

July 6, 1989

EVENING SITTING

COMMITTEE OF FINANCE

Consolidated Fund Budgetary Expenditure
Saskatchewan Water Corporation
Ordinary Expenditure — Vote 50

Item 1

Hon. Mr. Swan: — Thank you, Mr. Chairman. As staff tonight I have Vern Fowke, the president of the Sask Water Corporation, Dave MacLeod, vice-president of the water corporation, and Wayne Phillips, vice-president in charge of finance.

Mr. Calvert: — Thank you, Mr. Chairman. Mr. Minister, I want to, with you, welcome your officials here tonight, and to welcome them to the examination of the estimates for the water corporation.

Mr. Minister, just by way of preface I'd want to say that I'm sure that all members in this House will agree that water is a very precious resource, precious anywhere on this globe, but particularly precious here on our prairie. If we were not aware of that, surely we are aware of that now after the number of drought years we've seen in this province. And it is the responsibility in this province of the water corporation to be the manager of that precious resource.

I would also want therefore to say, just at the outset, that myself and other members of this side of the House are supportive of the concept of a water corporation. Let there be no mistake about that. We are supportive of the work that is set out to be done by a water corporation in this province. And if I could just add a little personal note to that, Mr. Minister, I would again want to welcome the presence of the water corporation headquarters in the community of Moose Jaw, and its staff and officials.

Tonight, Mr. Minister, we are here to examine the estimates of the water corporation. By my reading of the blue book, we are here to look at about \$22 million in direct funding from the Consolidated Fund of the Government of Saskatchewan for the work of the water corporation, and in addition, to some 66 or \$67 million in loans and advances, and so on. So we are talking tonight about somewhere in the neighbourhood of \$90 million, a very significant amount of money, and it is in this forum that we in the opposition are responsible to question the activities and the spending of that kind of money, which is all public money, as you well know.

And so, Mr. Minister, tonight in the examination of these estimates, there are a number of areas that I hope that we can consider and they would be as follows, with perhaps some others as occasion demands and arises.

I would like to spend some time tonight, Mr. Minister, talking about the Qu'Appelle River system, and events and activities around that system, and responsibilities and activities of the water corporation in regard to the Qu'Appelle system.

I would like to talk about irrigation projects, one in particular and irrigation projects in general. I'd like us to return again and discuss further the situation regarding Old Wives Lake, the tragic situation of the blowing salt at Old Wives Lake; again, to spend some time, perhaps, tonight, talking about your relationship with the C&D (conservation and development) associations in the province, some very specific activities of the water corporation; to discuss some issues surrounding northern Saskatchewan; and perhaps also to take some time to discuss water conservation in our province. So we have a full agenda ahead of us, Mr. Minister.

To begin, I would like to have us look at the Qu'Appelle Valley system. Mr. Minister, as you well know, or should know, in the summer of 1987, the summer of 1988, home owners and cottage owners along the Qu'Appelle system — I refer to Buffalo Pound Lake, the Fishing Lakes, Round Lake, Crooked Lake, along the whole system — cottage owners, home owners complained, and rightly so, about the amount of algae in the lakes, the weed growth in the lakes, which has become horrendous over the last two years, in some situations making the enjoyment, the recreational enjoyment of those lakes, almost impossible.

So, Mr. Minister, my first question tonight is regarding that problem in the Qu'Appelle system. I would appreciate some comment from you as to the factors that you and the water corporation see as contributing to that problem over the last couple of summers, and what studies you are currently or have undertaken or are currently undertaking to deal with that problem in the Qu'Appelle lakes.

Hon. Mr. Swan: — The problem that you raise with the algae and weed growth in the Qu'Appelle River system, and in those lakes in particular, I think the hon. member realizes that the Qu'Appelle chain of lakes are situated in an area of fairly rich farm land. Much of the drainage basin that provides water to the Qu'Appelle does come from farm land around the Qu'Appelle Valley. There's also some water that is pumped from Lake Diefenbaker and goes through Buffalo Pound and that route, down through to the Qu'Appelle.

One of the main problems that we see and have seen for some time is that the lack of moisture the last number of years, the declining amounts of rainfall that Saskatchewan is receiving, has caused these lakes to be lower level of water than normal, and that in itself does cause some difficulty with algae and with weeds. Perhaps the best solution that all of us could hope for would be a normal snowfall and extra rain so that the system could be flushed out. But there is no immediate answer to the algae and weed problem that we have been able to identify. The water corporation itself would not be directly involved in that. That would be more Environment. But there is no identified solution to that serious problem at this point.

Mr. Calvert: — Mr. Minister, is the water corporation currently undertaking a study of this problem? Is this an issue being dealt with within the water corporation? Is there any investigation or study or planning being done to deal with this problem currently?

Hon. Mr. Swan: — There is no study being done at this time. That problem has been a long, long time problem, and it goes up and down with the amount of rainfall and snowfall. So there is really no study being done at this time that would provide the assistance that that community would need.

Mr. Calvert: — Mr. Minister, would you agree that part of the problem is a result of nutrients being brought into the system, whether it would be through run-off of fertilizer from fields or through human and household wastes being put into the system? Is that a contributor to the problem?

Mr. Chairman: — Order, order. Could I just bring the attention of the Assembly to order, and the fact that it's difficult for speakers and difficult for the minister to respond when members of the House are constantly interrupting. And rather than face what we did a couple of nights ago, I'd appreciate co-operation right at the beginning.

Hon. Mr. Swan: — The problem that occurs always with algae and weed trouble is the nutrients that flow into the lakes from surrounding land or from other sources.

Now the city of Regina does have its sewage lagoons that could contribute, but they have put in tertiary treatment in the Regina system which has improved the effluent that is released into the Qu'Appelle system. The Moose Jaw area has had some of the same problem, and they are working very carefully to try and improve the quality of the sewage from that source.

But I think that you realize the feedlots along the Qu'Appelle have also been some problem to that area, and we have over the last number of years been trying to reduce the amount of new feedlots that are licensed to go ahead along the Qu'Appelle because of this concern. But there's no new remedies immediately available at this time.

Mr. Calvert: — So we are agreed then, Mr. Minister, that at least part of the problem has to do with nutrients in the water and some of those nutrients coming from human household waste from the cities of Regina and Moose Jaw.

Is it true, Mr. Minister, that in December of 1987 that you, sir, authorized a flushing of the Moose Jaw lagoon system into the Qu'Appelle River system? Is that accurate, Mr. Minister?

Hon. Mr. Swan: — The staff that I have here tonight would not have any knowledge of that. That would be controlled by the Department of Environment.

I believe that the hon. member should know that the bulk of the sewage from Moose Jaw is used for irrigation. I don't recall personally whether there was a release. There may have been, but I would have had to have that question during Environment estimates. I don't have the staff here for that.

Mr. Calvert: — Well, Mr. Minister, I'm fully aware that much of the effluent from Moose Jaw is used for irrigation.

It is my understanding that in fact the flushing of the Moose Jaw lagoon system was undertaken in 1987, December of 1987, moving into that system the human waste and so enriching the nutrients in that system.

And so we see the problem only expanding in the summer of 1988. When we get to the month of June — and you will recall last June when it was so extremely hot — with that kind of hot weather, with that kind of nutrient in the water, what we see, particularly in the Qu'Appelle lakes, the Fishing Lakes, is this massive growth of algae and weeds.

Mr. Minister, just so that I'm clear about this in future, when that kind of project is undertaken, is Sask Water not informed or consulted before it happens?

Hon. Mr. Swan: — I'm advised that normally the water corporation staff would be informed, but they would have no control over what would happen. But it wouldn't likely be these particular staff members; it would be the east central region, likely, that would be informed at the time.

Now they indicate to me it would be most unusual if this happened in the early winter.

As you indicate, they say that normally any release into the system happens when there's high water run-off in the spring. So I can't give you more answer than that. I could maybe undertake to ask the Department of Environment if this occurred, but I really don't have any answer here for you tonight.

Mr. Calvert: — Mr. Minister, I would appreciate it if you would find that information. Thank you.

Mr. Minister, the channel that runs from Buffalo Lake, did the water corporation in the past number of years undertake to deepen or widen or to work on that channel that leaves Buffalo Lake towards the Qu'Appelle lakes?

(1915)

Hon. Mr. Swan: — I'm advised that there was no drainage work or ditch widening or anything of that nature near Buffalo Pound, but from No. 6 Highway east to Pasqua Lake there was work done on that channel in 1987, I would guess. It was done in about a three-year period. I think it was finalized in about '87.

Mr. Calvert: — Mr. Minister, can you tell the House why that project was undertaken, why that work was done.

Hon. Mr. Swan: — I'm advised that the work that was done followed the federal-provincial study that was done of the Qu'Appelle system, and that area of the river, as you would call it, had been so congested that the water was flooding the farmers' land in the valley. It was after that study that this problem arose, or was identified, and so they proceeded, with the co-operation of the federal government, to have that particular area cleared so that the flow could be more normal.

Mr. Calvert: — Mr. Minister, could you inform the House who did that work. Perhaps I can combine a number of

questions: was that work tendered at that time and, if so, who received the tender? Who did that work and how much did it cost the water corporation to have that work done?

Hon. Mr. Swan: — I'm advised that the work was tendered and it was approximately three and three-quarter million in cost. We don't have the exact figures. I think to give you the name of the contractors . . . There were several, so it might be better if we give you the actual contractor that got the different projects and the amount of money that each contract cost.

Now it was approximately three and three-quarter million and the federal government reimbursed half of that. So I will undertake to provide that information, but we certainly don't have it here.

Mr. Calvert: — Thank you, Mr. Minister. Again, I would appreciate that. In terms of this project, were there any costs associated to the river system, and I mean costs like in terms of lost habitat for wild fowl, fish spawning areas? Was there any cost to the river system itself in that regard, Mr. Minister?

Hon. Mr. Swan: — I'm advised that there was no wildlife habitat replaced, but there was fish mitigation works undertaken to replace some of the area that they thought might have been damaged as a fish spawning area. I don't know whether today you would call that fish mitigation or fish enhancement, because I think we've gone far beyond the capability that was there before. There's been something in excess of a million dollars spent in that project and it will likely provide more fish now than they've ever had in that system.

Mr. Calvert: — Mr. Minister, in terms of the level of the lakes, you said earlier that because of lower than normal rainfalls the level has fallen on the Qu'Appelle lakes. Has there been any intentional lowering of the level of the lakes undertaken by the water corporation? And perhaps into this question I could include Last Mountain Lake. And I would like to go back, not just to last year, but over the past four or five years. Has there been a lowering of the level of those lakes at any point during the year, specifically undertaken by the water corporation, other than normal rainfall loss?

Hon. Mr. Swan: — I'm advised that there are ranges established in which the water level is maintained and these have been established over a long period, something like 25-year term. And those lakes are operated within that range. During these drought years, they've been at the lower portion of the range, but in a normal moisture year, they would come back up into the higher level of the range. And I'm also advised that each fall, for about 25 years, those lakes have been drawn down so that they could more adequately meet the spring run-off when it happens.

So they're operated, I guess, the same today as they have been over about a 25-year period.

Mr. Calvert: — So, Mr. Minister, you're saying that in these past number of years, the usual practice has been adhered to that in the fall the lakes have been drawn

down even though we have been in this period of drought. In this period of much less than average run-off you continue to lower the level of the lakes in the fall. Is that true?

Hon. Mr. Swan: — I'm advised that they're never drawn down below the low level that is in that range. But because they are small lakes, if you don't have that happening in the fall, then you have flooding of the cottages in the spring, and that's the reason for the water management in the form that is used.

Mr. Calvert: — Well, Mr. Minister, it is in fact cottage owners and those who have residences along the Qu'Appelle and up at Last Mountain that I raise this issue, because it is they who have raised it with me.

Mr. Minister, I draw to your attention one very specific case and that's the case of Mr. Gerhard Walter up at Last Mountain Lake, Strasbourg Beach. It's a name that may be familiar to you, sir. I know he has corresponded . . . I have a thick file of correspondence here; I have some photos of his property. He is an elderly gentleman who has invested most of his life savings into his own home on the lake shore and an adjoining property that he hoped to develop for rental purposes.

