.

And he goes on to say, quote:

. . . because of the high interest rates the company offers, it attracts many thousands of Alberta investors. Should this company fail . . .

And I say, parenthetically, what a prophecy, but it's no wonder, given what Mr. Darwish saw at that point.

To continue:

Should this company fail, the effect on the confidence in financial institutions in Alberta would be serious.

I want to continue, Mr. Minister, by indicating that I have a copy of this memorandum from the assistant deputy minister in Alberta. And if anyone listening or reading these transcripts is interested in seeing it, I'm sure they'll find it very, very interesting in terms of applying some of the scrutiny done in Alberta at that time to an examination of some of the scrutiny that ought to have been going on if Saskatchewan regulators and if the former Minister of Consumer and Commercial Affairs here in Saskatchewan had been doing her job.

I continue by pointing to events in May of 1984 simply to establish the critical nature of some of the financial transactions that were going on at that time, the serious

condition of FIC and AIC, and more than that, the fact that the regulators in another jurisdiction were recognizing that the companies were in serious trouble.

In May of 1984, the superintendent of insurance, Tewfik Saleh wrote in a letter to Ken Marlin, president of FIC and AIC:

It appears that some of the problems which your two companies are facing today, particularly in the mortgage portfolio, stems from their continued reluctance to abide by the superintendent's direction.

So one wonders whether that might not perhaps be part of the problem that was going on here in Saskatchewan, although from what we've learned so far, there really was no direction coming from the Government of Saskatchewan. There was a *laissez faire*, hands-off sort of attitude to this whole enterprise — all the more of a damning indictment of your predecessor.

Saleh goes on to order Principal in May of 1984 to reverse the \$23.5 billion transaction that we've just talked about with Principal Trust, and he called it, "prejudicial to the interests of FIC/AIC contract holders."

In September of 1984, the government accountants in Alberta, Saf Bokari wrote to the then vice-president of operations at the Principal Group, Grant Mitchell, that the investment contract was misleading — misleading, Mr. Minister. The investment contract itself was misleading when it said that the companies kept assets worth 100 per cent of liabilities to contract holders in a chartered bank. Bokari recommended it to say that the Act required companies to do so. Would that the Government of Saskatchewan had been regulating to that effect, had been surveying the documents that you don't have with you tonight, so that the investors and depositors of Saskatchewan might have been spared the calamity that befell them because of your negligence.

It was only a week later, in September of '84, that the deputy superintendent of insurance in Alberta, Bernard Rodrigues confirmed these requirements, and Mitchell testified that he could not recall seeing this letter. This continues, Mr. Minister, into 1985 when the Alberta Securities Commission made aware of First Investors problems in preliminary prospectuses revealing:

As of December 31, 1984, principal and interest outstanding in respect of all mortgage loans on which payments were 90 or more days in arrears represents 63.3 per cent of the corporation's outstanding portfolio, but loan or mortgage loss reserves were only 6.5 per cent of the \$117 million portfolio.

This from the Alberta Securities Commission.

Now the implication, Mr. Minister, is clear that if regulators in the Department of Consumer and Commercial Affairs in Alberta and in the Alberta Securities Commission and in the Alberta government could see that there were problems on the horizons with the Principal Group at that time, surely to goodness,

could not your departmental officials at that time, even though they were not under your instruction, but they were under the instruction of your predecessors, is it not reasonable to assume that they could have read financial statements to the extent to ascertain that 63.6 per cent of FIC and AIC's mortgage loans were 90 or more days in arrears, and that these mortgage loss provisions were only 6.5 per cent of the \$117 million portfolio.

Is that too much to have asked of the Saskatchewan government, in your estimation?

Hon. Mr. Meiklejohn: — Well, Mr. Chairman, that was quite a lengthy dissertation we had. I hope we're not going to be going through the whole Code inquiry, or we could be here for several months.

There's no doubt about it that you say Alberta was recognizing problems back as 1984. Let me point out to the hon. member that they had recognized that there were problems of these two particular firms back in the '70s, and the fact that they had a precarious financial condition. I wonder why the NDP government of the day wasn't doing something. Do you suppose maybe it's possible because the information wasn't provided by the Alberta government to the Saskatchewan government?

