

The Assembly met at 8 a.m.

Prayers

## ORDERS OF THE DAY

### SPECIAL ORDER

### THIRD READINGS

#### **Bill No. 20 — An act respecting the Reorganization of the Potash Corporation of Saskatchewan**

**Hon. Mr. Lane:** — Thank you very much, Mr. Speaker. Before I move third reading, I would like to make a few remarks on Bill 20, An Act respecting the reorganization of the potash corporation.

We had a rather vigorous debate, I think it fair to say, on Thursday last on the conflicting visions. And conflicting is perhaps a strong word, but the members opposite talked about a mixed economy, and of course when we looked at the facts leading to that debate, of course they did not mean a mixed economy. Their view of the economy is that it had to be government. And they had a single view of the economy, Mr. Speaker, and that it is this government that has been practising, and I say practising, Mr. Speaker, a truly mixed economy.

We have involved the private sector; we have strongly involved the co-operative movement; we have involved government. We have taken it a step further, Mr. Speaker, and it is the government under the leadership of Grant Devine that is for the first time, Mr. Speaker . . .

**Some Hon. Members:** — Hear, hear!

**The Speaker:** — Of course the hon. member would like to acknowledge that we don't use members' names.

**Hon. Mr. Lane:** — With the leadership of our Premier, that for the first time, Mr. Speaker, in the history of our great province that is truly involving the people, the people as individuals, not as a collective but the people as individuals, in the economic development of this province. And it is this government under the leadership of our Premier that for the first time is allowing the employees, the workers, to have a say and a participation in the ownership of the companies in which they work.

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Lane:** — Now the NDP say that the potash corporation changes are revolutionary, that there's a revolution going on. That's a very strong word, Mr. Speaker, I say that there are some fundamental changes, fundamental changes involving the people as individuals. And they are fundamental.

And we do have a different view of how the economy should develop. We don't believe that government has to own, and those were the choices given in the past. We believe that the government can be a catalyst to build and we don't hesitate to use government, and the Cargill plant's a prime example. And we don't hesitate to use the instruments of government, either the tax system on

labour-sponsored venture capital or stock savings plans or venture capital programs. And we certainly don't hesitate, as we've both debated and know, use the ability of government financial instruments to encourage economic development. So there are different views.

And there are different views about how the potash corporation fits into the scheme of the potash industry. And one thing that was left out of the debate the other day, Mr. Speaker, was alluded to and, and I think in fairness, alluded to by the member from Saskatoon Fairview when he briefly mentioned Canpotex. And of course the New Democratic Party believes that the potash corporation should pull out of Canpotex. And we should take a very quick look at what Canpotex means. Canpotex is an organization of Saskatchewan, Saskatchewan potash companies, and it is their selling agency outside of North America. And I said Saskatchewan and I've repeated Saskatchewan because it's important.

And what happened with the NDP view of the potash corporation was that it became the government's view of the potash corporation and not a view of the Saskatchewan industry. And by the decision of the NDP to pull out of Canpotex, they were in effect saying that we want PCS (Potash Corporation of Saskatchewan) perhaps to do well — although there were a lot of doubts about that — to the detriment of every other single potash company in the province of Saskatchewan.

But we believe, Mr. Speaker, that the employees in those other potash companies in this province are just as much people of this province and just as much entitled to be treated fairly by government as the employees of the potash corporation.

So the NDP said, no, we're going to pull out of Canpotex and we are going to drive the other Saskatchewan companies hopefully out of business. And that was the basic thrust — that was the basic thrust.

It was very much a potash corporation view, under the NDP, because of government ownership, as opposed to a government view representing all of the people. And there was, I think it fair to say, a totally different view of Canpotex and how the industry in this province, the industry, all of the industry, has to be encouraged, has to be allowed to grow, not to the detriment of anybody. When we talk about Canpotex and we know that in North America there's open competitions — not to the detriment of anybody, that's not the objective, it's to try and get the maximum benefit for the people of this province to sell as much Saskatchewan potash around the world. And of course we've had record sales. We've had record sales in the last year of Saskatchewan people's potash.