Mr. Walter indicates that the level of Long Lake has fallen significantly, has been lowered significantly throughout the 1980s, and because of this lowering . . . In fact, his property, there's been slumping and his property has been severely damaged. Mr. Minister, I've visited his home and I've seen some of that damage.

Because the lake level has been lowered, would it be the position of the water corporation that some compensation should be due to people like Mr. Walter on Last Mountain?

Hon. Mr. Swan: — I think that the member is crossing two things here and it's a little difficult to give you answers.

When you talk of Last Mountain Lake, it's not drained down. That's the normal amount of water that is in Last Mountain Lake. It just isn't getting enough rainfall. It's the Qu'Appelle chain that are drained down each fall because of those lakes being so small. Last Mountain is quite a large lake and it can handle fairly large amounts of water.

Yes, I've heard of Mr. Walters' difficulties, and the engineering study that was done there indicate that he built on a fault that is a problem along that particular lake, and the damage to his cabin would likely be caused by the normal movement of land in that area. You may or may not realize that the Kannata Valley area is where Mr. Walters is established, in that region, and when an additional area was proposed for cottage development that was refused after a very intensive study was done, because that land does slump badly and it's not wise really to locate cabins in that type of soil.

Mr. Calvert: — Well, Mr. Minister, there are any number of homes and cottages on that portion of the lake, any number of them. Mr. Minister, are you saying in your answer tonight that the Last Mountain Lake has not been

lowered; that no works have taken place that would lower the water level of Last Mountain Lake?

Hon. Mr. Swan: — No, Last Mountain Lake is operating on the water that would normally flow into it. It's just that it hasn't been getting enough water in the last few years.

Mr. Calvert: — Mr. Minister, if we can for a moment, go to Buffalo Pound Lake, and this question I guess would apply to any of the Qu'Appelle lakes. If there is to be a commercial or cottage development on the lake, is there a requirement from the water corporation before any of those developments take place, and I mean in terms of location of buildings in relation to the lake, to the water line, and the high-water line? Is Sask Water involved in giving approval to any projects like that, or developments?

Hon. Mr. Swan: — I'm advised that it's Urban Affairs that normally would deal with that issue, but they do contact the water corporation to ask them what level would be safe to build at, and the information is provided to Urban Affairs through the water corporation. But we really don't have the jurisdiction in the water corporation to decide whether or not they can build at that level. That's still left to the community planning division of Urban Affairs.

Mr. Calvert: — Mr. Minister, has the water corporation received from Urban Affairs, or from any other department of the government, any requests for advice, I guess, in terms of a commercial development on Buffalo Pound Lake in recent weeks or months?

Hon. Mr. Swan: — They advise me that they haven't been made aware of anything at this point. If you're aware of one, you maybe should let them know. But no, they haven't been notified of one.

Mr. Calvert: — Mr. Minister, I'm aware that the Department of Rural Development is offering for sale, or has offered for sale, a piece of Crown land on Buffalo Pound Lake near the causeway end of the lake. I understand that they are making application that it be zoned for commercial purposes.

Perhaps, Mr. Minister, I could give you the land description, and I would ask you to commit that if in fact you could let me know if any application has been brought to the water corporation for development on this piece of land. Mr. Minister, the land description is SW 20-20-26 W2, R.M. 190.

Mr. Minister, I would be very interested to know if the water corporation has looked at this piece of property to provide any advice in terms of a commercial development for that piece of property, and I would ask you to commit to do that.

Hon. Mr. Swan: — My staff will check that land, but as far as they know there's been no request for advice on that at this point.

(1930)

Mr. Calvert: — Mr. Minister, in your estimate for spending in this budget, is there any money included in

that budget to continue the Moose Jaw River study, a study that was undertaken some years ago, had a beginning, it had a very promising beginning, and then lost its funding? Is there any money in this budget to continue that Moose Jaw River study?

Hon. Mr. Swan: — No, at this time there is no additional money intended for that study to continue. There was a fairly major study done on that.

Mr. Calvert: — Mr. Minister, as you know, it was just an initial study that was done, and if the study is to prove of any benefit, it needs much, much further work. Mr. Minister, why are you not continuing in that study, in that work for the Moose Jaw River?

Hon. Mr. Swan: — Understand that there was the rural municipality, the Wakamow Valley Authority, and the water corporation who jointly were involved in the study that was done. We haven't had a request from the Wakamow Valley or the rural municipality to put forward more funding. Like, they haven't come up with their funding, nor have we come up with additional funding.

Mr. Calvert: — Mr. Minister, are you not willing to take a lead in this matter? Are you not willing to have the water corporation take the lead in this matter and see that it carries on?

Hon. Mr. Swan: — Well we've been through some very difficult years in the last few years in Saskatchewan. I think that we felt our priorities were perhaps much better directed to the assistance for well drilling, digging of dug-outs, providing assistance for pumping for communities that were short of water — that type of expenditures rather than a study at this point. Now there may be no problem doing the study in the future, but sometimes you have to establish priorities, and that was the priorities that our board felt were most important under these very dry conditions and times when many communities were indeed running out of water.

Mr. Calvert: — Well, Mr. Minister, from the point of view of the community I represent, the study of the Moose Jaw River would be a priority. And if in fact we're blessed with the higher rainfalls this and in future years, and we have returned to some average run-off, I would want you to again look at this as a priority and to give it your consideration as minister and to have the water corporation take the lead on the thing.

Mr. Minister, I would like to talk a little bit about one irrigation project that comes off the Qu'Appelle system, that being the Rocky Lake irrigation project, I think it's described as, the Rocky Lake project, the Rocky Lake Water Users' Association. It's an irrigation project just north of the community of Belle Plaine. I believe that project was installed in the summer of 1986. Mr. Minister, as I read the requirements for an irrigation project, I read that under assistance programs provided by Sask Water, that a preliminary feasibility study and analysis will be done by Sask Water, an analysis that would include an analysis of water availability, soil suitability, basic system costs, and so on. Mr. Minister, did you in fact as a water corporation do that preliminary feasibility study on the Rocky Lake project?

Hon. Mr. Swan: — I'm advised yes, that it was done.

Mr. Calvert: — Mr. Minister, could you make a copy of that feasibility study available to me.

Hon. Mr. Swan: — I'm advised that it's not a large, bound document or anything that's done. The soils people from our irrigation branch at Outlook would come out and check the soils, then we'd use the other divisions of the department, or of the water corporation, to do the evaluation of the water and all of those different issues. So what we could provide to you, likely, is the letters or memos that would be the kind of information the department uses to make that decision. We could provide that.

Mr. Calvert: — I would appreciate that, Mr. Minister. In doing your feasibility study on this particular project — remember, all the water for this project is coming out of the little Qu'Appelle River — what led you to believe that indeed the water availability was suitable in the Qu'Appelle River in these years for this kind of . . . And this is not a small irrigation project, Mr. Minister. You as a Crown corporation invested a million of taxpayer dollars into it. I think the total cost of the project was something in the neighbourhood of 1.6 million. It's not a small project.

In your initial feasibility studies what led you to conclude there was ample water in the Qu'Appelle for this kind of project at that location?

Hon. Mr. Swan: — Probably the Qu'Appelle River on an average year would have enough water, but because there is the connection to Lake Diefenbaker that we can increase the flows to come down through if it's necessary, they felt that the project then was safe to go ahead with, with that kind of back-up water supply.

Mr. Calvert: — Mr. Minister, last year in the situation of extreme drought that we had, was it your conclusion that there was enough water then in the Qu'Appelle for that system to be functioning?

Hon. Mr. Swan: — They advise that yes, there was enough water last year to provide the needs of that irrigation project and to provide water for the city of Moose Jaw and water for the city of Regina; that because of releases they make from Lake Diefenbaker, that kept that supply in place.

Mr. Calvert: — Mr. Minister, when you're doing your feasibility study on an irrigation project like the Rocky Lake project, is it part of that initial feasibility study . . . Is it indicated in that study which varieties of crops will be irrigated with the project? Is that part of that feasibility study?

Hon. Mr. Swan: — I'm advised that they quite often consult the farmers as to what they intend to grow, but there's no way that we go in and dictate what anyone should grow. They have to grow the product that is the most viable for the operation that they're going into. I think in this particular case, they have a large hog operation and they have quite a number of cattle. So they grow a lot of barley and quite a lot of alfalfa in that

particular operation.

Mr. Calvert: — Mr. Minister, my understanding of the operation is that they're primarily growing potatoes and irrigating wheat, with some forage crops, Mr. Minister. Is it the view of the water corporation that it's advisable for an irrigation project to be built to irrigate wheat?

Hon. Mr. Swan: — That's not normally the best crop to grow on irrigation, but as I told you, we don't dictate to people what they should grow. I think that farmers are fairly capable of assessing which crop is going to produce the best returns in their operation. And they have a big investment as well, so they're going to have to make that pay, otherwise the farm itself would not pay.

And I think in the case of this particular group, you'll likely find that they are doing reasonably well on the crops that they are producing over . . . They may grow wheat as a crop in rotation, but they won't likely grow wheat all the time, by any means.

Mr. Calvert: — Mr. Minister, do you monitor a project after it's been put in place? After you've spent a million of the taxpayers' dollars on a project, do you monitor what's happening out there on a project like this Rocky Lake one? Do you follow its progress after the works are completed?

Hon. Mr. Swan: — I'm advised that our extension division work with the people. They go out and have a look. They offer assistance in any area that the assistance is asked for, but we can't impose our will upon the actual farmer. He owns the land. It's his job to operate it. We can help him with technical advice, but that's as far as we are really allowed to go.

Mr. Calvert: — Mr. Minister, an irrigation project requires a licence to operate. Are you aware, Mr. Minister, that last summer this particular irrigation project ran day and night throughout the course of the spring, the hot month of June, and perhaps into early July? Day and night on the hottest, windiest days of the summer, those pivots were going.

Are you aware, Mr. Minister, that somewhere last summer the entire wheat crop that had been irrigated from spring was ploughed under — was just ploughed under as lost?

Mr. Minister, can you describe that as a good use of public money, that we've put a million dollars into a project like that, to irrigate wheat, that somewhere mid-summer the entire crop is ploughed under?

Hon. Mr. Swan: — I think if the hon. member were a little more familiar with agriculture it would help him in understanding what's happening there. When you have the kind of heat and wind that we had last summer, I think every irrigation pivot that we had available, that could operate, ran 24 hours a day because the needs of the plants were taking up moisture faster than the moisture could be put out by the irrigation equipment. I'm not aware that they ploughed anything down. If they did, that would be a very costly year for them. But I know that there were very, very many crops ploughed down all over this

province.

And when we provided assistance to them, they indicated they were going to grow a lot of alfalfa, they were going to grow some potatoes, as you indicate, and they will be growing some barley.

And if they produce barley and feed it, and produce alfalfa and feed it, that value added side of the project is likely what makes it the most viable type of irrigation project that you could ever put your money into. I would stake my own capital on that kind of an investment if I were making it, that those particular people will do extremely well irrigating in the manner than they are now.

Mr. Calvert: — Mr. Minister, before a project like this goes ahead, I understand that an approval to construct the works must be given by the water corporation. Was an approval to construct works given for this particular project?

Hon. Mr. Swan: — Yes, an approval was given, otherwise they wouldn't get their grant to go ahead.

Mr. Calvert: — Well, Mr. Minister, can you explain to me the difference between an approval to construct works and what is described as a long-term approval to construct works?

Hon. Mr. Swan: — I'm advised that they give an approval to construct works and an approval to operate. That's the two approvals that are given.

Mr. Calvert: — Well, Mr. Minister, in a letter from yourself to myself regarding this very project, you say to me, sir, regarding this particular project:

A long-term approval to construct works is yet to be issued, subsequent to as-constructed project plans being prepared and all the requirements of The Water Corporation Act being complied with.

(1945)

The project was in place and operation two years before I wrote you about it, Mr. Minister. Now can you explain to me then why no approval to construct works had yet been issued?