I think it's a good thing that Alberta was monitoring it. I mean, after all, they had prime jurisdiction as far as these two companies were concerned. The problem, of course, that we have is the fact that they weren't sharing that information with Saskatchewan, and I've already indicated that to you. Alberta were certainly doing a regulatory audit.

You're saying about all of this information that was in the financial statements. It wasn't in the financial statements that were sent to Saskatchewan. We had no indication in Saskatchewan that there was any difficulty with these two particular companies, as I indicated, until back in June of 1987, at which time the Alberta government pulled their licences.

So you can go back . . . It's mentioned in another article here that I could quote from, that there were indications back in 1966 that there were problems with these two companies, but they in each case were worked out. But all of that information was not transmitted to the Government of Saskatchewan.

So it would be pretty hard for the Government of Saskatchewan to take any action if this information wasn't forthcoming, because the Saskatchewan government, and certainly the superintendent of insurance here, had no jurisdiction over pulling licences if there wasn't just cause being given by the province that had the prime jurisdiction over them. The information wasn't providing any more here in 1984 than it was for your government back in the 1970s.

Mr. Koenker: — Well we certainly learned already tonight, Mr. Minister, that some of the information, some of it, the quarterly statements for 1985, March and June, weren't provided your government and you chose to do nothing about it when, by law, you were required to regulate and to have that information.

And I think the corollary of that, and the inescapable corollary for anyone who has ears to hear what you say, is to assume that the materials that were received by the Government of Saskatchewan weren't looked at. It was too much trouble, too much trouble for a government committed to deregulation to bother regulating three companies under The Investment Contracts Act — three companies too many — three companies too many to see that they filed their statements; three companies too many to see that the statements are even filed on time.

(2145)

Mr. Minister, I say, and the people of Saskatchewan who lost their savings in this Principal fiasco say, that government complicity in the Cormie scam led to the demise of their life savings, that they were bamboozled out of their money by your and your cronies, by your incompetence. And I think, Mr. Minister, I think — and I have some information here that I'd like to share — I think that I might have an explanation for the people of Saskatchewan as to why they were bamboozled by your government and why the Premier of this province didn't stand up to Donald Cormie and his sleazy actions with Principal Trust.

I think, Mr. Minister, it just might be coincidence have something to do with the fact that the Principal Group is a high-time financier, or had been until its demise, of the Progressive Conservative Party of Saskatchewan and of Alberta and of Canada. And I think it's important for the people of Saskatchewan to know that in 1983 the Principal Group, led by Donald Cormie, contributed \$5,000 to the Progressive Conservative Party of Saskatchewan — \$5,000. So that he who pays the piper calls the tune. We also know, in that same year, that the Principal Group and Donald Cormie and his mortgage company shelled out some \$3,111.44 to the Progressive Conservative Party of Canada; that in 1984, it was Donald Cormie and his Principal Group that paid out \$17,000 to the Progressive Conservative Party of Canada — \$17,150; and in 1985 — this is no fluke — in 1985 this same Principal Group contributes \$15,642.13 to the Progressive Conservative Party of Canada; and yes, in 1986 it was the Cormie group, the Principal Group, that contributed \$10,338 to the Progressive Conservative Party of Canada, for a grand total — excluding the contribution to Saskatchewan in 1983 of \$5,000 — in a period of four short years, \$46,000 to the Progressive Conservative Party of Saskatchewan.

And we can go on and talk about the contributions made by these same cronies of the Tory party to the Progressive Conservative Association of Alberta; that the Principal Group contributed \$20,000 to Premier Don Getty's bid for the Conservative leadership, the Code inquiry has learned; and that the Principal subsidiaries, First Investors Corporation and Associated Investors, the very companies we've been talking about the last couple of nights, record that in 1984 Principal gave \$30,000 to the Progressive Conservatives; and that in 1985 the Principal Group gave to the Progressive Conservative Association of Alberta, in 1985, \$4,475; in 1986, \$3,600, and contributed anywhere from 1,000 to \$1,500 to the constituency election campaigns of 1, 2, 3, 4, 5, 6

different cabinet ministers in 1986, for a total contribution from the Principal Group to the Progressive Conservative Party of Alberta of \$11,100 in 1986.