So having said all of that, we have a differing view of how economic development should take place. One says government. We have a different view of how the potash industry should develop, that we don't think that the government instrument should be used to drive others out of business.

So we've also talked about the matter of control. And I can't restate often enough because, as I indicated,

perhaps my powers of persuasion are failing me, but when we talked about control, we talked about the very, very strong constraints to ensure that control stays in the hands of the people of this province. No individual, no government, no agent of government, no corporation, or groups of them acting in concert, can own more than 5 per cent.

Foreign investment number cannot exceed 45 per cent. But that of itself, when we talk about the 45 per cent, also has a fundamental constraint in that they may have 45 per cent of the shares, but they can never vote more than 25 per cent of the votes cast at a meeting. It's not even 25 per cent of the votes in total; it's 25 per cent of the votes cast at a meeting. So if they had a full 45 per cent walked into a meeting with all their shares, it's still only 25 per cent — only 25 per cent.

And I reiterate that, Mr. Speaker, because other than the member from Fairview, it seems to have been ignored by members opposite, and I've given some rather specific examples of how that works. Take a simplistic example of 100 shares, 40 held by government, and say that the government doesn't exercise its right to vote that it has; so there are now 15 shares owned by Saskatchewan employees and the people of this province, and 45 owned by foreigners. I'm taking the worst case scenario. At a meeting, that 45 per cent by law, can only be 25 per cent, and those 15 shares held by Saskatchewan people would in fact constitute 75 per cent of the vote — a tremendous, tremendous protection and control for the people of our great province.

And then we talked about ownership, and we talked about our different views of protecting the industry. The NDP have said, and said it very well and repeated it again over the last long debate, that in order to control an industry and in order to control a resource, you have to own it. We don't believe that to be true. The government doesn't own the forest industry but it controls it, not just by legislation but by forest management licensing agreements. The government doesn't own the oil industry. We control it through our taxation and legislation. We don't own the natural gas industry. We control it through legislation, through our taxing policies. And obviously in this government's view, we continue to control our potash industry and our resource through our legislation.

And the NDP were on a bit of a . . . the horns of a dilemma, if I may say, when we talk about control. Because historically the Leader of the Opposition has patted himself on the back and said what a great job he did with the Trudeau charter of rights when he said that we now protect our resources — okay? — and then saying that we've got to own the potash corporation to do that. Very contradictory position.

Either the Leader of the Opposition was less than candid on the impact of the changes to the charter and provincial control of resources, in which case one would have to say there was an example of abject failure; or if he was unsuccessful, then we certainly don't need the potash corporation for the purposes of government control of the industry.

(0815)

He cannot have it both ways. And that contradiction came loud and clear during the debate, and it was interesting that the Leader of the Opposition failed, failed to make reference to that during the debate, and I think that the silence of the Leader of the Opposition on the changes to the charter and the constitution is of itself proof that the province does not have to own the corporation to control and own its resource.

And we talked about value. And the NDP say that the value of the corporation is replacement value. And of course that doesn't hold up to scrutiny because if companies could make a profit at replacement value, they would be building new mines everywhere. Manitoba would have a mine. Every other country would be awash in potash mines. They can't make money at replacement value.

And we gave the example . . . and I was using the facts and figures given by the Leader of the Opposition when he talked about a million tonne potash mine, \$500 million. And when we look at the interest charges on \$500 million, that would be \$50 a tonne; depreciation was \$25 a tonne; potash sales between 80 and \$85 a tonne. If you were to build a new mine, then virtually all of the money, \$75 of the 80 to \$85 would go just to pay depreciation and interest, and you haven't begun to pay employees or operating costs of sales costs. And they can't make money, they can't make money in that environment.

So the value is not what the NDP says it is. The value is what the market-place says it is. And that's a fundamental difference. And I've given some simple examples, Mr. Speaker. If someone wants to build a \$5 million house beside the sewage lagoon in Regina and someone comes along and says, I'll offer you \$50,000 for that house; the owners says, well I paid \$5 million, replacement value is \$5 million. He says, I'm not paying you more than \$50,000 to live beside a sewage lagoon. Then obviously the market has determined what that value is. And if someone puts a \$2 million house in Saskatoon beside a packing plant, and someone comes along and says I'll offer you \$50,000 for that \$2 million house, the owner says, well replacement value is 2 million, replacement value is 2 million. But it's not worth more than \$50,000 for me to live beside a packing plant. So the market decides.

