

EVENING SITTING
ADJOURNED DEBATES
MOTIONS

Amendments to Rules and Procedures of the Legislative Assembly

The Assembly resumed the adjourned debate on the proposed motion of the Hon. Mr. Andrew.

Mr. Trew: — Well thank you, colleagues, and thank you, Mr. Speaker. It's nice to come back refreshed after supper. We have a little bit of a problem in the Trew household in that the washing machine is now leaking, and my family is busy cleaning up the water. If I end my speech quickly, I have to go and help clean up the basement. So that's what I call incentive for . . . well, incentive for me to get into the meat of my text rather than the introductory comments, as I did earlier.

Some Hon. Members: Hear, hear!

Mr. Trew: — Mr. Speaker, we're dealing, of course, with the proposal to change the rules, the bell-ringing rule here in our legislature. The proposal will eliminate our ability to ring the bells when the government gets way off track, if the government ever does again, and I think that's fairly important. If the government does not go so far off track as they did in regards to the SaskPower sell-off, then any opposition has no reason to ring the bells. If the government governs in the manner it is supposed to and governs according to the way it was elected, the opposition has no reason to ring the bells.

Indeed we went through it earlier where the reason we rang the bells was because the government got so far off base with its privatization of SaskPower. That's the only reason we rang the bells. Had it been any other legislation that the government would introduce, we would not have rang the bells, certainly not for 17 days. They've broken their word, and that is something that, although I'm still in my first term as an MLA, I do recognize, Mr. Speaker, that our word is our bond. It has to be, because as a politician we really have nothing if we haven't got our personal integrity.

Some Hon. Members: Hear, hear!

Mr. Trew: — And we're trying to point out to the government that the personal integrity is disappearing because of promising during the . . . up to and during the 1982, and up to and during the 1986 election, and then subsequent to that, we've had promises that SaskPower would not be privatized. The reason I keep referring to SaskPower, of course, is that's what precipitated the bell-ringing. And the 17-day bell-ringing session that we were engaged in — that we all were, whether we wanted to be or not — that 17-day bell-ringing session was precipitated by the government's actions regarding SaskPower — no other reason.

We didn't go out because of proposed changes to the labour legislation, although it's certainly no secret we

have very many concerns about the proposed changes to the labour legislation. But we have not walked out over that. We did not walk out over any of the Bills that have been introduced, and as I pointed out, there's 42 Bills have been introduced in this legislature.

Only one of them precipitated a walk-out, and that only because the government had gone totally against its word. That's why we were out. That's why the issue continues. That's why we're simply saying to the government, go on to other business; try us; just watch estimates proceed; watch things go ahead. Just move to anything else.

The member for Assiniboia-Gravelbourg thinks that it's astounding that I would even propose such a thing. Well, I remind you that for 84 years just such a proposal was the norm. It is only in the last month, little better than a month, that this bell-ringing issue has been the number one priority.

I campaigned in the by-election down there. Though we got the highest NDP vote we ever had got previously — I guess that's sort of a statistic that is for losers, because clearly you won that by-election. You have the right . . .

Some Hon. Members: Hear, hear!

Mr. Trew: — Certainly you're entitled to take your glee now but I remind the member for Assiniboia-Gravelbourg that not one word was spoken to him or to the NDP candidate nor, I suspect, to any of us who were working in that by-election, about changing the rules of the legislature, not even changing the rules in general, never mind specifically changing the bell-ringing rule.

So you may laugh about it now, but I remind you a general election is coming sooner than many of you on that side would like to think. And when that general election comes around, the people of the province will speak and they will say the government has gone too far; they will say that unilaterally changing the rules of this Legislative Assembly is not acceptable. Not especially when you consider that for 84 previous years in Saskatchewan the rules were set by an all-party committee, who met, who would negotiate the best terms for their own respective causes, but would negotiate the best possible terms, and then the rule changes were introduced.

It certainly was not in the NDP government's interest through the 1970s to introduce a televised question period that would enhance the proceedings as far as the opposition is concerned; certainly wasn't in the then government of the day's interest to do that, but an all-party committee was struck. They agreed that the interests of the people of the province would be better served through that change to the rules, and what we are proposing is very similar.

Set up an all-party committee, in this case "all-party" being Conservatives and New Democrats. Set up such a committee; let's talk, let's find out where there is common ground.

We thought we had the beginnings of such an agreement very early on in this bell-ringing issue. Indeed, my colleagues and I had agreed that that was the way to go, that was one of the proposals that was being discussed. We had no sooner agreed to it then that proposal was yanked out from under us by the government — yanked that proposal out and said, we are going to put this rule change through, period. Was no talk of, let's make it an all-party effort.

It was, this rule change is going to come down your throats whether you like it or whether you don't. It doesn't matter; it's immaterial. We have got 38, they said, and you've only got 26. And the school-yard bully power prevails. That's the mentality of members opposite.

That's why members on this side are proud to stand up in this legislature and debate the issue of rule changes. We are providing every opportunity for the government to realize that the bullying, the school-yard bully tactics, are not acceptable. They're certainly not acceptable here; I never did find them acceptable in school. But if they have any place — school-yard bully tactics — it's certainly not in the Legislative Assembly of Saskatchewan.

We see, Mr. Speaker, the privatization of SaskEnergy, which precipitated this particular debate, is going to result in an increase in taxes for city taxpayers throughout this province. Cities currently collect 5 per cent of the revenue on the sale of natural gas in those areas. And . . .

An Hon. Member: — Who pays for it?

Mr. Trew: — One of the questions being asked by the, again, member for Assiniboia-Gravelbourg is, who pays for it. And of course we pay for it when we use our natural gas. When I pay my SaskPower bill . . .

The Speaker: — Order, order, order. The member is off the topic. He's bringing specific issues into the argument which do not relate to the rule under discussion. I ask him to get back to the topic.

Mr. Trew: — Thank you very much, Mr. Speaker. I was just trying to help out the member for Assiniboia-Gravelbourg in what was a very pressing matter for him. And I see the member for Saltcoats also would like some help. Why don't you join this debate? It would be a first; it would be a first for you — a very first.

Mr. Speaker, I've got a *Star-Phoenix*, June 3 article — I can't display it, so I won't. It is by Dave Traynor of the *Star-Phoenix*, and the title is "Business in the House remains stalled." You can't get anything much more germane to this topic than that.

An Hon. Member: — Germane, eh?

Mr. Trew: — It's a nice word, germane.

An Hon. Member: — Appropriate, to the point.

Mr. Trew: — Germane is to the point. And the article says, Mr. Speaker, the fourth paragraph, and I quote:

The only reason the government insists on *bc*

changing the rules is so it can bring back the SaskEnergy privatization legislation and ram it through the House, NDP members argue.

That's the end of the quote, and that's exactly what the debate is all about.

The Speaker: — Order. It really doesn't matter if it was in the *Star-Phoenix* or wherever it was, the point is that that argument has been advanced many, many times by yourself, sir. And I have asked you two or three times not to go back to that topic, and I'm going to ask you once more.

But rule 25(2), I should like to bring it to your attention, very specifically relates to tedious repetition. And I know that you don't have to keep repeating. You could have other topics to discuss, and I'd like you to do that.

Mr. Trew: — Thank you very much, Mr. Speaker, for that ruling. The article on a different quote says, and I quote again:

But Deputy Government House Leader Grant Hodgins says he can't do that, facing the very real threat of the opposition walking out or stalling.

And of course that's what the debate is largely about. And that's why we're here. We're saying to the government, bring forward any other agenda item. We'll talk; we'll debate it. Instead, we've been on this changing of the rules for over a month, and it just makes absolutely no sense to carry on this particular discussion.

In the, again, *Star-Phoenix*, there's an article about House time dwindling for regular business, and I know you will appreciate this, Mr. Speaker, because it's a topic that I don't believe I have touched on in this particular speech. Mr. Vern Greenshields says that:

MLAs will only get an expense allowance for 70 days at the legislature. This year, about 50 of those days are already burned up without doing any government business.

Further down, the article says:

With the government apparently intransigent about getting the bell-ringing rules passed and the public caring little about it, the time seems to have arrived for the NDP to pick up its spoils, declare a victory, and restrict its fun to question period.

(1915)

But there's a very real reason why we can't do that, sir. This is not an attempt on our part simply to have fun. Standing and debating this rule change is not an attempt on our part to simply have fun. Indeed, as the article points out, after day 70 there is no more per diem for a sitting.

But I can assure you that members on this side of the legislature are prepared to sit here long, long past day 70, if need be, to get about the business of the people of Saskatchewan. That's why we're calling for the estimates

to come forward. That's why we're calling for the Bills to come forward instead of this insane motion to change the rules after them having worked so well in this legislature for 84 years.

We in Saskatchewan should be proud of our traditions, proud of our history, proud of the way we have made things work for so, so long. And often we have made things work in our own unique way. We have recognized for a long time that Saskatchewan is not New York. We don't have a cosmopolitan make-up; we don't have 20 million people within a 50-mile radius. We've got 1 million or something less than 1 million people scattered across a very, very huge province. For that reason, many of the economic theories that may work in the highly populated centres such as New York simply don't work here.

We have introduced in Saskatchewan telephones to every household that wants it, and that includes the on-the-farm households. That is introduced because we've been proud to go our own way. The Department of Telephones was not introduced by the CCF nor the NDP. It was introduced before that, but in the proudest of Saskatchewan traditions, to do a job. So we should be building on our strengths, not simply looking at what happens everywhere else, always for the latest Messiah.

Certainly looking to Maggie Thatcher's Great Britain is not the answer. The proof seems to be coming home to roost increasingly. We get reports daily about their legislature, their House of Commons, being unworkable. Any time I see a news blip from their House of Commons I just thank my lucky stars that I don't live in Great Britain, although I guess if I did live in Great Britain I would not even want to get elected to that body because it appears to me to be totally unworkable.

This legislature is very workable and has a long tradition of working, and that's why I hope that in some small way I can contribute on behalf of my constituents. I hope I can contribute on behalf of the people of Saskatchewan. And I have friends, as I'm sure most of us in this legislature have friends right across the province, so that's part of what we're here saying: let's keep the best of what we've got.

And we see the potash debate being drawn into this. We see that if we lose the rules, the Conservatives can use their majority to pass the Bill over the opposition of the New Democrats, and they'll pass the potash privatization Bill or whatever else they want.

The Speaker: — Order. Order. Allow the member to continue without interruptions.

Mr. Trew: — Thank you, Mr. Speaker. Indeed, it is nice to have the floor, and that's one of the great traditions of this Legislative Assembly, is that those of us who wish to speak on an issue get our turn. Indeed, when my colleague, the member for Saskatoon Sutherland had completed his remarks, there was ample opportunity for the member from Saltcoats, or any of the other members on the other side who have not spoken, to get to their feet and join in the debate.

I welcome any and all government members. There's a

goodly number of them, more who have not spoken than who have. I welcome for them the opportunity to rise and enter this debate in a much more formal manner than speaking from their seats. As my colleague, the member from Regina North West says, or indeed it would be nice if some of them would enter in any debate.

The Speaker: — Order, order. Order. I believe the hon. member should not belabour the point. He should get back to the topic under discussion.

Mr. Trew: — Thank you, Mr. Speaker. I still will welcome them when they join the debate.

And since this debate started — this debate changing the bell-ringing — we've seen the GigaText affair break loose, and we've spent a considerable amount of time witnessing yet more money squandered. We have witnessed the legislature working probably at its worst, probably at its worst, because what the government would dearly love is to muzzle the opposition to the point that we were totally ineffective.

I am proud to say the members on this side of the legislature, we in the opposition, take our task very seriously. In our British parliamentary system you require a government and an opposition — the notable exception, of course, being New Brunswick where the people of that province failed to elect any opposition, but despite that, the Premier named some of his own party to act as official opposition.

