

EVENING SITTING

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.

Ms. Simard: — Thank you very much, Mr. Speaker. Just before we adjourned for supper, I had indicated that what I had wanted to do this evening was to deal with the events leading up to 1975, and my interpretation of those events, and why the potash corporation was established, and therefore why the potash corporation should be retained.

I also wanted to talk about some of the accomplishments of the potash corporation, and why I felt these created a very strong argument for maintaining the public Crown corporation and not for privatizing it.

In addition, I wanted to go into the PC record in order to illustrate our argument further, which is that the Crown corporation should be developed as a public corporation for the benefit of people in Saskatchewan. I also wanted to deal, Mr. Speaker, with some of the arguments opposite.

And prior to the supper break, I had dealt with some of the arguments the member from Indian Head-Wolseley had put forward and started to deal with some of the history and background with respect to the corporation, indicating in my remarks that the potash reserves in Saskatchewan are very huge and enormous; that they stretch across the province from North Battleford to Saskatoon and Yorkton on the northern edge, and from Moose Jaw and Weyburn into Montana on the southern boundary; that these huge amounts of reserves are adequate to supply the entire world's needs for hundreds, if not thousands of years, Mr. Speaker. And that's crucial to this argument because what that says, Mr. Speaker, is the fact that this is an enormous resource that Saskatchewan has.

And because it is such an enormous resource, it gives Saskatchewan the opportunity of being world leaders in the potash market, world leaders controlling and influencing world markets. This is our opportunity, Mr. Speaker. And the decisions with respect to the development and marketing of this resource should be made in Saskatchewan, Mr. Speaker, not in Chicago and not in Toronto as the Tories would have it.

At the conclusion of my remarks, Mr. Speaker, I will be moving a motion as follows:

That all the words after "Bill No. 20" be deleted and the following substituted therefor:

Not now be read a second time because (meaning the Bill should not now be read a second time):

(a) the privatization of the Potash Corporation of Saskatchewan to foreign interests and other outside investors is not in the best interests of Saskatchewan people;

(b) the privatization of the Potash Corporation of Saskatchewan will result in increased taxes and cut-backs in services for Saskatchewan people; and

(c) the privatization of the Potash Corporation of Saskatchewan has been overwhelmingly rejected by the people of Saskatchewan.

So I will be moving that motion at the conclusion of my remarks, Mr. Speaker.

And so where I left off at just before supper was the point that if these deposits were properly managed, Mr. Speaker, properly managed and properly developed, that we have, the Potash Corporation of Saskatchewan has the potential to supply an increasing proportion of world demand as the ore bodies in other countries such as France and the U.S. are declining. But they're not declining in Saskatchewan. We have virtually an endless supply. We can be a major producer in the future.

And it's not necessary, Mr. Speaker, to pass this Bill to be a major producer because it depends on political will, not on privatization. And the New Democrats had that political will to expand and increase the markets of the potash corporation, but the Tories don't have it because it does not fit their ideology. They would much prefer to have it controlled and managed through foreign interests.

The problem, of course, with that is that foreign corporations have in mind making profit. That is their *raison d'être*; that is what they work for — profit, not for the benefit of the people of Saskatchewan but profit for the corporation, Mr. Speaker. That's the ultimate.

Whereas, as far as a public corporation is concerned, it's managed, it's developed, its markets are increased for the benefit of the people of Saskatchewan, every man, woman, and child. And that's the reason why we have Crown corporations, Mr. Speaker.

Now prior to 1975, when the Potash Corporation of Saskatchewan was formed, the mines were controlled — this is prior to the formation of the public company — the mines were controlled by 12 companies — eight U.S. based, of which five were former or existing New Mexico producers, I believe, Mr. Speaker; one South African; one French-German; and two were Canadian.

In 1975, Canada produced approximately 24 per cent of the world potash, of the world's potash, and this all came from Saskatchewan, Mr. Speaker. The U.S.A. was the largest producer at approximately 28 per cent; and West Germany, I believe, 12; the U.S.A., 10; and some western European producers, 26 per cent.

But I believe, Mr. Speaker, that it's significant to note that

Saskatchewan was exporting most of its production outside of Canada. I think only 4 per cent, I think it was only 4 per cent remained in Canada. Sixty-two per cent went to the United States, offshore markets of Asia, Japan, India, and South Korea, South America. Markets in China and Indonesia were growing at this time.

The reserves in the U.S. were declining, so Saskatchewan was capturing a very large portion of the U.S. market. Western Europe at that time was headed to become a net importer, and there was very little potash production elsewhere — very little, Mr. Speaker. Saskatchewan had a strong future, a strong future in export markets. And aggressive marketing and expansion program by Saskatchewan producers would bring growth and expansion to the potash industry, Mr. Speaker.

We have, here in Saskatchewan, the largest reserves, the largest reserves, and we have a vital role to play, globally, in establishing prices and impacting on consumption. We have a vital role to play in this province. We are the largest free market producer with the world's largest reserves. So there is room for the Saskatchewan potash industry to expand and to grow. There's room, Mr. Speaker.

And prior to 1964 when the CCF (Co-operative Commonwealth Federation and the NDP were in power, a lot of consideration was given by the government to the best way of developing this major resource. The province did not proceed with Crown development at that time because of lack of financial resources, lack of knowledge with respect to technology and marketing. The U.S. producers came into Saskatchewan because resources were being depleted in the United States and there were signs of growing demand for potash in the U.S.

So the province gave leases to a number of international companies at that time, Mr. Speaker, and in 1962 the provincial government set a schedule of royalties which provided for a very low rate of return — two and a half per cent, I believe. The payment was approximately two and a half per cent of the value of the product.

These rates were in effect until 1974 and I believe they were subsequently extended to 1981 for PCA (Potash Company of America) and IMC (International Minerals and Chemical Corporation of (Canada) Ltd.).

The rationale behind these very low rates was that the mining was costly and that the risk of development was costly and therefore low rates should be maintained. And that extension that took place was approximately 1964, I understand, by the Liberal government at that time. And the Liberal government at that time began to encourage expansion of the potash industry.

Tax incentives were given by the federal and provincial governments during that period. And as a result of those tax incentives we were faced with an oversupply of potash.

As a result of that, the Liberal government commissioned a report and the report concluded that supplies would exceed demand until 1977 and that there would be a serious over-supply in 1970 and '71.

The premier of the day said, and that was a Liberal premier, that never before had he seen such a group of major corporations get into such a mess. We then see prices falling from 1965 and putting serious financial pressures on the U.S. potash industry. We then see our potash industry being subject to a number of restrictions to limit imports and to add duties. We see an antidumping investigation that takes place leading to dumping duties. And all of this chaos results in lay-offs in Saskatchewan and lost revenue to the provincial government. And so the government implemented a prorationing program, and the prorationing program had the effect of stabilizing prices.

We see an industry that's in chaos; we see corporations who appear to be unable to manage the industry properly. We see a Liberal premier who's faced with all these restrictions being imposed on the potash industry, who tries to take some action through a prorationing program.

And in 1971 the prorationing program was over a year old when the NDP came to power. And they proceeded with that program, Mr. Speaker; although they had felt it limited expansion into world markets, they nevertheless continued with the program.

And 1972 then saw a series of long challenges to the provincial government and with respect to the potash industry; challenges to the government's right to control the development of this resource, Mr. Speaker. In July of 1972, the first of what would become a long series of challenges to the government's right to control development of the potash resources began. Central Canada Potash challenged in the courts the province's prorationing regulations and asked for an unlimited production licence.

In December of 1972, there was a second action that was launched by Central Canada Potash against the prorationing program. And that was joined by the federal government.

In '72 and '73, our government was conducting a review of the overall resource policy including potash policy. And as an interim measure, the New Democratic government decided to raise the prorationing fee to \$1.20 a tonne and announced a sound plan for greater public participation was to be implemented before any expansion in the industry could be approved.

(1915)

Then proposals for a potash policy were presented in April of 1974 which included a new taxation policy and government participation in future development. The producers, the potash producers were asked to file financial statements.

So what happened? Instead of co-operating with the government, Mr. Speaker, instead of co-operating with the government, the producers responded in a very negative fashion by disagreeing with all of the policy proposals. A month later the production controls and minimum prices, however, were lifted by the government

because of expanding sales.

In October 1974 the government announced its new policy, and the main points of that policy were as follows, Mr. Speaker: government participation in mine developments; equity was offered for the expansion of existing facilities; a new tax system called the reserve tax, which would increase revenues by a factor of five.

From that announcement until the announcement in November of 1975, the announcement that the Potash Corporation of Saskatchewan would be acquiring a major portion of the industry, there were a number of very significant events which caused the New Democratic government to reconsider the policy options.

I'm going to set out for you briefly, Mr. Speaker, what those events were. A federal budget which made provincial royalty payments, taxes, and fees non-deductible for corporate income tax. Potash producers announcing plans deferring 200 million worth of investment. A Canadian potash producers association brief outlining their wish to have all levels of taxation no greater than 50 per cent of profits. Meetings held at the political level with the industry, where it was decided to set up a committee to review industry profitability after all the recent tax charges. A court decision ruling the Saskatchewan prorationing program unconstitutional — and the provincial government appealed that decision. The government and industry committee meets, makes some progress, but the industry declines to meet again.

On June 11, the NDP government is re-elected and, incidentally, indicated in its campaign that it intended to have further participation and more control of the potash industry. On June 20, all producers except Central Canada Potash launched a court action against the reserve tax, and they refused to pay their quarterly instalments of the tax. In other words, they boycott the tax, Mr. Speaker. By August, about 30 million was owed in taxes — \$30 million owed in taxes by the potash industry. The producers attempted to use the courts to make provision for return of taxes if they won their litigation and the government stepped in and set a deadline for payment of taxes.

In October, all the producers except Central Canada began litigation against the prorationing fee regulations. And throughout this entire period, Mr. Speaker, the producers refused to comply with the law and file their financial statements and information which had been requested by regulation. And if it was submitted and they could make their case with these financial statements, then so be it. But the fact of the matter is, they refused to make their case; they refused to file the statements; and they refused to substantiate their allegations about high taxation. They absolutely refused. So the attempts at that time, Mr. Speaker, at regulation and taxation, were met with a series of court challenges, refusals by the industry to comply with regulations and pay taxes, and a tax by the federal government on what the province believed were their constitutional rights.

Negotiations were attempted with the industry and were broken off by the industry prior to the June 11 election, 1975. The New Democrats were returned to power. Just

nine days after the election they were faced with the refusal to pay taxes and a court action against our tax systems in addition to the action against prorationing. That's what was happening leading up to 1975, Mr. Speaker; an industry that was boycotting the payment of taxes and challenging the province at every step of the way without supporting its allegation of high taxation in any manner whatsoever, refusing to file the financial statements, Mr. Speaker. That's what the government was being faced with.

And in spite of reasonable attempts by the government to meet the industry and to try to resolve these issues, the government was forced by the decisions made by the industry with respect to regulation and taxation to take a position to protect Saskatchewan's long-term interests. The government realized that it was absolutely crucial to protect Saskatchewan's long-term interests and therefore had to take steps in that regard.

It wasn't the policy route which was originally embarked upon. That wasn't the original intention of the government, Mr. Speaker, but as a result of the actions taken by the potash industry, as a result of the direction they pushed it in, it was necessary for the province of Saskatchewan to maximize the potential of these resources for the benefit of all Saskatchewan people. And so the potash corporation was set up as a Crown corporation to develop a new mine at Bredenburg.

Now these actions taken on behalf of the provincial government caused some concern in sectors of the U.S. agricultural industry, Mr. Speaker. The New Democratic government at that time was able to resolve some of these concerns fairly quickly; however an antitrust investigation by the U.S. Justice department appeared to have its beginning with an antidumping investigation.

Then in June of 1976 a jury filed indictments regarding the potash case as a part of a bigger investigation into marketing of all the three major plant nutrients. And, incidentally, included in the list of unindicted co-conspirators, Mr. Speaker, were former premier Ross Thatcher as well as a long list of Saskatchewan politicians and civil servants. That's what the United States was doing at that time, Mr. Speaker.

The fact, the very fact that two arms of the U.S. government could be both conducting investigations aimed at influencing how Canada operates its economic affairs and resource development gave the New Democratic government confirmation that the actions they took were actions in the right direction.

The announcement in November 1975 of the intent of the government to acquire a major position in the potash industry and the subsequent legislation, which was never used, were a fundamental change, Mr. Speaker, in the direction from the policy the New Democrats originally intended to follow to regulate the industry, increase revenues, and encourage expansion, and obtain a window on the potash world.

At this same time, we saw constitutional threats by the federal government, which were taking place across Canada, across the entire resource sector. And perhaps

the potash industry was caught in this battle, Mr. Speaker. But unfortunately the industry's reaction as hostile. There's no question they exercised poor judgement in an inappropriate response, Mr. Speaker. There's absolutely no question.

Now after 1975 and when the Potash Corporation of Saskatchewan was created, Mr. Speaker, what happened immediately was that the industry started to co-operate. It started to co-operate. It didn't withdraw its court actions, Mr. Speaker, but it suspended them, and it started to pay taxes once again and it undertook to expand production. And I think that's very interesting, that after the Crown corporation was established, Mr. Speaker, the industry started to co-operate with the government.

Some 600,000 tonnes of private sector potash expansion was approved between 1979 and 1981. The reasons for that were that the government potash policy proved to the industry that the government's firm intent to manage this resource one way or another in the interest of the citizens was successful. The highly successful financial performance of the potash corporation also demonstrated to Saskatchewan people, and to the potash industry, that profits could be made after the payment of the provincial taxes, because the Potash Corporation of Saskatchewan was doing exactly that.

And there's no question that in that period after 1975, PCS (Potash Corporation of Saskatchewan) was an outstanding financial success. In six years the corporation made more than 413 million in profits and it paid the provincial treasury more than 270 million in taxes and royalties and Saskatchewan taxpayers 100 million in dividends.

In 1982, the potash corporation had a total debt of only 230 million on about a billion dollars of assets. And at that time, Mr. Speaker, it had returned nearly all of the original equity investment of 419 million in profits.

Well the members opposite will say that's just luck, but I say, Mr. Speaker, that's good management and it's the political will to make a corporation successful. That's what that is, Mr. Speaker. And the potash market conditions from 1976 to '78 were not particularly good in that situation.

Prior to 1975, Mr. Speaker, there was not a single potash company head office in Saskatchewan, and I think that's important to me. Canpotex had a post-office box here but I believe it was run out of Toronto. And I think that is an important point that I'll be dealing with in more detail subsequently, Mr. Speaker.

Good management and patience demonstrates, Mr. Speaker, as a result of the record of the New Democratic government with respect to potash, that if you position yourself, you can make the company successful and it can be extremely profitable. In 1980, for example, PCS achieved a profit of 167 million, providing 40 per cent return on equity; and in 1981 profits amounted to 141 million, providing a 34 per cent return.

But in making this argument, Mr. Speaker, I am not saying that public companies should be measured solely by

short-term profits, or losses for that matter, because we have to look at other things when we measure a public company; for example, the reference I made earlier to the head office of the potash company being in Saskatchewan. Prior to 1975 not a single potash company head office was located in Saskatchewan, Mr. Speaker, not a single one.

Potash Corporation of Saskatchewan employees totalled 2,267 by the end of 1982. The payroll was approximately \$62 million, and 60 per cent of these employees were inherited through acquisition, but the remainder had been employed in new endeavours and new functions — functions such as research and development, diversification, and agronomic development. And where was this done, Mr. Speaker? Was this done in Los Angeles or Chicago or Paris or some other place? Where was this being done? This was being done out of Saskatoon, Mr. Speaker, our of Saskatoon. Decisions were being made locally, Mr. Speaker. Accounting and audit and seminars were immediately allocated at Deloitte Haskins & Sells in Saskatoon — in Saskatoon, Mr. Speaker, not in Chicago. (1930)

The corporation developed a close working relationship with the university, its graduates and postgraduates, and in fact hired many of them, hiring Saskatchewan people to work in Saskatchewan under a potash corporation with a head office in Saskatchewan, Mr. Speaker. Finally the corporation . . . (inaudible interjection) . . . Yes, and the member at the back says that's the way it's going to be now. Well Bill 20, sir, provides for only three of the directors to be Saskatchewan residents; only three, only three. And that hardly guarantees Saskatchewan control; that hardly guarantees Saskatchewan control.

The corporation also adopted a purchasing policy which increased the Saskatchewan content of goods and services provided in a very dramatic fashion, Mr. Speaker. In addition to this, the corporation pursued a very aggressive expansion program. And it must be remembered that the potash corporation was formed in part, Mr. Speaker, because the private sector was not expanding; the private sector was refusing to expand at a time when many of our world competitors were doing so. And the potash corporation was formed and launched itself on an aggressive expansion program, Mr. Speaker, so we could capture the world markets instead of sitting by and watching some other country do it.

And that was Saskatchewan people doing it, Mr. Speaker, Saskatchewan people, not foreign-controlled companies. It was Saskatchewan people working together, working for the betterment of future generations in this province, developing and incorporating an industry that was expanding on international markets in a manner that the private multinationals were not doing.

Mr. Speaker, from 1976 to 1982, the potash corporation had expanded its production base from 2.806 million tonnes of potash to 3.514 million tonnes, and it had an additional 1.14 million tonnes under construction and 3.5 million tonnes in the planning or design phase. This included a new mine at Bredenbury with a planned capacity of about 2.0 potash annually, Mr. Speaker.