I gave another simple example, Mr. Speaker, of someone going out and buying a car, \$15,000 automobile. A year later someone comes along and offers them 10. And they said well replacement value to me is \$15,000. I'm not paying more than \$10,000 for a year-old car. So the market determines. So replacement value is not, when we look at the situation, is not an example of value, that in fact the market will determine what that value is.

So then the NDP said that oh, we're rewarding our rich friends and our business friends in — big-business friends, I'm sorry; I thought that was one word, I'm sorry, the way you use it over there — in the investment houses in the financial community of Canada, because those people will get a commission for selling the shares to the people. And keep in mind I did remind them that many, if

not all of them, made contributions to the New Democratic Party, and they knew that; we know that. They kind of dropped it after that when that was brought forward to them.

But I mean if people use a real estate agent to sell a house, they get a commission. And that agent will try and get the best possible price. And of course that's what happened when we try and get people to go out and market our shares. We pay them a commission to get the highest possible price and the widest distribution.

So we have different views. We have a different view on economic development, the relationship of the industry, the importance of the industry, I think we both agree on that the potash industry is vitally important to this province.

But we believe that the potash corporation will be stronger, Mr. Speaker, because of the initiatives of this government. Not only the changes in management, the changes in management . . . And as I've said, I thought it was rather a low day in this legislature when we saw the personal attacks on the chairman of the potash corporation. I think they were at the lowest the other night in the debate from the member from Prince Albert, who had a vicious personal attack . . .

**An Hon. Member:** — P.A.-Duck Lake.

**Hon. Mr. Lane:** — . . . P.A.-Duck Lake, had a vicious personal attack on the president of the Potash Corporation of Saskatchewan. And I've stated, Mr. Speaker, that the management of the Potash Corporation of Saskatchewan today is now considered one of the best, if not the best, managed potash corporation of any in the world, Mr. Speaker.

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Lane:** — But the personal attacks went on. The personal attacks went on because the individual was an American, that came up. The fact that the NDP had non-Canadians in senior management, we weren't critical of that. But I guess it's acceptable for the New Democratic Party to have non-Canadians in senior management, but not acceptable for this government. The fact that the individual has now got landed immigrant status was not a factor in the NDP thinking. No, it was a straight personal slam and a personal attack, without foundation and without merit, Mr. Speaker.

There were some side issues. I look forward this morning to the participation of the member from Regina Rosemont, the member from Regina Rosemont who has articulated so well the true New Democratic Party position when he has stated, and stated publicly that the NDP should nationalize and take over the whole industry, Mr. Speaker. That's what the member from Rosemont said. That's . . .

**An Hon. Member:** — Before they put a gag . . .

**Hon. Mr. Lane:** — Well some members say they had a gag order on the member from Rosemont, they had a gag order on the member from Rosemont. I thought his

silence was important, Mr. Speaker, his silence, because there were several very strongly held views. A couple of members from Saskatoon, Saskatoon Sutherland, I believe for his silence in this debate. It was interesting. And Saskatoon Centre, silence.

**An Hon. Member:** — No, she spoke, I'm sorry.

**Hon. Mr. Lane:** — Not during the committee debate, Mr. Speaker. So there was either a gag order on people that have views over there, Mr. Speaker, of total government ownership for the potash corporations, or they went to ground on their own. I have difficulty knowing some of them and the vigour with which some of them participate in debates, that the latter is right.

So why did the NDP leader, Leader of the Opposition, fear the participation of some members in the debate? Why? Why, Mr. Speaker? Because he knows that his position on privatization is not accepted by the people of this province, and he also knows that the extreme position within his own party is even less acceptable to the people of this province, Mr. Speaker.