Hon. Mr. Swan: — I don't know whether the hon. member realizes that this particular project is in a very major expansion mode at this time and that's why you probably get two ideas; one is that they had approval before for the first project. They are now going ahead with the second phase of the project, and it's a fairly large expansion.

Mr. Calvert: — Well, Mr. Minister, has an approval to operate the initial project — which is the project that I am familiar with, that we were talking about, in which the Saskatchewan Water Corporation placed \$1 million — has the approval to operate been given to that project?

Hon. Mr. Swan: — I'm advised that, yes, it was given.

Mr. Calvert: — Mr. Minister, when we invest a million dollars of taxpayers' money in a project like this, is there any requirement that some of that money or all of it or much of it should be spent within the province if at all possible? And I mean in the purchase of the pipe.

Hon. Mr. Swan: — Wherever possible we buy Saskatchewan. There are some things like pumps that are used in irrigation and some of the electrical equipment that is not available. Certain types of pipe were not available in Saskatchewan up until this spring. Like, if you're going to use the concrete reinforced pipe, then we had to bring it from outside of the province. Now they have a plant in the province to produce it. But we use the Buy Saskatchewan agency and, as much as possible, use Saskatchewan product and Saskatchewan people.

Mr. Calvert: — Mr. Minister, on this particular project was the pipe purchased in Saskatchewan or was it purchased outside of Saskatchewan, or outside of Canada?

Hon. Mr. Swan: — I'm advised that in this project the people that were actually doing the project, the Hutterite colony, would have tendered for their own pipe supply, so we wouldn't have direct involvement in that part of it.

Mr. Calvert: — Well my information is, Mr. Minister, that this pipe in fact came from the United States. And again I would want to make the point, if we're spending this kind of money of taxpayers' dollars, I think some provision ought to be in place where that kind of dollar is spent in Canada.

Mr. Minister, in terms of the assistance programs, prior to a project like this being undertaken, I note that Sask Water will provide engineering and technical assistance that would also involve surveys, survey work. Was survey work done for this project by Sask Water?

Hon. Mr. Swan: — My staff don't recall whether or not it was done internal, but they say about 99 per cent of the time that the survey work and the engineering work for projects of that type are done by an outside consulting firm, not by internal staff.

Mr. Calvert: — Mr. Minister, was there a survey done on this project before it was undertaken, if not by Sask Water, by an outside firm?

Hon. Mr. Swan: — My staff are not really sure what you're asking when you say a survey. What are you looking for? Could you be a little more specific?

Mr. Calvert: — I was talking about a land survey so that when the project is put in place . . . And let me say this, Mr. Minister. I think you're fully aware that in the case of this project the pipe actually ended up on a neighbour's land. It ended up on a fence line that wasn't true to the survey.

And so I'm wondering if a survey was done, and if it wasn't done is it the policy that these projects can happen without a survey being done?

Hon. Mr. Swan: — If you're talking about ordinary land

survey to find out who owns which piece of land, no, we don't do that kind of work. We wouldn't be expected to. Any owner of a piece of property should know where his boundaries are. If he isn't, then he should hire a qualified surveyor. But it's not us.

Mr. Calvert: — But, Mr. Minister, if someone is going to install an irrigation project that will be travelling some distance, is it not reasonable to assume that some survey work will be done to ensure that in fact the project does not fall on someone else's land without their knowledge or permission?

Hon. Mr. Swan: — The owner of the property to be irrigated, or the access where the pipe would follow, has to get land control or clearance to travel through the land. That's not something that Sask Water would be involved in; that's a personal matter with the farm that's involved. It wouldn't be our job.

Mr. Calvert: — Mr. Minister, I guess the point and what I'm trying to say is that it seems incumbent upon the water corporation that once this kind of money is to be spent on a project, that the utmost care should be taken in the building of the project; and that because so much public money is involved, that surely the Sask Water, the corporation, and the government, should feel some responsibility to ensure that the kind of thing that happened out near Belle Plaine doesn't happen — and that once a project like this is in place, that it be closely monitored to see that in fact the benefits are accruing that were expected.

Mr. Minister, do you have any indication about . . . of how much water would have been used by this project last year?

Hon. Mr. Swan: — They don't offhand have that information with them, but they could certainly get it and provide it to you.

Mr. Calvert: — Thank you, Mr. Minister. I want to move on from the Qu'Appelle system, but I would again like to go back just to my initial comment, and the concern that is raised about the quality of the water in the Qu'Appelle system — the weed problem, the algae problem. And I would sincerely hope that Sask Water would turn its attention to any solutions that might be possible, perhaps not to solve the problem entirely, but to seek those directions which might alleviate the problem for those who have residences and homes along the Qu'Appelle system and for those who look to that system for summer recreation.

Mr. Minister, if we could now go back to a discussion we've had on a number of occasions regarding Old Wives Lake. Mr. Minister, could you indicate to the House tonight how much, if any, water is now in Old Wives Lake as a result of this spring run-off and the rains that we've had this year.

Hon. Mr. Swan: — I'm advised that this year, flowing down the Wood River, we had 46,000 cubic decametres of water. Of that amount, about 1,000 cubic decametres went into the Ducks Unlimited projects, and 5,000 cubic decametres went to the Chaplin Sask Minerals project. So we

would have had 40,000 cubic decametres go into Old Wives Lake this year. Just to give the member a figure to compare that to, last year we had 1,200.

Mr. Calvert: — Mr. Minister, can you report to the House tonight if this amount of water has alleviated the blowing salt? Is there salt, to your knowledge, still blowing off Old Wives?

Hon. Mr. Swan: — The whole of the lake bed is not covered yet. You know, the lake is 130,000 acres, so when you get that volume of water it certainly won't cover the whole lake. But because it does cover the worst area in the centre and limits the sweep that the wind can get at the salt, it has controlled the problem at this point. At least the people that I'm hearing from are quite satisfied that the salt hasn't been drifting this season the same as last year. But I think if we were to get into hot weather and high winds we would still have a salt problem. It's not gone by any means.

Mr. Calvert: — Well, Mr. Minister, the people that I'm talking to in that area tell me that in fact there is still blowing salt, that in fact the problem continues to exist.

So I would like to ask if you, sir, have been in contact, this spring or early this summer, with that group of men and women and local people who have formed the group around Old Wives Lake, to work with them. Have you, sir, as minister, or members of . . . your officials from the water corporation — have you been in touch? Have you met with those people this spring?

Hon. Mr. Swan: — The water corporation staff have been working with that group and looking at things that might be possible to do. There aren't too many alternatives there. They're looking at the possibility of seeding some types of grasses that may grow in salt conditions. If you could do that, then you would cut down the area that has to be flooded with water.

The member from Assiniboia-Gravelbourg has also been working very closely with that group and has reported to me several times on the meetings that they have held.

Mr. Calvert: — Mr. Minister, I'm not sure I had a direct answer to my question. I would like to know if you or officials from the water corporation have met with the group this spring. I'm not talking about meetings that may have occurred last year or some other time, but this spring, in the current situation.

Hon. Mr. Swan: — Yes, they've met with the people this spring.

Mr. Calvert: — Mr. Minister, could you give us a date or dates when those meetings have occurred.

Hon. Mr. Swan: — I would have to get the dates for you. I don't have them here. I believe it was early May but I really should get you the actual dates, and I think I can do that.

(2000)

Mr. Calvert: — Mr. Minister, could you also tell me who

it was that met with the group. And then further, from your discussions, what plans now exist, what ideas have you developed, what plans now exist to deal with the problem?

Hon. Mr. Swan: — I'll have to get those names for you. There were people from our regional office that would have gone out. So I'll get the names of the people and the dates of the meetings, that sort of thing for you.

Mr. Calvert: — Then, Mr. Minister, as a result of your discussions this May or earlier this spring, what developments have taken place, or are taking place, to try and deal with the problem?

Hon. Mr. Swan: — I think probably the best development that could have taken place is what has been happening. They have had very, very heavy rains that have caused flooding on the Wood River and because of that, that has been flowing into Old Wives Lake. That's the best solution that any of us can look for.

Now they are still talking to see whether or not they can come up with a grass or a grain or whatever that may grow in that kind of conditions, and I think probably kochia weed is one that's being considered. But no, there aren't any real concrete solutions arrived at yet. That's a most difficult problem, and if you were to fly across Saskatchewan today you would find many alkali lakes that are causing the same kind of difficulty that this one is. It's just this one is a very large body of salt.

I might tell you when I went to Cut Knife this week on Tuesday that I saw many of those lakes and it was windy so there was salt moving in those areas as well.

Mr. Calvert: — Mr. Minister, the problem still exists. Yes, there is some water in the lake, but the problem still exists. The salt is still blowing. Have you, sir, been in any further communication with Kam-Kotia at Chaplin toward the possibility of using underground water for their operation?

Hon. Mr. Swan: — I'm advised that the south-west regional office has been in consultation with Kam-Kotia. If they are going to go ahead and dig a well in that area, they would have to know a lot about the quality of the water that they're going to get. You might get a salt water if you dig deep enough. But if that salt is a different kind of salt than what they're trying to produce there, then it would cause very severe problems for the company. So I don't think it's gone far enough yet to have anything concrete that I could offer you.

Mr. Calvert: — Mr. Minister, we discussed this in the Crown committee. That would be about a month ago now. Has there been any further discussions with Kam-Kotia since we met in Crown, any further discussions between officials of your department or yourself as the minister?

Hon. Mr. Swan: — I don't believe there's been any discussion since the meeting in the Crown corporations.

Mr. Calvert: — Mr. Minister, do you, as minister, see that as at least part of a solution? Would that be a possible part

of a solution to the problem at Old Wives from your point of view?

Hon. Mr. Swan: — I think that the volume of water that we're talking about using in the Kam-Kotia operation is about 5,000 cubic decametres. It would certainly be some benefit to Old Wives Lake to have an additional 5,000 cubic decametres flowing into it. But that would not flood a sizeable area of Old Wives Lake and certainly wouldn't be the solution.

Now whether or not you could dig a well that would provide that amount of water, that's another question. And it would take a very good well to produce that quantity of water.

Mr. Calvert: — Mr. Minister, I guess what I'm hoping is that you would investigate all of these options.

In developing your management plan for the water on the Wood River, I take it that the management plan only involves the water that eventually ends up towards the end of the system — towards Old Wives Lake. The management plan, as you provided to me, talked about water that would go to Chaplin, to the Ducks Unlimited marsh, and to Old Wives Lake. In developing your management plan for the basin, for the river, did you give consideration to some of the upstream uses of the water in terms of that plan?

Hon. Mr. Swan: — I'm advised that yes, they have looked at all of the usage along the river. The Thompson reservoir provides water for Gravelbourg and Lafleche, so that area is supplied first, then the irrigation. And the repair and use along the river by the farmers has been authorized on individual basis. There's been no new authorization for irrigation in the last short while since the serious problems on Old Wives Lake have been developed.

Mr. Calvert: — Mr. Minister, just one further question in this regard. Has Sask Water undertaken a project recently to deepen or to widen the channel? Has Sask Water called for any tenders on a deepening or widening of the channel between Old Wives and Chaplin?

Hon. Mr. Swan: — No, we have not.

Mr. Tchorzewski: — Thank you, Mr. Chairman. Mr. Minister, I want to ask you some brief questions on two or three different topics. And let me begin with the proposed Cargill fertilizer plant. Have you had any request for a permit or permission for the supply of water for this proposed plant from Buffalo Pound Lake?

Hon. Mr. Swan: — I'm advised that there has been an initial contact with the water corporation to see if there would be water available from Buffalo Pound for use by that plant. But there's been no formal application yet to have a pipeline or pump installed, or any of those things. It's just the initial contact was made.

Mr. Tchorzewski: — Who has made the initial contact?

Hon. Mr. Swan: — Saferco made the first contact — that's the company.

Mr. Tchorzewski: — And, Mr. Minister, can you tell me more or less when this contact was made.

Hon. Mr. Swan: — The contact was made last year in October, November period. They're not sure of the exact date.