So I wonder, Mr. Minister, how you can possibly deny that there is some complicity between the Cormie family and the Progressive Conservative Associations of Alberta, Saskatchewan and Canada. How can you defend that kind of record to people who have lost their life savings? Doesn't that give the real explanation as to why your government stood with its hand behind its back, looking into the dark, and not touching any of the Principal questions?

Hon. Mr. Meiklejohn: — Well, Mr. Chairman, I could probably make the same comment about the NDP Government back in the 1970s.

Are you suggesting that because the NDP Government may have received some donations back in the '70s, that the civil servants didn't do something about what was happening with these two firms? Is that what the member is suggesting? Are you suggesting that just because a firm would donate to a political party that the professional civil servants are going to be swayed or influenced by this particular action? I would think that that's a ... those are comments that are really very appalling.

There's no doubt about it that the Code inquiry has been set up for one specific reason, and that is to determine why these two companies have gone down. And I think it's really interesting that you try and stand in your place and indicate why these companies have gone down.

The Code inquiry has only been sitting for 118 days. They haven't heard all of the evidence to this point, and it's going to be a couple of months yet before they do hear it all, and then a report will be forthcoming which should be making suggestions as to why these two firms went down.

So, Mr. Chairman, I find the member's comments just a little bit out of place, and I think a real — a slight on the professional civil servants who have been involved, not only over the last six years but over the last many years. These are companies, after all, that have been in business in this particular province for over 30 years. So I mean we're not talking about something that's just been started overnight. And we'll see in the next couple of months why these companies actually went down, but some of your statements are just totally out of line.

Mr. Koenker: — We all know, Mr. Minister, that particularly with your government, civil servants act by way of executive decree. I have no grudge against civil servants; in fact, I have a lot of respect for them. I have very little respect for the Progressive Conservative Party of Saskatchewan or of Canada and the way in which we know it to take favours from its friends in terms of financial assistance for election campaigns and expenses in exchange for concessions when it comes to regulation, and how your government is consistently prepared to accommodate those in positions of power and privilege and not to stand up for ordinary Saskatchewan families who have lost their life savings.

These people had what they thought to be guaranteed deposits. Guaranteed by whom? By their provincial government. These people didn't assume the risk that their government wasn't regulating, not in their wildest imagination, when they made their deposits with the Principal Group of companies — not by the furthest stretch of the imagination.

It's like going to the corner store, as one of them told me, to buy a quart of milk. You go to the corner store and you buy a quart of milk with implicit trust that there is someone out there regulating the pasteurization process, the homogenization process, and certifying the sanitation and the cleanliness and the suitability, the drinkability, of that milk before it gets into the carton and it arrives at the store. And who is that someone? That's the positive role of the government — to set standards for milk production.

People don't go to the store and assume a risk when they go to buy a quart of milk, and neither should they go to make what they understand to be a guaranteed deposit when the very firms used for that transaction invoke the sanctity of The Investment Contracts Act and the security afforded by government regulation, neither should they assume a risk when it comes to that kind of deposit.

Evidence at Code, Mr. Minister, as you well know, has shown that the millionaire at the head of the Cormie empire — the man with the ranch, the man with the leather coasters for his parties at his ranch, the man with the mansion, the man with the bank, the man with the yacht — evidence at Code has shown that he was siphoning off large sums, extravagant sums of money from First Investors Corporation and Associated Investors Corporation for his own purposes. And we see tonight where some of that money would up from that millionaire bamboozler; it wound up in the coffers of the Progressive Conservative party of Saskatchewan and of Alberta and of Canada.

And what did our government here in Saskatchewan do in exchange? It winked and nodded and walked away from Saskatchewan depositors. And I say, Mr. Minister, that is a damning indictment of your predecessors, that they put the interests of their own political ambitions and aspirations ahead of the welfare of the people of Saskatchewan, ordinary families, senior citizens such as I talked about when I opened my remarks — 64 years old, and have lost their life's savings, their retirement savings.