In other words, the Premier in New Brunswick even recognized that you had to have an opposition. You don't have to like what they say, but you have to have somebody digging around and trying to find out some of the things that the government is doing wrong, and hopefully making some suggestions for improvements, hopefully coming forward with their own plans for how we can improve our province in this case, and in the case of New Brunswick.

We have a situation where government members opposite me tonight don't want to hear any of the problems. They think somehow if you just close your ears, close your eyes, and close your mouths, you hear no evil, see no evil, speak no evil. They translate that into there is no evil or there is . . . Evil may be a bad choice of words and I may — in fact, I will — apologize to anyone that that may have offended because I wasn't trying to cast particular aspersions on members of the government as being evil people. That was not my intent, whatever.

My intent was that when any government does something wrong, somebody has to be there to point out the problems. Somebody has to be there to steer or help guide that government back to reality; help guide that government back to a common sense approach of governing our province.

And that's what we're really trying to do when we urge that we move off of Bill 33 and on to things like, well, the Great Sand Hills to be protected from drilling. It's a very important issue to the people in that area. And not just to that area because, Mr. Speaker, my grandmother has her ashes scattered in the Great Sand Hills, and it was in fact

my grandmother's favourite part of this province. People who have never been to the Great Sand Hills won't . . . can't even begin to appreciate the beauty of them.

But they are a unique portion of our province. We should be talking about restricting the drilling or passing legislation or making sure that whatever drilling activities in the Great Sand Hills area totally protects the environment, and I mean totally because it is a very fragile environment. But instead we're dealing with a proposal to change the rules in the legislature, a proposal that will take away any opposition for all time. It will take away the right of any opposition to ring the bells when the government goes astray. I mean, if ever we've seen a government, Mr. Speaker, that has gone astray, we're witnessing it here today. We see a government that talks about us making this province ungovernable. That's their terminology — we're making this province ungovernable.

This government has made this province ungoverned, ungoverned. And why? Because of their insistence to deal with the obscure; their insistence to deal with a bell-ringing motion. If you were to canvass every MLA ever elected here and asked them, before they were elected did they know what the rule was regarding bell-ringing, I suspect a goodly number of us would respond, no I did not know what that rule was. But if you were to canvass every living MLA that's ever sat in this legislature and ask them if the bell-ringing should still be here, then I suspect they would say, yes it should be here.

Mr. Speaker, we should be dealing with the happenings in the province. I have here facts on farming. It's a very good article put out by the federal government. And they point out on page 3 that farm capital required in Saskatchewan is the second highest in Canada, yet the value of agricultural products sold in our province is the second lowest in Canada. The only province with a lower return to farmers is British Columbia. So we should be dealing with things like that instead of dealing with the bell-ringing motion.

It seems to me that when you have such a wealth of good information that is available, to discuss the issues important to many of the constituents — certainly I would think to many of the constituents of members opposite, largely elected from rural Saskatchewan — seems to me they would want to talk about farming facts.

They would want to discuss, for instance, why is it that in Saskatchewan our machinery costs are the highest in Canada. Saskatchewan has the highest machinery costs of any agricultural . . . of farmers anywhere in Canada. And our interest on indebtedness is the highest. The wages to farm labour is the lowest in Canada. It seems to me that . . . (inaudible interjection) . . . The member for Regina Victoria says, well won't the changing of the rules improve that? And I guess that's why we're spending so much time dealing with the change of the rule that will prohibit the opposition from ringing the bells. It must be why the government, the member of the farmers, is making the bell-ringing motion such a high priority, indeed number one priority, certainly a higher priority than bringing down the cost of machinery or the interest cost or improving the return through products. Mind you,

I guess that if I were part of the government that had just removed oats from the control of the Canadian Wheat Board, I would be reluctant to talk about agriculture as well.

So we've got a time when we're talking about a rule change instead of talking about what is the real size of the deficit here in Saskatchewan. How can we tackle that? And it's a problem that many of our respective constituents are concerned with.

The Speaker: — I must once more call the member's attention to relevancy. I have risen a number of times tonight, and I must bring his attention to that rule even though he seems to be having some difficulty with it. But it's my duty to remind you again, sir, that you are straying from the topic.

(1930)

Mr. Trew: — Well, Mr. Speaker, there are all of these issues that my constituents and people that I run into, and talk to, all across the province, are asking me: well why is it that you don't speak out on this, that, or the other issue — whatever their favourite issue of the moment is. And I'd dearly love the opportunity to do that, but as you can appreciate, when we get up on such a restrictive thing as the motion changing the bells, it very much restricts the scope of our ability to discuss what's going on.

But it seems a tragedy, and almost a travesty of justice that we would, because of the government bringing this rule motion day after day after day, that we would be hung up on that for in excess of a month when we could be dealing with all of these other very important issues. I've heard a couple of the government speakers. There has been a couple, or maybe even a few more than a couple, members speak on this debate, and they've talked about the hypocrisy of the NDP on this. They've talked about the hypocrisy.

But I'd like to suggest to you that what it really is, is not a case of hypocrisy, but a case of "hip-pocket-risy." In other words, whose hip-pocket are you in? Are you in the hip-pocket of the voters, the people of the province, as I think we are? Or are you in the hip-pocket of the oil companies and the Weyerhaeusers and the Cargills and the Peter Pocklington of this world?

That's really what this rule change is all about: whose pocket are you in? Are you promoting rules to bring on privatization, or are you promoting rules that will help the people of this province keep our province as a proud one? And if privatization is such a good idea, why didn't the government talk about it before now? In fact, why did they deny they had any plans until now for privatizing?

So, Mr. Speaker, we very much feel that this bell-ringing is tied to the privatization. And that's why the recurring theme on my part, coming back to privatization all the time because it's clearly part and parcel. It's been demonstrated in recent weeks, ever since the government introduced its SaskPower privatization scheme and that scheme which is very poorly received by members of the public.

Dealing with that very matter, Mr. Speaker, I see in the May 26 *Star-Phoenix*, the headline from Randy Burton says, "Legislative impotence frustrates Devine," and there's a quote from the Premier saying people are phoning to say get a hold of this thing. Well we have offered numerous times for the Premier to be able to get a hold of this thing. We have offered that. Simply move on; give us a try. What have you got to lose?

We spent nearly a month exclusively dealing with this number one issue, this bell-ringing issue. There's an obvious impasse. It is quite obvious that there is a great deal of reluctance to shift from the respective positions. We think we're on hallowed ground; the government thinks it has to have this rule change. We have an impasse.

But all the government has to do is bring forward its agenda, bring forward any of the other items on the order paper and try us. If we walk out again, then I think that the public would look much more favourably upon this rule change.

As soon as the opposition frivolously uses the bell-ringing, I believe we would lose the support of the people of the province. And I would think we would deserve to lose the support of the people of the province if we used the bell-ringing frivolously. And that's why we're simply not going to be using bell-ringing frivolously.

Indeed, I'll submit to you, it would have been much easier for us to have not entered this debate, to have allowed this bell-ringing motion to come to a vote. And then if we were the party that was going to frivolously ring the bells, all we would have at that point in time had to do is walk out and not come back to answer the call on this very issue — this motion changing the bell-ringing.

But we're not a party of frivolous bell-ringing. We've rang the bells twice in over seven years, two times in over seven years. When I say we've rang the bells, I'm of course talking for periods in excess of an hour or, you know, a short period of time that's required to gather whatever members may be reasonably close to the legislature for a vote.

So we've not used the bell-ringing frivolously, and we have no intention of doing so, because to use it frivolously would risk losing the support we have gained. And it's fairly hard earned, as members on all sides of this legislature can appreciate. It's difficult to get people to feel closer to you than to the other people, the other party. So we're anxious to keep that trust.

I'm not going to read the article from Swift Current, the editorial that the headline is, "Devine government shows its contempt." But I want to highlight a little bit about what it is.

The provincial government seems to think lately that it can do anything it wants — drink our liquor from an old fruit jar, slander our names all over the place, even step on our blue suede shoes.

And the article goes on and talks about some of the sins of this government. It enters into the Provincial Auditor

affair. One of the things this article says is:

Few Justice ministers in Saskatchewan have acted so unjustly. Lutz did ask for negotiations with the government that his department's '89 budget include 112,000 for his own pension, but he's entitled to that money by law.

And it's symptomatic . . . I realize that the Provincial Auditor is not a part of the bell-ringing debate but I submit to you, Mr. Speaker, he is, because we have a Justice minister that has stood in this Legislative Assembly during question period and slandered the name, the good name, of the Provincial Auditor.

It is much like, I think . . . I take it much like someone who has a migraine headache, and they've had this pounding, throbbing headache that just won't give up, and they've had this throbbing headache for a month. After this throbbing headache that they've had for a month, somebody offers them three minutes of relief, and at that stage this migraine sufferer is ready to sell his or her soul just for three minutes of relief from the migraine.

That's what I think the member for Kindersley did. I think he sold his soul for three minutes — it wasn't three minutes; it turned out to be 25 minutes, the duration of question period — right after that, he was out of the frying pan and directly into the fire, where he stayed for the next week.

Indeed, we called for his resignation. We didn't win that battle. As you can appreciate, oppositions don't win every battle.

But we certainly made a point. The Provincial Auditor has had his good name upheld. Newspapers throughout the province have come to his aid, and we've moved on, of course, to the bell-ringing motion.

But all of those things lead into why we're here, why we're so dug in, and why we're here tonight. It's just because, without the bell-ringing, the right to ring the bells, we and every other opposition for evermore loses that very important tactical tool. Not that we necessarily ever would use it, but it's nice to have that ability to use the bell-ringing rule if it is needed — nice to have the ability to carry on.

And we see that privatization bypasses the public for the select few, the wealthy few. We see that the rule changes bypass the people of Saskatchewan. For whose benefit? For whose benefit do they bypass the people of Saskatchewan? For the select few.

When you can ram what you want down the throats of any opposition, be they New Democrats or in another time they may be Conservatives, or more likely Liberals, because I don't think after the next election that there's going to be . . . I don't think there's going to be enough Conservatives re-elected to form the opposition.

Some Hon. Members: Hear, hear!

Mr. Trew: — So the privatization is nothing but an economic sell-out that people of the province rejected in

1971. They have seen the then Liberal government of the day privatizing, just doing whatever they could to see that the big corporations got what they wanted. Everything they possibly could, Ross Thatcher and his Liberals did for the big corporations, the multinationals, and the American corporations.

In 1971 along came Al Blakeney and the New Democrats with their new deal for people. And those were exciting times, Mr. Speaker. They were exciting times because there we had a party that put out a blueprint for the future. We had a party that talked about nationalizing potash, the potash industry. Talked about it, not after an election, but before they were ever elected, while we were part of the opposition — talked with their blueprint for the future. Talked about such important things as increasing the minimum wage, talked about putting people to work. Didn't talk about changing the rules in the legislature, that I am aware of, but certainly had talked, not so much of changing the rules in the legislature, but had talked in terms of setting up a fair, or fairer, electoral boundaries commission.

And of course after he was elected, that is what the ex-premier, the Hon. Al Blakeney, did — set up a fair electoral boundaries commission because he believed it was so fundamentally important. When in Regina Elphinstone, or whatever . . . I'm not sure if it was called that in 1971 or if it was Regina Centre, or whatever the name of it is. The seat that elected him in 1971 was more than four times as big as two other seats in the same city that sidled up to his constituency — more than four times as big. And the ex-premier — of course I'm talking about Al Blakeney — felt that was fundamentally unfair. That's why he introduced the changes in the electoral boundaries.

And that's coming back to why we're here debating this proposed rule change. We have promised that the SaskEnergy fight won't be dropped. We've had such curve balls thrown our way as . . . The latest thing is apparently school boards are not getting the full amounts of money that they are entitled to, and as they have been receiving in other years. And that is being withheld because the government insists day after day after day to bring forward this rule change that the *Rules and Procedures of the Legislative Assembly* be amended by adding . . . and there is a lengthy paragraph, or four, that I choose not to read into the record. But because we're hung up on the rule change, school boards are doing without money.