Research and development was emphasized, and many exciting projects with the potash corporation were under way, including such things as electrostatic separation of potash underground, and seam tracking sensors. And resource and development which was vital to competition was expanded and developed by the potash corporation of the people of Saskatchewan.

I think it's necessary at this point as well to comment on the potash corporation's international marketing strategy and Canpotex, Mr. Speaker. That's come up before in this debate, Mr. Speaker, but I want to give my version of the facts.

The fundamental conflicts developed between PCS and Canpotex over the following issues, Mr. Speaker. Canpotex's head office . . . PCS was saying that Canpotex's head office should be in Saskatchewan. There was a conflict over the by-laws and the procedures and the marketing philosophy.

The PCS and the New Democratic government felt that there were some major, significant problems in the structure and philosophy of Canpotex. And they took the position that Canpotex head office should be located in Saskatchewan since Canpotex was serving exclusively, I believe, Mr. Speaker, exclusively serving Saskatchewan mines. But these efforts were resisted consistently until 1983 when Canpotex finally moved to Saskatchewan — 1983. They resisted those efforts consistently until 1983.

The by-laws of Canpotex impeded its effectiveness and discriminated against the Potash Corporation of Saskatchewan, and the New Democratic government felt that they should be changed. The New Democratic government felt that the potash corporation of the people of Saskatchewan should not be discriminated against by the marketing agency Canpotex.

Canpotex had changed its by-laws to the effect that each company had a single vote, Mr. Speaker, where previously each mine cast a vote. Thus the Potash Corporation of Saskatchewan, which contributed, as I understand, over 50 per cent of Canpotex tonnage, was put in exactly the same position as a company that made a negligible or insignificant contribution with respect to tonnage.

Long-term contracts with major companies were technically ineffective because members could opt in and out of Canpotex at will, and with very little penalty, I understand. So customers perceived this as a destabilizing factor in a long-term relationship, Mr. Speaker — a destabilizing factor. That's how it was being perceived by customers.

Canpotex found it difficult to match the marketing efforts of our competitors in such areas as the provision of credit and counter-trade, for example. And I think it's also interesting to note here that board meetings of Canpotex were governed by antitrust and antidumping U.S. laws. And I think that's important to note, Mr. Speaker, because although these discussions were legal in the Canadian context, they may not have been legal in the American context, and therefore there were a battery of lawyers,

American lawyers, who attended these board meetings and dominated the meetings.

And yet we have a Saskatchewan company, owned by the people, contributing over 50 per cent of the tonnage in this organization, but the meetings are being dominated by American lawyers.

It was in the area of marketing philosophy that divergence with other Canpotex members, however, most clearly manifested itself, and I think, Mr. Speaker, that an objective appraisal of Canpotex shows quite clearly that it is not a consistent performer in the international market-place. It's not a consistent performer. The market share in key markets have been erratic as Canpotex pursued a policy of price optimization as opposed to exploiting markets and trying to obtain greater markets. The policy of Canpotex was price maximization and this was done at the expense of production, Mr. Speaker. And so we see Canpotex becoming a supplier of last resort. Other world producers, however, fully exploited this stance and maintained consistent and growing market share.

Mr. Speaker, I am describing the philosophy of Canpotex here in order to later develop an argument which I have mentioned in my opening remarks in response to the minister for privatization, the member from Indian Head-Wolseley, that in effect the political will of the government was not to expand the potash corporation. The political will was to pull back the people's corporation in favour of the multinational corporations. And that's what took place when the PC government was managing the potash corporation. And now, with respect to Bill 20, they want to privatize it.

The fact of the matter is that Canpotex pursued a policy of price maximization at the expense of production, and became a supplier of last resort, while other world producers . . . And this government sat by, and has sat by while other world producers have exploited this market and to our disadvantage, Mr. Speaker. Okay, PCS attempted negotiations on all points, but in the end they failed because the potash corporation corporate philosophy of aggressive expansions — and I'm talking now about when the New Democratic government was managing the potash corporation — was based on improving market strategies, and this simply was not consistent with Canpotex philosophy.

As a result, the potash corporation decided to opt out of Canpotex and set up the Potash Corporation International. So we have the Potash Corporation of Saskatchewan deciding that Canpotex philosophy of price maximization to the detriment of encouraging and expanding into world markets; the by-laws and procedures of Canpotex that gave each corporation one vote regardless of the amount of tonnage that they contributed to Canpotex; the fact that Canpotex refused to move its head office into Saskatchewan; the fact that Canpotex board meetings were being run by American lawyers and dominated by American lawyers; led the New Democratic government, Mr. Speaker, to opt out of Canpotex.

So I think that it's important now to examine the years of

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PC management of the industry and compare to the period that I have just discussed. Before the government, before the Tory government, the PC government was even sworn in, and without the benefit of examining all these issues, they cancelled PCS International on Mr. Devine's rationale that PCS would do better, and I believe these are his words, co-operating with industry rather than antagonizing it. As a result, PCS, PCA, and Kalium returned to Canpotex, Mr. Speaker, and all Saskatchewan producers, I understand, are in Canpotex today with maybe the exception of Saskterra.

This decision then, Mr. Speaker, had one long-term effect and several disastrous financial short-term effects. In the long term what it did was alienate customers such as India, which to this very day are cynical about Canpotex and the government, and have in effect diversified elsewhere, according Canadian producers a very low market share.

As a result of that one act on the part of the PC government and the Premier to move the potash corporation back into Canpotex, we have alienated customers such as India who have not given us a major share of their market.

In the short term, it destroyed the framework, Mr. Speaker, for Lanigan expansion, which was in effect premised on long-term contracts with major users. It reduced the potash corporation's market share in Canpotex by allowing PCA and Kalium in without penalty, thus in effect tolerating the practice of opting in and out with very little penalty on the short-term interests of the participants.

And from 1982 to 1987 the Potash Corporation of Saskatchewan lost 184 million on a cumulative basis. It increased, from 1982 to '87 it increased the corporation's long-term debt from 221 million to 662 million. In addition, the government employed the dubious practice of dividending, Mr. Speaker, paying out dividends while they were incurring losses and expanding plant and equipment. And the dividends during this period amounted to 124 million.

(1945)

The Speaker: — Why is the member on her feet?

Ms. Atkinson: — I ask for leave to introduce a guest.

Leave granted.

INTRODUCTION OF GUESTS

Ms. Atkinson: — Thank you very much, Mr. Speaker. I would like to introduce to you, and to all members of the legislature, a guest that we have in the east gallery tonight. Malcolm French, who is visiting the legislature tonight is an independent contractor. I know that he is extremely interested in business and extremely in the debate over this Bill, and I would ask all members of the legislature in joining me in welcoming Malcolm French to the legislature.

Hon. Members: — Hear, hear!

Ms. Simard: — Thank you, Mr. Speaker. Okay, as I was saying, Mr. Speaker, the PC government was actually paying dividends from the potash corporation when the potash corporation wasn't making sufficient moneys to cover those dividends. Now have you heard of anything so absolutely ridiculous. I think that's absolutely ridiculous and it's an indicator of how incompetent these people were, or it's an indicator of the fact that they wished to undermine PCS so that they could then say, well we have to privatize this corporation. In other words, there was no political will, no political will to expand this corporation and make it work for the benefit of the people of Saskatchewan.

In 1987, the government had passed The Potash Resources Act, which enabled the government to establish volumes of potash to be produced by each company, but shortly after there was a voluntary settlement. And the U.S. government, on the antidumping charge, had reached . . . There was a voluntary settlement that was reached with the U.S. government on the antidumping charges before any of the legal remedies were pursued. This resulted in the imposition of a floor price on Canadian producers for a five-year period.

The impact of these two policies must be taken into consideration and in tandem . . . When you take them in tandem, they have been disastrous for Saskatchewan. In effect, what happened is that even though the government, in justifying their Bill, argued that they were doing this to avoid mine closures and lay-offs, they shut down the Cory mine and terminated over 200 workers while at the same time Mississippi Chemicals in Carlsbad reopened a high-cost, low-grade mine. Imports into the U.S. immediately increased from offshore competitors who were not bound by this floor price that was agreed to by the Saskatchewan government.

Our competitors in places like Manitoba and New Brunswick, Israel, and Jordan are either planning or have announced major expansions, Mr. Speaker. In fact, I understand that in the issue of June 26 of *Greenmarkets*, Israel is proceeding with the development of new potash reserves.

They are able to do this, Mr. Speaker, they are able to do this because they have the full knowledge that the Government of Saskatchewan will maintain minimum production levels, curtail expansion, and maintain prices. And if the Government of Saskatchewan is not doing that, then why would have it closed Cory, including the shut-down of the potassium sulphate plant, cancelled Bredenbury, and maintained an operated rate of 60 per cent while the rest of the world is running at almost full capacity and expanding?

In other words, everything that this government has been doing has been geared in putting the reins on and controlling the potash corporation, because their agenda

from day one has been to sell it to the multinational corporations. That's been their agenda.

Now while these two policies may be bad for Saskatchewan industry, the policies of not expanding, Mr. Speaker, they are even worse for the Potash Corporation of Saskatchewan — the policy of not expanding, the policy of floor prices. While the legislation indicated that production quotas would be imposed on all the mines on an equitable basis, only the Potash Corporation of Saskatchewan has been forced to shut in production, and no explanation has been given by the government for this blatant discrimination — no explanation.

So I guess we can draw our own conclusions, Mr. Speaker. I guess we can draw our own conclusions about that. But I conclude that this is a deliberate policy to undermine the Potash Corporation of Saskatchewan in favour of multinational corporations. This is a deliberate policy to cripple the corporation so that they can go around and say, it's not making money, it's not a good investment, and therefore we need Bill 20 to privatize and sell off this corporation that I believe has a wonderful future in this province, that can expand in a manner unprecedented and compete in the international markets in a manner that no other company can.

Saskatchewan personnel have been dismissed and replaced by industry staff. I think this is important to note: under Tory government, Saskatchewan personnel have been dismissed and replaced by industry staff that are clearly not enamoured and not in favour with this public enterprise.

The three top executives in this corporation are Americans. And where do they come from, Mr. Speaker? They come from the chief competitor of the Potash Corporation of Saskatchewan; they come from IMC — three Americans from the potash corporation competitor, IMC. It has been called, in effect, the fox in the chicken coop syndrome, Mr. Speaker.

How can these individuals have the best interests of the potash corporation in mind? How can these individuals have the best interests of the people of Saskatchewan in mind when these individuals come from the multinational corporation, IMC, the competitor of the potash corporation?

Saskatchewan people released and dismissed and replaced by Americans, and this government is now trying to say that they are privatizing this corporation for the benefit of the people and that the people will control it and the workers will participate and Saskatchewan residents will have more participation, when what they've done is released Saskatchewan executives and replaced them with Americans from multinational corporations. Well I say that their argument is a bunch of hog-wash, Mr. Speaker, and it doesn't go at all with the people of Saskatchewan; they don't believe it. Your actions speak louder than words.

I think it also says something. I think the fact that they have replaced the top people in the potash corporation with Americans says something about what this

government thinks about Saskatchewan people. Now we heard the member from Indian Head-Wolseley saying that he has faith in Saskatchewan people. Well if he had so much faith in Saskatchewan people, Mr. Speaker, why has he released Saskatchewan personnel and replaced the industry staff by American individuals who have multinational connections? How can he stand in his place today and say that he has faith in Saskatchewan people when what he has done is released personnel and replaced them by Americans in the potash corporation. Once again, Mr. Speaker, actions speak louder than words, and the truth is in their actions, not in their words.

Research, development, and diversification programs, Mr. Speaker, have been cancelled or cut. PCS is not positioning itself under the Tory government with new capacity for higher new demand in the 1990s, notwithstanding that its competitors are. And the government's response to this is that we should never have been in the business, and we vastly overestimated . . .

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

Hon. Mr. Hepworth: — Mr. Speaker, if the hon. member would provide the Assembly with the answer to the following question . . .

The Speaker: — Order. No, I'm afraid the hon. member can't ask the question. He may ask if the hon. member would wish to entertain a question.

Hon. Mr. Hepworth: — Well, Mr. Speaker, would the hon. member answer a question?

The Speaker: — Would the member entertain a question from the Minister of Education?

Ms. Simard: — I will answer that question, Mr. Speaker, as to how much the potash corporation made last year.

The Speaker: — Order, order. He hasn't asked the question yet. He's going to have to ask it now.

What's the question? You may direct the question.

Hon. Mr. Hepworth: — Thank you, Mr. Speaker. Throughout her remarks the hon. member has made the case that somehow during the years that this potash corporation has been under a Tory administration . . .

The Speaker: — Order, order. I'm not going to allow a preamble like in question period. You're going to have to put the question. Just ask the question.

Hon. Mr. Hepworth: — Could the hon. member tell the legislature how much money the corporation made last year, since she would suggest that somehow it is a mismanaged corporation of the Tories, and perhaps she could tell us what the profit was and how that compares to previous years, Mr. Speaker.

Ms. Simard: — Mr. Speaker, I intended to get into those comments in my remarks. And I would like to just point this out, I would like to point this out: we have asked them a number of questions when they have been on their feet

and you know what, Mr. Speaker? They've refused to answer.

The fact of the matter is that in 1988 the potash corporation made a profit. It made a profit of some \$106 million in 1988. And, Mr. Speaker, it made that profit — it's the first profit it's made — I maintain it's made it partly because they have decided they want to sell it off, and therefore they want to put it in good stead so they can sell it off, and partly because the Potash Corporation of Saskatchewan and potash markets are so lucrative, they're so good for Saskatchewan, that in spite of the PC government's mismanagement and incompetence and desire to undermine this corporation from 1982 to 1988, it still made a profit in 1988.

Some Hon. Members: Hear, hear!

The Speaker: — Okay. Order, order.

Ms. Simard: — Mr. Speaker, I just wish to finish with my remarks now. And I had been saying that with respect to the government's response on that, the government asserts that we should never have been in the business to begin with and that we've vastly overestimated the market in expanding Lanigan. That's what the government says with respect to my comments that the government was not positioning itself to take advantage of expanding world markets.

But this allegation on the part of the government ignores a couple of facts. First of all, the final decision to proceed with Lanigan was made and announced by the PC government in 1982. The second fact the government ignores is that new production came on stream in Jordan, Israel, and New Brunswick from '82 to '86. All of these mines are operating at near or full production, all of these mines, Mr. Speaker. And the answer is clearly . . . The answer to those allegations is clearly not market demand.

When the PCs say that there isn't a market for this, the answer is not market demand. The answer lies in market strategy. And their market strategy has been to pull in and not expand the markets of the potash corporation. And they're doing this, Mr. Speaker, when all other mines in the world — the ones in Jordan, Israel, and New Brunswick, for example — are operating at near or full production. They're holding back on PCS.

And the cumulative effect, Mr. Speaker, of all these flawed policies, is that the Saskatchewan industry, marketing through Canpotex offshore and governed by the antidumping settlement that they agreed to in the U.S., is viewed and is functioning as a last resort supplier — viewed by the world markets and in effect functioning as a last resort supplier.

And I believe that our competitors treat us with impunity, Mr. Speaker. And let me give you some examples. Foreign imports into the United States markets are up. Old U.S. mines are expanding. New Brunswick and Israel are expanding. Manitoba and New Brunswick are planning new mines.

(2000)

And this government is not acting to the benefit of the people of Saskatchewan. Instead, it is holding back. And why is it holding back, Mr. Speaker? It's holding back because it is ideologically hidebound to a political philosophy that there should be no public ownership or no public participation. And I say that . . . I'm not talking about privatization. The Minister of Public Participation is the minister of privatization, not a minister of public participation.

But they are ideologically against publicly owned corporations, in favour of multinational corporations. That's their philosophy. That's why they've pulled in their horns on PCS. That's why we have a situation now in Saskatchewan where the potash corporation, which could be doing so much better, is not doing . . . It's not operating to its full capacity. And that, Mr. Speaker, is not for the benefit of the majority; it's for the benefit of the elite. The friends of the Tory government, multinational corporations, that's who benefits from this particular philosophy and the implementation of it, as we have seen since 1982 with the Potash Corporation of Saskatchewan.

And we just . . . The member from Weyburn and myself just talked a bit about the 1988 annual report of the potash corporation, and he asked me what was the profit, and I told him that there was a profit there. There was a profit there because the potash is a very vital industry. It is a booming industry, and because, in spite of that, in spite of the fact that they have implemented policies to hold back on the potash corporation, they've made a profit this year. And I believe that they decided to make that profit so that it would be easier for them to sell it to their multinational friends. And I want to also say that this profit has been achieved even though the potash corporation operated at just over 50 per cent of capacity, Mr. Speaker.

Now with respect to the 1988 annual report, it shows that there is \$106 million profits in 1988. And here's a company that's making a profit, \$106 million, and this is just operating at 50 per cent of capacity. So I believe it could be making much more than \$106 million, Mr. Speaker.

But what are they doing? They're taking this company that made a profit in 1988 and selling it off. Now the members opposite will say, well you don't sell off — and I forget which one of the hon. members opposite made this argument but it was made in this Assembly — well you don't sell off a corporation when it's losing money; you sell it off when it's making a profit. That's when you sell it off. Well you see, Mr. Speaker, he just made my point, the point I made to the member from Weyburn. You don't sell a company when it's losing because you can't sell it when it's losing; you sell it when it's making a profit.