I think that the Progressive Conservative Party of Saskatchewan and of Canada, if it were possible, should be made to make restitution itself to the depositors of First Investors and Associated Investors Corporation. I dare say, it shouldn't be the Government of Saskatchewan and the taxpayer making that kind of pay-out, it should properly be the Progressive Conservative Party who winked and nodded, winked and nodded when their friends came from Alberta with their cowboy boots on, or wined and dined them in the yacht out on Vancouver Island, the Cormie yacht, in the mansion.

If ever we need a parable of what goes wrong when governments put their friends ahead of the people, if ever we needed such a parable, Mr. Minister, we have it in the

actions of your government with respect to the regulation of Principal Trust. And I want to know how you can justify financial contributions on that kind of scale when the First Investors' depositors and Associated Investors' depositors have lost their life savings.

Hon. Mr. Meiklejohn: — Well that may not be the best case of grandstanding I've seen, Mr. Chairman, but it's getting pretty close. You know, it's really interesting — the member opposite, he goes on and on at great length and not really saying a whole heck of a lot. He again indicates that the investors have lost all of their life savings and, you know, I've indicated that is not the case.

Certainly we have sympathy for those people who have been involved with these two particular companies, and it is unfortunate that there are not safeguards in particular cases like this. I'm certainly pleased that the Canadian Deposit Insurance Corporation is now going to start policing abusers and insuring that some of these things can't happen.

But I think for the member opposite, Mr. Chairman, I should just indicate to him what we're really talking about here, because he's been rambling on at great length, and what he's been saying has absolutely nothing to do with why these two companies have gone down — absolutely nothing to do with that.

I just point out to him that really, does he understand, Mr. Chairman, what an investment contract company is and what it really does? An investment contract company is a firm that enters into a contract for funds with investors who wish to take advantage of higher interest rates or returns while accepting higher risk. And he was just saying something here a minute ago about no risk. This is evidenced by the fact that many contracts are written with a minimum of 4 per cent interest and the balance of the credits coming out of the profits of the company. There's no deposit insurance for these contracts. Any guarantee is only as good as the strength of the company's assets.

So he's carrying on here and just totally not making any sense, and what he's saying has absolutely nothing to do with the topic that we're dealing with. And I would certainly wish that he would stop indicating that these people have lost all of their savings and using these scare tactics, because for all of those investors out there who invested in these two companies, I would certainly hope that they are not going to lose any of their life savings. And I know that there were many of them that put life savings into these two companies, and certainly I would hope that they will be able to successfully recover all of the money that they have invested.

(2200)

Mr. Koenker: — Mr. Minister, I'd like to go back to the financial statement for 1983 that was sent to me, and I'd like to note that, first of all, that when this 1983 annual financial statement for First Investors Corporation was requested by the Hon. Allan Blakeney during estimates last year, and an undertaking was secured from your predecessor that it would be provided, it wasn't provided, and that I had to write to you in the spring of this year to secure a copy of this document.

I further note that upon receiving this 1983 financial statement, amongst all the financial statements that I received from your office there was one page that was missing — one page that was missing. And quite by accident, either that or quite by design or by intention, that happened to be the single most important page of the document.

First, the document was supplied when requested by Mr. Blakeney; that was your predecessor's responsibility. Secondly, when it's supplied by my request to you, it's supplied, but missing the most crucial page. And I want to refer to the remarks made by Touche Ross and Company who were the auditors of this financial statement for 1983. And I want to note and quote from their first remark, or their first note to the financial statement. And it reads as follows:

Summary of significant accounting practices. These financial statements have been prepared in accordance with accounting principles generally accepted in Canada and have been presented on a going concern basis which should be considered in relation to note 9, which contemplates the realizations of assets and the satisfaction of liabilities in the normal course of business.

Mr. Minister, what is your understanding of that statement?

Hon. Mr. Meiklejohn: — Mr. Chairman, we'd have to see the total statement before we could make a comment on something that's been taken out of context. And so I couldn't make any other comment than that at this time.