We say, bring on the estimates, bring the Education estimates, let's get it out of the way. We don't want to hold up money from school boards. I move adjournment of the debate.

Debate adjourned.

(1945)

Hon. Mr. Hodgins: — Thank you, Mr. Speaker. Mr. Speaker, I would seek leave of the Assembly to move a motion respecting rule no. 33, and the use of the Special Committee on Rules and Procedures, and I would ask for leave to do that, Mr. Speaker.

Leave granted.

MOTIONS

Rule No. 33 Referred to the Special Committee on Rules and Procedures

Hon. Mr. Hodgins: — Mr. Speaker, I move, seconded by the . . . I will be moving this motion, Mr. Speaker, and I will read it first:

That, by leave of the Assembly, that notwithstanding the usual practices of the Assembly, the adjourned debate on the motion of the member for Kindersley to amend rule 33 shall remain on the order paper, and further the subject matter of that motion is hereby referred to the Special Committee on Rules and Procedures.

Mr. Speaker, this has been a long, and I suppose frustrating process, and I am pleased that with the movement of this motion that agreement has been reached between the respective House leaders, that this rule no. 33 will be referred to the Special Committee on Rules and Procedures.

Mr. Speaker, as in many events that take place there are negotiations, and I am pleased as well to announce, Mr. Speaker, that this committee will report back to the legislature by the fall session. I am also pleased to announce, Mr. Speaker, that the government has been successful in obtaining an agreement that bell-ringing shall not take place in the interim.

And so, Mr. Speaker, I'm very happy to announce that a normal functioning of this legislature, I believe, will take place over the next while, and from the government perspective we certainly have attained what our wish was, and that was to end any threat of bell-ringing.

So, Mr. Speaker, I do move, seconded by the member for Swift Current:

That by leave of the Assembly, that notwithstanding the usual practices of the Assembly, the adjourned debate on the motion of the member for Kindersley to amend rule 33 shall remain on the order paper, and further, the subject matter of that motion is hereby referred to the Special Committee on Rules and Procedures.

Mr. Lingenfelter: — Mr. Speaker, I appreciate the opportunity to comment on the agreement that has been reached this evening between the Government House Leader and our caucus.

I want to say, before I take my place, a couple of things about how we came to the point where we're at in terms of bell-ringing, the motion that we dealt with for the past . . . better part of a month, and then tonight the agreement that has been concluded.

Mr. Speaker, I think it's important to know the way this issue started, with a Bill that was brought before the Assembly, a Bill that would have, in part, privatized

SaskPower. And for that reason the opposition rang the bells for 17 days.

On returning to this Assembly, a motion was put by the government that in order to avoid the bell-ringing, we believed, on SaskPower in the future, that a motion was rammed at this opposition and the people of the province that would have taken that tool away, had SaskPower Bills been reintroduced. And we said from day one that we believed that this was not a proper way to change the rules of the Assembly; that it went against the history of the legislature; that never before had rules been changed in that manner.

I guess I'm very pleased that the two weeks that we've debated this motion, that members on this side of the House and some on the government side have debated it, have now been proven worthwhile; that we have achieved our goal that we set on day one — that this should be solved in a committee of the Assembly.

And to that end, I give the members of the opposition full credit and the members of the government side credit tonight for picking up on this option and recommendation that we had put to them on day one, that it go to a committee to report back to the Assembly.

And so I say to you that it's an important event, and that the opposition, I think, can take full credit for the fact that when we started the session we believed fully that SaskPower should not be privatized in this session. And on that point the people of the province and the opposition, I think, have made their point, that that will not be privatized during this session.

On the issue of the bell-ringing, we said that we should maintain that right during this session, and to that end the people of the province have once again won this evening. And so I congratulate the members of the opposition and the members of the government who I believe will be voting for this motion.

I want to say, the disappointment for myself and for members of the opposition is that it took the better part of a month — the better part of a month the government has held up the working of the Assembly, and that we could have had this agreement, I feel, many, many days ago. In fact, it was a suggestion of the Leader of the Opposition when he rose in his place the day after the motion was introduced, that we refer it to a committee. I think it could have been accepted at that time. I'm disappointed in that sense. But I want to say that the result tonight proves that the debate that we've been involved in for the past two weeks has been well worth while, and I'll be supporting the amendment.

Some Hon. Members: Hear, hear!

The division bells rang from 7:53 p.m. to 8:01 p.m.

Motion agreed to on the following recorded division.

Yeas — 40

Muller
McLeod

Wolfe
Gleim

Berntson
Lane
Smith
Muirhead
Maxwell
Schmidt
Hodgins
Gerich
Hepworth
Klein
Martin
Sauder
Johnson
McLaren
Hopfner
Petersen
Martens
Baker

Neudorf
Gardner
Kopelchuk
Britton
Prebble
Rolfes
Shillington
Lingenfelter
Tchorzewski
Brockelbank
Solomon
Atkinson
Anguish
Goulet
Trew
Smart
Van Mulligen
Koenker

Nays — 00

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure

Energy and Mines

Ordinary Expenditure — Vote 23

Mr. Chairman: — Would the minister introduce her officials.

Hon. Mrs. Smith: — Thank you, Mr. Chairman. In order for our estimates for Energy and Mines tonight, I have with me in the House, deputy minister, to the right of me, Mr. John Reid; immediately behind him, Mr. Ray Clayton, his deputy minister of finance and administration within the department. To Mr. Clayton's left I have Pat Youzwa, the assistant deputy minister of resource policy and economics; and immediately to my left I have Dale Fletcher, who is the director of the economic and fiscal analysis department; and behind him Mr. Les Beck, who is the executive director of geology and mines. There are also several other officials that will be coming forward as we need them, Mr. Chairman.

Item 1

Mr. Solomon: — Thank you, Mr. Chairman. Well I had a speech to give tonight, and it may as well come right now, Mr. Chairman, because it was on the rules. And I wanted to share with members in this Assembly, including the Minister of Energy and Mines, some choice quotes from books that I won't be quoting directly, but they were basically on the decline of democracy, which is one here, also one on tyranny, one on totalitarian rule, and a couple on William the Conqueror. But I think I'll pass on sharing some of the choicer quotes out of that selection of readings that I spent a number of hours with on the weekend.

And I want to perhaps just start out, Minister, by saying that we have today almost finished day number 55 in this Assembly. Last year at this time, which was a session of about 69 days, but last year, day 55, we had about 104 Bills introduced and 84 of them had been passed during

the course of that session of 69 days, which is about three weeks longer than what we've sat so far.

On a comparative basis, we have, to this year, reviewed first reading and second reading, 44 Bills, which is about 42 per cent of the number of Bills which were passed at this time last session. We have also, day 55, we have achieved basically a 42 per cent completion ratio of the number of Bills that have been introduced and even a far lesser number that have been passed. We have exactly three Bills passed in this session after 55 days, Mr. Chairman, where at this point last year we had about 37 Bills.

And it seems to me that the opposition have been prepared to co-operate with respect to estimates, have been prepared to co-operate with respect to reviewing some of the legislation that the government has promised, and that has not been forthcoming until this evening, so I'd like to get into the estimates at this point right now.

But, Minister, I have a number of just administrative questions, if I may. I'd like to know the name and the title and the salary of all of the minister's personal staff and I'd like to know if there's been any change in those salaries in the past year.

Hon. Mrs. Smith: — Mr. Chairman, there has been one change in my office staff, and that is Mr. Tim Jeffery is no longer with me. And no, there has not been any change in the salary levels of the people that work in that office.

Mr. Solomon: — Mr. Chairman, my question to the minister was: I'd like the name of the persons that are employed in her personal staff, the titles thereto, and the salaries which they earn individually. And I wanted to know finally, if there were any changes in the salaries of her personal staff this year over last, and what those changes were.

Hon. Mrs. Smith: — I will send one over to the member, Mr. Chairman.

Mr. Solomon: — Mr. Chairman, if the minister could also let us know when the last change took place — the exact date, if possible.

Hon. Mrs. Smith: — Yes, but I cannot supply that tonight; I will have to get that.

Mr. Solomon: — That's fine. We've given the minister 55 sitting days plus 17 days of bell-ringing, which is about the length of last year's entire session. We have not reviewed more than two departments in estimates out of the 28 or 30 that we have to review this session, and we're starting out a bit late. And the minister still does not have that information available.

The minister is aware that these types of questions are asked on a regular basis so the people of Saskatchewan and the opposition can monitor the changes in staff and the salaries paid to the political assistants of the minister.

Madam Minister, I wonder if you could address your officials to answer the following question. For 1988 and '89, or the fiscal year '88-89 . . . I'm sorry, '87-88 . . . No,

'88-89 is right, the number of out-of-province trips taken by the minister. So the last fiscal year, the number of out-of-province trips taken by the minister. And I'd like you to identify in each case, the following four items: (a) destination; (b) the persons accompanying the minister at government expense; (c) the cost of the trip; and (d) the purpose of the trip.

Hon. Mrs. Smith: — I will send to the member all the details that he has requested. I can only give him tonight, Mr. Chairman, the out-of-province trips taken by myself, in total, are numbered seven. To the other details that you want, those will be forthcoming with any other information that you may be requesting — we will put into a package.

Mr. Solomon: — Thank you, Madam Minister. If you could perhaps put the following in the package as well if you don't have it at your fingertips this evening: for the current fiscal year, '89-90, the total amount budgeted for out-of-province minister's trips. As well, for 1988-89, the total amount spent by the agencies that you are responsible for on advertising. As well, for the years '89 and '90, the total amount budgeted for advertising.

Fifthly, for 1988-89, the total amount spent by the agencies you are responsible for on polling and market research; and for '89 and '90, the total amount budgeted for these purposes.

And finally, did your department use any charter aircraft during 1988-89? And if so, at what cost? And finally, a corollary question: what amount has been budgeted for charter aircraft in the current fiscal year?

Hon. Mrs. Smith: — Mr. Chairman, I can give the member verbally some of those. He may want to have a follow-up in writing.

On advertising expenses for the year '88-89, it was \$38,680. The budget for that particular year was \$70,550, and it is the same for 1989-1990.

Polling expenses, Mr. Chairman. There were no expenses incurred for polling in '88-89, and nor have we budgeted any dollars for this upcoming fiscal year.

On the aircraft charters, the budget for '88-89 was 96,500, and we spent 71,264. The budget for 1989-90 is \$148,710.

Mr. Solomon: — Thank you, Minister. With regard to the advertising: was the advertising done by one agency, and if so, who was the agency, and what was the purpose of the advertising, and was the agency appointed or was it tendered?

(2015)

Hon. Mrs. Smith: — Mr. Chairman, there were a variety of agencies used: Marketing Den, Dome Media Buying Services advertising; and advertising in the *Gazette* was done through the Saskatchewan Property Management Corporation. If there were any other questions in dealing with the advertising, perhaps I could ask the hon. member to repeat them.

Mr. Solomon: — The questions were related to: what was the purpose of the advertising, and were the agencies appointed by the department or the minister, or were the expenditures called for tendering?

Hon. Mrs. Smith: — There is a purpose; let's deal with that first. I go over such things as the Regina Oil Show, the natural gas industry advertising for positions within the department — there are several of those. We had some ads running in terms of the gold industry. We did some advertising on the prospectors and the development seminar. We had . . . This also includes the cost of our annual report. We had the fossil fuel technology report, the annual report, the Co-op upgrader, the open house that they have out of the geology department, and as I said earlier, most of them had to do with the advertising of positions.

In terms of how these were chosen, these were appointed agencies.

Mr. Solomon: — That's not surprising, Minister. Since the election of your government in 1982, each department and Crown corporation that a Conservative minister has been responsible for, have not tendered one advertising contract to our knowledge. They have appointed each of the agencies, and in most cases they have been Dome Advertising, Dome Media Buying Services, and Roberts & Poole.