That's why this company made a profit in 1988. They decided that they were going to make a profit and they geared it up to do that in spite of the fact that for a period of years this company was being undermined. They decided they wanted to sell it; they decided they would do whatever they could to have it make a profit, and it did. It did, Mr. Speaker, in spite of the fact they undermined this company from 1982 to 1987 — in spite of that, Mr. Speaker.

Just think of the profits Saskatchewan people could have had. Just think of the money Saskatchewan people could have had had they pursued an aggressive marketing strategy. Just think of what the taxpayers could have had in this province, Mr. Speaker.

Now there have been a number of arguments that have been put forward with respect to why it is necessary to privatize this corporation, and I want to deal with them in a little bit of detail, Mr. Speaker. I think we should examine some of these arguments.

One of these arguments has been that privatized Crowns will have the freedom to grow and diversify. That's one of the arguments that have been put forward by the Tory government and the hon. members opposite who have spoken on this matter. And I dealt with it a little bit when I was answering the member from Indian Head-Wolseley. Privatized Crowns will have freedom to grow and diversify.

Experience, Mr. Speaker, within the fertilizer industry, contradicts this argument and here's my reason for saying this. The most successful aggressive fertilizer companies over the last five years are, I understand, Norsk hydro of Norway, Kemira Oy of Finland, and Dead Sea Works of Israel. These billion-dollar companies are all Crown owned. In contrast, many thriving, privately owned North American fertilizer companies of a few years ago no longer exist, Mr. Speaker.

There's no constraint to a Crown corporation expanding and developing, and it does not have to be done at the expense of health and education or general government purposes. As I was saying before, Mr. Speaker, it's a question of political will. It's a question of political will, Mr. Speaker.

In the past and with this significant downturn, PCS contributed 224 million in dividends. If PCS is now sold, Mr. Speaker, we might get several hundred millions of dollars, but it will be a one-time shot and our revenue generating assets will be gone for ever. It'll be a one-time shot. We may get some royalties, Mr. Speaker, but we've seen in the past and our experience has told us in the past that the multinational potash corporations only co-operated when they were put under duress. And the royalties that they paid were insignificant to the moneys that were being paid by the potash corporation of the people of Saskatchewan to the province's treasury.

Another argument that is made, and I believe the member from Indian Head-Wolseley may have referred to it, is that through public participation the potash corporation will gain a few freedoms to do business in an environment without political constraint.

Well I say that depends entirely on your political philosophy, Mr. Speaker, entirely. And if you have the philosophy that the people of Saskatchewan should not own their own corporation, that all the people in Saskatchewan should not benefit but it should be owned by multinational corporations, then obviously you're going to put political controls on the expansion and effective running of the potash corporation.

But if your philosophy is that this publicly run company should be managed and operated for the benefit of every man, woman, and child in this province by creating a corporation that is viable, is effective, is operating at full capacity and expanding into international markets, if that is your philosophy, if you aggressively market the potash that can be produced by the corporation, if that is your philosophy, then I say there are no political controls on this company, no political controls.

The political controls they're talking about are their political controls, Mr. Speaker, not an abstract sort of political controls on Crown corporations. It's not abstract; it's directly related to your perspective and your political ideology. That's what it's related to.

And in making that comment, I suggest to you, Mr. Speaker, that the member from Indian Head-Wolseley was in effect acknowledging what I said about political controls on PCS and the desire to hold it down as being true. He acknowledged my point when he made that comment.

And I think we have to also look at the objectives of the new shareholders in this privatized corporation, a majority of whom will probably be from outside the province. Now some shareholders in the new privatized corporation may represent consumers or producers of potash who might attempt to keep prices low on the one hand or continue to shut in production, and in fact block diversification and expansion to avoid competition on the other hand.

Financial investors might be after short-term quarterly gains and making short-term decisions to improve share prices. Even worse, they might fail to capitalize the corporation. More opportunities, Mr. Speaker, and greater security for the corporation, means more opportunities and greater security for the employees. That's another argument that is made by the PC government.

And one would have thought that, based on recent painful experiences in Saskatchewan, this argument would have been discredited by now. The job loss at Cameco (Canadian Mining Energy Corporation), SED Systems, demonstrates a pattern after privatization. Investors from the East take our best people, our technology, and run minimal operations here, if they don't shut them down entirely.

Another argument that the members opposite make is that employee participation in the company is a key element to our future growth — employee participation. We believe in employee participation as well, Mr. Speaker, but it doesn't have to be a privatized company to have employee participation. Many Crown corporations and publicly owned corporations have maximized the principle of employee participation; it doesn't have to be privately owned, Mr. Speaker. There again, Mr. Speaker, it's a question of political will. One can have the political will to have employee participation, and it would still be a publicly owned company.

Another argument that is put forward is that rather than

being a Crown corporation with one Crown, the government, we will become a corporation owned by many shareholders from Saskatchewan, other parts of Canada, and around the world. Well, Mr. Speaker, that's a very difficult argument to understand, because the Saskatchewan history is that under governments of different ideologies, strategic economic activities have been taken on behalf of its citizens. To suggest that industry, which is owned by the few and is being concentrated in fewer hands — because that is what Bill 20 will do, Mr. Speaker: it will concentrate the industry in fewer hands; it will be controlled by fewer people — to suggest that for some reason this is the only option for expanding the Saskatchewan industry is clearly debatable and clearly wrong, in my opinion.

Another argument that I've heard put forward in this legislature by the members opposite, and I believe the member from Indian Head-Woleseley had referred to it, was that privatization should take place because only foreigners benefit from our interest payments. Well I find it very ironic, Mr. Speaker, that we're prepared to have foreigners take our profits through dividends, but we object to foreign debt even though we retain ownership and control of our assets. In any event, Mr. Speaker, the issuance of debt instruments and saving vehicles to Saskatchewan citizens is no way, absolutely no way, dependent on privatization.

(2015)

Mr. Speaker, I want to refer you to comments made by the Minister of Finance, put forward by the Minister of Finance in his argument, at which point he said:

Public participation is designed to increase economic growth. It's designed to create new investment and new jobs, and public participation is designed to help diversify Saskatchewan's economy. And public participation is working, Mr. Speaker.

Those are the words of the Minister of Finance on April 19, 1989 that can be read in *Hansard*. I don't have the page number; I'm sorry, Mr. Speaker, it's taken off my xeroxed copy.

Further comments on the following page are:

Mr. Speaker, we believe that public participation is very important to the economic diversification of our province.

Public participation and PCS have been measured against the same criteria we apply to all initiatives.

In other words, Mr. Speaker, what I'm doing is saying that the Minister of Finance has talked on this legislature at some length on public participation, on privatization, and he has said it is working. And we heard earlier this afternoon the member from Indian Head-Woleseley making a very similar argument. I therefore want to deal with that argument now in some detail.

Let's take a look at some PC privatization, Mr. Speaker. Let's take a look at some of that. Let's take a look at the

privatization, first of all, and because I'm health critic and very concerned about this particular issue . . . I'm concerned about all issues but because it's my critic area I think we have to deal with it. Let's take a look at the privatization of the children's dental plan.

The privatization of the children's school-based dental plan meant the lay-off of some 400 dental workers in this province. It meant a reduction in services, Mr. Speaker, to many Saskatchewan children. Children from age 14 to 17 were no longer included in the privatized plan; they were just cut right out, Mr. Speaker. It resulted in, particularly in urban and rural people having difficulty getting to a dentist, but particularly rural people who are face with added costs of travelling and meals and time spent at another locality in order to see a dentist. That's an example of PC privatization, Mr. Speaker.

Privatization of Saskoil meant lay-offs of 25 per cent of its work-force. Privatization of SED meant 70 lost jobs in Saskatoon. And let's see how privatization affects public services. Let's see how privatization affects public services. Let's look at the privatization of provincial highway operations, which has meant hundreds of lost jobs, Mr. Speaker. What we see with respect to the privatization of highways is hundreds of lost jobs, rapidly deteriorating highways.

We see, as I indicated, the elimination of some 400 dental workers when the children's school-based dental plan was eliminated.

So there's a human toll to privatization, not just a financial one. Jobs are important, but why are they important, Mr. Speaker? They are important because it puts food on people's table. They're important to the quality of life. And what privatization has meant repeatedly in this province is a loss of jobs to Saskatchewan residents, a loss of jobs, and that means a human tragedy, Mr. Speaker, that means a human tragedy.

So we have to look at not just the dollars and cents figures when we're talking about privatization, but the human element that is felt by every man, woman, and child in this province.

The privatization of provincial parks, for example, has meant fewer services and higher charges to Saskatchewan families. And let's look at who gets control. Let's look at who gets control under PC privatization. PC privatization has meant the sell-off of Saskatchewan assets owned by all Saskatchewan people, and ownership and control put in the hands of the few.

Well, Mr. Speaker, I have a much . . . much more confidence in Saskatchewan people than that. I believe that control should be put in the hands of Saskatchewan people, not taken . . . should be kept in the hands of Saskatchewan people with respect to PCS, not taken from the people and concentrated in the hands of the few, many of whom will be out-of-province and foreign individuals, foreign investors.

PC government's privatization has meant the sell-off of Saskatchewan assets owned by all Saskatchewan people.

It has meant the sell-off of more than 150 million of Saskatchewan Power assets to Manalta and Coal of Alberta. The privatization of PAPCO (Prince Albert Pulp Company) means that control rests solely with the Weyerhaeuser corporation, an American forestry giant. The privatization of Sask Minerals has meant total ownership and control rests with two non-Saskatchewan firms, Mr. Speaker, one from Ontario and one from Quebec. Within a year of the PC privatization of Saskoil, three-quarters of its privately owned shares were owned and controlled outside Saskatchewan, Mr. Speaker, outside Saskatchewan. And now the PC government is proposing to sell off, with this Bill, the Potash Corporation of Saskatchewan. Now they're proposing, after the privatization of Sask Minerals meant total ownership and control in two non-Saskatchewan companies . . . Within a year of privatizing Saskoil, three-quarters of its privately owned shares with outside investors, outside Saskatchewan.

And the litany goes on, Mr. Speaker. They want to privatize the potash corporation. And they make all sorts of arguments about more participation. Well the facts don't bear them out, Mr. Speaker. The facts don't bear out their arguments.

Now in 1988 . . . Well we saw that in 1987 PC privatization meant cut-backs to the children's dental plan; it meant an attack on the prescription drug plan because that was privatizing the costs of a portion of that plan by transferring the cost to individual people who needed medication. It was an attack on the elderly and the sick, the cut-backs to the prescription drug plan. In 1988, PC privatization leads to further cut-backs, Mr. Speaker.

They have privatized valuable and productive public assets that have been used to make a profit for all Saskatchewan people — a profit to finance health, education, highways, and many other social programs and public services.

For example, in the two years prior to privatization, Saskoil made profits of 84 million for Saskatchewan people, but in the two years after privatization, Saskoil has not paid \$1 in dividends to the province, even though it has paid 10 million in dividends to its private shareholders. Not \$1 in dividends to the province, Mr. Speaker, not 1, even though it's paid 10 million to its private shareholders.

Sask Minerals made a profit for the people of Saskatchewan in every year but one since 1946. And now, Mr. Speaker, its profit will go to new owners — companies in Ontario and Quebec. Companies in Ontario and Quebec, that's where the profits are going to go Mr. Speaker.

Over the past five years, SaskCOMP has made profits totalling 16 million; now these profits will benefit a few wealthy investors. And who are these people, Mr. Speaker? Well I'll tell you who they are: they're friends of the Tories; they're people who have the same ideology as the Tories, largely.

The Devine proposal to privatize PCS and sell off some or

all of its foreign nations will mean reduced potash revenues for Saskatchewan people, and I say, Mr. Speaker, less revenue for health care and education.

And let's take a look at whether or not PC privatization that has been referred to by the member from Indian Head-Wolseley in his debate on Bill 20, and that was referred to by the member from Weyburn and by the Minister of Finance, let's see whether or not it has helped to reduce the deficit in this province and reduce taxes on ordinary families.

Well the answer to that question, Mr. Speaker, is clearly no. Everyone knows that we have a \$4 billion deficit in this province, not to mention the deficit, the Crown corporation debt. And in every single year, every single year of PC privatization, taxes have increased, and in every single year the PC deficit has increased — privatization, tax increase, increase in deficit.

Privatization means the loss of revenue from profitable public enterprises and that means the tax burden on ordinary families go up. Now if this money is given away to foreign investors, which it in effect will, will be the case if it's given away to them, obviously there's going to be less money for the people of the province of Saskatchewan. So where do we get the money from? We tax ordinary families, that's what the PC government will do, and that's what's been happening under PC privatization.

And is this government going to privatize public utilities, Mr. Speaker? Well it's already led to the privatization of major portions of SaskTel and SaskPower, Manalta Coal of Alberta, for example.

I mean, there's no limit to the privatization ideology and the privatization agenda of this government. And it's not benefitting the people. The record does not justify their arguments that this is for the benefit of the people of Saskatchewan. And they talk about opportunities for individual ownership. They talk about opportunities for individuals to be partners.

Well, Mr. Speaker, the fact of the matter is, is every man, woman, and child is a partner of the potash corporation in Saskatchewan, which is run by its government. This corporation is owned by the people, Mr. Speaker. It's owned by the people. Every man, woman, and child is a partner in that corporation by virtue of the fact that they're a resident in Saskatchewan.

Privatization of Sask Minerals has meant that it's now owned by non-Saskatchewan companies, Mr. Speaker. That's opportunities for individual ownership — opportunities for Ontario and Quebec companies, Mr. Speaker.

Privatization of PAPCO meant that all of its assets were sold to Weyerhaeuser, and not one share of Weyerhaeuser Canada is owned in Saskatchewan, Mr. Speaker. and that's opportunities for individual ownership for Saskatchewan people? I say no, Mr. Speaker.

Within one year of privatization of Saskoil, three-quarters

of the shares were . . . privately held shares were owned outside Saskatchewan. And that's individual opportunities, opportunities for individual ownership by Saskatchewan people? Three-quarters of the privately held shares is owned outside Saskatchewan. I say that's not an opportunity for Saskatchewan individuals, Mr. Speaker.

And now what are they doing? They're proposing to sell a major portion of PCS to foreign nations and foreign investors.

And I say that PC privatization has been a failure, Mr. Speaker. In 1983, they privatized SaskPower assets, and the power rates increased and their deficit increased. In 1984, they privatized highway operations and more Saskatchewan Power assets, and their power rates increased and their deficit increased.

And, Mr. Speaker, the member from Indian Head-Wolseley and the Minister of Finance said privatization was working, and they talked about it in general terms — privatization was working. And I'm saying privatization is not working, Mr. Speaker.

(2030)

In 1985, they privatized . . .

The Speaker: — Order. Why is the hon. member from Assiniboia-Gravelbourg on his feet?

Mr. Wolfe: — I ask leave to introduce some guests.

Leave granted.

INTRODUCTION OF GUESTS

Mr. Wolfe: — Thank you, Mr. Speaker. I'd like to introduce to you and to all members of the Assembly, a Mr. Alvey Halbegewachs and a Mr. Jack Shinske, seated in the Speaker's gallery.

Both men are involved in the Standardbred racing industry in Saskatchewan. They've been interested for some time. Alvey's the president of the Saskatchewan Standardbred horsemen's Association and Jack is the executive director. Alvey's also been very active politically. He was the Liberal candidate in Regina Victoria in 1986. He finished in the show position. I ask all members of the Assembly to welcome these guests.

Hon. Members: — Hear, hear!

ADJOURNED DEBATES

SECOND READINGS

Bill No. 20 (continued)

Ms. Simard: — Thank you, Mr. Speaker. As I was saying, that with respect to PC privatization, in 1983 they privatized SaskPower assets; the power rates increased, the deficit increased. In 1984, they privatized highway operations and more Saskatchewan Power assets; and the power rates increased and their deficit increased. In

1985, they privatized Saskoil; taxes increased and their deficit increased. In 1986, they privatized PAPCO; taxes increased, their deficit increased. In 1987, they privatized the children's dental plan and SED Systems; taxes increased, service is reduced, their deficit increased. In 1988, they privatized Sask Minerals and SaskCOMP and a major part of SaskTel; taxes increased, their deficit increased — unprecedented levels of poverty, high unemployment, reduced services. I tell you, Mr. Speaker, privatization is not working.

Some Hon. Members: Hear, hear!

Ms. Simard: — and the member opposite has talked, the member from Indian Head-Wolseley had referred to the privatization of Saskoil. And as I indicated earlier, the PC government privatized Saskoil at the beginning of 1986.

And from the time the PC government took office in 1982, Saskoil made a profit every year until its first year as a privatized corporation — 1982, 1.5 million profit; 1983, 30.9 million; 1984, 44.0 million; 1985, 40.6 million; 1986, 1.3 million in the hole.

In the privatization process, preferred shares were sold to private investors. These preferred shares have received dividends, even in 1986 when the company lost money. The only shares owned by the province, Mr. Deputy Speaker, are common shares, and these shares have not received any dividends, even in 1987 when the company made a profit.

The preferred shares are receiving dividends even when there's a loss, and the common shares held by the province are not receiving dividends even when it makes a profit. That's privatization, PC style, Mr. Speaker. And the members opposite say hear, hear — obviously because their ideology would prefer that route.