Mr. Tchorzewski: — So the contact was made in October and November of last year. In other words there must have been a proposal around in October, November of last year for the building of this fertilizer plant by Cargill. There must have been discussions taking place with the government. The government therefore knew the discussions were taking place.

And therefore I am rather disturbed, Mr. Minister, that when the government negotiated with Canadian "88" energy, they were telling them that there were no other companies being considered for the establishment of fertilizer plants. Now that's not in your jurisdiction, Mr. Minister, but I think the information you have just provided here today says a great deal about the kind of deception that has been going on around this project.

We will be asking, now that we have this information from you, we will be asking the Premier and the Deputy Premier further questions about what in fact was going on and why some of this information has been hidden up until this time.

But I want to go back to your jurisdiction, Mr. Minister. If there is . . .

An Hon. Member: — Let me give you an answer.

Mr. Tchorzewski: — Well you can give an answer when you have an opportunity to get up. That's quite okay with me. But is, in the water corporation's opinion, is there adequate water in Buffalo Pound Lake to supply Moose Jaw, Regina, and a major fertilizer plant of this kind? Can the water corporation advise this legislature on that question?

Hon. Mr. Swan: — Before I give you an answer to that question I must respond to the allegations that you make with regard to the information that was provided to the energy "88" group. I sat in the meeting and I heard the energy "88" people get the information, so I know that they received it. And that was also last year in November.

And energy "88" was advised that the Government of Saskatchewan was working with another company looking at a fertilizer project, and that the Premier was only prepared to work with one company at a time and that he couldn't make any commitment to energy "88" at that point in time.

So I think energy "88" knew full well that this other company was being dealt with, and they were advised of that and they were advised right in a meeting when they had the people from the United States with them. They had their engineer with them, and Greg Noval, who is heading up the company, was there. And there were a number of other people from Crown management and so on. So yes, they knew. At no time was there any deception. They were advised and they knew full well

that we were looking at a plant and it was liable to be a fairly large one.

Now on the other side, as far as the supply of the water, yes, that was looked at. And because we can release water from Lake Diefenbaker to come into Buffalo Pound, we can assure the supply of water is available for that project and for the city of Regina and the city of Moose Jaw. There's no problem there.

Mr. Tchorzewski: — Mr. Minister, before approvals for such a request were given, would it be a requirement by the water corporation, or by yourself as minister, to consult with the cities of Regina and the city of Moose Jaw and the city of Saskatoon, because it is indeed affected by whenever you take water out of the Diefenbaker dam? Can you give guarantee that that process would take place before any approval was given, and if necessary, there be public discussion of it so that there could be public input into such a major decision on a transfer of water from a source on which literally tens of thousands of people rely?

Hon. Mr. Swan: — The water corporation has the responsibility of managing the water supplies in lakes and rivers and streams. And no, they wouldn't have the need to go to the city of Regina, the city of Moose Jaw, and the city of Saskatoon. The water is available and will be made available to those cities. The only problem that Regina and Moose Jaw have had was their capability of treating the water. So they've increased the size of their treating plant, and for the city of Regina, they had to double the size of the pipe coming from the treatment plant to the city. That's where their hold-up was. It was not in the quantity of water provided in Buffalo Pound Lake.

Mr. Tchorzewski: — In my opinion, Mr. Minister, that is a very irresponsible attitude on either the part of you, or if it's the water corporation that is doing it, then it's . . . And I say right here that it's an irresponsible attitude on the part of the water corporation, and that is not a way for a public agency to behave. I know the authorities that the water corporation has, Mr. Minister, but I also know that the water corporation, fulfilling its moral responsibility, should at least make the contact with other communities that might be affected so that they have some input into that decision, and at least understand what is happening here.

(2015)

Now I don't know why it's so difficult for the corporation to do that, Mr. Minister. Now there are many instances . . . And I will in my third series of questions use one very specific example where the water corporation gave permission for a project which affected a large number of people downstream on a project to the extent that they ran out of water last year. None of them were ever notified, none of them were ever requested for input, no advertising was done. So, Mr. Minister, can you justify, in spite of what you say is the legislation, can you justify, from your point of view as the minister responsible, why it would be not the right thing to do for the water corporation to discuss such a major application with the cities of Moose Jaw, Saskatoon, and Regina?

Hon. Mr. Swan: — The quantities of water that we're talking about using in a fertilizer plant would be similar to what we would talk about if we were looking at the water supply to a potash mine, or to Ipsco, or a number of different projects of that type. So what we do with the city of Moose Jaw and the city of Regina and the city of Saskatoon is that they are guaranteed a certain amount of water and that water is provided. And the lake is quite capable of meeting the requirements of this plant as well, so there's no need for the water corporation to go back through that process.

I would be most surprised if the city of Moose Jaw or the city of Regina would say no to supplying water for a plant that's sitting between the two, where it would provide jobs to both cities. And the people that have the capability of assessing the quantities of water available are the water corporation staff who have all of that data at their fingertips. And that decision is looked at with all of that information before them, and they make very responsible decisions.

Mr. Tchorzewski: — I'd question that. Mr. Minister, I am not suggesting that the cities of Moose Jaw or Regina would in the end be concerned. I'm simply suggesting that out of common decency it is the appropriate thing to do to inform people who rely on a source of water when there are other sources going to be relying on that source of water, Mr. Minister. I don't know why that is such a difficult thing to do.

The purpose of it wouldn't be to request whether they would give permission or not, although that might be something that you would consider doing. But out of common courtesy, out of acting as a responsible public agency, one would think that that would be something that would be standard procedure.

Mr. Minister, I now want to ask you about another question. Northern Lights game farm — is it correct that the water corporation has issued a permit to the Northern Lights game farm for the purposes of some irrigation projects connected with that farm?

Hon. Mr. Swan: — The staff advised me that they're not aware of any application. Now if an application did come from that game farm, it would go to the east central region and be dealt with on its own merits the same as any other farm would be dealt with. Now I'm not aware of one coming forward and the staff aren't. They could probably look into it if that would be of benefit to the member.

Mr. Tchorzewski: — Mr. Minister, it's interesting that you duck this question — because that's what you're doing.

An Hon. Member: — No, I'm not.

Mr. Tchorzewski: — Yes, you are. Mr. Minister, I have documentation here which indicates that permits have been issued to the Northern Lights game farm for the purposes of irrigating. Now are you telling me, Mr. Minister, that the staff in your regions . . . (inaudible interjection) . . . Well I'll wait till you listen, Mr. Minister, because this is important.

Are you telling me that when a licence is issued for a

major irrigation project by a region, that the people in your head office aren't notified, especially, Mr. Minister, when the project has been of some political controversy in recent weeks? I mean, how can you explain that, Mr. Minister?

Hon. Mr. Swan: — You evidently have some paper in your hand that I haven't seen. If you're reading from a document, would you like to send it across? I would appreciate having it.

When you say it is a major irrigation project, how many acres are we talking about? What in your mind is major? And should one farm along an area be discriminated against because he happens to have a father who is a member of the legislature, or should that farm have the same opportunities as any other farm in the same area?

Now I haven't seen any applications. If there are applications, it would have to go to the east central region, and normally for small irrigation projects, there would be no need of it coming into head office for approval. It would be done by the staff in that particular region.

Mr. Tchorzewski: — What size of project, Mr. Minister, would have to come to your head office either for approval or as a report?

Hon. Mr. Swan: — They advise me that most projects that happen out in rural Saskatchewan are decided upon . . . Unless they are major like Luck Lake or the Riverhurst project or something of that nature, that would certainly come to head office. But the people in the region would authorize the amount of water needed for any given project. They would call for assistance from the hydrogeology department if that were required, and they haven't . . . (inaudible interjection) . . . Yes, it's all internal work. But the staff in that department would go out and do the assessment and come back. The staff that I have here tonight haven't even heard of the project.

So if there is one . . . Unless the grant would exceed 100,000 — then it would come to cabinet for approval, like any grant over 100,000 would come through cabinet. But if it's a small project with 40 or 50 or 100 acres, the grant that we would be looking at is the \$100 an acre grant that applies to everybody equally, and that would not come to head office normally for approval. It will come to head office when the cheque has to be paid, but we aren't anywhere near that stage. I haven't heard a thing about it, to be honest with you.

Mr. Tchorzewski: — Just so that I don't make an error here, I have here a proposal by Northern Lights Big Game Corporation, care of Robert Taylor, Wolseley, Saskatchewan, and a form that says, recommended. So it's a recommendation by the water corporation on the N-SW-28-18-10-W2 and W-SE 28-18-10 W2.

And it says:

This project is recommended for irrigation development with water precautions. The (soil) quality is marginally suitable for use on this soil type. (The water quality, I should say.) Special

management for salinity control such as over-irrigation is required. Plants with good salt tolerance should be selected.

And this, Mr. Minister, was issued in 1988 — July 9, 1988, Mr. Minister. Who signed it?

An Hon. Member: — Table it.

Mr. Tchorzewski: — I will table it eventually. They were signed by Garth Weiterman — approved by Garth Weiterman.

Hon. Mr. Swan: — I'm advised that the name that you use is a soil analyst from Outlook that has done the study, evidently. And his recommendation then is recommended on the basis of the soil analysis that he did and the quality of the water and the quality of soil and how they would relate to one another. But that's all the approval that you're talking about in that particular letter, would be the recommendation from a soil analyst.

Mr. Tchorzewski: — What's then the time frame after a recommendation like this, Mr. Minister? What is the time frame for approval? This was 88 09 07. That was the date. What is the normal time period?

Hon. Mr. Swan: — I'm advised that that would likely be a farmer-driven kind of a thing. Like if they come forward with their portion of the money, our cost would be after the fact, where we would give the grant of \$100 per acre.

In that kind of situation he would likely put in his own pump and pump out of the water supply, and he would get \$100 an acre. And I don't know how many acres you're talking about. We would have to look into that. But I'm really not aware of it.

Mr. Tchorzewski: — Okay, Mr. Minister, I will accept that, but I will ask you to undertake to look into it for me. Obviously there has been an application, and I only gave you two quarters; there are several others. But I'll get this information to you.

Will you undertake to advise myself and the critic, the member for Moose Jaw South, how this application has been disposed of, when it was approved, if it was approved, and any financial commitments that come with it. As you say, there's some funding involved. If you would be so good as to do that, then I will leave it at that and go on to my next question.

Hon. Mr. Swan: — Yes, we can check into that. It will be interesting for all of us.

Mr. Tchorzewski: — Yes, it will. Can you advise, Mr. Minister, whether the water corporation has provided any permission, permit, or authorization to the Northern Lights wildlife farm for the building of a dam or a weir in any of the water channels near the operation.

Hon. Mr. Swan: — I'm sorry, I was listening to too many things at once. Would you mind repeating the question. I'm sorry.

Mr. Tchorzewski: — Can you advise the House, Mr.

Minister, whether there has been a permission or any form of approval given to the Northern Lights game farm for the purposes of building a dam or a weir or a water source of any kind for the farm.

Hon. Mr. Swan: — The staff here are not aware of any approval like that. They'll have it checked at the same time, but they're not aware of anything being granted.

Mr. Tchorzewski: — Are you saying that would also be approved at the regional level, Mr. Minister?

Hon. Mr. Swan: — Yes, that's right, it would be.

Mr. Tchorzewski: — Well I guess if that's the case, I'm not going to get that information today. This is not a complicated question, it seems to me. How long do you suspect it will take for you to get that information to us?

Hon. Mr. Swan: — They say they expect they could get it in few days. It wouldn't take long.

Mr. Tchorzewski: — I appreciate that, Mr. Minister. And I will get that information to you as soon I can. I only have one copy and I want to save one for myself.

(2030)

Mr. Minister, recently, on June 6 in the committee on the Crown corporations, my colleague, the member for Moose Jaw South, asked you a question about some water interruption due to a project on McGill Creek, a water interruption that caused some difficulty for a number of families who live downstream from this project. I can give you the land description if you want, but I think you know the one I'm referring to.