With regard to your expenditure on, I believe it was charter aircraft, and I may have missed the figure, but was that a figure that you provided which doubled from last year? One hundred and forty-eight thousand dollars is the figure that I have written down. Is that for the total cost of aircraft charter?

Hon. Mrs. Smith: — The increase in the dollars that I indicated in the budget are due to the new mineral industry diversification program, which has simply increased the number of geology field parties and that has increased the aircraft rentals.

Mr. Solomon: — And this was a figure that you couldn't budget for? It was a figure that was just sprung upon you as a result of the creation of this new program?

Hon. Mrs. Smith: — No, I'm sorry, the figures I gave you . . . The 148,000 is what we budgeted for '89-90, for this year, which is an increase over the budgeted amount of last year.

Mr. Solomon: — Thank you, Minister. I want to turn now to the oil revenues and prices and production over the last number of years. We have in Saskatchewan an interesting development with respect to oil royalties, and I want to just perhaps raise a few questions with the minister. But when I look through the average, annual well-head price of U.S. crude oil, at U.S. dollars per U.S. barrel, I have numbers that start in 1971 where the price was \$3.39 a barrel, and they run in about the same range till '74 and it goes to \$6.74 a barrel; 7.56 in 1975; \$8.14 in '76; stays in the 8 to \$9 range until 1979 and '80; and we see the prices fluctuate from 31.77 U.S. to about \$25 a barrel from 1981-82 to 1985-86, most of '85.

Yet when you compare the revenue of the provincial government with respect to these oil royalties, you see not a variance that are really directly related to the price as I've described. I'm aware, and so are many people in this province, that you have played with the oil royalty situation a bit — the tax holidays that have been provided to oil companies that operate in this province. And I want to just ask you a question with regard to these revenues.

We have in 1981, revenue of this province as a result of the oil royalties, of \$533 million, on the production of 9.4 million cubic metres. We have in 1982 about \$700 million in royalties paid on production of 8.1 million cubic metres of oil.

In 1983, it goes from \$700 million to . . . It drops to \$685 million, even though production increases from 8.1 to 9.4 million cubic metres, about a 14 per cent increase, yet there's a decrease in revenues.

In '84-85-86, we see a steady increase in the production: from 9.5 million cubic metres to 10.8 million cubic metres in 1984; 11.6 million cubic metres in '85; 11.8 in 1986. Yet we've seen the royalties drop to, 1986, to \$213 million.

Production increased again in '87 to 12.1 million cubic metres, and the revenue went up a bit to \$347 million. Yet when you start looking at '88, you estimated in your budgetary estimates revenues of \$311 million. I'm told that the actual revenues realized were about \$180 million and that was due to the lower price in oil, and we can understand that. Yet the price of oil in its estimated range for 1988 seems to me to be a bit off.

If you are budgeting \$174 million for oil royalties this year, I'd like to know on what price you're basing oil and whether it's U.S. and location.

Hon. Mrs. Smith: — For this year's budget, we have budgeted \$16.08 U.S.

Mr. Solomon: — And that's \$16.08 U.S. for what grade of oil?

Hon. Mrs. Smith: — That's for what they call WTI, West Texas intermediate.

Mr. Solomon: — What is the figures that you have available to you right now, from your officials, with respect to the average price for the first five months of the year?

Hon. Mrs. Smith: — Mr. Chairman, the average will work out for the five-month period to approximately \$19.30 or 19.32. January, the month of January, it was ranging in the upper \$17 mark, 17.80; March had 19.45 and 20.94; and in May, we have seen it doing just a little over the \$20 mark.

Mr. Solomon: — On the basis of that price continuing or at least maintaining that level, what do you estimate your revenues to be in oil?

Hon. Mrs. Smith: — Well, Mr. Chairman, we have done our estimates based on that \$16.08 information that I

gave the member, and we have not done any other estimates based on any different price; nor are we likely, for at least another quarter, depending on what happens with the price of oil.

I think while it has been averaging higher than what we estimated this year, there are still a lot of factors out there that would indicate that it perhaps is unpredictable, and the industry still remains in somewhat of a volatile situation, given the price of oil and the surplus factor out there.

Mr. Solomon: — Can you explain to me why, in your own words, why the oil royalty revenues have dropped from \$700 million in '82 and '83 and '84 to \$347 million in 1987, 180 in 1988, and will come to 174 million this fiscal year?

Hon. Mrs. Smith: — Mr. Chairman, if I go back to . . . Well let's start with 1983. There was a substantial jump in the price of oil from '82 to '83. It was just a little over \$4 a barrel that year. It came in at 29.59; 1984, we dealt with oil at \$32.02 a barrel, and this was the average price over the year; 1985, which the member has spoken of several times tonight, was the high year, and the price of oil was well over the \$30 mark. In fact, the average oil price that year came in at \$33.04.

Now, in 1986, Mr. Speaker, we saw it fall in half. It dropped down to 15.73; in 1987, it was \$19.80; and then in 1988, we were dealing with \$13.35 per barrel of price of oil; 1989, the estimated figure is 13.52.

Now these figures that we deal with are Canadian prices, and they're based on the well-head price, which is somewhat different than the WTI. Perhaps that's a good starting point for the explanation.

Mr. Solomon: — Is the minister planning on finishing her starting point, or does she expect me to guess?

(2030)

Hon. Mrs. Smith: — Well, Mr. Chairman, I think the drop in prices is self-explanatory. In 1985 you go from \$33 per barrel . . . I'm sorry, 1985; in 1989, down to 13.52, and that should explain a very large drop in the revenues coming in from it.

Mr. Solomon: — Does the minister have a price for 1979 and 1980?

Hon. Mrs. Smith: — My 1980 figures . . . I do not have the '79. I have '72, '75, and 1980 was \$14.68.

Mr. Solomon: — So in 1980 we had revenues of \$483 million on the basis of \$14 oil, and in 1988, nine years later, on the basis of \$13 oil with a 30 per cent increase in production, our revenues are less than half. Could you explain that to me, please.

Hon. Mrs. Smith: — Mr. Chairman, there were two factors, if you go back to 1980 and '81, that again you continue to ignore. And the reason I say again is because you went through the same request for information last year, and I again went through the giving of the same

information. So let's do it another time.

You keep ignoring the fact that there were incentive expenditure payments of \$60 million that you . . . \$60 million, that was the incentive payments prior to 1982 that were being paid out. You also have not calculated, if you are in fact are doing any calculations, that there was an export tax of \$164 million. So your \$420 figure that you're using does not show a clear picture.

There's two other factors that you have to take into account. There are two other factors that you must take into account when you are looking at the difference on the revenues coming in. One is the fact that there is a decline in productivity, and it's a natural decline that takes place within the oil industry. Our wells have gone on the average from 20 barrels a day down to 15 barrels a day. And therefore, the cost of drilling has gone up if the productivity has gone down.

The other factor that you have to take into account is the increase in the ratio of new oil. New oil has a lower royalty than what old oil has. And that is not a change in the system; that's been there for some time. And there's been a . . . The increase, for example, in Saskatchewan in the ratio of new oil has gone from 33 per cent to 81 per cent. So that's a very large factor that has to be taken into consideration when you are looking at the value of the production and the revenues coming into the province.

Mr. Solomon: — What we've seen here, Madam Minister, as a result of the policies of your government and your department, we have seen royalties drop significantly even though production has increased by 30 per cent and the prices remained about the same. You are saying that there's an export tax. I think the export tax is not something that comes from the provincial government. It would likely come from somebody else, unless you have some detailed information on that.

And the other aspect I want to raise with you is that you have in your own annual report outlined very clearly that even in 1987 there were 987 wells drilled that were completed for production, yet 811 of those wells . . . I should say 811 of the 987 wells drilled were completed for production. Of the 811 oil wells that came on stream, you go through the number that received tax royalty holidays. And when you look at the numbers out of the 811 that came on stream in that particular reported year — '87-88 — 779 received some form of tax holiday, which is 96 per cent of all the new wells that came on stream.

Now don't you think, Minister, that when you start encouraging wells to be drilled and they're not paying any taxes on those wells, that there's going to be some impact on the productivity of existing wells that are owned by the same companies? And don't you think that they're going to be extracting that oil at a higher rate than they would under the older wells that are paying the higher royalty rates? What do you have to say about that?

Hon. Mrs. Smith: — I hear the member from Saskatoon University. Perhaps he'd like to get into this discussion too. I would welcome him to give the member from Regina North a little bit of help.

He says this is nothing but a give-away. You know, that's the same charges that were there last year and again this year and again the year before.

Let's talk about productivity. You know, you say the productivity has gone, I believe, you said down, and that it was a give-away. And in fact if there are more wells being drilled, that does not necessarily mean that you are giving away productivity out of those wells because you have a royalty incentive in place.

An Hon. Member: — I didn't say that.

Hon. Mrs. Smith: — Okay. I'm sorry, I misunderstood you then.

You know, I guess what you have to ask yourself is: can you compete with other producing provinces? And in reality the one that you have to compete with in Canada is our neighbour to the west, the province of Alberta.

Now you and I both know that they have royalties that are much lower than what they are in Saskatchewan. Not only do they have a lower royalty, but they have oil that is easier to find and probably oil that is a little cheaper to bring up, because of the grade of oil. They have many more barrels of the lighter oil than what Saskatchewan has, and the industry has a fairly well built up infrastructure within that province. And all of that adds to the attractiveness of making a decision, whether you are going to explore in this province or perhaps go to Alberta.

So you look at those factors as we did, when we looked at putting the royalty program into place several years ago, and I think it was concluded at that time by both sides of this House, including your past leader of the opposition, Mr. Blakeney, who has readily admitted, along with the member from Regina Elphinstone today, who was the member from Shaunavon, that in fact you will most likely require incentives for exploration of the oil industry. He had concluded that also, so it becomes a question of what kind of incentives.

An Hon. Member: — Free oil.

Hon. Mrs. Smith: — Well you say free oil.

I look at what your party's past policy was on incentives and you gave an incentive for the drilling of holes. It didn't matter. There was no stipulation that I had to find oil if I was going to drill that hole in the ground. There was absolutely no strings attached to it, so I could drill in the ground, dry hole, and I would get the money from government. And you paid for the drilling of dry holes.

Now I don't know how that can possibly . . . (inaudible interjection) . . . Listen now, I don't know how that can possibly add to the future revenue to come into the province. There's nothing coming up, nothing at all, and it was not future orientated, and it was not based on any kind of a success program.

This one, if you find oil — if you do — then your taxation will not kick in for a period of time, but you know that that is going to be there for two, three, four years down the

road. If it's a deep well, an exploratory well, then you would qualify for the five years.

Now I, quite frankly, think that that is a fair incentive, given the competition that we're into and the fact that today our royalty rates remain one of the highest in North America. If you are going to be competing for exploration, it is very obvious that you are going to have to have some incentive for that exploration to take place.

And we said, well I suppose we could look at lowering the royalty rates, making it equal with Alberta. That does not guarantee that it's going to come in, and I believe that the incentive of the royalty holiday does not guarantee that the exploration is going to come into your province. But at least it is success orientated. If you drill, it's there, and the money will come back twofold. And I think when the price of oil is up, the history of this program . . . And if you go back to 1985, 1984 when, in fact, the prices were up there, you would find that the drilling did take place.

I think you have to take a look at the input costs that go into the oil industry at the field level, the exploration units. You know, it costs about — and let's use for all intents and purposes tonight — a quarter of a million dollars to drill an oil well. Now you come up with too many dry holes, and the exploration isn't going to be there. You might come up with one dry hole and two oil wells; somebody still has to pay for the quarter of a million on the dry, and that's a risk that the oil companies should take.