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Lane:** — And let me just comment on the part that the NDP have railed on several occasions that what we're doing is not acceptable to the people. And I'm going to remind many that about a week ago there was an article in the Regina *Leader-Post* by Mr. Petrie, that given the legislation for time allocation, that the Leader of the Opposition had a week to rally public support as he did with SaskEnergy. And I think every one of us, in fairness, has seen the results of the rallying cry of the Leader of the Opposition. We have all seen the results.

**An Hon. Member:** — It fell on deaf ears.

**Hon. Mr. Lane:** — It fell on deaf ears. It fell on deaf ears, I suggest, Mr. Speaker, even within some of the New Democratic Party themselves, some of the New Democratic Party themselves who had doubts at the beginning of government nationalization of the industry, and believe today that there should be a right of the people of this province as individuals to participate in the economic development of the potash corporation.

We know, we know, Mr. Speaker, that there are New Democratic Party members who want to buy shares. We know that there are New Democratic Party members that have bought shares in Saskoil and WESTBRIDGE, and they're silent, they're silent when they listen to the Leader of the Opposition because a significant percentage of New Democratic Party members believe what this government is doing is right. It is right for the potash corporation . . .

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Lane:** — It is right for the potash resource of this province, owned by the people of this province, and it is right for the people of this province, Mr. Speaker. So the rallying cry fell short. It fell on deaf ears.

And we look, Mr. Speaker, at a protracted debate. It's not

that they didn't have time. It's not that the New Democratic Party didn't have time to rally the people. They had four months. And they say, Mr. Speaker, that they were muzzled in committee because they only had the two days. But let's take a look at the hours of those two days, Mr. Speaker, because we had nearly 20 hours of debate in committee, nearly the equivalent of four days, Mr. Speaker. I believe that that's more than the opposition had when the NDP nationalized the potash industry, Mr. Speaker. So it's not that they didn't have the time.

They had time. They had a great deal of time. They had a tremendous amount of time, and I think the results are clear. The people have spoken. The people have spoken, Mr. Speaker. The vast majority of the people of this province believe that we can control our resources without ownership, that we can manage and control our great potash reserves and our resource without government ownership, that there is a better way to do it, Mr. Speaker.

So we look to the future of the potash corporation as it now embarks on a new journey with the people having shares. And we've stated, Mr. Speaker, that it is our view that it is right in the time of the history of the potash corporation for a public issue, for other investors to be able to participate in that corporation.

And one of the objective that I have little doubt, Mr. Speaker, that the potash corporation will use that opportunity, will use that opportunity to diversify so that it is no longer a single product or a single commodity mining company but a far more diversified company, a company that will be able to weather the cycles of potash, the peaks and the valleys of potash, and be able to have a more stable company thus making a bigger contribution to the economic development of our great province. We believe that that opportunity is there.

(0830)

We believe as well, Mr. Speaker, that the people themselves, collectively, the taxpayers should not have to take all the risk of potash, that they shouldn't have to put up future moneys in potash for the growth and diversification of the company, that investors can do that. And we believe that the company will be able to compete more effectively in a tremendously competitive world with the changes that this legislature is proposing to make.

The employees, Mr. Speaker, have been a vital part of all of our privatization efforts and, of course, will continue to be in the privatization of the potash corporation. This government and the potash corporation will take a very attractive package to its employees, a very attractive package.

**An Hon. Member:** — I'm sure.

**Hon. Mr. Lane:** — And the hon. member says, I'm sure. What's wrong with that? Why should we not encourage the employees, the enterprises in this province, to have a say and to be able to participate in their own company? This government believe that is a right course of action, believes it to be a correct course of action. And, Mr.

Speaker, I believe that that direction of employees having the chance to buy shares and participate in their company is far more the Saskatchewan way than the government ownership way as proposed by the members opposite, Mr. Speaker.

**Some Hon. Members:** — Hear, hear!

**Hon. Mr. Lane:** — Mr. Speaker, we talk about that and we both debated the history of this province to some extent. But you know we had the co-op movement, Mr. Speaker, build up, which was the people of this province coming together and building enterprises. It wasn't the government imposing a co-operative movement. It was coming from the people, Mr. Speaker; the people were doing it themselves. And that was the history.