Mr. Koenker: — Real convenient for you, Mr. Minister. Real convenient for you. I'll give you my understanding of this statement, and it is understanding that any decent accountant would have of this statement, and that is that it's waving red flags all over the place that this company, First Investors Corporation, is in deep trouble that this audit should have been present, "on a going-concern basis," is waving red flags all over the place for anyone who has eyes to see.

And I say, Mr. Minister, that your department didn't even read the statement. I make that claim and that assertion that your department at that time didn't even bother to read this statement, with red flags waving all over the place, about the trouble that this company was in.

And I note, Mr. Minister, that this was at a time when the investment . . . when the oil economy in Alberta and the Prairies was in bad trouble, and that the mortgage markets in Alberta were bottoming out, and that anyone with an ounce of competency or a will to regulate would have known that this annual report should have been reviewed very carefully and, seeing such red flags, would have taken appropriate action to at least question some of the actions of the company. But it was too much, too much for the Department of Consumer and Commercial Affairs.

The note that I've just referred to indicates that the audit presented on a going-concern basis should be considered in relation to note 9 — very convenient for you to have

supplied me with a document that didn't have note 9 in it. Very convenient for you to have done that.

Well I went to Code inquiry in Edmonton and I secured a copy, a complete copy, of the financial statement which was too much for your department to provide to me — a complete copy. And I want to read what note 9 says, and it is not good news. Note 9:

Contingencies: It is the policy of the company to provide an allowance against income to meet future general and exceptional losses arising from the company's mortgage and owned-property portfolio. The cumulative allowance for anticipated losses, which has been provided for in the accounts, is \$2,890,000. The amount of the allowance is a discretionary matter as judged necessary by its directors and management, based on their knowledge of the company's affairs and their assessment of the economic conditions of the provinces, mainly Alberta and British Columbia, where the current security for the mortgage is located.

And I add, parenthetically, here comes the important part:

Because of the complexities of the real estate market and the economic uncertainty surrounding the underlying values and the present undeterminable value of collateral securities to the mortgages, an estimated additional exposure of \$10 million exists if current market levels represent a permanent rather than a temporary decline in value.

In addition to the exposure relating to mortgages and owned property on hand at December 31, 1983, the company has increased its exposure by \$4.6 million relating to interests redeemed in mortgages and owned property subsequent to the year end as outlined in note 8(a).

And I'm wondering if you have any comment, or your departmental officials have any comment on a note to that effect, Mr. Minister?

Hon. Mr. Meiklejohn: — Mr. Chairman, as has been standard practice, the Saskatchewan government was relying on the Alberta government in the same way that the previous administration had relied on the Alberta government back in the 1970s. I dare say that if one were to check back over the financial statements and the notes that were made at that particular time that there were probably red flags being waved as well.

But I think that there is certainly ample evidence that the Alberta government was in there doing their audit, they were working with the companies, and of course it was not the first time that they had been in difficulty, but they felt that things could be worked out, and they in fact did carry on successfully for a few years following that. So I can't see where the member opposite is indicating that things were any different certainly back in 1984 than they were back in the 1970s. We relied on that information from Alberta, and there was no information forthcoming

then until June of 1987 that these companies were in very serious difficulty, at which time their licences were pulled.

Mr. Koenker: — Mr. Minister, that's hog-wash, that's utter nonsense and hog-wash. There was never a financial statement presented to the Government of Saskatchewan with respect to Associated Investors and First Investors Corporation prior to 1983, never an audit conducted by a firm like Touche Ross and Company that was conducted on a going-concern basis. This just didn't happen — that's nonsense.

Your government, in 1983, in the annual report that I'm referring to, in note 9, had the information that should have shut the Principal Group down, and it wasn't done. It was too much to ask of this government, committed to deregulation and its friend Donald Cormie in Alberta — it was too much to ask.

And Mr. Minister, I think again that we see what amounts to a damning indictment of your government and your Premier and the incompetency and the lack of will to protect the interests of Saskatchewan people. When you had the information and it was being waved in your face with red flags, you couldn't bother then to even do anything.