At that time you said that you did not have that information, that it was something that you would have to go to the north-east region for that information. Have you been able to get that information so that you would be prepared to tell us about the nature of the permit that was given for this project in, I believe, February of '88?

Hon. Mr. Swan: — There is authorization given to one farm to dig a dug-out in the bottom of a creek, and once the dug-out would fill, then the flow of the creek would just go through it and continue on over it.

The indications from the staff here is that there has been a complaint raised by people downstream and it's in the complaint process in the water corporation at this time and is being dealt with. Normal flow in that creek, like on a normal year of normal flows, there likely would have been no problem, but as you realize many of those small creeks dried up last year and the creek might have flowed for a portion of a day or something if that supply had not been taken. But it's a very small reservoir that has been put in. It's just a dug-out kind of a reservoir.

Mr. Tchorzewski: — Mr. Minister, yes, I know that there was approval given for the digging of a dug-out, because I have that information here. Was there then approval given for the purposes of irrigation out of that dug-out?

Hon. Mr. Swan: — Yes, I think we had . . . That was the

reason for the dug-out, was a water supply for irrigation.

Mr. Tchorzewski: — Mr. Minister, there was an approval given to construct on something like February of 1988. Was an approval later then given to operate, and when was that made?

Hon. Mr. Swan: — I am advised that the information that the member is talking about was supplied to the member from Moose Jaw South following the Crown corporations meetings.

Mr. Tchorzewski: — Mr. Minister, I ask you again: was there authorization given to irrigate, and when was it given?

Hon. Mr. Swan: — We would have to check that date with the regional office. I really wouldn't have it in my mind, and the staff don't have it.

Mr. Tchorzewski: — Well, Mr. Minister, this is a little troublesome, because I suspect that you probably would have known that this was going to be asked here today and you ought to have taken the opportunity to get yourself briefed.

On October 2, 1987, is when the application was received. The water corporation indicated that they undertook a detailed water supply study to determine water availability. This is written in a decision and order as a result of an appeal that was filed by a number of families living downstream from the project. I'm reading it from your order, your department's order. Signed by . . . Well we'll get to that in a minute.

What I find rather disturbing, Mr. Minister, is the following. On February 15, 1988, the Saskatchewan Water Corporation wrote to the proponent, the people who wanted to do the irrigating, and they said the following:

Please note the special conditions on the reverse side of the approval. You are required to install a volume flow meter with totalizer at the pump site and to record diversion flows. Important to note the following. The requirement has been added because of the limited water supply for the project. The approval has been issued to allow you to make beneficial use of the limited water supply.

And I've read the whole paragraph to be fair and not take anything out of context.

Mr. Minister, knowing that there was a limited water supply, it goes further on here to talk about intermittent stream. How can you justify the issuing of a permit to irrigate under those circumstances stated by your official when it's obvious that it would have a detrimental effect on people living downstream, in many cases who rely on this water for livestock and their own use? How do you explain that, Mr. Minister?

Hon. Mr. Swan: — The people in the region that would have made this decision look very carefully at the amount of water that normally would flow in that stream. And the people who were authorized to irrigate were advised that

it would be not every year that you could irrigate, but you could irrigate at times depending on the water flow.

So I think that they do take into consideration that the stream is limited in its capability. When there is enough water, then they are allowed to irrigate and if the water is in short supply, they're not allowed. So that's what they look at.

It is an intermittent stream. The operation that they were given authority to go ahead with is to make the best use of water in an area where water is indeed in short supply.

Mr. Tchorzewski: — Mr. Minister, your answer is full of contradiction. It is obvious that one would want to irrigate when there was a shortage of water. That means it hasn't been raining.

Mr. Minister, when you irrigate because there's a shortage of water, you're cutting off the flow to people living downstream. Now how can you possibly explain that contradiction, Mr. Minister, which you have just made in your explanation?

Surely last year would be a year when one would want to irrigate. I think you would agree to that. But last year is the year that the irrigation, which you gave approval for, cut off water for people who had pasture and livestock and possibly used the water for other purposes. It doesn't make any sense, Mr. Minister.

Hon. Mr. Swan: — Many times the streams will flow because of rainfall or snowfall or the level of lakes or water supplies up above. That doesn't always mean that there's rainfall in the area where the people would like to irrigate a crop.

Now I don't have the detailed figures with me of how big an irrigation project was proposed, but it wasn't likely very large in this region.

An Hon. Member: — But it had an effect.

Hon. Mr. Swan: — It'll always have some effect. The managers of the region know better the flows of that McGill Creek than I do, and they felt in the best interests that they could see for this particular farm operation that they could irrigate, but not every year, and they were advised of that.

Now this particular question is under appeal. That appeal will be dealt with. If they're not satisfied with the decision the water corporation makes, then they can go through to the water appeal board. And as they follow through that process, they have the right to be heard, and I think that's the process that we should let work.

I'm not an expert in hydrology and neither are you, so I think that you should perhaps give this system, and the experts who are trained in the field, the opportunity to work through. And if there's been a mistake made, they'll just have to back up and withdraw that approval.

But I believe we have a complaint process in place. It's almost dealing with an issue that is before court, so to speak, when you go into the complaint process. So I think

that you perhaps put both of us in rather an awkward position when we deal with subjects that are in that process at this point.

Mr. Tchorzewski: — Neither of us are in an awkward position at all, Mr. Minister. It seems to me that, being the critic, I am better informed on this subject than you are as the minister in charge. You say that the appeal is, like, it's before the courts.

Well, Mr. Minister, let me point out to you that on June 15, 1989 — some time ago now — there was a registered letter sent to Messrs. Frederick George Schoenroth and Frederick John Schoenroth from E.J. Hymers, engineer, regional manager, east central region, in which he indicates that the appeal has been dealt with and a decision has been made that some kind of measures are going to have to be taken to correct the situation. I'm amazed that your senior officials and you as the minister aren't aware of that, especially in light of the fact that you were asked the question on June 6, a month ago.

Now I find that this order, Mr. Minister, is rather interesting, because what we have established here today in our questioning is, and you admit, that a decision by the corporation was the stream was intermittent. It's written in the papers. The decision by the corporation was that there was a limited water supply. Nobody questions that; you don't question that. An appeal was made. I have some further information that since June of 1988, since after the appeal was made, the people who made the appeal were never spoken to personally by the officials of your corporation. That is written in the letter to your department, to your agency. There was never a consultation. This is after the appeal, Mr. Minister.

But even more serious than that, when this project was approved back in 1988 — February for the construction and later for the operation — are you aware, Mr. Minister, that it was decided, even though the stream was intermittent and even though there was a limited water supply, the following was decided. And I read from the decision and the order:

File EC-E7-397 (I quote) Sask Water waived the necessity for advertising the filing of the application based on water supply availability, and subsequently on February 12, 1988, issued an Approval to Construct Works.

Why in Heaven's name, with all of the implications of this, would this be kept from the people downstream who would be affected, Mr. Minister? Why would there not be at least advertising so that they would be informed that there was a proposal to stop the flow of water which was their source of water supply? Mr. Minister, in your opinion, was that the appropriate decision for the water corporation to make?

Hon. Mr. Swan: — Let me begin by saying to the hon. member that if this order were issued on June 15 they have a 30-day period to appeal to the Water Appeal Board, which is the final appeal agency that works in the Department of Environment. Well the appeal has not been made at this point; at least I have not been notified.

Now many of these smaller appeals do not cross the minister's desk. There are many, many things happening in the water corporation, and if they all came to my desk I wouldn't have time to do anything except read what was coming from each regional office around the country. That's the reason that we employ people with engineering background in a variety of different areas that are supposed to be the experts in these areas that can make the proper decisions.

(2045)

Sometimes they may not make the proper decision, and if they don't make the proper decision, then the appeal process is in place so that they can file a complaint. That's dealt with by the water corporation. If they're not satisfied with the decision that the water corporation makes, then they can go to an outside body, which is more like a court situation, and they review and give a ruling, and that ruling must be abided by, by both parties.

So I think that both you and I should give that system an opportunity to work. And it seems to have worked reasonably well most of the time. I know the Water Appeal Board has turned over a few decisions that the water corporation has made. Where they felt that they were in error, they certainly challenged them, and I think that that's the signs of an organization that's working the way it was meant to work.

This one is a very sensitive issue. Last year was perhaps one of the driest summers that Saskatchewan has ever experienced. It would be interesting to know right now whether there's been enough flow in that creek that the people are satisfied that it can work this year. I think it would be very interesting.

An Hon. Member: — They live there every year though, Herb. They don't just live there this year.

Hon. Mr. Swan: — Last year, for the edification of the hon. member, was the driest year that Saskatchewan has experienced since records have been kept, and that's the year you're relating to, so I want the member to keep that in mind.

But I also want you to be somewhat sensitive that this issue is still very much in the appeal process. And it's almost like dealing with a matter that is before the courts, and I would ask you to be very sensitive in your questions.

Mr. Tchorzewski: — Mr. Minister, I'm being as sensitive as I feel I have to be. The problem is you have not been sensitive to your responsibility as you should have been, and there are too many examples of that. There are too many examples of that in your jurisdiction, from your area in the Department of the Environment to this area here. You refuse to let people speak to your officials in your department; everybody has to deal through your office. Mr. Minister, that's an indication, that's an indication of the kind of situation that exists over there.

You didn't answer my question. Good speech you made; doesn't make much sense, but will you answer the question? In a situation like this one, in your opinion as the policy maker where the buck stops, is it appropriate

not to advertise and not to inform, therefore, through the advertising, the people who will be affected by a water project, as was in the case on McGill Creek? Is that appropriate in your opinion, Mr. Minister?

Hon. Mr. Swan: — I'm advised that the advertising is a discretionary matter under this legislation, and in an area as small as the area that McGill Creek serves, the regional office felt that all of the people in that watershed area that would have been served by this same project would have known about the project long before — without advertising — because the information travels very quickly in rural Saskatchewan. This was the thought of the . . .

An Hon. Member: — That's ridiculous. That's ridiculous.

The Chairman: --Order. Order. I would just ask the member to allow the minister to respond and give him the same respect he has shown you in placing the question.

Mr. Tchorzewski: — Mr. Minister, that's ridiculous and you know it. I mean, we don't work by moccasin telegraph or by pony express any more in this day and age; we work by being responsible, and governments work by being responsible. You surely can't be serious when you say that the advertising isn't necessary because somehow people are going to find out by the grape-vine. I mean, that's almost unheard of for any minister of the Crown to stand up and make that kind of ridiculous kind of comment.

Mr. Minister, let's pursue this a little further. I was going to drop it but you keep encouraging me. You say, Mr. Minister, and tell me if I interpreted you correctly: when a complaint is made by people who are concerned about a project, is it correct that there is a 30-day process in which that complaint is processed?

Hon. Mr. Swan: — From the time that a complaint is made, the water corporation has an 18-month period to deal with that complaint. Now it will vary how long it takes — depends on the nature of the complaint. Then they render their decision. There's a 30-day time when the decision of the water corporation can be appealed to the Water Appeal Board, and then they again have approximately a year to make their decision.

So it does take time, and that process perhaps has a reason for taking time because sometimes you can't really see the problem unless you see it during the flood period in the spring or at other times. Each project is somewhat different.

Mr. Tchorzewski: — Is there an initial review though that takes place, which is supposed to take 30 days, of a formal complaint?

Hon. Mr. Swan: — I'm advised no, that they're allowed up to 18 months to deal with the appeal process.

Mr. Tchorzewski: — Mr. Minister, the people concerned here have indicated that they appreciate the fact that the order has now been issued, that there has been a recognition that a wrong decision may have been made. I think on their behalf I object very strongly the fact that the

information about the application and the approval was kept from them through the process of the corporation waiving the advertising. I don't think that's a process, Mr. Minister, that's acceptable.

I'm beginning to wonder whether even that discretionary power to officials in an agency ought to be provided if it is abused to that extent, Mr. Minister. And in this case there was a blatant abuse of it. Maybe it was a mistake, but even that kind of a mistake, in my mind, is an abuse.