And that's fair, that they have part of that risk there. But if some place else, like Alberta, can reduce the degree of their risk, then those people will go there, as opposed to Saskatchewan.

I think the incentive program on the royalty holiday for wells has proven successful. It's clean; it's not paying for dry holes in the ground like the previous program was.

And I think that it has been concluded by both parties in this House a couple of years ago, that you in fact will need incentives, so it becomes a question of which incentive works the best. And if you take a look at all the figures that are available to you, you will probably conclude that it is a clean program and it is effective for Saskatchewan and it is not a give-away.

Mr. Solomon: — Well, Madam Minister, in my view and the view of my party, what you have done as a result of this give-away program of yours, an incentive program, as you call it, that even some of the oil people that I've spoken to who have taken advantage of it laugh under their breath at the kind of program you've offered them . . . They think this is better than Christmas when they come to Saskatchewan in dealing with your department in respect to oil royalty-free periods.

When you look at the numbers, Madam Minister, the statistics prove very clearly that under the NDP from 1971 to '74, the average production was about 13 million cubic metres. And you have not achieved that as of this year. We went down in the late '70s and early '80s a bit, down to average about between 9 and 10 million cubic metres, but that tended to be more, I think, a direct factor

of the environment of the day, prices being around 3 and 4 and \$8 a barrel.

What we've seen as well, Madam Minister, is a revenue side that previous budgets have shown to be true, that has been more substantial in this province. When you're looking at a revenue of \$483 million or \$533 million in 1980 and '81 when oil was around 14 to \$15 a barrel, and it's two to three times greater than it is now, even if we were paying out \$60 million in incentive programs at that time, we're still netting 470 million, which is more than twice . . . two and a half times what you've netted in the last fiscal year. So I don't see where this is pertinent to the argument when you start talking about the track record.

(2045)

The track record very clearly showed that the revenues, the oil royalties the oil companies paid, may have been the highest in North America, but it seems there's only about two or three rates in North America right now, and that is: free, that we're getting now from you; low; and what they were under the New Democratic Party and Allan Blakeney. And in those times, the revenues went towards the people of this province to help administer the province and to help balance the budgets and provide programs of a high calibre to all the people of this province.

Given those kind of formulas and those kind of statistics, it's my view that we have lost, in revenue forgone as a result of your 1982 oil royalty holiday and subsequent ones, almost \$2.5 billion in revenue to the people of this province. That's 2.5 billion . . . actually \$2.469 billion, and I can't understand why your department continues to pay more attention to the husbanding of our resource than to providing a fair royalty to the people of this province. And I'd like to know whether you plan on reviewing that, and at what point in time in the future.

Also you make reference to drilling wells. The Canadian exploration development incentive program is in the process of being cancelled, or at least downgraded, and I wondered what representations you've made on behalf of the smaller oil companies to the federal government on this.

Hon. Mrs. Smith: — Your opening comments tell me that we are probably wasting a lot of time in expressing each of our opinions, unfortunately, Mr. Chairman. What you have said, you've basically either chosen to ignore or you don't understand what I've said about the factors that have to be taken into account when you are doing the calculations of the revenues in the value of oil.

For example, Mr. Member, I talked about the productivity, how that had gone down. I talked about new oil; that plays a role. You've been critic long enough to know that the enhanced oil recovery process plays a role in the calculations of the revenues that are coming in, the impact on that. And the export tax, the federal export tax that I talked about — you're right, it wasn't a provincial tax, the export tax; it was federal. But that was dollars coming back to you; it was not based on what you were getting for oil . . . (inaudible interjection) . . . Well it is within your revenues when you were in government . . .

(inaudible interjection) . . . Well, you say it wasn't and I say you're wrong.

For example, in 1981 you collected \$164 million of federal export tax that took you to the total of \$472 million, and yet you stand here tonight and you tell me that you collected, on your royalties, 472 million. That's not true, you didn't . . . (inaudible interjection) . . . Well let's be clear on the points that we're talking about.

I think one of the things, when you look at the success of this program, you have to look at what happened from '72 to 1984, and that was that the oil production went down. Nineteen seventy-two this oil was producing 86 million barrels and by 1983 — I'm sorry, '82-83 — we were down to 53 million barrels. Now if you had continued at that rate, a reduction of the production, that tells you what you would not have for revenues nor would you have jobs and a lot of other factors in the producing communities.

If you take a look at 1983-84, we started to move upward. And today we are at approximately, for the year '88-89, it is estimated 75 million barrels which is still somewhat under that '72-73 production level. But you can simply . . . You cannot keep producing oil and generating revenues that are going to keep going down every year on the production. I mean, you weren't even replacing what was being used back in about 1980 and the mid-70s.

In response to your last question about the smaller companies, I've had an opportunity, in fact, to meet with SEPAC (Small Explorers and Producers Association of Canada). We've had several discussions. And there has been a concern from SEPAC on the CEDIP (Canadian Exploration and Development Incentives Program) program and I think they are no different than some of the junior companies. They are struggling these days. They are struggling for investment dollars. They're not easy to find for several reasons, one being that the oil patch is fairly unstable. They are having a difficult time raising capital because of interest rates, and I think they see other investments perhaps as being more attractive in terms of the returns that they are going to get back. I will be meeting with Mr. Jake Epp, the federal Minister of Energy and Mines, on the 14th, and we will be discussing the situation as it impacts on Saskatchewan. And, of course, anybody within the industry in this province knows that the smaller companies indeed are the life-blood of the oil industry, so that will take up a major part of our meeting.

Mr. Solomon: — Well I think there's a lot of discrepancies, and there may be the odd minor discrepancy in some of the statistics that I quote. But I can tell you, Minister, the numbers you quote, there are some major discrepancies. In fact, the production years that you referred to were not declining production. In 19 . . . I can share these numbers with you if you like, but 1975 we were at 9.3 million cubic metres; it went down to 8.8 the next year; up to 9.7 the next year; down to 9.6; and down and up again. And it was up and down but pretty steady within 5 or 10 per cent in the course of those six or seven years.

But the other point is that the oil that was in the ground was not evaporating in those days of lower prices for oil

products. The budget was balanced in this province. We didn't have a \$4 billion operating deficit. We didn't have an \$8 billion Crown corporation capital debt. You now have a \$12 billion net debt in this province on operating and capital. When we were in power, there was a surplus.

And I want to know how you explain that away, and how you continue to defend the larger royalty holidays to the larger corporations. Yet you have indicated that you're meeting the minister with regard to the smaller exploration and development companies. And I would hope that that would certainly be high on your priority.

I know Mr. Newhouse from Tappit Resources was in the news this morning and said that the exploratory wells would be fewer and fewer in this province and that the cancellation of the Canadian exploration and development incentive program will hurt the smaller oil companies and the natural gas companies a great deal. He feels that the reason for the cutting of the program is a bogus reason. The federal government has said the money is going to balance the budget, yet the federal government has sunk billions of dollars into the large megaprojects.

And I want to get to that in a moment, Minister, but before I do, I'd like to talk to you about Saskoil. We have here in Saskatchewan a privatized Crown corporation, Saskoil, one of the first in the province to be privatized. And the corporation was privatized in 1985, at least in a legislative way, and in '86 was taken to market.

And I'd like the minister to explain to this House and to the people of this province the scenario that finds us in the place we're in today.

Can you take us from 1986 when the corporation was first privatized? And what I'd like from you is not when it was privatized, but what money was given to this province and this treasury, where that money went, and in exchange for what equity. Could you give us that little scenario, please?

Hon. Mrs. Smith: — Mr. Chairman, just before I leave the issue of the small oil companies in Saskatchewan, the member seems to be quite concerned with them and about the health of their particular industry. He should also know that they are in favour of the royalty holiday program, and, in fact, it has given the smaller companies in Saskatchewan a fairly good footing in terms of having their foot into the door of the oil industry.

The questions that pertain to Saskoil, that is not part of the Energy and Mines estimates; I don't have those figures. I would have to write to the corporation on behalf of the government's interest in that, and I can certainly endeavour to do that, as the member could.

I believe the member did, in fact, take some time and go to the annual meeting. And if there's any discussion on Saskoil tonight, it is certainly going to have to be without specific figures that I don't have with me, Chairman.

Mr. Solomon: — I mean, that's the problem we've got with your government, Minister. Whenever there's a question of accountability of taxpayers' dollars, you don't

have the answers. Whenever there's a question about what happened to a piece of taxpayers' property, you don't know what happened; you forget; you don't have the statistics here.

Well, Madam Minister, I might remind you that in 1986 the Government of Saskatchewan was an equity holder. They had the majority shares in the company of Saskoil. We have come from a majority situation, and we're in a minority situation now.

I want you to tell this Assembly, in an accountable way, what happened from the time the government owned the majority of Saskoil; what was given in exchange for that equity; and where we stand now; and where the money has gone. Can you tell us that?

Hon. Mrs. Smith: — Well Mr. Chairman, I would have to go back probably through *Hansard* when they were doing the Saskoil Bill in about, I believe, 1985, and I think the member could do that too, to get some specifics on dollars, equity, assets, liability — that type of thing. Mr. Chairman, I've already stated I do not have that information with me. Any information that I have, I have out of the annual report.

And I think the member, in terms of asking the question, you know: what have we got in exchange for all this? For example, if I look at the recent acquisitions and the activity of the corporation of Sask Oil and Gas, I think that the success of the corporation is one that should be applauded, not with what the member has to say and what he has said in the past about it.

If you look at, I believe, it's now over a billion dollars that company is worth in what? two, three short years it's gone from about \$260 million in assets to over one billion. I think that tells you something about the success of that corporation.

(2100)

Also in terms of its success has been the diversification into the gas industry. As I recall prior to the corporation going out for public shares, it was strictly oil and no diversification, and now they have gas properties; they are producing gas. Their recent acquisition, I believe, had something to do with a gas marketing arm to give them the ability to secure some markets.

So I really do think in these economic times, particularly within the oil and gas industry, Sask Oil and Gas Corporation has in fact did some very smart moves of cementing that company's future, and all in Saskatchewan and for Saskatchewan, Mr. Chairman.

Mr. Solomon: — Madam Minister, what you've given us so far is a bunch of poppycock. You have not addressed the questions that I've asked. You don't know what's going on with the equity of the people of this province in a corporation like Saskoil. You talk about a billion dollars in assets; you don't have a gosh darn clue as to what's going on.

And I want to just maybe share some of the statistics that I have, and I'd like you to perhaps pay some attention. And

if your officials don't know the answer to this question, I'm prepared to wait for as long as it takes for you to get the answer to this House and tell the people of this province precisely what has happened with the equity, the government's equity, the taxpayers' equity in this corporation, and what has been given in exchange for that equity.

And if you don't know the answer to that, Madam Minister, you're misleading this House. You have absolutely no idea as to what's going on. At least that's what you're portraying here, and I think that's wrong. I think you're hiding something. I think you're covering up on what has happened with regard to Saskoil.

And I want you to just perhaps sit back for one second and write down some numbers. Sask Oil and Gas Corporation was privatized in 1986; \$75 million was paid as a dividend to the Government of Saskatchewan for 40 per cent of the company, for 40 per cent equity. That's what your chairman told the annual meeting the other day, and that has been confirmed by other information. So 40 per cent of the company was sold for \$75 million in dividends.

The only problem we have with that, Madam Minister, is that we have not received, as a province, one nickel in dividend since that \$75 million pay-out. We have not received one penny, at least to the information that you have provided and your officials have provided, in exchange for the loss of equity from 60 per cent of the company, down to where we are now, 25 per cent of a company.

I'm wondering if you could perhaps talk to your officials, and if you can't, I'm prepared to wait till you get the information, and explain the transition of the government's equity from 60 per cent down to 25 per cent. Where's the dough that was in exchange for that equity, and where did it go?