In 1984, before privatization, Saskoil made a profit of 44 million — all of which was kept by the people of Saskatchewan, Mr. Speaker. In 1986, the company had a loss of 1.3 million, paid nothing to the people of Saskatchewan, but dividends of 5.3 million to the private holders of preferred shares.

Within six months of being privatized, Saskoil laid off one-quarter of its work-force. Within one year of privatization, three-quarters of the privately owned shares were owned outside Saskatchewan. Within 15 months of privatization, Saskoil paid 66 million to purchase an Alberta oil company. And at the end of 1987, 12 per cent of Saskoil's reserves were in Alberta, and 70 per cent of its gas reserve . . .

The Deputy Speaker: — Order. I do not see the relevance of the privatization with the Bill before us, An Act respecting the Reorganization of the Potash Corporation of Saskatchewan. Member from Regina North West, Regina North West, when the Speaker is on his feet the members are to be silent. And I'm bringing to the attention of the member that this afternoon the member from Indian Head-Wolseley was brought to order regarding privatization, and I'll bring that to the attention of the member right now to bring her remarks into relationship to the Bill before this Assembly.

Some Hon. Members: Hear, hear!

Ms. Simard: — Thank you very much, Mr. Speaker. It is quite true that the member was brought to order. He did, however, continue to expand on his comments and concluded his comments with respect to Saskoil. And I will try to keep my comments more relevant, but I feel the need to fully rebut his arguments.

So, Mr. Speaker, what I wish to say in rebuttal to the member from Indian Head-Wolseley, who fully put his case out to this Assembly, that the privatization of Saskoil has meant a decrease, a decrease in profits to the people of Saskatchewan. It has meant control leaving the province. It has meant reserves and investments out of province, Mr. Speaker.

That's what Saskoil has meant with respect to . . . The member from Indian Head-Wolseley also talked at some length about SED Systems, I believe. SED Systems was established as a private company by the University of Saskatchewan in 1972. By 1987, SED was owned by the university, Mr. Speaker, by the provincial government, and its employees, and by some private shareholders, and employed 350 people in Saskatoon. In January, 1987, the PC government allowed SED to be taken over by an Ontario company, an out-of-province corporation, and that. . .

The Deputy Speaker — Order. I believe the member has had ample time to address any comments related to some of the rebuttal regarding the debate of the member Indian Head-Wolseley. And I ask the member from Regina Lakeview to begin to address the potash Bill which is before this Assembly.

An Hon. Member: — Point of order, Mr. Deputy Speaker.

The Deputy Speaker: — What is the point of order?

Mr. Upshall: — Mr. Deputy Speaker, In other instances in this debate, as shown this afternoon by the member for Indian Head-Wolseley, he went on at *ad nauseam** and was left to do so . . .

The Deputy Speaker: — Order, order. Members are aware of the fact that the Speaker's ruling is nondebatable — no point of order on the Speaker's rulings.

And I also bring to the attention of the member, that in relationship to the debate, the debate has carried on . . . The member has been allowed a fair bit of time in her preamble, and I bring to her attention that I would like to see the debate now centre on the potash Bill, Bill No. 20, before this Assembly.

Ms. Simard: — Mr. Speaker, the members opposite have indicated under the potash corporation Bill that it is going to increase jobs in the province of Saskatchewan; that's what they have said, that's what Bill 20 is going to do, Mr. Speaker. The fact of the matter is that other privatizations have illustrated that that's not the case; it's not the case that it's going to increase jobs.

In fact, SED Systems, which I was talking about, had laid

off some 70 workers, for examples, and threatened to fire more staff if the provincial government didn't bail them out. This was in 1988. They laid off some 70 workers and threatened to fire more staff. And in March of 1988, I believe they were forced to lay off more workers, and yet the PC government says that this privatization means more jobs.

SED Systems was forced to lay off more workers and the PC government says that privatization of the potash corporation, Bill 20, will mean more control and more benefits for Saskatchewan people. But in effect what happened with SED Systems was that an officer of Fleet Aerospace from Ontario was moved in as manager, and another out-of-province, big-business-type individual taking over a Saskatchewan enterprise. But they say, oh no, that's not going to happen. We're going to have more participation here.

And I say that that's simply hog-wash. We see 70 workers gone. We see the province's 2 million investment in SED was sold in exchange for Fleet shares now worth only 600,000. We see ownership and control of this Saskatchewan firm has been given to an Ontario company that has used public threats to get more financial assistance. And that's privatization, PC style.

Some Hon. Members: Hear, hear!

Ms. Simard: — And that's exactly what's going to happen with the potash corporation in Saskatchewan, exactly what's going to happen to the potash corporation.

We see a situation where some 45 per cent of the shares can be sold to out-of-province investors, Mr. Speaker, to out-of-Canada investors. And we see a situation with respect to Manalta Coal of Alberta, which was another PC privatization, something like the privatization that's being proposed in Bill 20, Mr. Speaker. In 1982, they began their privatization of Manalta Coal by selling off a 45 million drag-line to Manalta . . . their privatization rather of SPC (Saskatchewan Power Corporation) assets by selling off a \$45 million drag-line to Manalta Coal of Alberta. And in order to make this purchase, Manalta had to borrow the money and the Government of Saskatchewan guaranteed Manalta's loans.

So in other words, what we have with this PC privatization, which is exactly what they're trying to do with the potash corporation, Mr. Speaker, is we had an asset worth 129 million which was sold to Manalta for 102 million and — get this! — the province lent the company 89 million to make the deal. That's PC privatization, Mr. Speaker.

Some Hon. Members: Hear, hear!

Ms. Simard: — And on top of that, the government entered into a 30-year coal purchase agreement to purchase coal supplies from Manalta. And I say that's a bad privatization deal for Saskatchewan people. You sell them the coal, and then you turn around and buy it back.

And in 1982 they privatized the drag-line, and the electrical utility lost \$30 million and a further 29 million loss in 1983. In 1984, they privatized the Poplar River

coal-mine and that year the electrical utility lost 22 million and lost a further 22 million in 1985. And, Mr. Speaker, that's what they're going to do to the Potash Corporation of Saskatchewan. They're going to privatize it and take the benefits of this corporation away from the people of Saskatchewan.

And the member from Indian Head-Wolseley referred to the PAPCO deal and referred to Weyerhaeuser. And that sweetheart deal with Weyerhaeuser, that privatization deal, which is very much like what they're trying to do with the potash corporation and which the member held up as a great privatization, meant that Weyerhaeuser paid no money down, had 30 years to pay, had a preferential interest rate, no payment was required in years when Weyerhaeuser's Saskatchewan profits are less than 12 per cent, and the province was required to build 32 kilometres of forest roads for each year for Weyerhaeuser.

In other words, this was a sweetheart deal for the Weyerhaeuser corporation, Mr. Speaker, a sweetheart deal given to them by the province of Saskatchewan. And the control of this company is not in Saskatchewan; it's in the United States, Mr. Speaker, in the United States.

(2045)

Now the member from . . . I think it's important at this point, Mr. Speaker, to talk a bit about the feeling of the people of Saskatchewan with respect to the privatization of the potash corporation and privatization in general, which has been held up by the PC government as being so successful, and which can be easily demonstrated is not so successful. In fact, it's failed and increased taxes, increased deficit, reduction in services to the people of Saskatchewan. And that's what we have been demonstrating throughout this debate.

And I want to talk . . . And the people of the province of Saskatchewan aren't stupid, Mr. Speaker. They know what's happening. They see what's happening around them. They see their friends and their friends' children leaving this province because of lack of jobs. They see that. They know what PC privatization is doing to this province. They've watched the reduction in services that has resulted from PC privatization. They've watched that. They've watched people being fired.

They have watched the provincial deficit grow. They know that this deficit has grown to \$4 billion while the Tories are in power, not to mention the increase in the Crown debt. They've seen that happening while PC privatization is going on day after day after day.

The people of Saskatchewan have seen their taxes increase year after year after year, every time they turn around. They've seen one broken PC promise after another, including the promise not to privatize the public utilities in this province. They've seen one broken PC promise after another. They know what PC privatization is doing.

And they demonstrated their disgust, their opposition, and their horror at the PC privatization agenda in a poll that was recently done, an independent poll by Angus Reid.

This article that I have, which was written shortly after the poll was taken, indicates that resentment to the Tory plans to privatize the Potash Corporation of Saskatchewan ran high with 50 per cent in opposition — 50 per cent of the population in opposition. And this is when the protest was largely centred around SaskEnergy. And I say that today there would be even more than 50 per cent opposed because many people have been able to listen to the arguments that have been made over a period of several days now.

There was 58 per cent of the population against the PC government's privatization initiative — 58 per cent of the population. And I think that that's very important, and the members opposite should sit up and take notice and quite defying public opinion, quit shoving privatization of the potash corporation and privatization of every other worthwhile thing in the province down the throats of the people. Quite defying public opinion.

Some Hon. Members: Hear, hear!

Ms. Simard: — Which clearly, which clearly is what this government has been doing, Mr. Speaker. In fact, the headlines in this newspaper article, the *Star-Phoenix*, May 3: "Devine clearly defying public opinion." They are flying in the face of public opinion, Mr. Speaker, with Bill 20. The majority of the people in this province do not want the potash corporation privatized.

So why are they doing it? Well I'll tell you why. It's the same reason why they tried to undermine the company to begin with. It's because they are not doing it for the people of Saskatchewan; they're doing it for themselves, their own ideology, and their Tory friends in the multinational corporations.

Some Hon. Members: Hear, hear!

Ms. Simard: — They're doing it, Mr. Speaker, not for the benefit of the people of this province. That is not their intention. They are blinded by their ideology, they're listening to their right-wing friends in the multinational corporations around the world, and that's why they want to privatize PCS. There may be other reasons. Perhaps another reason, not a sole reason, but one of the reasons, is they want some money in the coffers for the election. That's what they want. It's a slush fund for the election. That could be part of their objectives.

Or maybe it is the revenge of the nerds, Mr. Speaker, maybe it is the revenge of the nerds. Because we know that the member from Souris-Cannington, the Deputy Premier, said in Crown corporations meeting something to the effect that they were going to privatize or get rid of as much as they could so that the New Democratic government could never put it back together. Well I say that's blind . . . And there is the member from Cut Knife-Lloyd clapping his hands. You see, he agrees with that statement, Mr. Deputy Speaker. He knows that what it is, is the revenge of the nerds. It's the revenge of the nerds.

An Hon. Member: — And he's the leader of them.

Ms. Simard: — And he's the leader of them.

Mr. Speaker, I wish to make another point, and that's with respect to the \$106 million profit made by the potash corporation in the year 1988. I just want to tell the people of Saskatchewan that this \$106 million profit would pay for the entire budget cost of the following provincial government programs for a full year: the hearing aid plan; home care; dental plan; family income plan; the Opportunities '89 student summers jobs program; and the veterinary services program of the Department of Agriculture; and the entire provincial Department of Environment and Public Safety.

All of those public services could be paid for this year by the profits that PCS made in 1988, but if they privatize it and sell it off, Mr. Speaker, that money will not be there for the benefit of the people of Saskatchewan. That money will not be there.

I will acknowledge that they will take some royalties on the resource. It's fair to acknowledge that, but we know from past history that the royalties were very low — two and a half per cent, two and a half per cent — very low, Mr. Speaker. Nothing, nothing like what the Potash Corporation of Saskatchewan brought to the people of Saskatchewan — nothing in that league, Mr. Speaker.

If they privatize this corporation, you can bet the royalties are not going to amount to the same money that the potash corporation . . . And that's been illustrated with respect to the other privatizations that have been taking place. The money that the people of Saskatchewan have received, the benefit they've received from those corporations, in terms of dividends or whatever, has been significantly less than what they received before the company was privatized. That's demonstrated and on the record, Mr. Speaker.

Now, Mr. Speaker, I want to get into the Arthur Anderson study. I want to get into the Arthur Anderson study because I think that some mention should be made of that. The Institute for Saskatchewan Enterprise said that its primary purpose was to do professional non-partisan analysis of specific privatization issues. But I suggest to you, Mr. Speaker, that they have not met that goal. And that is clearly evidenced by the report that they have released. The Arthur Anderson report or the Institute for Saskatchewan Enterprise report, I should say, clearly shows that up to 1982, PCS appeared to be a very sound company; and since then, it has become a questionable investment.

This is ignored in the report to the extent that in 1982 there is another thing that happened, and that was a change of government. And as I illustrated in the history, when I dealt with the history at the beginning of my remarks with respect to the potash corporation, I talked at length about the profits that were being made by the corporation up until the Tory government took over, and then profits were decreasing and there as less money available for the people of Saskatchewan.

So, Mr. Speaker, what the Arthur Anderson report does not do is indicate that in 1982 there was a change of

government and the Tories took over management of the investment, and it fails to acknowledge the control of PCS. So the report fails to acknowledge the change in control, rather, of PCS. And I think that's a major flaw. I believe that's a major flaw.

We illustrated . . . Throughout this debate we've been illustrating the fact that this government did not pursue, aggressively pursue markets, international markets, for the potash corporation. It chose to stay in Canpotex, which limited its ability to aggressively market Saskatchewan potash for and on behalf of the people of the province of Saskatchewan. And that was their strategy from 1982 on — from 1982 on.

There are other comments that were made, and I refer you to a *Leader-Post* article that was done on July 22 that points out a lot of the problems with respect to the report. And it says as follows:

For the purposes of assessing the investment, talking about 1988 dollars is completely irrelevant. The fact is government pays interest on bonds until they mature and then pays the nominal face value. What the (ISE) Institute for Saskatchewan Enterprise suggests is that the government pays the interest and then the inflated 1988 value of the bonds when they come due.

What we're left with is a one-dimensional report that fails to ask and then answer the questions that need to be addressed . . .

In other words, the report does not meet its objectives. It does not . . . It is not a non-partisan analysis of the specific privatization issue that is before us in this debate. Instead, it takes an exceedingly narrow view that fails to look beyond the numbers that it presents.

And so one will say: well in 1982 there was a change of government. But does that mean that's the reason why the potash corporation didn't do so well after 1982? Well I maintain that that is exactly the reason. It's mismanagement and incompetence on the part of the PC government that has been demonstrated in every single sector in this province, in every single sector.

We've seen it in health care, a crisis that has been created in proportions that are unprecedented in this province. We've seen it in many, many areas across this province. We're seeing it in education today. We're still seeing it in our hospitals.

And that's what it's been. That's what's led to the deficit in this province. PC mismanagement and incompetence. And that's what has led . . . That, along with the desire not to pursue the markets for the potash corporation, has led to the numbers that are referred to in the Arthur Anderson study.

The Deputy Speaker: — Order. I'd just ask members to allow the member from Lakeview to continue her debate without interruptions.

Ms. Simard: — Mr. Speaker, I'm going to deal a bit with the direction that I see the potash corporation taking if

there was a New Democratic government in power and if it was retained as a publicly owned corporation. And I believe that the Potash Corporation of Saskatchewan is one of our bright lights, and it will help to ensure the future of Saskatchewan citizens. It is one of our bright lights, Mr. Speaker.

As I indicated earlier, the reserves of potash in Saskatchewan are sufficient to last 1,000 years, and with proper management can form a base from where opportunities for many of our young people can be developed. And do the Tories really think that by giving ownership and control to people outside of this province that our economic being . . . our economic well-being will be properly served; that by giving ownership and control outside the province, that the interests of Saskatchewan people will be better served? Is that what the Tories really think?

No, I don't think they think that. I think they just don't care. I don't they have another agenda. It's an ideological agenda. It's an agenda to favour their friends and the multinational corporations, and I don't think they care, Mr. Speaker.

(2100)

Their vision of the future is one where the foreign shareholders fly into Saskatchewan once or twice a year to visit their corporation to determine if the corporation is meeting their objectives, not those of Saskatchewan citizens.

This model that's being proposed by Bill 20, Mr. Speaker, this model that's being proposed by Bill 20 is a model that we had in this province before the 1960s, and in the '60s, when the foreign owned corporations dominated the industry and called all the shots, and made a mess in the process.

And I think the Tories have proven, from the day they took office, that they do not support the potash corporation. I think they've proven that in their mismanagement of the potash corporation. They've done everything possible to try and weaken the corporation until we get to the time when they think they better spruce it up a bit in order to sell it off. Because, as the member from . . . I'm not sure which one it is, but one of the hon. members on the other side had said, Mr. Speaker, that you don't sell it when it's losing money. So that explains why in 1988 they made sure it had a profit.

In other words, they acknowledged our argument was correct. They acknowledged it by that statement. They have totally mismanaged this corporation. And what we need in Saskatchewan is a strong and vibrant corporation that's 100 per cent owned and controlled by the people of the province of Saskatchewan, a corporation 100 per cent owned and controlled by the people of this province, a corporation with a real head office and with real jobs being controlled, not by people from the United States, because you replaced the officials — Saskatchewan residents with Americans — but run and controlled by Saskatchewan people, creating real jobs based on real growth of that company as it aggressively markets Saskatchewan potash around the world.

When we have the ability in this province to make decisions unclouded by the objectives of foreign shareholders and foreign directors, unclouded by the objectives of foreigners, we can start to engage in expanding the company in a number of ways — research and development, for example, that will result in improvements in basic mining and processing, which will ensure our long-term strength for decades to come. And it can be expanded into new product lines, Mr. Speaker, and these services will provide new manufacturing opportunities. And this research and development can be done co-operatively with the universities in this province, making these institutions even stronger.