I ask you then, are you prepared, Mr. Minister, to indicate that this operation should stop forthwith until there is an open and honest study done which will involve the public advertising and which will involve public meetings so that the people involved here can have their concerns satisfactorily addressed.

Hon. Mr. Swan: — Under our legislation I don't have that jurisdiction to make that kind of decision. There is an appeal process. That process is the one that is supposed to respond to concerns if people feel they are badly dealt with.

That first stage of the process has happened, and we'll wait and see whether the people are satisfied with that ruling or whether they're going to appeal to the Water Appeal Board. They have that second avenue.

But no, I don't have the choice of making that kind of decision. The legislation is there for me to follow, the same as everybody else.

Mr. Calvert: — Mr. Minister, I have here some reports that came from the 1989 annual meeting of the Saskatchewan Conservation and Development Association. Mr. Minister, I would like to quote to you from the president's report. He says in his report — and I'm not surprised that he says this after witnessing the last few minutes in this House — he says in his report:

It is no secret that Mr. Swan is unhappy with our association. That is unfortunate. As president of this association and having full support of the board of directors, I can honestly say that we are also unhappy with the minister and with the attitude of some of his officials in Sask Water.

Mr. Minister, as you well know, the C&D associations across this province play a vital role in the management of water in Saskatchewan. Mr. Minister, can you explain to this House this level of unhappiness between yourself and this organization, this vital organization in our province?

Hon. Mr. Swan: — The Sask Water Corporation has over about a five-year period spent just about exactly \$4 million per year funding flood control and drainage projects, and that money goes to C&D associations. I think that they have done an awful lot of work with those associations over a long time. Some of them may not be satisfied. I'm not really sure why they aren't, but that's their privilege, I guess.

Mr. Calvert: — I didn't ask how much money you've spent on projects. I asked why is there this level of

unhappiness between yourself and the association. It's obvious the relationship is not good at this point. I want your assessment of why that is so.

Hon. Mr. Swan: — I suppose maybe I should give the hon. member the answer that is most appropriate, and that is that the political background of some of the people on that executive perhaps is a little bit opposed to me even being in government. And that's the reason that you quite often have some of those difficulties.

Mr. Calvert: — Mr. Minister, I understand that, because that represents the majority opinion, the vast majority of opinion in this province.

Mr. Minister, you're not going to get off of this by suggesting somehow that the C&D association across Saskatchewan is simply unhappy with your water corporation, your administration, your political administration of it, by suggesting somehow that they're political foes. Mr. Minister, that's completely inappropriate.

Mr. Minister, perhaps then if you won't look at that question directly, I can indicate some of the sources of that unhappiness that come from these reports from the annual meeting.

In November, for instance, Mr. Minister, in November 1987, the C&Ds met with Sask Water and asked for some money — a grant to help defray the association cost in providing administrative services. At one time they used to have a budget of \$70,000 for that. They asked for a grant of \$20,000. They've never had a response to that, Mr. Minister. Why not?

Hon. Mr. Swan: — I think that they have had a response. They were talking of a figure of \$20,000. Five cents an acre on their area would easily cover that. And I think they are a taxing authority and have the right to raise money, and they really should not be coming to the water corporation for administration money; they should raise it in their own manner.

Mr. Calvert: — Mr. Minister, when the responsibility existed with Agriculture, these services were provided. Is that not correct? Your responsibility then was taken from Agriculture and given to the water corporation, and ever since they've seen a major decline in the services provided. Is that correct, Mr. Minister?

Hon. Mr. Swan: — I am advised that when Agriculture was providing the administrative services, they provided internal staff to do the job, which made the C&Ds actually dependent on the government. I think the C&Ds are duly appointed organizations with taxing authority. It's probably much better for them to maintain that authority by raising their own administration money, and it's not a large figure.

Now on the other side, since the water corporation has been involved with the C & Ds and with the flood control projects, they're putting in many more dollars than had ever been put in before — somewhere close to 800,000 a year more than what had been achieved by C & Ds prior to the water corporation's time.

I think you need to take a full cross-section, not just one small tidbit of \$20,000 but rather look at the overall operation.

Mr. Calvert: — Mr. Minister, I'm looking at the overall operation of the C & D association, province-wide — not any given particular C & D district, but the entire province-wide association, and as an association they feel they need the support of the Government of Saskatchewan to do their work — the administrative support. That support, that responsibility for that support, now exists within the water corporation. They say, Mr. Minister, that they feel that administrative services provided by the Government of Saskatchewan has diminished by over 50 per cent.

(2100)

They say, we are not able to obtain assessment information through Sask Water — that creates problems with their membership fees. They say, we have trouble getting ditch mileages through Sask Water — that hinders their insurance invoicing. It says . . . They claim that the directory names and addresses of officers is often outdated, and that results, for them, in incomplete and incorrect mailings. They claim, Mr. Minister, that administrative services provided by Sask Water diminished by over 50 per cent.

Now, Mr. Minister, how do you expect this association to serve as a provincial association and to remain strong as a provincial association if you're going to deny them this kind of administrative support which, in terms of your operation, is very small? Why would you not provide that kind of administration and support for the C & Ds?

Hon. Mr. Swan: — Well I think I answered your question before. I think that it's extremely important that the C & Ds be in a position to operate as a fully autonomous group. And for them to raise the small amount of money that it takes for their administration — it amounts to about 5 cents per acre on the acreage that they cover — they can handle that very easily. It isn't going to bankrupt any farmers or anybody else. I think that really the operation of the C & Ds would be improved and they would be autonomous and be able to do their job much better if they don't lean on government for every cent.

Now we do put a lot of money into their projects, and I think that's where our portion of the money should go, is into projects.

Mr. Calvert: — Mr. Minister, are you planning any legislative changes, any revisions of existing legislation that would affect the C&Ds.

Hon. Mr. Swan: — Not at this time. We have nothing under review dealing with C&Ds as far as legislative change is concerned.

Mr. Calvert: — Mr. Minister, the C&Ds would claim there are a large number of outdated provisions in existing legislation. I believe they've requested that the legislation be reviewed. I know they've requested to be part of that review. Why are you not looking at reviewing the

legislation therefor?

Hon. Mr. Swan: — The C&Ds have expressed some concern about the legislation to our staff, and they were told that if they have concerns, to bring forward a detailed proposal and we could look at it. But that hasn't happened up to this point, so we aren't looking at any legislative change. It would be really a change that would be generated by them to meet the needs of their organization.

Mr. Calvert: — Mr. Minister, in our conversation in this regard in the Crown Corporations Committee, I was urging you at that time to endeavour to improve the relationship between yourself and the C&Ds. Have you had opportunity to meet with the C&Ds, or representatives of their board, since June 1, and if you have not, do you plan a meeting in the near future?

Hon. Mr. Swan: — Our staff have met with them periodically. I haven't had a meeting with them since our Crown corporations meeting, but we would be prepared to meet with them at any time. We have never refused to meet with any C&D group if they indicate that they have need of a meeting.

Mr. Calvert: — Mr. Minister, would you be prepared to initiate that meeting? Would you be the one prepared to initiate such a contact?

Hon. Mr. Swan: — I've advised the C&D associations that I am prepared to meet with them at any time. You don't call a meeting for no purpose, you only call the meeting when there is something they wish to discuss. And when they have that need we will hold a meeting at any time.

Mr. Calvert: — Mr. Minister, if you've taken time to read the resolutions from their 1989 convention, you will see that there are a wide number of issues they would like to discuss with you, sir, in terms of policy and the activities of the water corporation and their activities in the province. There's a wide field for discussion. If for no other reason to build the relationship and to strengthen the relationship and to repair the relationship would be reason enough for you, sir, to initiate a meeting with this group, and so I would encourage you to do that.

Mr. Minister, as we draw the discussion to a close tonight, just one area that I'd like to get some response from you. Is there within the water corporation any work being done in terms of water conservation — and I refer specifically to the use of conservation in the urban setting, in the household setting, in the industrial setting, and so on — is any work being done in the water corporation in that regard?

Hon. Mr. Swan: — Perhaps the best that I can indicate to you is that in meetings that I've had with Urban Affairs, and it wasn't a popular subject there either. I've indicated to them that there is a need to price water high enough that it has some value that would encourage people to use water sensibly. Urban Affairs people were not entirely pleased with that, though many of them did agree with the idea that perhaps they should move in that direction. That would likely be the best method of conservation that we could initiate, is to make people realize that water is a

very valuable resource that we all need to pay more attention to.

Mr. Calvert: — Well, Mr. Minister, do you have any other strategies other than a pricing increase on water? Do you have any other strategies that might encourage conservation in this province of a valuable resource? Do you plan any educational kind of programming?

Hon. Mr. Swan: — We have provided information to people on how to conserve water, and we have asked irrigators to have meters so that they know how much water they're using and that they're not over-irrigating, because they can cause salinity because they put too much water on a field. Those directions are in place and are being utilized fairly steadily.

Mr. Calvert: — Let me just conclude, Mr. Minister, then by encouraging you in that regard and encourage the water corporation to look at further initiatives and programs in water conservation as we move into the next decade and the next century.

Mr. Minister, I think we're prepared now to move through the votes.

Hon. Mr. Swan: — I might just reply to you before we go through the votes that another area that is making a very significantly better utilization of water is in all of the irrigation that we are proposing and that we are doing. All of the water is moved through pipes rather than through canals so we have no seepage and no evaporation.

Items 1 to 3 inclusive agreed to.

Mr. Calvert: — I had one question on item no. 3.

Mr. Minister, has any decision been changed in regard to providing funding to the city of Saskatoon? Can you report on that situation?

Hon. Mr. Swan: — Our department, or the water corporation, has no funding for cities in this area; this is for small towns, villages. Cities really have to go the other route.

Mr. Calvert: — Well, Mr. Minister, what is that other route that cities must follow?

Hon. Mr. Swan: — Normally they do like they did in Regina when they wanted to have a water treatment. They went to the federal government; they came to the provincial government, and through that process — by meeting with governments — were able to access about \$15 million for the city of Regina. That's about the only process that I could recommend to the cities. That's the only one that's been available.

Mr. Calvert: — So, Mr. Minister, are . . . Mr. Minister, are you saying then there is not a program in place for urban municipalities to access funding for waterworks and sewage works?

Hon. Mr. Swan: — There isn't a method for cities; there is for other urban municipalities like towns and villages are able to access, but not cities.

Mr. Calvert: — Well, Mr. Minister, can you explain to this House the rationale that would discriminate against the urban taxpayer in this province in this fashion?

Hon. Mr. Swan: — I am advised that it has been this way for a long time, that cities have had to stand on their own feet. They're large enough that they can tax their water fees. Their sewage fees generate a fair amount of capital. There is the urban capital programs that have been available over the years that they could utilize for that purpose if they wish, but it's for all of the urban programs, not just sewer and water.

Mr. Calvert: — Well, Mr. Minister, I find your response very strange, given a letter that came from the office of the clerk, in the city of Saskatoon, which quotes a report of the director of works and utilities in the city of Saskatoon, July 21, 1988 report in which he said, or she, I am not sure which:

On June 30, 1987, the city commissioner (the city commissioner of Saskatoon, this is) received a letter from the Saskatchewan Water Corporation, withdrawing all grants to Saskatoon for sewage treatment expansion.

Prior to then, provincial grants for up to 10 per cent of the capital cost of secondary sewage expansion programs were available under the water pollution control assistance Act.

The city commissioner in Saskatoon says that on June 30, 1987, they received a letter from the corporation withdrawing all funding. Can you explain that, Mr. Minister?

Hon. Mr. Swan: — The funding I think — you read the letter yourself — that was for tertiary treatment of sewage, and that was simply to encourage people in cities to improve the quality of treatment that they were using for sewage treatment, to improve the effluent that goes back into the river system. When we cut back on the grants because of necessity, there wasn't enough income coming into government. You have to make cuts somewhere, and this is one of the grants that was discontinued.

Mr. Calvert: — And you're not then, therefore, prepared tonight to reverse that decision or to provide any assistance to the city of Saskatoon in this regard; is that what you're saying?