Hon. Mrs. Smith: — You know, with all due respect to the member, this is the Department of Energy and Mines estimates, and I would refer him to the *Estimates* book, '89-90, Mr. Chairman. There's nothing in here on Saskoil, and yet he demands of the Department of Energy and Mines, Sask Oil and Gas. And will all due respect to the member, the last thing that I don't need in this House is a lecture from this one, from this one in particular.

Now, Mr. Chairman, I'm quite willing to write a letter or phone Sask Oil and Gas on behalf of that member from Regina and ask for the information that he would like. I will do that for him. I will try and do it in the morning . . . (inaudible interjection) . . . Well he says I should know that offhand. Why should I? I ask you: offhand, why should I?

Have you asked any questions about the 20 per cent-plus equities that the province has in Ipsco? Do Ipsco estimates come in this House? Who are you trying to kid? I don't believe it. I mean, you're smarter than that, so don't play dumb in here with those kinds of positions. It's not credible.

Mr. Solomon: — Well, Madam Minister, you can stand

there and call individual members names; that's usually the procedure of a very incompetent person to dig themselves out of a hole, and I think that's the procedure you're using. But I want to remind you, Minister, that on the order in council, which appoints the members of the board of directors on behalf of the people of Saskatchewan, is your signature. Now maybe you've resigned your position as Minister of Energy and Mines in the last half-hour; I haven't heard. But if your signature was on that order in council and the minister's signature is on the order in council before you, there should be some accountability for that equity in the province's, at that point, controlled Sask Oil and Gas Corporation.

But, I want to refer . . . I mean, here we have Sask Oil and Gas Corporation, 1986 *Annual Report*, and they've got pictures of some of the executives. One picture is in front of J.R. Ewing; another four or five executives have a picture taken in front of John Wayne when he appeared in the movie *Hell Cats*, the life of Red Adair; and we have another picture of four or five executives in front of Jed Clampett, from the *Beverly Hillbillies*. And I was wondering why they did these little pictures in the annual report, and it seems to me that they got it right on the third one, that we have a government that is running the province like Jed Clampett and the Beverly hillbillies.

And all we have from you is a response by saying, don't ask me the questions; I only signed the order in council that appointed the directors to the board. Don't ask me any questions. I'm surprised they didn't have the picture of Jed Clampett superimposed over the minister's picture, because I think that would have been the reflection of the accountability we have in this House this evening, Madam Minister.

Now I want to get back to the Saskoil. We have a corporation that invested in a corporation, the people of Saskatchewan has. The government of Saskatchewan is the body that is holding it in trust. We have had this government, your government, Madam Minister, say in this House that you don't know what's going on with that corporation. We've seen Sask Oil and Gas Corporation go from a 60 per cent public control and ownership in an equity position by the government to where you've been quoted as saying we're down to 25 per cent.

And I'm wondering if you could perhaps come up with some answer as to how we got there. What did we exchange for 35 per cent control of this corporation? And I want to know where that value is right now, whether it's in a treasury, whether it's at Crown Management Board, or whether there was no value given in lieu of control of the corporation.

Hon. Mrs. Smith: — I can't answer the question in terms of the pictures.

An Hon. Member: — Pat, get that smile off your face.

Hon. Mrs. Smith: — Well it is rather funny if you think about it, you know — Jed Clampett, 1986.

I have no idea, I have no idea, Mr. Chairman, how the pictures in the report came about. But I would say this to the member: I want him to go back and I want him to read

the 1978 report, and I want to see what picture is portrayed in there of the chairman of the board.

I'll tell you what it was, Mr. Chairman, the emphasis wasn't Saskatchewan, the emphasis was Alberta, and it's right there, clear as a bell — 1978, Mr. Chairman. So the member can read 1986, tell him to read all of them, and he might get a clearer picture of it.

Mr. Chairman, these estimates once again are Energy and Mines, and the member has another forum in terms of asking questions of what ministerial responsibilities are, and that has to do within question period.

As a citizen of this province, a member of the government, he also has another one, and that's at the floor of the annual meeting of Sask Oil and Gas. Those are all open, that they are not part of the estimates that we are doing tonight with the Department of Energy and Mines. This department does not deal with the corporation of Sask Oil and Gas. Mr. Chairman, I can't state it any clearer than that.

Mr. Solomon: — Well, Madam Minister . . . Mr. Chairman, the minister is saying that she is not responsible, nor is the government responsible, for any equity that they hold in the Sask Oil and Gas Corporation.

The orders in council that have been signed to date have been signed either by the minister here this evening — the Minister of Energy and Mines — or a combination of the Premier and the minister, or the Acting Minister of Energy and Mines, and yet she is saying that this government has no responsibility with respect to Saskoil.

Well since 1986, Madam Minister, when we owned — you and on behalf of the people of this province — owned 60 per cent of this corporation, we have come from a 60 per cent equity position, control of the corporation in essence, six directors of a 10-member board appointed by you and the Premier by Executive Council; signed orders in council, signed by your hand, and you are saying that we do not have any responsibility to answer questions with respect to Saskoil.

Well since 1986, this corporation, Madam Minister, has issued new stock on a regular basis. And they've issued new stock in one circumstance to set up a holding company to sell off its assets and to lease back the assets; \$80 million, I believe, it was worth.

They sold off another bulk of shares most recently on the Toronto Stock Exchange through three capital corporations. It was a bought deal; there were 10 million shares sold for \$97 million, approximately. These shares . . . it was a bought deal in the sense that the shares were already sold to individuals and pension funds and corporations, but they were handled by three capital corporations on the Toronto Stock Exchange.

And, Madam Minister, what we have seen is we have seen the equity of this corporation go from 60 per cent controlled by the government and the people of this province, down to 25 per cent through the various issuance of new treasury stock for not one penny in return for the loss of that equity.

And I'd like the minister to stand in this House tonight and say to us that she is prepared to again give away a Crown corporation, 35 per cent of a Crown corporation and the majority of that Crown corporation — and her government would be prepared to do so — for nothing. Are you prepared to do that again? You've done it for Saskoil.

And I'm wondering, if that's going to be your policy, what's going to be the next sell-off? Is it going to be SaskEnergy? Is it going to be the Potash Corporation of Saskatchewan you're going to give away in the same circumstance? How do you explain this give-away of Saskoil?

Hon. Mrs. Smith: — Well, Mr. Chairman, the picture gets a little clearer, you know — why Sask Oil and Gas? Now we're into Sask potash, SaskEnergy. I ask again: why doesn't the member want to talk about Ipsco — 20 per cent, the Saskatchewan government has in Ipsco, but I don't see the member raising one point on that particular item.

I did not, for the member's benefit, state that he did not have a responsibility to ask questions. If he chooses to ask questions, that's his privilege — that's his privilege.

An Hon. Member: — And you should answer them.

Hon. Mrs. Smith: — Well, and the member from Regina Elphinstone, from the seat of his pants, wants to get in on the debate too, as usual — as usual, Mr. Chairman. That's okay.

But I say again, this is the Department of Energy and Mines estimates. There is nothing in here that indicates Sask Oil and Gas. And if the member wants to get into questions on Sask Oil and Gas, I've given him options as to where that information will come from. If he wants to get into it in question period tomorrow, I would be delighted.

Mr. Solomon: — Well, Mr. Chairman, and Madam Minister, I can stand up in question period and ask you a question and you can talk about everything but the answer. That's the same tactic you're using this evening. Rather than stand up in this House and just respond in a frank and courteous manner, you choose to do something very weird. You stand up and say: well don't ask me questions here, ask me questions in some other forum.

The questions I asked at the annual meeting, Madam Minister, pertained to the shareholders of the corporation, both privately and the public. And I can tell you right now that I may have some political differences with your chairman and your president, but certainly they were far more forthcoming than you are this evening.

Some Hon. Members: Hear, hear!

Mr. Solomon: — And I can tell you that the questions I want to ask you, Madam Minister — there's a series of them, so you've got to start answering some of them. I mean, I can stand here all night and I can ask you the questions until you answer them; I can ask you the

questions and wait until you get the answers. It's your choice. But I want you today, this evening, to stand up in this House and respond to the questions with regard to Saskoil.

How do you explain the give-away, the total give-away of 35 per cent equity control of a corporation in return for nothing? The records that I have show that you have not, and this provincial government, this incompetent, Tory government, have not received one bloody dime for 35 per cent equity control of a Crown corporation that's been privatized. Now get with it, Madam Minister. Are we going to have some response from you? Are you going to go through the scenario of what you've done to this corporation, what you have done to an asset owned and controlled by the people of this province, or are you not?

Hon. Mrs. Smith: — Well, Mr. Chairman, I had indicated before, I would be quite willing to get the information for the member out of Sask Oil and Gas Corporation, and deal with it in that manner. I don't have the information. I'm on the estimates of Saskatchewan Energy and Mines. That does not include one dime of Sask Oil and Gas.

(2115)

Mr. Solomon: — Madam Minister, it seems to me and the colleagues in the opposition that the reason you don't want to answer the question is the same reason that we're in the worst fiscal position in the history of our province. We have a \$4 billion operating deficit this government has created in the last seven years. We have the fastest-growing operating deficit in all of North America. We have \$8 billion in Crown corporation capital debt. We've got over \$12 billion of accumulated operating capital debt in this province — no accountability.

The auditor, Willard Lutz, in this House, tabled his report, and said on 46 separate occasions in the last fiscal year, 1988, you broke the law, you weren't accountable, you didn't provide information that you had to provide. And now we see in estimates the Minister of Energy saying: well, I'm not going to answer any questions on Sask Oil because we used to own 60 per cent of it; now we only own 25 per cent; I don't know what happened to 35 per cent, and if I did I wouldn't tell anybody.

Well could the Minister answer one question perhaps: did you sign any orders in council pertaining to the appointment of directors of the board of Sask Oil and Gas in the last 18 months, and how many have you signed?

Hon. Mrs. Smith: — Mr. Chairman, the government, in fact, on behalf of the province of Saskatchewan, does appoint people to the Saskoil board, and yes, that does go through an order in council or through cabinet. I believe there were two names. I would have to get them for the member, and I will endeavour to do that, along with any other financial information that he may want. I do know that he has made a very special effort to go to the annual meeting and ask his questions, and I'm pleased that in fact the chairman of the board and the CEO (chief executive officer) of the corporation did in fact answer the questions. That is their responsibility, and that's one of the purposes of this company being public. There in fact is a forum there for any resident, a shareholder, to go to that

meeting and get the information that they want. I think that's a plus.

Now obviously the member and I are going to disagree on that point also, but that's as I see it. You can stand in here and you can accuse me of doing a lot of things. That's fair ball. That's the way that you wish to do it, well you go right ahead. I will give you all information that is available to me as it relates to my estimates on the Department of Energy and Mines. And if there's anything forthcoming on oil and gas, Sask Oil and Gas, then I have already stated to you several times that I would endeavour to undertake that to get it for you.

Mr. Solomon: — Madam Minister, you are a minister responsible for the appointments of directors to the board of Sask Oil and Gas Corporation. By that very relationship, you are also, according to the pecking order and the responsibilities of a cabinet, responsible for the Sask Oil and Gas Corporation. I'd like to ask you the question related to the board. Who have you appointed to the board in the last couple years, and can you tell this House why you appointed these people?

Hon. Mrs. Smith: — Mr. Chairman, I'm not denying that I have any responsibility for Sask Oil and Gas.

Some Hon. Members: Hear, hear!

Hon. Mrs. Smith: — We agree on one thing tonight, Mr. Chairman, the opposition and I. I am not denying that. What I am saying to the opposition is that in fact that is not within the estimates of Energy and Mines, and that's what is before this House tonight.

Mr. Solomon: — Well, Madam Minister, in 1986 Saskoil issued a number of shares. The Government of Saskatchewan gave up 40 per cent of the company in equity for \$75 million in dividends, which was basically theirs anyway in the first place. I mean, you had built up \$53 million in retained earnings at the beginning of 1985, and you made profits of 40.6 billion in '88.