And I even think there's room for the private sector to share in some of these projects through joint ventures. And by this means, you see, Mr. Speaker, the corporation could build a base and expand into such areas as mining and process technology, new fertilizer products, and even complete new areas of diversification like transportation and distribution systems, technology licensing, engineering, and development services.

I think what New Democrats . . . Oh well I don't think . . . I know, Mr. Speaker, what New Democrats want is a strong company, a strong organization, marketing and developing good long-term relationships with customers, much like the Canadian Wheat Board; not an organization that takes short-term profits and behaves inconsistently with the objectives of the people and with customers, but that brings good results for the people and for customers.

The corporation can be used as a means for expanding the potash industry out of Saskatchewan. And I ask you once again in the course of this debate, why is it that PCS is shutting down mines while New Brunswick, Jordan, Israel, the U. . . R., the U.S.A., and Manitoba are planning for the needs of the 1990s? Why is it, Mr. Speaker? Well I tell you, Mr. Speaker, it's because the Minister of Finance, Mr. Speaker, it's because the Minister of Finance and the rest of the members opposite have deliberately engaged on a strategy to hold down the public corporation for their own personal ideology, for the benefit of their multinational friends. That is why. That is why, Mr. Speaker. Their whole . . .

The Deputy Speaker: — Order, order. Member from Weyburn, member from Qu'Appelle-Lumsden, other members of the Assembly, please allow the member from Regina Lakeview to continue her debate. There will be other opportunities . . . Order, order. I'm not exactly sure, but I believe the Speaker has some authority in this House and I would just suggest that if there isn't decorum and order in the House, that maybe it's time to call it 11 o'clock. I would ask the members to allow the member from Lakeview to continue her debate without interruption, and enter the debate later on.

Some Hon. Members: Hear, hear!

Ms. Simard: — Mr. Speaker, the fact of the matter is that in 1988, even when the potash corporation made a profit because these individuals decided they were going to sell

it off and they wanted to have good figures on the books, the fact of the matter is it was only operating at about half its capacity, Mr. Minister of Finance. And my point is that this company is not being expanded and exploited in the manner that it should. It is being held down, it is only operating at a portion of its capacity.

And from a member who has made, as I might point out, Mr. Speaker, an \$800 million mistake with the budget, I don't think it behoves him to talk about telling the truth in this Assembly.

Some Hon. Members: Hear, hear!

Ms. Simard: — Mr. Speaker, in summary then, Mr. Deputy Speaker, in summary this Bill means it's a debate about our future. It's a debate about our children. It's a debate about our children's children. It's a debate about how we want to pay for future social programs in this province. It's a debate about a resource that is one of the most important resources in this province with huge expansive reserves that have not been exploited by this government. It's a debate about taking away control from the people of Saskatchewan and putting it in the hands of foreigners. No shares in this corporation are guaranteed to be held by Saskatchewan residents. Only three directors out of how many — 20, 30, 40, who knows? — have to be resident in Saskatchewan. It's a debate about taking away control from the people of Saskatchewan and putting it in the hands of foreigners, Mr. Speaker.

It's a debate about a resource that's absolutely key to our future, where we are the second largest producer, the first in the free world, I understand, where our mines are the most productive and efficient.

It's a debate about the fact that the Tory government wants to return to a situation back to the '60s and '70s when this industry was run by out-of-province, foreign corporations and they called all the shots and didn't listen to the government, didn't follow the laws that were being implemented by the government.

It's a debate about faith in Saskatchewan people. And I say that the members opposite do not have faith in Saskatchewan people, and that has been clearly illustrated by the fact that they turfed out Saskatchewan residents and put Americans in control of the Potash Corporation of Saskatchewan — of our public company. They put Americans in control, and now they're proposing to sell it all to out-of-province corporations and individuals because they're not even guaranteeing one share should be held by a Saskatchewan resident. This Bill does not guarantee one share to be held by Saskatchewan residents — not one.

And it's a debate about faith in Saskatchewan people. And I say that the PC government and the Tories opposite have absolutely no faith in Saskatchewan people, and their record of privatization substantiates that where case after case after case they've put control in the hands of out-of-province individuals, in the hands of Americans, in the hands of multinational corporations, and taken the control away from Saskatchewan people. It's a debate about that.

It's a debate about the fact that 45 per cent of this company is going to be foreign owned and only 55 per cent Canadian owned. This is not public participation, Mr. Speaker, this isn't public participation. And the language of this Bill is so vague it gives cabinet unlimited powers and wide discretion to dispose of assets — *carte blanche* authority. It can dispose of the corporation on any terms or conditions that cabinet may approve.

It's a debate about the head office, for example, in Saskatchewan. The head office may be in Saskatchewan today, but will it be tomorrow, Mr. Speaker, when shareholders, out-of-province shareholders take over control? Will they put pressure on the potash corporation? And what does this mean?

Will that mean that the head office of this corporation will be moved, or what is a head office? A head office can be simply a mailing address, as we know from the . . . Prior to '83, Canpotex had a mailing address here in Saskatchewan despite the fact that the New Democratic government repeatedly asked for a real head office in Saskatchewan. Is that the head office that we will degenerate to after a few months and years of multinational and foreign control of our potash resources in this province?

Will we return to a situation where the multinational corporations refuse to listen to the government of the day, refuse to pay their royalties, refuse to file their financial statements? Will we lost control to the extent that we will revert to the '60s and '70s? Well I suggest to you, Mr. Speaker, that this is something that the people of Saskatchewan must be aware about and something that the members opposite should be considering in some detail.

They say if 45 per cent is owned by . . . The Bill says 45 per cent will be owned by, can be owned by foreigners, non-Canadian investors, and another 55 per cent from Canada, which probably will be largely from central Canada. And the majority of the directors must be Canadian but only three Saskatchewan, as I understand.

There is a limit on the amount of shares that can be held by any one person or corporation to 5 per cent. And I heard one of the members talking about that and saying, well nobody's going to take over control because we limit the number of shares to 5 per cent; not one investor can have 5 per cent.

Well, Mr. Speaker, that totally ignores the fact that one corporation may have a number of holding companies or other individuals with whom they have an agreement and they can each have 5 per cent, and it doesn't take very long until they form a 20 or 25 per cent share of this corporation. And we also know that 10 per cent of shares could, in effect, in a corporation of this nature, provide any one group with effective control of the company.

So the argument's made that the 5 per cent — the argument that the 5 per cent effectively eliminates the possibility of out-of-province, of non-Canadian foreign companies obtaining control of the company is totally

ludicrous. It doesn't make any sense, doesn't stand up in the realm of corporate law.

This Bill, Mr. Speaker, simply goes too far. This Bill simply goes too far. It's a sell-off of our heritage and our future. We are going to lose control. There's no guaranteed price in the Bill, no guaranteed price. I say that it shows a total lack of faith in Saskatchewan people. It's a betrayal of Saskatchewan people; it's a betrayal of our heritage; it's a betrayal of our future.

(2115)

Some Hon. Members: Hear, hear!

Ms. Simard: — And it isn't the first time that the PC government has betrayed the people of the province of Saskatchewan. It's not the first time, Mr. Speaker, not at all.

And I want to say something on free trade and the potash Bill, something on free trade and the potash Bill because I think this point has to be made. We have to examine the relationship, Mr. Speaker, between this free trade agreement and Bill 20, bearing in mind that the free trade agreement was supported by the Progressive Conservative government.

Article 1602(2) of the free trade agreement prevents Canada from imposing on any U.S. investor a requirement that a minimum level of equity be held by Canadians. The government of course argues that this is not a problem because the free trade agreement provides an exemption from these national treatment obligations for existing Crown corporations.

But that's only the half of it, Mr. Speaker, because there is one limitation — this exemption can only apply once. When you privatize a corporation, a public corporation, the exemption can only apply once. In other words, once the Bill passes and puts a limit of 45 per cent on foreign ownership of the Potash Corporation of Saskatchewan, no future government can reduce that 45 per cent to the detriment of foreign investors, Mr. Speaker. And that's a point that has to be made and the public has to be aware of it.

In conjunction with Brian Mulroney, the PC Government of Saskatchewan has tied the hands of the people of Saskatchewan with respect to the Potash Corporation of Saskatchewan. They've tied the hands of future generations of our children and our grandchildren, all in the name of their ideology, Mr. Speaker, all in the name of their ideology.

So, Mr. Speaker, in conclusion then, I believe that it's important for the people of Saskatchewan, along with their government, to expand the Potash Corporation of Saskatchewan to take advantage of market growth in the '90s and the next century. And I believe that public ownership of this major resource is a key element in the province's future economic security.

And I believe that we must pursue the expansion of growth of the potash industry with the publicly owned potash corporation for the benefit of all Saskatchewan

people, not for the benefit of foreign interest; for the purposes of helping citizens in their tax payments by providing moneys for health, education, and social programs; for the purposes of doing away with cut-backs in services which we've seen under this Tory government as a result of their privatization initiatives and mismanagement; and for the purposes of allowing Saskatchewan people to develop their resource on their own to maximize the potential for themselves.

And on that behalf I wish to move the following motion, seconded by the member from Saskatoon Nutana, and the motion is as follows:

That all the words after "Bill No. 20" be deleted and the following substituted therefor:

Not now be read a second time because:

(a) the privatization of the Potash Corporation of Saskatchewan to foreign interests and other outside investors is not in the best interest of Saskatchewan people;

(b) the privatization of the Potash Corporation of Saskatchewan will result in increased taxes and cut-backs in services for Saskatchewan people; and

(c) the privatization of the Potash Corporation of Saskatchewan has been overwhelmingly rejected by the people of Saskatchewan.

Thank you. Seconded by the member from Saskatoon Nutana who intends to speak on this, Mr. Speaker.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — Mr. Speaker, it's indeed an opportunity to enter into this debate. Some of my colleagues have called this a historic debate. Members on the government side of the House have called this a significant debate. And what I choose to do is call it both historic and significant.

Now many of us came to this House for the first time in 1986. We have not been long-term members of this Legislative Assembly. We were not here in 1975 and '76 when the debate over the nationalization viewpoints. So I think all of us take our duties rather seriously.

Now it's too bad that the member from Regina South isn't in the House tonight, but I note the member from Weyburn is. And what I can say is this . . . pardon me, the member from Regina South is here. My apologies to that member. And I would also like to . . .

The Speaker: — Order, order. Now if the members have a point of grievance, they can raise a point of order. In the meantime . . . yes, the member from Melville.

Hon. Mr. Schmidt: — Point of order, Mr. Speaker. The member opposite knows the rules with respect to referring to members absent from the House. Worse yet, Mr. Speaker, she breaks the rule when the member is actually speaking to the Speaker. You have clear evidence that not only has she broke the rule, she has misled the House and should apologize.

The Speaker: — Order, order.

Mr. Solomon: — Thank you, Mr. Speaker. I'd like to speak on that point of order. I think the member from Melville does not have a point of order. The member from Saskatoon Nutana was raising comments with respect to the amendment of the Bill No. 20 and she made a reference which she immediately apologized for. I don't see what the point of order would be. I think it's a point not well taken.

The Speaker: — Order, order. Okay, as the hon. member pointed out, or hon. members, I was having a few words with the member for Regina South and therefore didn't actually hear the grievance that the individual from Melville raised. However, having said that, I understand that the member did admit that she did make a breach of the rules by indicating a member was absent and she had apologized. If that's the case it's accepted; if not, I once more bring it to the attention of the member — members should not be referred to as being absent or present.

Ms. Atkinson: — Thank you very much, Mr. Speaker. The point that I was trying to make is that there are numerous members on the government side of the House that have insinuated that I come here representing the National Farmers Union views or I've come here representing my father's views. And the members over there can laugh, but quite frankly, gentlemen, I find those kinds of comments rather patronizing. As all people know that you grow up in families — most of us do — and that you come from a particular historic background. In my case, I come from . . .

The Speaker: — Order, order. The hon. member is beginning her remarks. She is receiving some interference. However, let us continue her remarks without too much in the way of interruption.

Ms. Atkinson: — As I was trying to say in my very preliminary remarks, Mr. Speaker, that all of us come from different historic backgrounds. In my case, I come from an agricultural background.

I was born in the constituency of Biggar that the member for Biggar, the PC member, represents. My family have been actively involved in farming, the business of farming, since 1903. I was raised to understand a little bit about agriculture.

And I just want to point out to the members that all of us come from different perspectives. We don't necessarily dot the i's and cross the t's and think exactly the way our parents do or our brothers and sisters do; we bring our own individual perspectives to this House.

And I just wanted the members to be aware of that, that

the comments that I bring here tonight are based on my own personal philosophy, my own personal experience, and also some of the comments that have been brought to my attention by my constituents. Because above all, Mr. Speaker, I represent the people who elected me and sent me here in 1986.

Now it has indeed been a challenge to prepare for this debate, as I've had the opportunity to listen to arguments being presented by both sides of the legislature as to why or why not the Potash Corporation of Saskatchewan should be privatized. It's been a challenge because supporters of privatization tout it as a sovereign cure for virtually all illness of the body politic, and I totally, totally disagree.

I know, Mr. Speaker, that my arguments will not change the minds of the privatize advocates, but I mean to challenge both the specific claims made for privatization and the general picture of our political and economic world offered by the Conservative government.

My aim won't be to present a mere image of right-wing simplifications by suggesting that public provision is always better than private provision, or that every activity in the public sector must remain in the public sector for ever.

Saskatchewan people have always been pragmatic, and a pragmatic public policy recognizes that private alternatives might work better, and by the same token, public provision may ameliorate shortcomings of the market-place.

The market-place, contrary to what the members opposite like to believe, is not a natural creation. As I hear this daily in this House that somehow the market-place is a natural creation, we have to recognize that the market-place is, and has been, and always will be structured legally and politically. It has a legal and political structure. As a result of that fact I would argue that the choice is not public versus private, but what works. That's what I would argue.

(2130)

Some Hon. Members: Hear, hear!

Ms. Atkinson: — And what works can't mean only what is cheapest or most efficient. We also have to weigh concerns of justice and citizenship. For the sake of this debate I think it's useful to define privatization. Privatization refers to the shift from publicly produced goods and services to privately produced goods and services. Policies that encourage such shifts include the decision by government to cease public programs and specific kinds of responsibility. That's one aspect of privatization.

The second aspect is the sale of public assets. Now this could include public lands, public enterprises, and infrastructure. An example might be Crown land, which we have seen sold; oil and gas, which we have seen sold; our uranium and gold reserves through Saskatchewan Mining and Development Corporation; and now we have a sale of a public asset that is presently being debated

before this legislature. This is a debate over whether or not the people of this province want the Potash Corporation of Saskatchewan privatized.

The third aspect of privatization is financing private provisions of services, and for example contracting out services instead of directly producing them ourselves. An example that we have seen in the past under the auspices of this government is road maintenance repair work. We've seen our park services privatized. We've seen our dental plan privatized. We've seen our adoption services in some respects privatized.

And the fourth aspect of privatization is deregulating entry into activities that were previously treated as a public monopoly. An example in this country would be the transportation industry which has been deregulated, both air, road and rail, as we'll see shortly; housing, real estate; and now perhaps parts of Consumer and Commercial Affairs.

These forms of privatization vary greatly in their consequences. First of all, they differ in the extent that they reduce public spending and accountability. An example would be contracting out. Contracting out doesn't eliminate the need to collect taxes. This shift privatizes the means of implementation, but not the function of government action. These forms of privatization are quite different from the outright sale of public assets and the cessation of public programs.

Yet even the more thorough form of privatization may involve, and in Saskatchewan's case, does involve public subsidy. For example, most asset sales in Saskatchewan have used tax incentives to stimulate private substitutes for public ownership. The Saskatchewan Stock Savings Plan is an example of that. What we see in Saskatchewan under the Saskatchewan Stock Savings Plan is a 30 per cent tax credit. For those people who are in a financial position to afford shares in Saskatchewan Crown corporations or assets that are being privatized, they receive a 30 per cent tax credit.

An example would be the Saskoil share. For the purposes of my discussion, I will say that Saskoil shares were sold originally at \$10 a share. The real cost to the person who purchased that share was \$7. That particular privatization on a 10,000 share purchase by an individual cost the individual taxpayers of our province \$3,000. That's only, Mr. Speaker, if the individual bought 10,000 shares.

In our view, the taxpayers of this province received a double whammy. They received a double whammy. The reason they received a double whammy, because in my opinion, when the Government of Saskatchewan made the decision to sell off Saskoil, they made the decision to undervalue an asset, because that asset is now worth \$11 per share. Any individual who bought \$10,000 worth of shares at \$11 a share now has made a \$4,000 profit.

Now these incentives obviously influence the market outcome and represent a source of lost revenue. And when I say lost revenue, what I'm talking about is tax expenditure. There is absolutely no guarantee that these policies lead toward budgetary balance.

And in the case, Mr. Speaker, of the tax expenditures in our province under the Saskatchewan Stock Savings Plan in the last three years, for instance, in the 1986-87 year, according to the government budget papers, it cost the taxpayers of our province \$3 million under the Saskatchewan Stock Savings Plan. This is to sell off, in essence, public assets. It cost the taxpayers in 1987-1988, \$6 million under the Saskatchewan Stock Savings Plan, and in 1988-89 some \$3 million.