I just want to note, Mr. Minister, with respect to this particular document, the annual report of 1983, that it strikes me as bordering on a falsehood that you could have received that report in March, in March of 1984, when the auditors, Touche Ross and Company, dated May 7, in Edmonton, Alberta. And I would like to know how it is that a report tabled or signed by the auditors, Touche Ross and Company, chartered accountants, 1983 annual statement for First Investors Corporation, can be dated May 7 in Edmonton, Alberta, and received some time in March — you can't even give me a date — by your government?

Hon. Mr. Meiklejohn: — Mr. Chairman, I would suggest at this time that we'll have to check back on that date. That's the information that I had, and the officials will have to go back and check on the actual date. That was the understanding that we had.

Mr. Koenker: — Another thing I want to say, Mr. Minister, about this report is in the subsequent year there were still problems, and the annual report for 1984, there were still problems there. There were new auditors. There were new auditors, all right, but there were still problems that should have been picked up. And in the 1985 annual report for First Investors there were red flags waving all over the place again, and your government did nothing.

And I reiterate the point I had made earlier when I went through some of the time line with respect to the regulatory provisions made by the Department of Consumer and Commercial Affairs in Alberta in the spring of 1984 — the very period that we're talking about — that they saw problems. The deputy minister in Alberta saw red flags waving all over.

(2215)

Maybe the red flags were caught by deputy ministers here in Saskatchewan, and maybe it was the minister who issued the edict to just ignore them. We'll never know for sure. We'll never know for sure, but what people in Saskatchewan, what the depositors in First Investors Corporation and Associated Investors know for sure is that their government let them down. It was negligent. The job was too much. The PC Party was too preferential to its rich, powerful friends like Donald Cormie in Alberta. And that again is a damning indictment of the Progressive Conservative Party of Saskatchewan.

That Saskatchewan officials should know in 1986, that again this further substantiates my case, that the provincial government knew of problems with one of the Principal companies operating here in Saskatchewan, right in river city, Saskatoon, that the Securities Commission investigated Principal Consultants Ltd. in 1986. It investigated the sales of securities and expressed concerns about other aspects of the Principal Group and its activities here in Saskatchewan. And what was done? Nothing. Another example that shows that the Government of Saskatchewan, the Progressive Conservative Government of Saskatchewan knew of the problems with the Principal Group and its subsidiaries at least a year ahead of its demise.

When the Securities Commission here invested Principal Consultants for its sales policy, for suspected forgeries and thefts and questionable ethics, it did nothing. And that was your predecessor, and that was your Premier, and that's a damning indictment of your government.

Mr. Minister, the government of ... the legislature of Saskatchewan has passed The Investment Contracts Act with the intention of providing security to Saskatchewan depositors. And this, as I've said over and over again, this Investment Contracts Act, this government regulation that was supposed to be there, was invoked by the Principal Group to perpetuate its scam on Saskatchewan people.

And it was the Progressive Conservative government that permitted these application forms to be used, the very forms that are to be reviewed, according to The Investment Contracts Act, for their propriety and their suitability for use in Saskatchewan. And the government did nothing.

The public was assured over and over again by agents operating in Saskatchewan — Principal agents — that Principal had to abide by the investment contracts regulations, that they couldn't do otherwise in conducting their business, and that, as a result, depositors' money was safe, safe, safe. It was guaranteed. It was better than covered by CDIC because the government of Saskatchewan and The Investment Contracts Act was in place, supposedly doing its job.

Now we know, and as I have established tonight, there was no regulation, and in all likelihood there was no reading, even, of the materials that were tabled. And so, Mr. Minister, I would like to know what it is that you intend to do now for the depositors of First Investors and Associated Investors.

Hon. Mr. Meiklejohn: — Well, Mr. Chairman, we've gone now nearly three hours in what, supposedly, is estimates for Consumer Affairs. I think it's really interesting that the member opposite has chosen to totally ignore many of the things that are the good things that are happening within Consumer Affairs — a very fine group of professionals providing a lot of good service for the province of Saskatchewan. We certainly are committed to providing protection to consumers in whatever way that we can. And I can assure the member opposite that we will continue to do that.