Now since 1986, Saskoil's issued new treasury stock. The incredible aspect of this move, in my view, is that all the new stock, the new treasury stock, and the major shareholder, has been sold. But the major shareholder, the Government of Saskatchewan, has not purchased, nor have they asked to purchase their rightful share, that is, 60 per cent of all the new shares. At least that's the answer we're getting from you tonight. That's the answer I'm expecting to get from you, because you don't want to answer any questions.

We've gone from a 60 per cent equity position, and I can go to the board meeting, the annual meeting, the annual general meeting and ask the president and ask the chairman of the board about these questions. But the fact of the matter is, Minister, that they don't particularly care if the government loses the equity. Their faces shine and they smile when they see less government control and more control to them as the chairman of the board and the president of the corporation. Because you know better than I can tell you that when you run a company, the less involvement you have from your shareholders, and in particular the major shareholder, the different things are

going to be with respect to running the corporation. And that's the kind of position they're in.

So I can go to the annual general meeting, as I've done, and I can ask the questions, as I've done, and I can get the answers, and they provided them. But the fact of the matter is you're accountable for the equity of the people of Saskatchewan in that corporation. You have not, to this time in the evening, at 9:40 in the evening, responded in terms of how you've accounted for their assets.

And I want to know from you, Madam Minister, how you explain the reduction in equity from 60 per cent down to 25 per cent to the people that you're accountable to, the taxpayers of this province, the Legislative Assembly of Saskatchewan, and the opposition. How do you explain that?

Hon. Mrs. Smith: — Mr. Chairman, I would suggest to the member that if indeed the policy of arm's length of government control on Sask Oil and Gas is one indicator of a successful corporation, then that one is indeed successful. It's been arm's length from government — talks about government control. I'm not sure what he defines as government control or, in fact, what his expectations are.

And I would also suggest to the member that simply because someone owns 60 per cent of that corporation, that they don't, in fact, control it, as he talks about control.

I think the primary concern in terms of the regulatory function, Mr. Chairman, of the Department of Energy and Mines, when it comes to control of the oil and gas operation, has got to be within the ability of the department to, in fact, monitor how much of the commodity is out there; how much they're bringing up; the price of it; and to be able to set a fair royalty structure for the province to determine its fair share that they're getting out of the oil and gas industry. That's one form of control.

If indeed I look at Sask Oil and Gas since it has been put out for public share offering, I look at the increase on those assets — going from 200 and, I believe, it's 65 million dollars, to over \$1 billion today. And I would say to the member that perhaps the best thing that happened to that corporation that it became arm's length from government.

Mr. Solomon: — Didn't answer the question, Madam Minister. You haven't been accountable to date on the estimates.

I'm having second thoughts about the excitement at getting into estimates. At least we had an opportunity during the debates preceding 55 days of getting some kind of answers out of the government, albeit they were a bit short on information.

But here we have, we've gone now for about half an hour on Saskoil. You have denied the fact that you're responsible for Sask Oil and Gas. You have refused to give us an explanation, an accountability on why the corporation has gone from a 60 per cent equity government ownership to a 25 per cent, and why we have

not received one penny in exchange for that equity.

We have seen in every corporate leveraged buy-out on the markets in the last 20 years the selling off of controlling share of a company at a premium. Every corporation that you can look at on the market that's been bought out on a bidding process, a going-concern corporation, has been purchased at a premium, and that is, the controlling equity has been purchased at a premium.

You have said tonight that 60 per cent does not constitute control of Sask Oil and Gas. How does that square, Madam Minister, with your Premier and your minister responsible for the potash corporation saying that we're going to have 55 per cent control of the potash corporation once it's privatized? Are you saying that we're not going to have control over that corporation either, the people of Saskatchewan?

Hon. Mrs. Smith: — Mr. Chairman, three points. Again, and the member will recognize I simply stated I did not deny a responsibility for the government's percentage of the ownership. That's point one.

Point two, I have stated time and time again tonight to him, the information that he requires is not with the Department of Energy and Mines, the estimates that are before this House tonight. Now why is that so difficult to understand?

An Hon. Member: — Because it's not true.

Hon. Mrs. Smith: — The information is simply . . . Well, it is true. To the member from Saskatoon South, it is true, and he knows it as a critic in the past of Energy and Mines. He knows that.

Mr. Chairman, point three. When I talked about the control, there are various ways of controlling. Within this department what we try and control is the monitoring of the activity that's taking place — how much oil is coming up; how much gas is coming up; the price of it; how much they owe the government; how much they get to keep for themselves; the land sales. That is what I meant when I referred to control in terms of the mandate of the Department of Energy and Mines which are the estimates that are before this House tonight.

Mr. Solomon: — Well, Madam Minister, the only conclusion the people of Saskatchewan can get from your explanations, or lack of explanations, is that this seems to be a vehicle in which ministers can fill their pockets with some kind of change.

Now I'm going to continue on with some other questions on this corporation because I think it's pertinent to the debate this evening. And the questions I want to review are the . . . Your government's position in the past about Crown corporations has been that they're inefficient. And I want to talk about the debt and mismanagement of Saskoil in the last little while.

When Saskoil was run by the province the debt/equity ratio was .09 to 1, which is about 9 per cent. They . . .

The Chairman: — Order. Order. The question before the committee is Energy and Mines estimates, and I'd ask the member to relate his questions to the blue book and Energy and Mines estimates.

Mr. Solomon: — In the blues, Mr. Chairman, the Minister of Energy and Mines is responsible for certain and sundry oil and gas initiatives in the province, and one of the responsibilities, in my view, and in the view of the opposition, is with respect to Saskoil. You are the minister responsible.

You won't answer any questions in question period. You won't answer any questions in Crown corporations because you don't come to Crown corporations any longer.

And what I'd like to do is just raise with you a couple of comparisons, Mr. Chairman, and tie them into the blue book. And the comparisons I want to raise is the fact that Saskoil used to be a very profitable corporation. There were a significant number of millions of dollars retained earnings in that corporation. Saskoil paid significant revenues to the provincial treasury as dividends. Yet the corporation was sold off in 1986 for \$75 million.

The minister has said tonight, Mr. Chairman, that Saskoil has an asset base of around a billion dollars now, but what has come with that is that their debt/equity ratio has gone from 9 per cent to 47 per cent since it was privatized. So it has increased over 500 per cent.

(2130)

As well, Mr. Chairman, Saskoil's original objective for return on average capital employed, set in 1981, was to maintain a 14 per cent . . . an average year rolling acreage . . . or average, I should say. This statistic measures the efficiency of management. And now we're looking at, in 1988, in the privatization, that it's at .5 per cent — not 14 per cent — but .5 per cent. In '87 it was 7.8 per cent, and in '86 it was .2 per cent. So the efficiency of the company has decreased substantially.

And I also want to talk to you for a moment, Madam Minister, about the net tangible asset ratio. The company is gone. The net tangible asset, by the way, is the shareholder's equity versus the long-term debt. It's the shareholder's equity versus the long-term debt. And what happened is that the corporation has gone, in a few short years, from a net tangible asset ratio of \$2,300 per 1,000 of long-term debt to almost \$22,000 for every 1,000 of long-term debt . . . I'm sorry, it's the reverse; it's fallen from 21,000 of equity for 1,000 debt to 2,300. So it's fallen to about one-tenth of its initial net tangible asset ratio.

We've seen as well that the company is not an integrated company. It's moving towards that way, but it's doing the opposite of what many oil companies in the province and many oil companies in western Canada are doing. It is taking on, Madam Minister, more debt in times of volatile oil prices. It's taking on, Madam Minister, more debt when interest rates are volatile as well — a very unstable situation.

Every other oil company that you talk to is reducing its debt and consolidating its position with respect to operating costs. And this company is doing the opposite. And so you may say that the company is going to become a one billion dollar corporation. But what's happened, not only have we lost the equity in the corporation for practically zero, if not zero, we have lost jobs in the corporation in this province. Originally the corporation was set up to create jobs in Saskatchewan. We have lost the equity. We've lost the control even through the stock-market with respect to the shareholders that are out there right now.

Mr. Chairman: — Order, order. Order, order. The debate and the point you're making are very interesting, but they don't relate to Energy and Mines estimates. If the member wants to debate this, he should put a motion before the House to debate it. But it doesn't relate to the Energy and Mines estimates that's before the committee tonight.

Ms. Atkinson: — A point of information. Could you advise the House what rule you're quoting from, Mr. Chairman.

Mr. Chairman: — Order, order. The Chair decides relevance.

Ms. Atkinson: — Further point of information. If you can't get it in Crown corporations, the information, and you can't get the information in public accounts, where can you get it, Mr. Chairman?

Some Hon. Members: Hear, hear!

Mr. Chairman: — Order. There's no debate with the Chair. It's not up to . . . Order. It's not up to the Chair to tell a member where they can get the information. But the questions are not relevant to the estimates before Energy and Mines.

Mr. Tchorzewski: — I don't argue with you, Mr. Chairman, that it's not up to the Chair to tell members where to get their information, but I do raise with you, Mr. Chairman, the fact that — I'm not making this personal; I'm talking about the position of the Chair — that the role of the Chair is to be able to interpret the rules.

How can you interpret the rules if you are not prepared to tell the committee what you base your ruling on, Mr. Chairman? Surely one of the purposes that you . . . one of your roles is to be able to justify the ruling that you make.

Mr. Chairman: — Page 171, rule 494:

The whole management of a department may be discussed in a general way when the committee is considering the first item of the Estimates of that department, which reads as . . . (which is item 1).

Order, order. Saskoil is not in the blue book, in the *Estimates*.

Mr. Solomon: — Thank you, Mr. Chairman. The point I was getting to, I hadn't got to the point where I was going to be raising my question, but the point I was going to get to was with regard to revenues to the department through

Saskoil, and that's part of it. The other part of it is that Saskoil is very much a part of the Department of Energy when it comes to revenues. And if you look in the *Estimates* book, if my colleague here would just pass me my *Estimates* book, you'll note that in this book there are items with respect to mineral revenues, item no. 2.

The Chairman: — Certainly, certainly your question is in order on mineral revenues; your question is in order on appointments to the board, but the debate and some of the questions you asked were not relevant, so . . .

Mr. Lingenfelter: — Mr. Chairman, on a point of order.

The Chairman: — State your point of order.

Mr. Lingenfelter: — Could you give us a list of those questions that would be appropriate on Saskoil as they relate to Sask Energy and Mines because I'm having a great deal of difficulty. On some you allowed the member to ask a great number of questions on Saskoil, and then all of a sudden you change your mind and disallow them. Could you give us a list of what you have decided are in order and not in order, because it seems to me you're making very arbitrary decisions.

The member's been asking questions on Saskoil for the past hour and not getting many results. Now the appearance is that you're protecting the minister from answering the questions. I'm saying, how could you allow it for an hour, a broad range of questions, including the appointment of the board of directors of Saskoil, which the minister said that she would take notice of and get back to us . . .

An Hon. Member: — That she didn't know.

Mr. Lingenfelter: — . . . that she didn't know the answer but would get back to us. How are we supposed to know? Where is the accountability? We can't get answers in the Crown Corporations Committee on the issue; we can't get it in Public Accounts. This is millions of dollars of taxpayers' moneys we're talking . . .

Mr. Chairman: — Order. The member's point of order is becoming debate. I have allowed a far ranging of debate and questions and the member was getting off of the question that was before the committee. And certainly on mineral revenues and revenues to the department, is relevant, but other questions are not. I can't make a list. The members ask questions and the chair will then rule on the questions.

Mr. Solomon: — Thank you. Can you, Madam Minister, please tell us who the board members are, recently appointed at the May 11 meeting, and what their qualifications are?

Hon. Mrs. Smith: — Mr. Chairman, perhaps some clarification in terms of what this department manages. It does not manage the corporation of Sask Oil and Gas.