And our development was the people doing it. The government ownership is a new phenomenon in this province relative to its history, Mr. Speaker. It didn't happen, it did not happen until the 1970s. It didn't happen. And I think members opposite will freely acknowledge that the people were never quite comfortable with this new direction of government ownership as opposed to people participation. And that's simply what this government intends to restore, Mr. Speaker.

We believe that the future of the corporation, with the changes we make, is a great one. And we believe that the corporation will be a far more stable contributor to the economic growth and diversification of this province. We believe that the employees of the potash corporation will take up the opportunity that will be presented to them to take an ownership role in the corporation. And, Mr. Speaker, we have every confidence that the people of our great province are going to take advantage of the opportunity that will be presented to them to participate, to contribute to the economic development, not only of the potash corporation, but of this great province, Mr. Speaker.

I move third reading of Bill No. 20.

**Some Hon. Members:** — Hear, hear!

**Mr. Mitchell:** — Mr. Speaker, this Act has been improperly named from the very beginning. This Act has nothing to do with the reorganization of the Potash Corporation of Saskatchewan; it has everything to do with the sell-off of the Potash Corporation of Saskatchewan.

And I don't simply say that in a rhetorical sense because you just have to examine the provisions of the Bill where the first thing that the Crown corporation does is to sell all of its assets to another company. And we heard about that company the other day. We heard that it was a former construction company that's been bought up and the name has been changed to the Potash Corporation of Saskatchewan incorporated. And the very first thing the Bill does in section 3 is to provide for sale of the assets to this new company.

So it has nothing whatever to do, Mr. Speaker, with the reorganization of the Crown corporation. Rather it has to

do with the sell-off of all of the assets of the potash corporation. And the potash corporation that we have known for the last 14 years in this province, the last 13 years, is just going to disappear off the face of the earth, and there'll be nothing there in its place except a private company, and it is that private company that I'm going to be addressing in my remarks to the House this morning.

I think it probably understates the case to say that the people of Saskatchewan are surprised, even shocked, that the government has actually decided to go ahead with this Bill and that we've actually taken it to third reading, and apparently with the government majority, we'll pass this Bill this morning — surprised or even shocked because they have been expressing their view as clearly and loudly as they can about how they feel about this government's privatization thrust.

Now of course privatization wasn't invented by this government in 1989. This government has been privatizing away for some time, Mr. Speaker, starting back with the highway equipment sell-off and the laying off of all of the highway workers, and continuing right through to this Bill here. But privatization in 1989 gained a new prominence because of the way in which the government presented the menu for this session in the throne speech.

The privatization thrust at that time consisted of three major initiatives: the privatization of SaskEnergy, the gas division of the Saskatchewan Power Corporation; the privatization of SGI (Saskatchewan Government Insurance); and the privatization of the Potash Corporation of Saskatchewan. And that throne speech began to focus people's attention upon the plans of this government so far as the sell-off of public assets are concerned. And over the course of this session, their attention has grown more intense as the government has actually proceeded with some of these plans.

And of course the SaskEnergy privatization Bill, when it hit this House, we walked out and we went around the province to consult the people and get their views, and did we get their views, Mr. Speaker? Did we get their views. We got them in spades. And the people opposite just can't help but have understood what the people were saying, what the people were thinking, how strongly they felt about the government's privatization thrust.

The particular issue in front of them at the time was the privatization of SaskPower, but the views that they were expressing extended well beyond that and covered the government's other privatization plans. And I don't know how much more the people could have done to convince this government that that was their view.

Certainly every time their view was plumbed or probed by public opinion surveys, the government has to have got the answer that the people are opposed, and not just opposed by some small plurality, Mr. Speaker, but opposed by margins of two or three to one — two or three to one; and not just SaskPower, but SGI and the Potash Corporation of Saskatchewan and any other privatization plans of that nature that the people were asked about.

Now what do the people of this province have to do in

order to bring home to the government opposite what their views are with respect to this issue? What do they want? Some of my colleagues say, defeat them. We've challenged again and again for this government to do exactly that. We have made the point over and over again that they have no mandate to carry forward this privatization thrust. They simply have no mandate.