He's concentrated solely on the Principal affair and certainly trying to make every point possible that it's the government of Saskatchewan that is responsible for these two companies going under. We certainly know that that is not the case, and I'm sure that all thinking people with the province understand that. The investors understand what's happening. They, too, are waiting for the completion of the Code inquiry, and at that time this government will be making a decision as to what moves we are going to make in so far as the investors, and not the depositors, but the investors in these two companies are concerned.

We have indicated that if the Government of Alberta is found negligent in their duties with regard to their regulatory responsibilities that they had with these companies, that they will be making compensation to all of the investors. And we have asked, and will be stressing, that they pay out each of the investors, no matter where they live.

You make a comment about Principal Consultants, and I just make a short comment on that, the fact that they were licensed by the Securities Commission. It's my understanding that they were checked, and that after assurances were received, that the problems had been rectified, that they were allowed to carry on with their business.

You have indicated about red flags being waved here, and I would suggest to you that if the red flags were in fact serious, that I would have thought that the Government of Alberta, as the primary regulator, would have been doing something about it and would have been yanking their licences at that time. Certainly, from the information that we had, there was not the serious problems that the member is leading us to believe were there. And it was not until the Alberta government pulled the licences back in June of 1987 that we followed suit and cancelled the licences of these two companies.

Mr. Koenker: — Mr. Minister, once again you've confirmed that you aren't prepared to do anything but sit on your hands and wait for Code. And this is the problem with your government right from the start. It's refused to do anything for Saskatchewan depositors — nothing at all, nothing that will result in any kind of tangible help or benefit for Saskatchewan people who were hurt by this financial fiasco.

First of all, you refuse to set up a financial inquiry. You refuse all requests. You refuse to look at the issue of regulatory responsibility even to consider the possibility of regulator failure here in Saskatchewan. That sure

doesn't help Saskatchewan depositors.

Secondly, you refuse to give any financial assistance. You refuse all requests to even pay a portion of the Coopers & Lybrand's fees. Thirdly, you refuse all requests for legal assistance from the depositors. Some help, some help from your government.

Fourthly, fourthly you refuse to even meet with depositors. Your predecessor refused to even meet with depositors. The premier refuses to even discuss the issue or consider it. The Minister of Finance refuses to even listen to people who phone him or contact him. The Minister of Justice refuses to meet with depositors. The premier and the Cabinet refuse to even let back bench MLAs talk about the issue. It's too dangerous, it's too sensitive, and a gag order is issued.

Finally, you misrepresent the facts. You misrepresent the position of the depositors. I think that people are getting wise to what the name of the game really is on the government side.

I would like to just begin to conclude, Mr. Minister, by asking you who represents the Government of Saskatchewan at Code? Is there anyone other than Joseph Brumlik representing the interests of the Government of Saskatchewan at Code?

Hon. Mr. Meiklejohn: — Mr. Chairman, I don't know what he is talking about as far as costs are concerned. The costs of the receivers are being paid by the Government of Alberta. We have not had requests from — certainly I have not had any requests from any of these investors to offer them help at this point in time. The investors certainly understand the situation. They are, too, waiting. I think it is only the member opposite that is so concerned about what is happening right now.

In so far as the Code inquiry in Edmonton, the member has been at the Code inquiry; he's mentioned the law firm which is representing all of the investors there. Mr. Al Higgs from Saskatchewan, from Regina here, is monitoring the situation, and we get daily reports from him.

Mr. Koenker: — What is the relationship of Mr. Higgs to Mr. Brumlik?

Hon. Mr. Meiklejohn: — Mr. Chairman, Mr. Higgs is there in a capacity representing the provincial government and monitoring the inquiry and reporting back on a daily basis.

Mr. Koenker: — That wasn't the question, Mr. Minister. What is the relationship between Mr. Higgs and Mr. Brumlik?

Hon. Mr. Meiklejohn: — There's no relationship that I'm aware of. You're talking about the law firm that is representing the investors. Mr. Higgs is simply there to monitor the situation and report back and provide the information for us on a daily basis. We certainly aren't getting the information from the law firm on a daily basis, so he is our contact up there.

Mr. Koenker: — Is Mr. Higgs a lawyer?

Hon. Mr. Meiklejohn: — No.