As a member of the Executive Council, members of the Executive . . . Would you like the floor to get into the debate? Well can you wait your turn then. Can you wait your turn?

Mr. Chairman: — Order, order. All . . . Order. Order. All members will get an opportunity to ask questions from their feet without interruption of the minister when she's trying to answer.

Hon. Mrs. Smith: — Well the Leader of the Opposition says he doesn't like some lectures.

An Hon. Member: — Two-bit lectures.

Hon. Mrs. Smith: Yes, two-bit lectures, and he's a good judge of what a worthy cause is, isn't he? You bet, you bet, Mr. Chairman. Mr. Chairman, this . . .

Mr. Chairman: — Order, order. All members . . . I will say again, all members get an opportunity to ask questions in Committee of Finance, and I would ask them that they rise, be recognized, and ask their questions when their microphone is on.

Hon. Mrs. Smith: — Thanks, Mr. Chairman. This department does not manage Sask Oil and Gas. As a member of Executive Council I have been appointed to be responsible for the Saskatchewan government's interest on its percentage of shares of the Sask Oil and Gas Corporation. Mr. Chairman, I don't deny that responsibility, and I have from the beginning of the member's questions stated if he would like that information, give me the questions that he has and I will endeavour to get it from the corporation.

But in all fairness, I have told him time and time again tonight, the management is not within this department. We don't have the information here for him. That will have to come from the . . .

An Hon. Member: — Why not?

Hon. Mrs. Smith: — Because they are not responsible for the management of Sask Oil and Gas Corporation. That's not very difficult to understand. Now in terms of who was appointed, I believe the government appointed Mr. Ron Barber and Mrs. Joan Cook. And if you would like the background on those people, then I will endeavour to get it for the member from Regina North West.

But if he would just lay out a list of the financial information and any other information he wants on that company, I would be pleased to take it and in turn find him the information. But he is not going to find the information with the Department of Energy and Mines.

Mr. Solomon: — Could the minister please tell us whether there are two members of the board appointed by the government, or is there three. You've given us two names: Ron Barber from Weyburn and a person by the name of Joan Cook. Is there a third person?

Hon. Mrs. Smith: — Mr. Chairman, I believe that we've moved from three to two, but in order to be certain, I would want to check that out . . . (inaudible interjection) . . . Well you may be right, but the reason I say that is because a third name does not come to mind this evening.

Mr. Solomon: — Well, Madam Minister, I was at the annual meeting, and there were three people appointed and elected, appointed through order in council by somebody named or titled the Minister of Energy and Mines for the province of Saskatchewan. My question to you is: who is the Minister of Energy and Mines in Saskatchewan?

Hon. Mrs. Smith: — Before the member from Regina North West gets too excited about everything, I would suggest that he give me an opportunity tomorrow to check out the board structure. He will in all likelihood find that George Hill is represented there because of SaskPower and the shares in Saskoil, not as in the official government appointment, as he thinks.

Mr. Solomon: — Madam Minister, did you sign the order in council which appointed the two or three directors from the government to the board?

Hon. Mrs. Smith: — Those are recommended, Mr. Chairman, by myself.

Mr. Solomon: — And under what authority did you sign the order in council?

Hon. Mrs. Smith: — Mr. Chairman, this is the authority of Executive Council.

Mr. Solomon: — In what capacity did you sign the order in council that appointed these directors to the board of Sask Oil and Gas Corporation?

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Hon. Mrs. Smith: — I do them as minister appointed for responsibility of the government's percentage of ownership of Sask Oil and Gas.

Mr. Solomon: — And I'm wondering, Madam Minister, why you appointed these individuals to the board. Did you appoint them to the board because you felt they had the right alphabet on their name? Did you appoint them because perhaps they knew something about oil and gas? Or did you appoint them because they had some dealings in automobiles? Or did you appoint them because they're representing the interests of the people of Saskatchewan on that board? Pick any of the above or anything else.

Hon. Mrs. Smith: — Mr. Chairman, these people are serving their second term on that board. Both Mr. Barber and Mrs. Cook are familiar with the oil and gas industry. Both have worked in it, have had investments in it in the past, and I believe Mrs. Cook is still actively involved in the Estevan area.

I think they serve this board well. I think that they perhaps bring a layman's view to Sask Oil and Gas, and that they represent the people of Saskatchewan in a very good manner, because not all the oil and gas industry is well-known outside of the producing areas, and I think these people have a feel and a vision for Saskatchewan, and that's why they're there.

Mr. Solomon: — You appoint them. You say that they represent the government on the board. Whose interest

do they represent and protect?

Hon. Mrs. Smith: — Well, Mr. Chairman, I've said that they in turn are representing the people of Saskatchewan for the percentage of share ownership by the government. The government, as these people are always telling us, with control of Crown corporations in fact belong to the people of Saskatchewan. They are appointed by the government, Mr. Chairman, that's very clear. But I also said that I think they bring a reasonable view to that board of lay people outside of the oil and gas industry. They come from small producing areas, and I believe that that's important when it comes time for some decisions to be taken by the board of Sask Oil and Gas. They, in fact, do represent the lay person quite well on that board.

Mr. Solomon: — So they represent, through the appointment by the minister, the minister, the Government of Saskatchewan, and the people of Saskatchewan; that's what you're saying. Now their interests are our interests -
_ axiom of equality — a very simple mathematical term we all learned in high school.

And I want to ask you, Madam Minister, therefore, what happens, if you can — since you're responsible for appointing these people, and they're responsible to us, through you — what happens with the 35 per cent equity of Saskoil? What did we get in return for the 35 per cent equity, the drop from 60 per cent to 25 per cent? And where is that value for loss of controlling interest in equity in Sask Oil and Gas Corporation?

Some Hon. Members: Hear, hear!

Hon. Mrs. Smith: — Once again I will state that any specific information the member wants, I will be delighted to get it for him, but I can't give it to him tonight.

Mr. Solomon: — I'm wondering when the minister might be able to obtain that information?

Hon. Mrs. Smith: — The member, all his questions, if he would like to put them on a piece of paper for me tonight . . . (inaudible interjection) . . . Well okay then, I'll wait for *Hansard* to come out in the morning, or tomorrow afternoon, I guess, if it's the night sitting, and we'll get him the information that he wants, Mr. Chairman.

Mr. Solomon: — Madam Minister, we've been in this Assembly 55 sitting days. We gave you another 17 days while we rang the bells to get your act together. That's 72 days. Last year our session was only 69 days length in total. You've had more days already. You've got one, two, three, four, five, six, seven, eight officials with you tonight. Surely one of them should have some idea about an answer on the questions that I've asked tonight pertaining to Saskoil.

Now I'd be happy if you would just take your time and filter through the crowd, ask each of them individually. I'll wait. I've got lots of patience. My family blessed me with lots of patience; you may not know that, but that's a fact. And I'm prepared to wait for as long as it takes for you to get an answer from one of these one, two, three, four, five, six, seven, eight officials in this House.

Madam Minister, can you ask them, please, and get for us, what happened with 35 per cent equity of the corporation that we held and now no longer hold. What did we get in return for that equity? And what did we get in return for that controlling 35 per cent of Sask Oil and Gas Corporation?

Hon. Mrs. Smith: — Mr. Chairman, he can count. We've been in here 55 days. We've had one question — one question — from this member during question period, Mr. Chairman. I believe I have yet to receive a letter from this member with any kind of a question in it. And in fact, when there has been a question to be delivered by letter, it has probably come from the Leader of the Opposition as opposed to the critic of Energy and Mines, which tells us something about the confidence level that the Leader of the Opposition has in the member.

Mr. Speaker, I came here prepared to do the estimates of Energy and Mines. I've already stated these officials work for Energy and Mines, not Sask Oil and Gas. And on the specific questions of Sask Oil and Gas, I will get the information for the member, but I can't deliver it here with the Department of Energy and Mines. I'm prepared to do Energy and Mines; why isn't he?

Mr. Solomon: — Madam Minister, we've established that you are indeed the Minister of Energy and Mines — that took about an hour to get to. We have established that you, as Minister of Energy and Mines in the province of Saskatchewan, appoint certain directors to the board of Saskoil. We've established as well that those people have some accountability to you.

It's widely known in this province, in this country, that the legislature must hold governments accountable for their financial actions and their other transactions.

We're asking you this evening, Madam Minister, whether you want to participate in this accountability process through estimates. You won't do it through Crown corporations. You won't do it through the process of question period. And we're asking . . . and you won't do it through the process of the auditors because you now have private auditors for Saskoil.

I'm wondering, Madam Minister, if you could make note of the questions that I've asked tonight and try and get the information for tomorrow; I'd be happy to wait till tomorrow to get that. And I want to know — and I can ask you more questions if you like — but would you be prepared to do those things for us this evening?

Hon. Mrs. Smith: — Well, Mr. Chairman, I've already stated that I would get him any answers that I could as it related to Sask Oil and Gas. Now if he's not prepared to give me those questions in writing here tonight, I'm going to have to wait until *Hansard* comes out tomorrow afternoon. I've already stated that I would do that for the member, and if he had any others, to jot them down and we would in fact do that.

Mr. Chairman, I would think that . . . you know, for the member to say that they can't get any answers in question period is absolutely ludicrous considering that he has had . . . screwed up his courage to ask one question in 55 days.

Like really, you really have to wonder. He's had 25 minutes every day for 55 days to ask a question, and what do we get? — we got one.

Mr. Solomon: — Madam Minister, and Mr. Chairman, I'll ask you one more time, and if you want to read *Hansard* tomorrow, please read *Hansard*, and if you can't get around to it, have one of your one, two, three, four, five, six, seven, eight officials do the reading.

What I'd like from you, Madam Minister, is this: number one, I'd like you to provide to this Assembly the scenario from when we went from 100 per cent control and ownership of Saskoil to where we are now, including the following: what dates the transactions took place of diluting of equity; what was received for exchange for dilution of that equity; where the money went.

And in particular, I'd like to have some detail from the point where the corporation was 60 per cent controlled through the number of shares by the government, and to the point where we are now where we hold 25 per cent equity in shares in the company.

I'd like to know what we received as a premium for the loss of that control of the corporation; what we received and what we also had with respect to riders or agreements — shareholders agreements — that pertain to our option to buy the same percentage that we owned of treasury stock that was issued for other purposes.

While you're doing that, Madam Minister, I'd like to know how you explain the company issuing 10 million new shares to three corporate bankers to be sold in the stock exchange for \$97 million, and why that \$97 million put us in a position from 35, or thereabouts, down to 25 per cent, yet we received not one nickel of that transaction. Yet the \$97 million was used to purchase a corporation called ICG Resources Ltd in Alberta for \$111 million cash. That means Saskoil topped it up by \$14 million. They took the \$97 million from the revenues of the issuing of the new treasury stock; they added \$14 million to that; they gave it to ICG, Inter-City Gas Corporation, for the purchase of ICG Resources Limited. ICG gas corporation has head office, I believe, in Toronto, or Winnipeg, or both.

I want to know, Madam Minister, while you're going through this process, I want to know how your government explains spending \$111 million cash of taxpayers' money on purchasing ICG Resources in Alberta, an Alberta corporation, to protect Alberta jobs, as well as taking on another \$150 million in debt, in view of the volatile interest rates and volatile oil prices that are out there. Could you get that information for us in the next day or two?

Hon. Mrs. Smith: — Mr. Speaker, I will once again endeavour to get the information for the member.

Just in response to the last part of his question here, I think if he goes back and he, in fact, reads **Hansard** from the one question that he asked several weeks ago, he will find, in fact, that part of the response is in my answer at that point in time. But I will be getting the information for him.

The committee reported progress.

The Speaker: — Order. Order. Will the hon. member please be quiet? The minister from Regina Centre, the member from Regina Centre, please be quiet.

The Assembly adjourned at 9:58 p.m.