Hon. Mr. Swan: — I don't have that kind of authority to unilaterally decide to increase my budget. If I did, the Minister of Finance might get into a lot of trouble. I wouldn't need just money for that, but for a number of other things that I would like to do.

Mr. Calvert: — So therefore, Mr. Minister, you decided when you put your budget together that there would be no money for the city of Saskatoon, or for any other urban centre/city in the province who may wish to undertake similar work.

Hon. Mr. Swan: — Through the budget process, the

figures that we have arrived at are the figures that were agreed to by the government, and yes, these are the figures that we've agreed to through that process.

Item 4 agreed to.

Vote 50 agreed to.

**Consolidated Fund Loans, Advances and Investments
Saskatchewan Water Corporation
Vote 140**

Items 1 to 3 inclusive agreed to.

Vote 140 agreed to.

**Supplementary Estimates 1989
Consolidated Fund Budgetary Expenditure
Saskatchewan Water Corporation
Vote 50**

Items 1 and 2 agreed to.

Vote 50 agreed to.

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

Hon. Mr. Swan: — Thank you, Mr. Chairman. I'd like to say thanks to the officials for the work they've done tonight, but also for the work that they do for me and for the province on an ongoing basis.

(2115)

Mr. Calvert: — On behalf of the water corporation, I thank you, Mr. Chairman, for finding that \$8 million you just found for them.

Mr. Minister, I want to join with you in thanking your officials who are here tonight and the many others who are employed in the water corporation, the many employees who serve the corporation all around the province. I want to particularly extend our thanks to them for the work they're doing.

And as the president of your corporation indicated in this year's annual report, or last year's annual report, those employees very often are playing a very significant role in the communities in which they're located. And I can testify to that from the situation in Moose Jaw where water corporation employees are involved in our community and in a wide variety of groups.

And I want to recognize their contribution, not just to the people of Saskatchewan through the water corporation, but their contribution to the communities in which they are involved, and so our thanks to the officials for their role in the estimates tonight.

The committee reported progress.

ADJOURNED DEBATES

SECOND READINGS

The Assembly resumed the adjourned debate on the proposed motion by the Hon. Mr. Lane that **Bill No. 20 — An Act respecting the Reorganization of the Potash Corporation of Saskatchewan** be now read a second time.

Mr. Trew: — Thank you, Mr. Speaker. It's again my pleasure to join in this great fertilizer debate yet another time. I am expecting any time now the government will cave in on this one and withdraw this Bill to amend the potash Act. The reason that I say that, of course, Mr. Speaker, as you're well aware, I was the person who was speaking when we resolved the rule regarding the bells, the ringing of the bells. So I figure that perhaps some time in the next 40 minutes or so we'll get word from the government that they're going to follow their example from the previous Bill and drop this one as well.

But we've got a situation on this Bill, this Bill to reorganize the Potash Corporation of Saskatchewan, or to sell it off, privatize it, and we have a situation where opposition members stand up, say our piece, and yet, since May 8 — May 8, just two days short of two months — we have not heard from a government member. Not a single solitary one has been able to stand up and defend this Bill, and that's really a shame when you consider that the debate should be back and forth.

The public, certainly anyone . . . and the press, anyone who is interested in what goes on in this legislature and the goings on in our great province, are very concerned. They are entitled, I think, to hear from government members. But of course we know the reason that no government member gets up to speak on this Bill is they cannot defend the indefensible, so it's easier just simply to be quiet and not say anything.

I was doing a little bit of reading in preparation for tonight's potash debate, Mr. Speaker, and I thought, well, you know, we've been saying that potash revenues prior to Potash Corporation of Saskatchewan were very minimal for the province of Saskatchewan and greatly enhanced after the set-up, after Potash Corporation of Saskatchewan as it exists today came into being.

I didn't realize just to what extent we were being absolutely truthful. And I've got some numbers that I want to pass along because it portrays exactly what we've been saying about the much enhanced revenues that the province has enjoyed from potash, particularly since the Potash Corporation of Saskatchewan was set up.

I pulled the *Estimates* for 1968-69, and I found that in 1968-69 the province of Saskatchewan total revenues in the Consolidated Fund were in the amount of \$338,796,980. Expenditures in that same year were \$338,418,360. That's pretty decent accounting. I have to compliment the government of the day because they had it to the nearest \$10 what their income was and what their expenditures were. That left a surplus for that year of \$378,628. Doesn't sound like a huge amount of money, but to put it into a bit of context, with the Potash Corporation of Saskatchewan earning a profit of \$106 million last year, that amounted . . . that \$106 million amounts to just a tad shy of \$300,000 every day of the year, counting statutory holidays, counting Sundays, and

all the days of the week — just about \$300,000 in profits that came to the people of Saskatchewan through the Potash Corporation of Saskatchewan.

And yet in the year 1968-69 when the then Ross Thatcher Liberal government bragged about having a surplus budget, their surplus for the entire year for the entire province amounted to less than the profit from one day of the Potash Corporation of Saskatchewan last year. What a comparison.

Then I looked — because I'm sure that you, Mr. Speaker, and many others are not interested in looking at every year — so I selected the year 1974-75, being the year before the Potash Corporation of Saskatchewan came into existence. But, and this is important, that the levers of government had been shifted from the Liberals, the free-enterprise Liberal government of the '60s, to the socialist New Democrats, the Allan Blakeney New Democrats, from 1971 on.

In 1974-75 the total budget, the revenues were \$900 million; the expenditures were \$898 million; there was an accumulated surplus, or a surplus that year of \$2,201,310. So you can see that the province was in fact growing.

But what also ties in with this Bill 20, the potash industry, is I look at potash royalties. In 1968-69 the province collected a paltry \$2,410,000 from the whole potash industry — just about \$2.5 million that year.

In 1974-75, under the New Democrats, that had risen nearly — well, over seven times, to \$16,120,000. The government of the day said, is that enough? The answer was clearly no. No, when you look at the production records of potash, and they were producing in the neighbourhood of 8 to 9 billion tonnes every year. So we saw the royalties jump by a factor of seven times in a short number of years from 1968-69 to 1974-75.

Then I looked at 1976-77, right after the Potash Corporation of Saskatchewan had been set up and had been running for a full year. The royalties that the New Democratic government of Saskatchewan collected from the potash industry in 1976-77 amounted to \$116 million — 116 — that being nine years after the Liberal government had collected a paltry \$2.5 million.

So we have an increase of something in excess of 40 times the revenues that the people of Saskatchewan enjoyed from potash. And why did we have that? Because we had through the '70s a government that put people first and said that potash, that God-given resource in Saskatchewan, should be utilized for the benefit of all the people of Saskatchewan. Now what I mean by that . . . because I'm sure there's the odd person scratching their head and wondering, well how did I benefit personally? I don't work in a potash mine, I don't work for a fertilizer company, so how did I benefit?

Well, Mr. Speaker, every minister of Finance in this province tries to somewhat loosely balance the revenue side with the expenditure side of the government. In other words, you take a dollar in from wherever, the taxpayers, whether it be corporate taxpayers or individuals, but you

take a dollar in and you spend it on needed services. You spend it on hospitals and education and social services and all those other wonderful things that governments do.

Well in 1976-77, \$116 million in royalties from potash alone meant — because there's roughly a million people in the province — it meant \$116 was collected from the potash industry, \$116 for every man, woman and child in this province. That would mean quite simply for a family of four that the Minister of Finance did not have to collect some \$464.

Pretty significant savings for a family of four. For a family of five, of course, we're talking 500 and, I don't know, 70-some dollars. I haven't done the math, but you just multiply 116 times five and you'll come out with the exact number.

So the revenue that was collected by the government of the day from potash was revenue that did not have to be collected in increased taxation from ordinary Saskatchewan people, and that's important. That's part of what this Bill to sell off the potash corporation is all about. We are suggesting that because the government would no longer have a window on the industry, would no longer have any meaningful relationship, other than it would try and collect royalties, the government cannot really tell how high the royalty rate can reasonably be set. And you want to set a royalty rate, not to drive business out of Saskatchewan, but you want to set a royalty rate that will maximize the return for the people of Saskatchewan.

Because why would we want to have non-owners of this potash benefitting in a huge way? Why would we want to have multinational corporations reaping all of the benefits from our potash? Why would we do that? Why not have the most benefit we possibly can for the people of Saskatchewan? That's why we are opposed to any sell-off of the Potash Corporation of Saskatchewan.

(2130)

Mr. Speaker, I also found some production in sales records from the potash industry in Saskatchewan, and it has been on a gradual uphill climb in terms of production. But in 1977, for instance, it was . . . it would be 9,980,000 tonnes of potash that was mined. There were sales of 9,310,000 tonnes that year.

The Potash Corporation of Saskatchewan had a 13 per cent market share.

Let's look . . . We were talking just about 10 million tonnes; go up to 1985 and it's 10.882 million tonnes. So an increase but not real huge. In 1986 it increased 98,000 tonnes only, to 10,982 tonnes — pardon me, ten thousand nine hundred and eighty thousand tonnes. And then it continued to grow in years beyond that.

But what has happened with the Potash Corporation of Saskatchewan? We see the last full year that the New Democrats were in power, PCS had the market share of 37 per cent. PCS produced four thousand three hundred and seventy-one thousand tonnes of potash and sold three thousand eight hundred and eighty thousand tonnes.

The very next year production dropped from 4.371 million to 2.866 million tonnes, and sales also dropped to 2.649 million tonnes, and we saw in that one year alone, the Potash Corporation of Saskatchewan's market share fell 5 percentage points — from 37 per cent of market to 32 in one year alone.

That was because of the wrong-headed election campaign promise that the now government made. They promised us through the 1982 election that they were going to do away with Potash Corporation of Saskatchewan International, the marketing arm that had been just set up to market Potash Corporation of Saskatchewan's potash around the world, a marketing arm that was headquartered right here in Saskatchewan, Mr. Speaker, and that government did away with it. They went back to Canpotex.

I pointed out yesterday that it was an election promise to do away with the Potash Corporation of Saskatchewan International, and to that extent the government was at least, I suppose, somewhat honourable. They kept their word, kept that election promise. It was a fairly easy one to keep. But in doing so they waited the whole marketing year; they waited from April when they were elected, all the way till the end of June before they formally did away with the marketing arm.

In the meantime Potash Corporation of Saskatchewan International had handcuffs on. Nobody wanted to deal with an entity, nobody wanted to buy thousands of tonnes of fertilizer from an outfit that might not be in existence tomorrow. Why would you start negotiating if you don't think you can consummate the deal? It makes no sense. And that's what potash buyers around the world were saying. And indeed the Potash Corporation of Saskatchewan International people were saying: why bother? Why should we try and do something that this government clearly does not want us to do.

But by waiting from April till the end of June when the potash market had all dried right up completely — you couldn't give away a wheelbarrow of potash in June — by waiting that long they essentially did away with a major portion of a potash year. And that's why we see the production rates falling from 4.371 million tonnes in one year all the way down to 2.866 million tonnes. That's why we see the market share for PCS dropping from 37 to 32 per cent, and it has hovered right around that ever since — the Canadian market share of Potash Corporation of Saskatchewan.

We find that very distressing because, as you can understand, Mr. Speaker, New Democrats feel that we've demonstrated the potash corporation is efficient, that that Crown corporation is efficient. By whatever measure you want to use, the Potash Corporation of Saskatchewan is the most efficient production company for potash in the world, the most efficient in the world. The Premier's fond of talking about world class. Well he took over the class of the world operation. The class of the world was Potash Corporation of Saskatchewan.

And what did he do with it? Shut off its marketing arm, emasculated the company, ran up its long-term debt from

... it was \$88 million in 1971, ran it up to ... in 1986 it was \$558 billion. The retained earnings were \$314 million in 1981. Every successive year they went down. In 1982 they went down, '83, '84, '85, '86, to the point where in 1987 the retained earnings of the Potash Corporation of Saskatchewan is officially \$5 million — \$5 million.