Mr. Koenker: — Why have the Saskatchewan depositors had no information from either Mr. Brumlik or Mr. Higgs with respect to the proceedings of Code inquiry? Why have Saskatchewan depositors received no word when the Government of Saskatchewan has legal counsel and observer, both, at Code?

Hon. Mr. Meiklejohn: — Well, the law firm is representing the investors. Mr. Higgs is there as a representative of the government. And I should think that there has been ample information coming out from the inquiry so that investors are pretty well informed, I think, as to what's happening.

Mr. Koenker: — Well, that's damning, Mr. Minister. I'm wondering if you can do this: can you assure the depositors that if they were to desire information, or perhaps even legal counsel, that they could have pertinent information made available to them from your department, based on what you received from Code?

Hon. Mr. Meiklejohn: — Mr. Chairman, the court has appointed McNiven and White, I understand, to represent the investors. They're being paid by the Government of Alberta, and I would think that if any investors wanted information they should be able to get it from their own legal representatives.

Mr. Koenker: — Don't ask the Government of Saskatchewan to do anything. Don't ask the Government of Saskatchewan to do anything for its own people. That's what you're really saying, Mr. Minister. That's obscene. To have legal counsel in Alberta paid by public purse, to have an observer in Alberta paid by the public purse — by taxpayers — and yet they have this lawyer and this observer there in Edmonton to protect the interests of the Government of Saskatchewan, the PC Government of Saskatchewan, and not to protect the interests of Saskatchewan depositors. That's obscene. That's obscene. That's not just damning, that's obscene. And, Mr. Minister, I think that you will have some accounting with respect to the depositors when they learn of that.

(2230)

I'm wondering, Mr. Minister, to conclude or to sum up, as someone just said, who in your government has the authority or the mandate to pursue settlement with the Government of Alberta? Who in your government has the authority or the mandate to pursue any sorts of negotiations with respect to a financial settlement on behalf of Saskatchewan depositors?

Hon. Mr. Meiklejohn: — Two things, Mr. Chairman, any of the investors that have contacted our department or my office, certainly we are very willing to help out in whatever way that we can and give whatever information we can to the investors. In so far as the representative from the government who would be responsible for this, the finance ministers in the other provinces have been taking the lead role in this particular area, and I would assume it would be the Finance minister for the province of

Saskatchewan.

Mr. Koenker: — Can you assure Saskatchewan depositors that they will get no less, no less than their Alberta counterparts?

Hon. Mr. Meiklejohn: — It's pretty difficult for me to ensure that. We've already indicated, and I've indicated to you that if Alberta is found negligent in their responsibilities and that they're going to be paying the investors — not depositors — that we have asked that they should give Saskatchewan investors the same treatment as they would be giving to the Alberta investors.

Mr. Koenker: — Well, Mr. Minister, yours is a do-nothing government. You have a do-nothing Premier, you have a do-nothing department, and you're assuming a do-nothing attitude yourself with respect to Principal depositors. And your words have spoken for themselves tonight. Thank you.

Hon. Mr. Meiklejohn: — The only final comment I would make is that it's really offensive when you run down the officials of the department, and I would simply point out to you, sir, that the Saskatchewan Department of Consumer and Commercial Affairs is looked upon as the leader in the whole country of Canada.

Mr. Koenker: — Mr. Minister, I have the highest respect for civil servants, and I commend the officials that you have surrounding you tonight who have had to endure the nonsense that you have spewed out at the instruction of your Premier. I pity them that they have to answer to a government that isn't prepared to stand up for its own people.

So I, Mr. Minister, have the highest regard for the civil servants in your department. I don't have nearly the same regard for your Premier or the government opposite. So I want to conclude tonight by thanking those officials who have been here and who have provided the help that has been so necessary to the minister.

Item 1 agreed to.

Items 2 to 10 inclusive agreed to.

Item 11 — Statutory.

Vote 4 agreed to.

Mr. Chairman: — I'd like to thank the minister and his officials.

Hon. Mr. Meiklejohn: — Mr. Chairman, I too would like to thank my officials. I think they're doing a terrific job in the department, and I certainly look forward to working with them in the months ahead.

The committee reported progress.

The Assembly adjourned at 10:36 p.m.