Mr. Speaker, I would argue that the government's decision to sell off assets and have a situation like the Saskatchewan Stock Savings Plan does not guarantee any kind of policy that would lead to budgetary balance. And I think that there are some people who believe that if we sell off our assets in this province that we will somehow get rid of the \$4 billion deficit that we presently have in the Consolidated Fund, and we will somehow get rid of the close to \$12 billion deficit that we have under Crown corporation debt.

In fact, Mr. Speaker, I would argue quite the contrary. If you look at the year of the Saskoil sale you will note that there was a significant budget deficit. We sold a major public asset which the government undervalued, and our budget deficit increased. And someone over there says that's simply not true. All you have to do is look at *Public Accounts* for the year 1985-86 and '86-87 and you will find that our deficit in those years continued to rise.

In fact for those of you who have a poor memory, when your government came to office in 1982, the financial statements put forward by the then Minister of Finance, the member from Kindersley, indicated that there was \$139 million surplus. Now since that \$139 million surplus — and the Minister of Public Participation, or what I call privatization, moans — the simple fact is, Mr. Minister, from Indian Head-Wolseley, is that that former Minister of Finance, the minister from Kindersley, signed a document, a white paper indicating that there was a \$139 million surplus when your government came to office.

Now what have we seen since then? We have seen eight straight budgets that are deficit budgets, and in fact have led to a \$4 billion deficit.

An Hon. Member: — Mr. Speaker, would the hon. member permit a question?

The Speaker: — The member for Weyburn has asked of the hon. member if she'll permit a question.

Ms. Atkinson: — Sure.

The Speaker: — The hon. member has indicated that she will permit a question.

Hon. Mr. Hepworth: — Mr. Speaker, if things were so good with the potash corporation under NDP administration, why did the voters of Saskatchewan kick them out on their ear in 1982?

Some Hon. Members: Hear, hear!

Ms. Atkinson: — First of all, I would suggest to you, Mr.

Minister, that the voters of Saskatchewan kicked us out in 1982 for the very same reasons that they are going to kick you out in 1990. The only difference, Mr. Minister, is that it only took your government a few short years to become so arrogant and so out of touch with the people, and you should remember that.

The other point that I would like to make in response to the minister's question is that we have had numerous people on our side of the House asking whether any of those people would be prepared to take a question during their debate and their answer was no. Their answer was no. And I just want to point out to the members that at least we have the courage on this side of the House to answer the government questions.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — Now the point I was trying to make is if you look at the past practice of this government, the wholesale sell-off assets like PAPCO, which is now Weyerhaeuser, like Saskoil, like Sask Minerals, like the sell-off to Manalta Coal, we have not received any kind of money that in any way, shape or form reduces the taxes that are paid by the people of this province or reduces the deficit. That has simply not occurred.

Now the privatizers have argued that privatization will somehow liberalize Crown corporations to industry-competitive pressures. I've heard the minister of privatization and the Minister of Finance say that, and I would argue that it is possible to privatize without liberalizing, as the Thatcher government has done in Britain with the sell-off of government monopolies such as Telecom and British Gas. These companies have not been subjected to competitive forces, just like SaskEnergy will not be subjected to competitive forces once the Government of Saskatchewan privatizes SaskEnergy. Britain has simply substituted a private monopoly in each of these examples for a public one and introduced new regulatory agencies to perform some of the function previously done through public ownership.

Liberalization or competitive forces can be accomplished without privatization. Governments can force publicly owned Crowns to compete for capital and contracts or clients, and we see this with SGI (Saskatchewan Government Insurance), with SMDC (Saskatchewan Mining Development Corporation) and others.

In the early 1980s, Mr. Speaker, I would suggest that the Mitterrand government in France both nationalized banks and forced financial markets to become competitive. This government showed it was possible to nationalize and liberalize at the same time.

The history lesson, for the members opposite, because I sometimes think that these people do not know much about history, is that things aren't as simple as they seem. Things aren't as simple as they seem, and we see the members opposite daily trot out simplification for some very complex problems. This government believes that if you get rid of government that somehow all of the problems will go away. The government is the problem. I would suggest to you that government is not the problem. Government as an idea is not the problem; it is the kind of

people that happen to be in power in the province of Saskatchewan that have presented the problems for the people of this province.

Now, Mr. Speaker, the distinctions that I've set out suggest that privatization is not a single set of measures that logically entail one another, only ideologically are the forms linked. There is a radical difference between partial and total privatization and an equally important difference between privatization and liberalization.

The advocates of privatization, such as the Premier, use moderate ideas, and I say moderate ideas such as contracting out to gain plausibility for the more radical goals of this government, and that is the goal of total government disengagement. The government presents privatization as a measure to improve the performance of certain services and public enterprise. The larger agenda is really to reduce support for public services and enterprises altogether.

Those who are proponents of privatization believe that the bigger the public sector, the smaller the private economy; the more public spending, they believe, there is less private investment in savings. In the privatizer views, privatization will promote savings, investment, productivity and growth. If government spending slowed economic growth, the western economies with the highest ratios of public expenditure to gross national product would be the slowest growing.

The studies show that that is simply not the case. Conservatives view the government as an economic black hole. The Conservatives miss what governments have historically added to the . . .

The Speaker: — Order, order. The hon. member is attempting to give her remarks. There are some other debates taking place. Some of the members involved have already been involved in the debate; they've had their opportunity; let's give this member the opportunity.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — Thank you very much, Mr. Speaker. The point that I am trying to make is that the Conservatives view government as an economic black hole. Conservatives miss the point that historically, governments add to the productive resources of society. Conservatives also overstate what governments take away. It is noted that much government spending invests in human as well as physical infrastructure. Governments invest in enhancing the human condition.

An example would be cushioning workers against unemployment, cushioning farmers against low produce prices, cushioning farmers against drought, cushioning business people against some of the economic downturns, cushioning home owners when high interest rates are around. The effect of government on economic growth depends on the character of its intervention. And I think that's important. And I just want to restate that. The effect of government on economic growth depends on the character of its intervention.

As we have witnessed in this country, government will

not unload responsibility for stability of the economy and the financial institutions. The voters won't allow it, and neither will the banks. When Pioneer Trust in this province collapsed for instance in 1984, the government stepped in and paid depositors. When Principal Trust collapsed and with the Code Commission in Alberta we will in all likelihood see something close, I am sure. If this Government of Saskatchewan and other western governments put some pressure on the Government of Alberta, we will almost surely . . .

The Speaker: — Order, order.

Mr. Hopfner: — Mr. Speaker, I know your tolerance level might be very high but mine is very short. But the fact is that the member has not been relating to potash Bill No. 20 in the last four or five minutes. I want to indicate to you, sir, that you've been very strict with members on this side . . .

(2145)

The Speaker: — Order, order. Number one, by referring to Speaker's rulings in the past, the member is challenging the Speaker's rulings, and that is out of order and does not warrant a reply.

Some Hon. Members: Hear, hear!

The Speaker: — Number two, I have also been listening to the hon. member's remarks, and quite frankly, the last couple of minutes I too have been waiting for the hon. member to relate her remarks to the Bill under discussion, and I ask her to do that. So the point of order in that respect is well taken.

Ms. Atkinson: — Thank you very much, Mr. Speaker. The point that I am trying to make is that there are some members on this government side that are interested in disengaging government altogether. That is where their agenda wants to lead them. That's where they're really at philosophically. And all I'm trying to point out, Mr. Speaker, is that yes, we can have Bill 20, the Bill to privatize the potash corporation, and that might appeal to some of their friends, their friends that are moneyed and have money to buy shares.

It may appeal to who they really represent, and that is the large multinational corporations, but it will not appeal to the public. And the reason it will not appeal to the public and the reason why they can never totally disengage government, totally disengage government is because voters won't allow them to. That's the point I was trying to make.

Now I did refer to the Pioneer and the Principal Trust collapse. And the point that I was trying to make there is if we're really interested in getting government out, out of these kinds of endeavours, why is it that governments do come to the rescue of financial institutions?

And the reason they come to the rescue of financial institutions is because the voters' expectation is that they will have regulations in place that will prevent the kind of fiasco we saw in Alberta, will prevent the kind of fiasco we saw in the province of Saskatchewan with the Pioneer

Trust collapse. And had they not come to the rescue of those particular depositors, it would have put all of the depositors in our province and in our country at risk because they could never ever be sure of the financial institutions.

Now the point I'm trying to make is that governments assume risk, governments assume risk all the time. They assume risk for pension plans and they assume risk for our savings. And every indication that I've seen from governments across the country is that they will continue to assume that risk, Mr. Speaker. Government will not totally disengage itself from a number of functions that have come to be expected on the part of the Canadian public and on the part of the Saskatchewan public.

Now one of the functions that has come to be expected is some sort of public involvement in the resource industry, the resource sector. Now there has been a public expectation for many, many years in this province that we are no longer prepared to be the hewers of wood and the drawers of water. We're no longer prepared to do that. We're no longer prepared to see the resources that we have in this province exploited by people from outside our country with very little benefit to the people inside our country and inside our province.

And what this government proposes to do with Bill 20 is to give up our ability to direct, direct the future of our province. That's what this government wants to do. And in fact, Mr. Speaker, potash in our province is more important to us than oil in Saudi Arabia. We have more potash in this province; we have more years of production in this province in terms of potash than the Saudi Arabians have in oil. And if the members of the government had any kind of understanding of what countries do or what provinces do, is that they move to protect the things that they have, like resources. They want to direct and control those resources.

And with this Bill, this government is simply shrugging its shoulders and giving up and saying to the multinationals — because this Bill allows for 45 per cent foreign control — here people; take it, take it. Let's go back to the conditions that were here prior to 1987 when an NDP government decided in this province that we had absolutely had it with the large multinational potash companies that were trying to sock it to the duly elected people of this province and tell us what we were going to do, tell us what kind of royalties they would pay, what kind of taxes they would pay. And we said enough is enough; the people of this province will own and control and direct the future of this particular resource.

Now these people would have us give up on that. And all I'm trying to say is that governments will continue to be held accountable for economic security and economic growth, and you will never get away from that. Disengagement from micro-economic management, members opposite, is not possible. It is not possible.

Now you can pretend, you can say to everybody, all your right-wing pals, that's it; we're getting out of business. But ultimately, gentlemen, you will be held accountable for the economic growth and security of our province. You simply will. Voters won't have it any other way.

Now I know that the Conservatives are puzzled over their political failure of their privatization proposals. I know that there must be many, many nights when some people on the front bench . . .

The Speaker: — Yes.

Hon. Mr. Hepworth: — Would the hon. member permit a question, Mr. Speaker?

The Speaker: — Would the hon. member permit a question?

Ms. Atkinson: — I will permit a question.

The Speaker: — The hon. member has indicated she will permit a question.

Hon. Mr. Hepworth: — Mr. Speaker, has the hon. member in her last few minutes of remarks made the case for the NDP thesis that big government is better government?

Ms. Atkinson: — Well had the member been listening at the beginning of my remarks, he would have noted that I was not going to provide a mirror image to a right-wing perspective. I mean, the right-wing perspective in this case is that no government is the only acceptable tool. I was not going to present a mirror image to that saying the only tool is public enterprise. Not at all. What I said is that you have to do . . . what you have to do is do what works. That's what I said, and in some cases private enterprise works and in some cases public enterprise works. I'm not ideological on this subject, Mr. Minister. I'm not ideological at all. I am of the view that you have to, as our ancestors have certainly done in this province, you go with what works.

Our ancestors have gone with co-operatives. They have. We see co-operatives all over Saskatchewan. You see co-operatives in the retail sector when it comes to the grain industry, when it comes to housing, when it comes to . . . Federated Co-op as an example. We've seen a private enterprise all over Saskatchewan. In fact, if you look at what really occurs in this province, private enterprise is by far the largest sector of activity. And in some cases I put forward the argument, as my colleagues do, that public enterprise is necessary. I hope that answers the minister's question.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — Now I know . . . The point I was trying to make is, I know that there are some members over there that are extremely puzzled over why their privatization proposals have not been accepted by the Saskatchewan public. And I think the members over there have missed the obvious explanation, and you missed the explanation because it undermines your own theory of economic . . . pardon me, your own theory of government growth. By overwhelming margins, Canadians have consistently supported increased spending for many of the programs and services governments provide. Your agenda, the government's agenda for privatizing the state makes little headway because it's vastly unpopular.

And I think if we look at the polls, and the polls that have occurred in the last several months in this province, you will note that the people of our province are opposed to privatization. And one of the things that this government fails to understand when it comes to trying to figure out why their privatization agenda is not working, and it's because the Canadian public and Saskatchewan people want services. They want programs. They are not opposed to public delivery of government programs and services.

Now I want to turn for a moment to contracting out, Mr. Speaker, because I think it's extremely important when trying to understand privatization. I know that the Government of Saskatchewan will find this difficult to believe, but private contractors will not exert less pressure for higher spending than the much-maligned public employee. Dentists who have now taken over the former publicly funded dental plan in this province will exert pressure on the Government of Saskatchewan for higher spending.

Privatization will not break up public spending coalitions. The effect will indeed be to expand them. Another familiar example that I want to draw to the members' attention is in the area of highway construction by private contractors. Privatization has not reduced the pressure on this government for bigger construction budgets. Obviously highway contractors, The Road Builders Association and their employees, are quite capable of determining their personal stake in higher highway capital expenditures.

Privatization, I would suggest, is not a path toward the budgetary salvation of the government opposite. Advocates of privatization somehow read the record as showing that the private providers are superior to public service. This is an act of selective attention. There is some evidence that does suggest that private providers do have lower costs, but this is complicated by the following.

I just want to put forward this argument, Mr. Speaker, in this potash debate because I think that it's important to realize that this debate isn't only about potash, which is an extremely important instrument of economic activity in this province, this debate is about the philosophy of this government. And the philosophy of this government is that somehow the private sector is more effective and cheaper. And I want to say there are some complications to that thinking, and I just want to put forward what some of those complications are.

Contrary to evidence from other studies, studies do show that there is no difference in cost, or even higher costs amongst commercial providers. What I'm trying to say is that studies show that there is no difference in cost between private and public providers of services, and in fact in some cases commercial providers have added costs.

(2200)

The second point I want to make is that differences in the services performed by public and private enterprise often render comparisons misleading. What is important here,

Mr. Speaker, are the differences in clients, and public and private services rarely have the same kind of students or clients or patients. Public institutions are often the services of last resort, I would submit, and private institutions have the ability to choose the most desirable clientele.

This selectivity does not indicate that they perform any better than the public service does when they both face the same kind of clients and the same kind of conditions and do the same kind of tasks.

The third point I want to make is that studies comparing public and private agencies lack evidence about quality of services, making it extremely difficult to determine whether lower cost results from greater efficiency or reduced service. And what I have tried to do in preparing for this debate, Mr. Speaker, is to look at a number of different studies that have been done in comparing public enterprise provision of services versus private enterprise provision of services.

And what I have been able to garner is my fourth point, and that is that some private firms' lower costs stem primarily from lower wages and a greater use of part-time help. As you know, these part-time workers — and we see it in our province — don't have the same kind of benefits like pensions or long-term disability plan, group life or sick days, as full-time workers.

And what we see in our parks, for instance, is a decision by this government to contract out certain services. The workers that have now taken over those services do not enjoy the same kind of wages and benefits and security that the former public employees enjoyed.

Now these explanations for lower cost suggest that privatization may have other effects and other motives besides efficiency, and with this, government privatization has enabled them to cut back wages and break unions. And we certainly have seen that in the parks where we at one time in this province had park workers who were unionized employees, many of their jobs have been contracted out to friends of the Conservative government. And those friends have hired workers who do not receive the same level of wages that the previous unionized workers received, or the same level of benefits.

And so what I'm suggesting is that part of the rationale for contracting out, which is privatization, is to break the unions in this province. The other rationale is that it enables the Government of Saskatchewan to cut back on services, and in my view neither of these ways of reducing costs improves efficiency.

If the public wanted wages and services cut, then let's have an election so we could put it to the people so that people can decide whether or not this is the kind of public policy that they want to pursue. And in my view, Mr. Speaker, I think if we did put this issue to the people of Saskatchewan, the government would be defeated. If you look at the attitudes that are presently being surveyed in the polls, the people of Saskatchewan are indicating that they are in opposition to privatization.

Now by emphasizing these considerations I'm not suggesting that contracting out certain functions of government is never a good idea. I would not want to suggest that at all. It may be useful, but what I am saying is that it is indeed treacherous to generalize. And I think one of the problems that this government has had is that they are so committed to that they have taken a number of assumptions and they have begun to generalize and it has clouded their thinking; it has clouded their ability to think rationally and logically.

Now I would suggest that if contracting out was superior to direct employment, no large corporation would exist in this country, no one would be an employee in this country, and people would simply be independent contractors. Whenever private industry chooses to employ employees, they choose bureaucracy over the market-place. There is a disadvantage from a business point of view of contracting out, as you are unable to monitor performance and to reorganize production.

Now these problems of monitoring and controlling arise for the public sector as well. So, Mr. Speaker, what I've tried to do here is to articulate the seemingly straightforward view of privatization as a means of reducing government, and what I am suggesting is that privatization will not reduce government. Private contractors and private enterprise lobbies for larger budget allocations, and they are aggressive and effective lobbyists.

And what I'm suggesting to the ministers and the government benchers opposite is that privatization will not reduce the size of government, because private enterprise lobbies regularly. And we all have experiences as members of this legislature. Private enterprise lobbies for larger budget allocations, and they are extremely good at lobbying.