The people of this province, when they re-elected that government in 1986, did not realize that they were voting for this particular agenda. They did not realize that they were voting to sell off the assets that the people of this province have owned and controlled for a long, long time. And as I say, Mr. Speaker, they have tried, the people have tried in every way that they can to get through to the government, to get through to the government members to tell them no, we don't want you proceeding with these plans. We want to keep things more or less as they are. We want to continue to own our Sask Power Corporation and our SGI, and we want to continue to own and operate our very own potash corporation.

**Some Hon. Members:** — Hear, hear!

**Mr. Mitchell:** — Heaven knows, Mr. Speaker, that we on this side of the House tried our best to convey that view, to convey that information and that opinion to members opposite. We girded ourself for this particular debate and came in here and fought it out as hard as we know how to fight. Every member on this side of the House got up and spoke on second reading, and spoke with passion and conviction and intensity, and at length, to try and get through to government members that what they're trying to do with this Bill is not in the best interests of the people of this province and is contrary to the view of the vast majority of people in this province.

**Some Hon. Members:** — Hear, hear!

**Mr. Mitchell:** — And all we got in return for most of that debate, Mr. Speaker, was a wall of silence. All we got in return was just catcalls from across the floor criticizing the way in which we were putting our arguments, harassing us as we attempted to develop our arguments, accusing us of talking too long, accusing us of wasting their precious time.

It made no difference, Mr. Speaker, that all of us on this side of the House were here on our own nickel. We were here paying our own expenses; we weren't here to try and drag it out to make money out of it or anything like that. We were here because the people of this province elected us to come here and express, on their behalf, our views; and particularly to express their views on a subject like this where they have done everything they possibly can to make their opposition to these plans clear. Everything that they can do, they have done, and yet this government has persisted in going ahead with this Bill.

Well I'm proud of the way the people on this side of the House have handled themselves in this debate. I'm proud of it. And we've tried everything we can to penetrate the fog over there and to make these people understand just what is at issue here and how the people feel about this issue.

Now I guess you can say, Mr. Speaker, from one particular perspective, that we have failed. We have failed in the sense that this Bill, as I understand the determination of the members' opposite, is going to pass this morning, and in that sense we have failed. But, Mr. Speaker, in another, and in the real sense, we have not failed.

**Some Hon. Members:** — Hear, hear!

**Mr. Mitchell:** — It is the government opposite who has failed. The only reason that they were able to get it through, Mr. Speaker, the only reason that they were able to thwart the people's expressed will and get this thing through was to ram it through the device of closure. And they used their government majority and they used it shamelessly in order to limit debate in this House.

And we went through that debate at length so I won't repeat those arguments, Mr. Speaker. But the kernel of it, the nub of the question is that they decided that they had heard enough. They had decided that debate should just stop. They just couldn't take it any more, Mr. Speaker. They couldn't take the sight of day after day, opposition members getting up and driving right to the heart of the matter with arguments that represented the view of the vast majority of people in this province. And increasingly it became an embarrassment to them. Increasingly it became a political problem, a political problem of unmanageable and insurmountable proportions, and finally they decided that they only thing they could do was to cut off debate, muzzle us and stop this, and pass this Bill. And I say, shame. My colleagues say shame; I join them.

**Some Hon. Members:** — Hear, hear!

(0845)

**Mr. Mitchell:** — Now I want to review, particularly, the proceedings in the committee. I want to perhaps put into better perspective some of the assessments and analysis of the committee proceedings that have been expressed by the minister.

I want to say though as I move to that, that as we went through that committee and as we went through the whole of the second reading debate on the Bill, we heard, Mr. Speaker, a very, very old idea being expressed, being expressed by the government. This notion of privatization is not some brand new idea that was just cooked up by the members opposite or by some of their advisers. This privatization view represents the same old right-wing, tired old rhetoric that we've been facing in this province since Tommy Douglas was first elected premier.

Since he was first elected the premier, we have had a group of people in this province, who, for the most part, have been a minority, a small minority view, who have been opposed to the idea of the public ownership of assets. In particular, they've been opposed to the idea of Crown corporations. And so they fought against initiatives of the Douglas government in that direction, they fought against initiatives of the Lloyd and Blakeney

governments, and they continue to this day to follow an agenda that says simply this, Mr. Speaker: sell off the Crown corporations, sell off the public assets, transfer public assets to private hands.