You could sneeze, at least this government can sneeze; in fact they did. They sneezed and made a \$5 million deal with Guy Montpetit, and it's gone. Just like that. Gone. And that's what they're doing with the Potash Corporation of Saskatchewan. You've got a company that's worth \$2 billion roughly, \$2 billion, and yet they've run it into the ground, run up a massive long-term debt quite unnecessarily. And now because of their management incompetence, because of their belief that Crown corporations cannot work, that self-fulfilling prophecy that they have, they're saying, but we have to privatize it.

Well what about the revenues to the people of Saskatchewan? I mean, that's what is important. And the revenues, as I've pointed out earlier, belies all of the other arguments; it takes away, negates all the other arguments about who should own the Potash Corporation of Saskatchewan.

We've proven when royalties from potash could go from \$2.410 million in 1968-69 to \$116 million in '76-77, I think that's a pretty good track record and one that certainly New Democrats should be proud of, New Democratic Party supporters throughout Saskatchewan should be proud of, because they're the ones that enabled the government to do it. They're the ones that supported the Blakeney government through those tough years, through the tough times of piloting the Potash Corporation of Saskatchewan Bill through this legislature. They were the ones that stuck with the government, and their faith has paid off very, very handsomely for the province of Saskatchewan.

Indeed if you look at the dividends that have been paid from the Potash Corporation of Saskatchewan, now these dividends paid, Mr. Speaker, are not the same as royalties. The Potash Corporation of Saskatchewan pays royalties on the potash that they mine, the same as every other potash corporation. But the other corporations, when they pay dividends, they're paying it to their shareholders, as is Potash Corporation of Saskatchewan, I suppose.

The difference is, the shareholders in the Potash Corporation of Saskatchewan are the people of Saskatchewan. So when \$50 million was taken as a dividend in 1980, that \$50 million went into the general revenues for the people of Saskatchewan. It was \$50 million that the minister of Finance did not have to get from other sources.

The same can be said for the \$50 million that was taken in dividends in 1981. The same can be said for the \$50 million in dividends that was taken in 1982. The same could be said for the \$62 million dividends taken in 1983, and the \$12 million dividends taken in 1984. Pretty substantive track record that potash corporation, our

Crown corporation, owned by all of the people of Saskatchewan, has.

We are proud of it, and a good number of people in Saskatchewan are very proud of it as well. And they're increasingly realizing, Mr. Speaker, that potash is, if I can use the term, is much like a cash cow to the government. And you know ... I see the Minister of Finance in the House. He knows full well we need a cash cow in this province if we ever hope to ...

The Speaker: — The hon. member, as we have mentioned on different occasions, according to the rules, is not to refer to members present or absent from the House.

Mr. Trew: — Thank you, Mr. Speaker. I quite truthfully thought we just could not refer to their absence. But I apologize for that and will endeavour not to do it again.

We've got a government that has tried to privatize various operations and the privatization has really gone afoul. We see in Saskatchewan that 25 per cent of our children are now living in poverty, and that's not counting children that are on reserves. We see the number of people using food banks in Regina and P.A. and Saskatoon and Moose Jaw tripling, tripling in the last three years.

I mean, that's really a damning statement about privatization. It's a damning statement about the Conservative government. When you see the results of all of the privatization you see the results of this open — or hopin' — for business, and you see the results coming home to roost. And the people are the ones that feel it the most; the lowest income people feel it first because they're the ones that are directly affected; they're the ones that no longer have a disposable income for anything other than the absolute essentials in life. They're the ones that see the result of the privatization, and yet, you know, poor people require power in their homes.

Many of them have their homes heated by natural gas, and yet they paid equally for the SaskPower calendar, SaskEnergy calendar that was put out, which is simply an example of government actions, this government's actions that are useless. The calendar certainly was not welcome by anyone that I ever spoke to; in fact, it reads up and down instead of across; you really have to be either a genius or take your time to read the calendar. But it's an example of money that's squandered and spent needlessly.

And people in Saskatchewan have come to realize that the government cannot be trusted when it says it wants to have public participation in the Potash Corporation of Saskatchewan. The people know that they don't own shares that are written in paper; they haven't shelled out money for shares in IMC (International Minerals and Chemical Corporation (Canada) Ltd.) or in these private potash companies. Very few people in Saskatchewan have shares in potash companies. Indeed you can ask people, do you own a potash mine on your own? And they'll say, no. But increasingly they are realizing that they equally own with their neighbours and the rest of their families and friends, they equally own one

one-millionth of the Potash Corporation of Saskatchewan. So this give-away of the Saskatchewan heritage, Mr. Speaker, is not in the best interests of Saskatchewan.

Mr. Speaker, before I leave revenues, I want to refer to the Saskatchewan economic and financial report of March '87, where the government puts out, it said:

In 1980-81, the province received nearly 33 per cent of its revenues from non-renewable resources. In this fiscal year, we expect that non-renewable resources will yield less than 11 per cent of our total revenues.

(2145)

A drop from 33 per cent to 11 per cent, and that fits in with what I've been saying and what my colleagues have been saying about this government and about where it wants to collect its moneys from. It collects from individuals at an ever increasing rate. We've seen the flat tax. We've seen E&H tax go from 5 to 7 per cent. We have seen all kinds of hidden and up-front tax increases on ordinary people, and yet we see the revenues that the province receives from non-renewable resources dropping from 33 to 11 per cent in a short period of time.

From 1980-81 to 1986-87, (I'm again quoting from that same book) potash revenues declined from \$280 million to \$35 million . . .

That's nearly an 88 per cent drop in revenues. From '80 to '81 when New Democrats were in power, we collected \$280 million for the people of Saskatchewan, to 1986-87 when the government opposite collected a paltry \$35 million.

Oil revenues . . . \$700 million in 1982-83 . . . and accounted for over 25 per cent of provincial revenues . . . current expectations are that oil revenues will be \$220 million in 1986-87 — down over 70 per cent . . .

The report goes on:

In 1985-86, we received over \$36 million from royalties and taxes on uranium. This year, our uranium revenues have fallen by more than 50 per cent.

Really a sad picture, Mr. Speaker, a sad picture of a government that clearly would much rather tax regular people than it would like to tax our non-renewable resources.

I feel very strongly about it because we need all the revenue we can get from potash if we ever hope to overcome the massive debt this government is going to leave in its wake. We need that revenue desperately, Mr. Speaker. And even though there is a 4,000-year supply of potash under the ground in Saskatchewan, at current consumption rates, even though there is that almost infinite amount of potash that's available to be mined, every tonne that is mined and sold, you only get a chance to collect royalties and taxes on it one time — one time.

We have to maximize it, unlike the used vehicle tax that the government tried to put on in 1985 and then was forced to back away from when it proved very unpopular. But you can't tax potash more than one time. You can't collect royalties more than one time. Even the Finance minister, who is a master at increasing taxes, I don't think can figure out a way to tax potash twice.

Yesterday, Mr. Speaker, I had the pleasure of welcoming a couple into my constituency. They've moved in, members opposite will be pleased to know, they've moved to my constituency from Regina Elphinstone, so I suspect that the member for Elphinstone just lost two votes and I think I've gained two votes.

Anyway, I had quite a conversation with this couple, and we got talking about potash and what it meant to them. And they very, very much realized that potash as a cash cow was good thing for them.

This was an elderly couple, and I offered my services as an MLA to them. I said, if there's ever anything I can do, please just say the word. And the woman said, well there is one thing. She says, could you give the Premier a good, swift kick. So we had a bit of a chuckle about that. She remembers the promise — this woman who's in her 80's remembers a promise of free telephones, and she said she's still waiting for that

An Hon. Member: — Free what?

Mr. Trew: — Free telephones for seniors. She remembered the promise to eliminate the E&H tax. And of course that didn't happen.

The Speaker: — I believe the member is wandering off the topic and going into an election platform, and I'd like him to come back to topic.

Mr. Trew: — Thank you, Mr. Speaker, I will endeavour to do so. The potash market, Mr. Speaker, is very cyclical, to get right back to potash, which is what we're dealing with today. And it follows roughly a seven- or an eight-year cycle, and it has peaks and it has valleys. And because of that, there's going to be some times when potash is going to be much better than at other times.

We saw the peak through the '70s, I'll be quite honest about it, through the New Democrat years potash was up in value. You could sell lots of potash. The markets were there to be developed and to fill, and of course, when you have the most efficient mines in the world you can fill them.

Then the government changed. We lost the first full year, and that first year, as I pointed out earlier when the potash sales went down, that first year was not because potash market had dwindled in any way, but it was rather because of the actions of government members opposite.

To back that up I just want to look at the production levels, and in 1982 Canadian production was 8,538,000 tonnes; in 1983 it was 9,719,000 tonnes. It had gone up rather than down, and yet we saw the sales of PCS slipping radically.

So that year was clearly the government digging its trough — or its valley — and it's a trough that the Potash Corporation of Saskatchewan has had to struggle with ever since to try and enhance its market share of potash. But you couple that bad management, you couple that with a softening of the international potash market, and you're bound to have some trouble in the potash industry.

But it's truly a recipe for disaster when you add the third ingredient, and that is you add a government that can run a potash mine, but a government that does not believe it should be running a potash mine.

And that's one of the dangers, Mr. Speaker, and one of the problems that Saskatchewan people are going to have to face in the future. We are going to be left with a potash corporation with a huge debt. We're going to be left with a Consolidated Fund debt in this province currently at \$4 billion. Who knows what it'll be by the time the next election rolls around, but I'd sure bet my pay cheque that it's not going to be smaller than that. I'd bet my pay cheque it's going to be more than \$4 billion, and the people of Saskatchewan are the ones that have to pay that. All that that debt is, or that deficit is, all it is, is deferred taxes, as simple as that, and our children and their children are going to have to pay for that massive spending that the government, the misspending that this government has taken on and . . . well they seem to be spending like drunken sailors, and I apologize to any drunken sailor I may have offended.

To talk about the privatization, Mr. Speaker, I think it's necessary to look at what has happened, not only in Saskatchewan's Crown corporations like Saskoil that was privatized, but look at Maggie Thatcher's Great Britain. We have now a situation where the Labour Party, the socialist party there, is ahead of the Conservatives, and it's in the 18- to 29-year-olds the lead of Labour is in greater than 25 per cent. The young people who can't find work, or who are suffering under the cheap land, cheap labour Conservative policies, know full well their only hope for the future and a decent future is with the Labour Party in Great Britain.

What we see in Great Britain is just astounding. You hear these bad jokes: how do you get 20 British people into a telephone booth? Tell them it's working. And that after British Tel(ecom) was privatized.

And the same things are happening here, and the same things will happen if we allow this privatization or privatization or give-away mania of the government opposite to continue. That's why my colleagues and I are so adamant that the Potash Corporation of Saskatchewan, that heritage of Saskatchewan people, of every man, woman, and child, present and future, should remain in the public domain, should remain as a Crown corporation so that the benefits can accrue to the rightful owners of that potash — the people of Saskatchewan.

Mr. Speaker, I'm talking of course about privatization, and I'd like government members opposite to tell me how it is that by privatizing a corporation that last year alone made a \$106 million profit, how is — over \$100 million profit last year alone — going to come back into the

provincial coffers if they give away the corporation? It's much like a farmer who has eight quarters of land, sells off a quarter this year, has some ready cash, spends it on a new car. What's he got next year? He's got seven quarters of land and a broken-down car.

So what's he do then? Well maybe sell another quarter, buy another car. So he's got cash to drive his car around for that year. At the end of that year what's that farmer got? Instead of eight quarters of land he's got six quarters of land and he's got two broken-down cars.

And that's what this government is pushing Saskatchewan to. We've seen a broken-down treasury being developed under this administration. We've seen every year another deficit. We have seen Crown corporation after Crown corporation after Crown corporation mismanaged. You just read the Crown corporations' public record and it is highlighted, every one of them we find all kinds of problems in it.

The Potash Corporation of Saskatchewan is absolutely no different. The Potash Corporation of Saskatchewan is being run very badly by a government that doesn't believe that the Potash Corporation of Saskatchewan should be in business.

Mr. Speaker, I see that it is nearing 10 o'clock; therefore, I beg leave to adjourn the debate.

Debate adjourned.

The Assembly adjourned at 9:59 p.m.