Now I want to turn for a moment to the issue that we're discussing tonight. And what we are discussing is the wholesale sell-off of a major asset in this province. An asset sale, such as the sale of the potash corporation, may be a temporary budget boost but only in exchange for public capital.

I suggest that there are some people here that think, well, if we can sell off the Potash Corporation of Saskatchewan, we may get 4 or \$500 million. We have to remember that the Government of Saskatchewan took over, I believe, an \$810 million debt. They just took it into the Consolidated Fund, so when it's all said and done, the Government of Saskatchewan may receive \$400 million, if we're lucky.

Now this is not going to help the budget of the PC government if they're still in power by the time this corporation is sold. It will not help their budget deficit whatsoever. It will not help them balance the books, and I think that it's unfortunate, because I think a proper accounting would show no improvement in the government net financial condition if the government receives full value. However, this is often not the case as we've witnessed in previous sell-offs of assets in our province.

When the Government of Saskatchewan moved to sell

PAPCO to Weyerhaeuser, we did not receive full value for that asset. When the government went to sell Saskoil, we didn't receive full value. When they sold off the coal mines, we didn't receive full value. When they sold Sask Minerals, and I think they got \$15.9 million — it was valued at \$30 million — we didn't receive full value.

The experience in Great Britain and Canada and then the experience that I've just outlined now here in Saskatchewan suggest that for political reasons, and political reasons only, shares in privatized companies are often underpriced when initially sold. And as a result of that, early shareholders get windfall profits at the expense of the province at large. And I think we saw that with the WESTBRIDGE privatization, when they sold SaskCOMP and parts of SaskTel to WESTBRIDGE. Once again the government seriously undervalued those shares. We've just seen it with the Air Canada share offer.

Now the point I'm trying to make is that if public assets are sold, not through share offerings but to specific firms, there are similar underpricing as well as potential favouritism in the selection of buyers, as we've seen.

And an example of that would be we've had the opportunity to look through some of the contracts that have been entered into when it comes to privatizing certain assets in our parks. And when we look at those contracts, it's quite evident that the friends of the PC government have been given extremely good deals, extremely good deals. The person that is now running the Blackstrap ski mountain has been given an extremely good deal when you look at the kind of contract the Minister of Culture and Recreation entered into.

The point in all of this is that somehow we have to have more common sense in this province . . . (inaudible interjection) . . . Pardon me? Get up on your feet and speak to . . .

The Speaker: — Order, order. We can't have debate between a member who is seated and a member speaking. Let's just continue the debate.

Ms. Atkinson: — Thank you very much, Mr. Speaker.

Mr. Kowalsky: — I would ask leave, Mr. Speaker, to make an introduction.

Leave granted.

The Speaker: — You may proceed.

INTRODUCTION OF GUESTS

Mr. Kowalsky: — Mr. Speaker, it's my pleasure to introduce to you and to all members of the House some members of my family. Visiting from Winnipeg, we have Nicholas Kindrachuk, who's got a flag in his hand there; and his sister, Sarah; and his two brothers, Matthew and Jonathon, who have brought their mother, Sonia Kindrachuk, who happens to be my sister.

They have, in the case of Sarah and Matthew, they've both been to another legislature, the legislature in Winnipeg, and they've found quite an interesting

comparison and were quite interested in the goings-on in the House. And I ask the members here to welcome them, please.

Hon. Members: — Hear, hear!

ADJOURNED DEBATES

SECOND READINGS

Bill No. 20 (continued)

Ms. Atkinson: — Thank you, Mr. Speaker. Mr. Speaker, to sum up what I've just said, I just want to reiterate that if you look at the experience in Canada and in Saskatchewan in particular and in Great Britain, the privatization of . . . the wholesale privatization of assets, the direct sell-off of assets has not done anything to improve the budget conditions of our province of Saskatchewan, not at all. And in fact, the government undertook to privatize our assets beginning, I believe, in 1983. And every year we saw major assets in this province sold off. And every year in this province we saw our taxes increase. And in every year in this province we saw the budget deficit go up and go up and go up.

And what we have really seen in this province is the wholesale sell-off of many of our assets and no corresponding decrease in our budget deficit. In fact, the people of this province now owe \$4 billion on their government debt alone, \$4 billion.

The Speaker: — Order, order. Prior to 5 o'clock when the Minister for Public Participation was speaking he was going on at length about examples on public participation and I asked him to be more relevant. And you've been discussing privatization and I've given you a good opportunity, and so now I'd ask you to be more relevant to the Bill as well.

Ms. Atkinson: — Thank you very much, Mr. Speaker. The point I am trying to make is that we have a \$2 billion asset that we are debating. The Potash Corporation of Saskatchewan is worth \$2 billion. That's what its worth. I would submit that once these people have this Bill through this legislature, and once they put a value on the Potash Corporation of Saskatchewan, it will be valued at somewhere around \$1 billion.

Now why would this government do that? Why would they value a \$2 billion asset at \$1 billion? Why, why would they do that? They do that because they want to make the shares attractive to some of their friends, to the people that can afford shares. That's who they want to make it attractive to.

And if you look at the history of what's happened, particularly in Saskoil, I would submit to you that in within one or two years of the sell-off of the Potash Corporation of Saskatchewan, there will be a very, very large ownership from outside of this province. That's what I'm trying to suggest to you, Mr. Speaker — a very large ownership.

In the case of Saskoil, within one year 75 per cent of the shares of Saskoil were owned by people outside of

Saskatchewan. Prior to privatization, that company was owned 100 per cent by the people of this province — 100 per cent. Every nickel that that company made stayed in this province for the use of the people of Saskatchewan. Every nickel that the Potash Corporation of Saskatchewan has made, prior to these people coming to government, stayed in the province of Saskatchewan. That's the point that I am trying to make.

Now these people believe in privatization. They want to sell off the assets of the people of Saskatchewan. They try to peddle it as somehow there's going to be a temporary budget increase; they're going to balance the books. And I'm simply saying that will not occur. It hasn't occurred in the past. And the \$1 billion that they will receive will simply be to get these people elected. That's what this is all about. They want to get themselves elected.

They have racked up a \$12 billion, a \$16 billion debt, Crown corporations debt and Consolidated Fund debt in this province. They can't obviously borrow money anywhere so they have to sell off assets. They're not prepared to sell this at proper value, \$2 billion, and so they need a little cash so they can go out and buy the people of Saskatchewan. Well it simply will not work. The people of Saskatchewan are on to them. They understand what this government is all about.

It's not about improving health care. It's not about improving the quality of education in this province. It's not about improving the social services in the province of Saskatchewan. It's not about improving the human condition in our province. It's not about senior citizens. It's not about farmers. It's not about working people. It's not about small business.

(2215)

This government is about patronage and corruption and mismanagement and advertising and lining the pockets of their friends. That's what this government's about.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — The record of this government when it comes to privatization has been job loss. The record of this government has been about revenue loss to outside people, people outside of our province. The record of this government is about the loss of economic control, which this Bill will do. That's what this Bill will do. We will lose the control and ownership of our potash corporation to people residing outside of our province. Any revenues that are generated by this particular resource company will go to people outside of the province of Saskatchewan. That's what's interesting, that's what's interesting about privatization.

I just want to review the record of this government when it comes to privatization. Let's look at jobs, because one of the things that's important to the people of this province is to have a job.

Now the working people of this province don't want a whole lot; they really don't. They want to be able to own their own home. They want to be able to raise their children and provide a good education for their children.

They want to be able to take a vacation once in a while. They want to have enough money for their old age when they retire. They want to have a pension. They don't want a whole lot, Mr. Speaker. And what this government has done is taken away the hope of the people of this province; that's what this government has done.

We have thousands and thousands and thousands of people exiting this province every month under the privatization agenda of this government. When this government moves to privatize the Potash Corporation of Saskatchewan, what it does is it signals further to the people of this province that there's no hope, because they've seen what privatization has meant.

This government has been so consumed with privatization, the privatization of the Potash Corporation of Saskatchewan, that they've given up doing what government are supposed to do. Governments are supposed to provide an economic climate that allows people to work. Governments are supposed to provide an economic climate that gives people some form of security. Governments are supposed to provide some sort of hope. And this government simply is not doing that because they are consumed with their own privatization ideology.

Now I want to review for the record what privatization has meant in terms of jobs . . .

The Speaker: — Order, order. Now unfortunately there seems to be a couple of members who wish to debate as well as the member from Saskatoon Nutana. I ask you to refrain and remind you again that we can't have several debates conducted simultaneously. So let us allow the member for Saskatoon Nutana to proceed with her remarks.

Ms. Atkinson: — Thanks, Mr. Speaker. Now privatization has meant this in terms of jobs. There were 70 jobs lost at SED Systems when this government decided to privatize it; 400 jobs were lost at the Department of highways; more than 400 jobs were lost when they decided to eliminate the school-based children's dental plan; more than 25 per cent of the labour force at Saskoil lost their jobs; several dozen employees have lost their jobs with the privatization of the Saskatchewan Mining and Development Corporation. And in preparation for this privatization, I would submit that over 200 workers at the Cory potash mine outside of the city of Saskatoon, the city that I represent, lost their job.

This government has not had a good record when it comes to privatization and job enhancement. It's simply not happened. If you look at what's happened in our parks, people have lost their jobs there as well. If you look at what has happened in other areas that this government has contracted out, people have lost their jobs.

And so then we wonder; why is it that our population's dropping every day? Why is it that moving vans are not coming into this province, but are moving out? And one of the reasons is that people simply don't have access to work in this province.

Now this government likes to pin its hopes on big

business, that somehow they're going to come here and create some kind of work for the people of our province. And if you look at the record of this government when it comes to big business coming into our province, it simply hasn't happened. There have been failure after failure after failures on the part of this government. They now announce a plant out at Belle Plaine, a plant that will be constructed with government involvement. I find that somehow amusing, as well. I mean this is the government that wants to privatize, this is the government . . .

The Speaker: — Order, order. Unfortunately the same two members are finding it very difficult to not enter the debate, and I'm going to ask them one more time if they would do that. The next time I will have to point out who these individuals are.

Ms. Atkinson: — Thank you very much, Mr. Speaker. I just want to remind the Minister of Education, that if school children were sitting in the audience tonight, they would be appalled at the behaviour of the Minister of Education.

The Minister of Education is the chief educator in the province of Saskatchewan and he should be sitting here paying some attention, because I am trying to teach him something. He may not believe it, but I'm trying to give him a little lecture. I'm trying to present my views on privatization of the Potash Corporation of Saskatchewan and he is not, Mr. Speaker, paying attention. Now the minister says I am referring to his presence in the House, but the Speaker has already referred to your . . .

The Speaker: — Order, order. I ask the hon. member to get on with her remarks. The Speaker has not referred to any member, and I would ask her not to draw me into the debate.

Ms. Atkinson: — Well, I'm sorry, Mr. Speaker. My apologies for that.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — The member for Weyburn continues to heckle.

Now as I was saying, Mr. Speaker, there have been several jobs that have been lost in this province with privatization. We've seen 70 jobs lost at SED Systems in Saskatoon. We've seen 400 jobs lost in the Department of highways. We've seen 400 jobs lost at the dental plan. We've seen over 25 per cent of the jobs at Saskoil lost. We've seen 200 jobs lost at Cory potash corporation outside of Saskatoon as this government prepared to get ready for privatization.

What we've also seen with this government in terms of privatization is lost revenues. SMDC last year, in the year 1987, made \$60 million. In the year 1988, SMDC made \$52 million. Now that this company has been privatized, Mr. Speaker, that's revenue that will be lost to the people of Saskatchewan.

Now the government can argue that with the privatization of the Potash Corporation of Saskatchewan, we will see some form of revenue in the form of taxes and

royalties. They have argued that with the privatization of the Saskatchewan Mining and Development Corporation.

What I would submit to you, Mr. Speaker, is that we will not see \$100 million a year in the form of taxes and royalties paid to the Government of Saskatchewan once the Potash Corporation of Saskatchewan is privatized. We will not see revenues of \$60 million or \$54 million a year paid to the people of Saskatchewan once Saskatchewan Mining and Development Corporation is privatized. We will not see from Saskoil the \$85 million of total profits that the company made prior to its privatization — we will not see that.

And I think what's important is that with the privatization of Saskoil, the privatization of Saskatchewan Mining and Development Corporation, and with the privatization of the Potash Corporation of Saskatchewan, we will see lost revenue because the people who own the shares in those companies will reside outside of our province. And when those companies pay dividends, they will pay those dividends, not to Saskatchewan taxpayers who will then pay taxes on that money, they will pay those dividends to people who reside outside of Saskatchewan, and will pay taxes some place other than Saskatchewan.

The other point that I want to make about privatization is that the Government of Saskatchewan sold off the Sask Minerals about 18 months ago. They received \$16 million, about \$16 million for this company. Let's look at the profits that Saskatchewan Minerals generated in the last six years.

The Speaker: — Order. As I mentioned earlier, the hon. member seems to be using numerous examples on privatization and I have allowed her to use some examples. However, I cannot allow her to go through the whole list in her argument. And I've allowed her quite a wide range of latitude now and would like her to be more specific to the Bill.

Ms. Atkinson: — Well thank you very much, Mr. Speaker. The point that I am trying to make is that . . . We're talking about the Potash Corporation of Saskatchewan Bill. When you use the privatization of Sask Minerals and you talk about what the privatization of Sask Minerals generated the people of Saskatchewan in terms of revenue, it amounted to about \$16 million. That was six years of profit.

This government will probably . . . may make \$400 million. They may make that in terms of generating some kind of revenue once they sell it. In 1981 and in 1980, the Potash Corporation of Saskatchewan generated over 200 million in profits. Last year the Potash Corporation of Saskatchewan generated over \$100 million in profits. They are selling an asset that in the long run could provide a great deal of money that could go into health and education and social services.

And what I'm trying to point out, Mr. Speaker, is that the history of this government in terms of privatization has not meant that we've had any kind of improvement in jobs in this province, because it hasn't meant that. The history of privatization in this province has not meant that

we've had any kind of improvement in terms of revenue in this province; in fact, it's meant lost revenue. The history of privatization in this province has not meant vast numbers of Saskatchewan people becoming shareholders; that's simply not happened.

And in fact in this Bill, Mr. Speaker, 45 per cent of the shareholders will be from outside of Canada, not even in Canada. These people will be foreign owners of an asset that belongs to the people of Saskatchewan. The same foreign owners that caused the company to be nationalized in the first place will now become the owners of this corporation, and it makes very, very little political sense, Mr. Speaker.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — Now, I want to talk a little bit about the rationale for the purchase of the potash corporation in the first place.

And I know, Mr. Speaker, that you have wanted me to get into potash, but I thought it was important to spend some time outlining the philosophy of those people who are proponents of privatization. I wanted to define privatization for the purposes of this debate. I wanted to talk about some of the fallacies in the theory of privatization, some of the problems with the theory. I wanted to point out that the government of Saskatchewan is ideological, that they believe that they should disengage themselves from government. And I wanted to point out why that is impossible in the long run; it's simply impossible because the voters of Saskatchewan and of Canada want government involved in various activities. Whether it's regulating financial institutions, whether it's providing services and programs, or whether it's providing some form of public enterprise in the resource sector, the voters of Saskatchewan want that kind of involvement on the part of the provincial government.

I want to . . . I don't think I need to elaborate on the prorationing debate that occurred prior to the New Democrats coming to government in 1971. My colleague from Regina Lakeview was able to describe some of the historical events that led up to the election of a New Democrat government in 1971.

Now in opposition, I would like to point out that prior to 1971, prior to our election, the government . . . or the New Democratic Party members and New Democrat MLAs had been critical of the prorationing program of the Ross Thatcher government because in our view it prevented the expansion of Saskatchewan potash into world markets and crippled future development on the part of the people of Saskatchewan. We also felt that the potash policy of the province was being formed by the producers in the industry, largely foreign based, who did not have benefits to Saskatchewan as a first policy.

(2230)

But, Mr. Speaker, after we were elected in 1971 we continued the prorationing policy for the time being. To do otherwise in our view was to mean taking on the United States government, and as a new government in

1971 we weren't prepared to do that, and we weren't ready to do it. Instead, what we did was we concentrated on increasing sales outside of North America and getting more revenue for the provincial treasury.

In 1972 changes were made to the prorationing program to base the quotas for each mine on its productivity capacity instead of both production capacity and proven markets as the old rules had been. Again, Mr. Speaker, there was general industry support for this activity on the part of our government at the time.

Now as I read the history, it tells me that not all mines were in favour of this kind of activity on the part of the NDP in 1972. There was one mine that was fully in favour of it, and I believe that the other mines were not necessarily . . . Pardon me. There was one mine that was against it, and all the other mines were in favour of this.

Now as I understand, in July of 1972 the first of what would become a long series of challenges to the government's right to control the development of the province's resources began. And I just want to say that this is the reason, the primary, rational reason why a New Democratic government at the time made the decision to enter into the business of potash.

We were being challenged on all fronts by the potash industry over who had the right to control the development of our province's resources. We were of the opinion that governments elected by the people should have some right to control the development of resource that belonged to the people of the province.

Now Central Canada Potash challenged in the courts the government's prorationing regulations. In December of 1972 there was a second action launched by the Central Canada Potash corporation against the prorationing program; this time it was joined by the federal government.

So the history that I'm trying to point out is that the Government of Saskatchewan was under attack not only from the potash industry, but was also under attack by the federal government. Those were the historic conditions that led up to the decision on the part of the Allan Blakeney government to nationalize the potash industry.

Now this is an important point to understand. The federal government was also down our necks about what we were doing in potash because it's common for federal and provincial governments to join legal actions as interveners, to use the lawyer's words, to argue a point of constitutional law. But in the potash case, the federal government used a little-used procedure to be joined as a plaintiff entitled to call witnesses and introduce evidence.

Now it signalled that the federal government was going to battle the western provinces for the control of our resources. That's what that activity on the part of the federal government signalled. Now they wanted to control, or some involvement, they wanted to control our resources, particularly in the area of potash and oil, and they used every weapon open to them. And it created some of the history that led up to the constitutional reforms that occurred in 1981 on the part of Canada.

Now in 1972 and 1973 we as a government were reviewing our policies with a view to getting more production and more revenue. That was our objective. And as an interim measure at that time, the Government of Saskatchewan decided to raise the proration fee to \$1.20 a tonne. Now proposals were put forward to the potash industry in 1974 for their comment, and the reaction from the industry was extremely negative. They were opposed to this fee of \$1.20 a tonne. But by this time, Mr. Speaker, the markets were growing and the prices were rising, and this meant that production controls and minimum price rules were lifted.

Now the government announced new policies in 1974. It involved government participation in new developments and a new tax system, which we thought was vitally important in terms of securing resource rents that could then be used for other activity by the people of Saskatchewan, activity in the area of health or education, social services, economic development, highway construction, and that kind of thing.

Now this tax that we introduced was called the reserve tax, and the details of that tax were negotiable at the time, and the Government of Saskatchewan wanted to have a tax on the profit of those potash companies. That's what we wanted at the time, but the companies at the time refused to file any kind of financial statements, so the information that the government required in order to assess this tax was not there.

Now the assumption was that the potash companies would begin some sort of reasonable negotiation process, but that wasn't to be at all. They did not wish to negotiate with the province of Saskatchewan; they refused to file their financial statements as required by the law of this province; they refused to pay taxes and royalties due; and they even refused to provide information on how much potash was being mined so that royalties could be calculated.

What we had was a government industry committee that was set up to review the issues. And the issues were that they didn't want to negotiate. The issues were that they weren't prepared to file their financial statements, they weren't prepared to pay taxes and royalties, and they weren't even prepared to file information as to how much potash was being mined in this province in order that we could put royalties onto that production. Now this committee of industry met apparently on one occasion, then refused to meet.

The point is that in June of that year there was an election, and the assumption was that if the Government of Saskatchewan became a New Democratic Party government — the assumption was that the industry would somehow begin to participate and would make a deal of some kind. Well the NDP won and serious negotiations were soon to commence. But that did not happen. Negotiations did not commence with the potash industry.

Instead what the potash industry did was they commenced legal actions on several fronts. That's what the potash industry did. The industry attacked the whole

idea of prorationing. They said that every single company was urged to get out there and fight prorationing. They wanted it scrapped, and it certainly smacked of bad faith on the part of those potash companies. There was absolutely no meaningful negotiations with the potash industry whatsoever.

Now in 1974 . . . another important point in this is that in 1974 the federal government introduced a budget that provided that royalties and taxes paid to provincial governments by a resource company were not deductible for federal income tax purposes. Now think for a bit at what that means, Mr. Speaker. What that means is that resource companies in this province who pay taxes and royalties cannot deduct that from their books for tax purposes. And of course, of course, that was totally unfair, totally unfair on the part of the provincial government — totally unfair.

Now in calculating the federal income tax the company could deduct as a proper expense the money that it might pay for transportation, that it might pay to its workers, what it might pay for its utilities, but that company could not deduct the royalties and taxes that were paid to the province of Saskatchewan, and in our view that was totally wrong and unfair.

And what it was on the part of the federal government was an attempt to take some of our province's share of resource revenues. The federal government wanted the province's share of our resource revenues. They wanted to take Saskatchewan's share — the Saskatchewan share — to make eastern provinces richer, and we found that a totally intolerable situation.

Now the federal government's move on that front continued for many years. It meant that the resource companies faced paying taxes on money they never had, which, as I said earlier, was grossly unfair, and they therefore pushed for lower provincial royalties. The companies did not want to have to pay these royalties in taxes if they couldn't deduct it from their books for federal tax purposes, and so what they wanted was lower royalty structures on the part of the province of Saskatchewan.

Now when the province of Saskatchewan wouldn't give in to the federal blackmail, the resource companies were in a squeeze. The oil industry aimed its guns on Ottawa and the provincial government, which is understandable, but the potash industry seemed to aim all of its guns on the province of Saskatchewan. They didn't aim their guns at Ottawa, they aimed their guns on the province of Saskatchewan and said that the provincial government was at fault — it was all of their fault. And at the same time, the province of Saskatchewan in essence was being blackmailed.

Now the federal move made it clear to the government of the time that we would have trouble with using taxation and regulation to get a fair return on Saskatchewan resources for the people of Saskatchewan. The Government of Saskatchewan and the people of Saskatchewan were under attack in the courts by the federal government and by the potash industry. We were under attack on the tax front by the federal government; we were under attack in the courts by the potash industry.

But if the potash mines were to be owned by the public, both of these attacks could be effectively repulsed. We could stop them. And it was a defence against these attacks that led the Government of Saskatchewan in 1975 to indicate that we were going to nationalize the potash industry.

Now I just want to talk about the legislation. Now contrary to what these people say, in 1975, during that election, we did talk about the need to get involved in the potash industry. We also talked about it in 1971. But this Government of Saskatchewan did not talk about, in the 1986 election campaign, their decision to privatize some of the utilities in this province. This government — I've heard them say time and time again that the NDP at the time, in 1971 and 1975, was dishonest, that we didn't tell the people of Saskatchewan that we were going to nationalize the potash industry. And that's simply not the case, Mr. Minister.

In 1971 it was referred to in our pamphlets that we went door to door with, and in 1975 once again it was referred to in our pamphlets that we wanted to have greater involvement in the resource sector in our province, particularly the potash resource sector.

Now before the June 1975 election the Potash Corporation of Saskatchewan was formed with the idea of building a mine at Bredenbury. But after the legal barrage of June of 1975 and later, and with the battle with the federal government over taxation — and this battle was growing and not being resolved — and with the needed expansions being delayed on the part of the potash industry because of this battle between the Government of Saskatchewan, the federal government, and the potash industry, our government reached the decision and reached the conclusion that we had to stop the fighting, that we had to stop the attack on the part of the federal government, the attack on the part of the potash industry. It had to stop.

And we decided to use the Potash Corporation of Saskatchewan to acquire some existing mines. And in November of 1975 the legislation was introduced into this legislature that would accomplish the coming together of the Potash Corporation of Saskatchewan in a very real way. Now once this was expanded, Mr. Speaker, once we accomplished this task of creating PCS, we could expand production by expanding existing mines. That was important to us. We thought we needed to have more production in this province in order to generate more revenues on the part of the people.

We felt that it might get the private companies, who refused to expand unless taxes were what they wanted them to be, to change their minds. And in fact that happened. And we also felt that it was important that the federal government back off. We felt that we could send a message to the federal government, if they were going after our resource revenues through federal taxes, we could locate those revenues in Crown corporations, and then they wouldn't be subjected to federal taxes. And that's one of the important things: once this Potash Corporation of Saskatchewan is privatized, it will be subjected to federal taxes.

(2245)

Taxes are revenues that at one stage stayed here, royalties and taxes that stayed in here in the province of Saskatchewan. On the part of the Potash Corporation of Saskatchewan, it doesn't pay federal taxes right now, but once it's privatized it will then have to pay federal taxes. Now for some reason the federal government did modify its tax regime, and PCS in our view certainly helped that.

Now these factors were major short-term reasons for launching PCS as a public corporation, and I think it's important in the context of this debate that we provide some form of rationale to the public of Saskatchewan because the public, like all of us, has short memories. I can barely remember that debate in 1975; I was busy doing other things. I wasn't that interested in politics at the time. I recall there was a debate. I didn't recall at the time what the debate was about. And I think it's important the people of Saskatchewan know that the Government of Saskatchewan at the time, the NDP government simply didn't go out to buy a bunch of mines. They were important reasons for purchasing those existing mines.

Now the members over there can sit and giggle all they want, but some of those members may have been in the House at the time. I think the member from Wolseley was in the House at the time, maybe the member from Rosetown and others. But it's important to put this debate that we're experiencing here in the House in the last several weeks into some form of historical context because often times we don't recall the reasons why we did things. And so then you can have the members of the government trotting around Saskatchewan saying, well the NDP, they just buy mines, they buy big holes, and that's all we do. But there was some important historical reasons for doing what we did.

Now there was some other, as I said, there was some short-term reasons for doing what we did, but there are also some longer-term reasons. Potash has an enormous potential for Saskatchewan, there's no question about that. As I said earlier, potash in Saskatchewan is bigger than oil in Saudi Arabia. It's a large part of our economy and there's no getting away from that. Potash is a large part of our economy. A public corporation with about half of the productive capacity makes the Potash Corporation of Saskatchewan very, very important for the people.

Now let's take expansions, for instance. Perhaps these could have been done in a way not to create a boom and bust in the private sector, as the private sector had done. The mess that Ross Thatcher had talked about was what had occurred in the private sector.

Now the industry will involve lay-offs, there's no question about that, Mr. Speaker; perhaps these can be staged. And lay-offs would create special hardship for workers in the Swedish pulp mills, for instance, and in other countries. What they do is they build up their inventory in bad times and then they sell it off when the market improves, and some of this could have been done by PCS.

PCS could experience with some new ways of labour

management in this province. In fact that did happen at Lanigan. They were looking at new ways of managing the work place but the Government of Saskatchewan killed that when they came to government in 1982.

The other thing, another long-term goal that was important for us was to have the head office in the province of Saskatchewan. Prior to 1975, these potash corporations that had their operations in our province had head offices outside of our province. They had them in Houston or Chicago or some place in the United States of America, and we thought it was important that we have a head office in Saskatchewan, where Saskatchewan graduates of schools could become top-flight people right here in Saskatchewan, that they could gain the kinds of skills that were necessary to become managers of a large international Crown corporation.

And I think that we were successful in doing that, Mr. Speaker. The present president of the Potash Corporation of Saskatchewan is not a Canadian, he's not someone from Saskatchewan, he's an American. But when the Potash Corporation of Saskatchewan, which was the largest potash corporation in the world, was under our administration, the top executive of that corporation was a person that was born and raised in Saskatchewan, educated at the University of Saskatchewan, and that's David Dombowsky. He's till someone who is recognized internationally as an authority on potash production and development.

And you know, someone over there moans and groans again. You know, I think these people should be called the moaners and groaners. But David Dombowsky is a person that understands potash; he understands the industry; he has gone all over the world speaking to . . . in countries that have some knowledge and some involvement in the industry, and he came out of Saskatchewan. He was born and raised here in Saskatchewan; he was a Saskatchewan person; he's still a Saskatchewan person.

But we can't say the same thing for Chuck Childers. Chuck Childers has no experience in Saskatchewan. He was not born here. In fact, I'm told that when Mr. Childers did his little tape that was given to the workers announcing that the potash industry was going to be privatized in this province, the production people up in PCS headquarters in Saskatoon had to keep doing the tape over and over and over again, because Mr. Childers couldn't pronounce Saskatchewan. He pronounced it like an American, and he had to do it over and over and over and over again. And the people who were there thought it was quite funny that here we have a Potash Corporation of Saskatchewan, a Potash Corporation of Saskatchewan that's owned and controlled by the people of Saskatchewan, that has an executive manager, the CEO (chief executive officer) is someone out of the United States who's connected with one of the Potash Corporation of Saskatchewan's competitors. And Mr. Childers has to have the tape run over and over and over again because he can't pronounce our province's name in a proper way.

Now another reason why we thought it was important to have a Potash Corporation of Saskatchewan here in

Saskatchewan and have the head office here in Saskatchewan and have it owned and controlled by the people of Saskatchewan was that before PCS, before the creation of PCS in 1975, there was virtually no research in potash being done in the province of Saskatchewan. Now PCS and the University of Saskatchewan have pioneered the development of potassium sulphite, they've pioneered some other kind of fertilizer, and they've constructed a plant here in Saskatchewan.

I think another reason why we wanted the potash corporation located here in Saskatchewan, we wanted a Crown corporation, was to ensure that goods and services were going to be purchased here in Saskatchewan from small business.

And one of the stories that Allan Blakeney tells is a time when he was flying between Toronto and Regina on Air Canada and he sat beside a young woman who was coming here from Pittsburg, I believe, to take photographs on the part of Kalium Chemicals out at Belle Plaine. Now Kalium Chemicals out at Belle Plaine did not hire a Saskatchewan photographer to take the pictures for their annual report, they brought someone in from head office in Pittsburg.

And what we wanted to do was ensure that accountants were located here in Saskatchewan that could develop the skills to become accountants for a large resource company like PCS. We wanted to ensure that engineers could be located here in Saskatchewan to gain the kind of technical expertise that would allow them to work in the potash industry. We wanted to make sure that small business that could service the potash industry could gain the kinds of skills and goods and services that would allow them to stay in business here in Saskatchewan. And I think PCS provided that kind of social and economic function.

Now contrary to what's happening in some sections of this province where privatization has occurred, and when out-of-province companies come in and take over, they start getting their goods and services from Ontario or Quebec . . . And that in fact is happening in Saskatchewan. Up at Carrot River, they didn't get their tractors here in Saskatchewan. They brought them in on rail from Quebec when they could have purchased them right here in Saskatchewan, right in northern Saskatchewan. But instead we saw them bringing them in. Now that wouldn't happen or shouldn't happen under Crown ownership or public ownership. We should try and purchase as many goods and services here in the province in order to service those Crown corporations.

And the member over there says Buy Saskatchewan. We have no problem with Buy Saskatchewan on this side of the House whatsoever. We have no problem whatsoever. We think Saskatchewan business people are capable of providing the quality at competitive, tendered prices in order to provide goods and services for the people of Saskatchewan. We believe that. We don't like a situation where certain people get contracts but they've never been tendered, and we don't like a situation when the quality is not up to snuff. And I think all business people in Saskatchewan believe they can compete in this world on the basis of competitive tendering and on the basis of

quality.

Now we also believe that with the world's greatest reserves of potash and the world's greatest traders in potash, we could develop the most experienced and innovative management. And we had a top class in management over at the Potash Corporation of Saskatchewan under the NDP. Now we're told and we're informed that the top three managers of the Potash Corporation of Saskatchewan aren't Saskatchewan people, but they're Americans.

Now it seems odd to us that how can a government have any kind of faith, obviously they don't have any kind of faith in the people of this province and in the people of Canada when they have to import people from other countries to run our mines. I think we're quite capable of running our own mines. I don't think we have to import people from the United States to come in here and run the Potash Corporation of Saskatchewan. Not at all.

Some Hon. Members: Hear, hear!

Ms. Atkinson: — We have people here in Saskatchewan who are quite capable of managing the potash corporation or any other Crown corporation. We do not need the top three administrators at the potash corporation coming from some foreign country to run our mines.

And the minister over there says, right on. Well if it's right on then, sir, pray tell why are the top three administrators at the Potash Corporation of Saskatchewan Americans? Pray tell; pray tell.

Now on a different level we also believe that PCS could change the way potash was sold in various parts of the world. We believe that countries like China and India would commit themselves to use larger amounts of potash if we could guarantee more or less stable prices. And that's one of the reasons we set out to create PCS International, which this government, of course, in 1982 decided to do in and get back into Canpotex.

We thought that we could have longer-term contracts with some of these developing nations that would guarantee a stable price for us, could keep our workers working at the mines. We would have the production contracted. We can guarantee work. We can guarantee suppliers at the mines of contracts. We could do all of those things. We didn't have to sell at the top price. We didn't have to sell at the bottom price. We thought it would be both good for the producer of potash, being ourselves, and the consumers of potash. But we couldn't convince Canpotex at that time to operate that way, and that's why we launched PCS International prior to the Government of Saskatchewan sabotaging our efforts in 1982.

I want to talk, Mr. Speaker, about some of the accomplishments of PCS, and the accomplishments are many — many. I've talked about why PCS came into being in the first place. I've talked about what we hoped to accomplish with PCS in terms of the short-term and long-term goals. It wasn't simply to buy some mines for a very little good reason, just to take over mines; that wasn't

the reason whatsoever.

Now as I said earlier, Mr. Speaker, we wanted the . . . There were some things we wanted to see happen, and we think some of those things did occur. There's no question about that. We were able to develop a bureaucracy that was Saskatchewan born and raised and educated here in Saskatchewan, and those people have skills to go any place in the world and work in the potash industry.

We were able to develop, Mr. Speaker, contracts, small business here in the province, and those business people could provide goods and services for the potash industry. We didn't have to get those goods and services from outside of Saskatchewan. There's no question about that.

We were able to have a quality work-force. We were able to increase the number of employees in the potash corporation by some 600. We were able to do that. There's no question about that.

The other thing that we were able to do was begin to look at new forms . . .

The Speaker: — It being 11 o'clock, the House stands adjourned until tomorrow at 8 a.m.

The Assembly adjourned at 11 p.m.