And that is a notion, Mr. Speaker, as I spoke on at length during my second reading speech, that is a notion which is foreign to Saskatchewan. That is a notion which the majority of people in this province just don't accept, and that's why that minority, reactionary, old right-wing view of Crown corporations has never been accepted in this province.

**Some Hon. Members:** — Hear, hear!

**Mr. Mitchell:** — The late premier Thatcher came to office in 1964 espousing just such a view — government had to get out of business, government had to withdraw, government had to let the private sector do it. Mr. Speaker, when premier Thatcher came to power and remained in power for seven years, he took an accurate reading of the public opinion of this province. He took an accurate reading of the views of the citizens of this province. And during his term of office, Mr. Speaker, he never moved to implement that program. He never moved to privatize the Crown corporations. He was urged to do so. It was that same little old slice of right-wing reactionary opinion in this province which were urging him to sell off SGI and to sell off some of the other Crown corporations. But Thatcher looked at the situation in this province and he listened to what the people were saying to him and he never followed that agenda.

Now the member from Qu'Appelle-Lumsden, who worked with premier Thatcher at that time, apparently didn't share those views, apparently he continued to harbour in his mind the notion that Crown corporations are a bad thing, that the ownership of assets by the people of this province is a bad thing, and that that little tiny slice of right-wing reactionary view in this province was really the right view, and under proper conditions, at some time in the future, he, the member from Qu'Appelle-Lumsden, would be able to implement that agenda.

And here he is, suddenly elected to office after having jumped ship, suddenly elected to office, suddenly elevated to the position of Minister of Finance and minister responsible for the Potash Corporation of Saskatchewan, and he gets this marvellous opportunity to implement his little agenda. And here we are, and here we are selling off the largest potash corporation in the world.

Here we have a potash corporations which is owned by every man, woman, and child in this province — everybody here is an owners. The government doesn't own it. It's not a question of government ownership. They're simply the stewards. They're simply the people who are operating under a trust to manage those assets in the best interests of all of the people. The people didn't elect this government to sell off their assets, particularly not to sell them off on the terms in this Bill, but they didn't elect them to sell it off at all. And they're doing to pay a price for it, Mr. Speaker, they're going to pay a price. They're going to pay a large price. In my opinion, the

people of this province are going to exact that price from them when the time comes.

**An Hon. Member:** — Tell me the number of my shares.

**Mr. Mitchell:** — Now the member from Wilkie asks one of those dazzling questions that we've become accustomed to hearing from him, he asks for the number of his shares. And I will tell the member for Wilkie that Crown corporations do not issue shares. He's asked the question four or five times now, Mr. Speaker, and I'm going to try and answer him, answer it. Crown corporations do not issue shares, Mr. Member. Crown corporations don't have to share issues. Everybody in this House knows, with perhaps the exception of the member from Wilkie, that Crown corporations are owned by all of the people in this province.

**Some Hon. Members:** — Hear, hear!

**Mr. Mitchell:** — And I have heard the Deputy Premier express exactly that point of view, so if the member of Wilkie doesn't agree with me, he should talk to the Deputy Premier. And I've heard the minister responsible here, the Minister of Finance, express that same view, so perhaps the member from Wilkie could talk to those people and find out how Crown corporations work.

The fact of the matter is that whether he likes it or not, the member from Wilkie is a shareholder in the largest potash corporation in the world, as am I, and as is every man, woman, and child in this province. And it is their corporation that we're . . . it is their corporation that we're talking about selling. It's not the government's corporation. It's not the corporation owned by the member from Wilkie or by the Minister of Finance; it is our corporation.

Now, Mr. Speaker . . .

**The Deputy Speaker:** — Order, order. The debate across the floor seems to be interfering with the member for Fairview. I'd ask the member from Moose jaw North and from Wilkie . . . order . . . and from Wilkie to allow the member from Saskatoon Fairview to make his points.

**Mr. Mitchell:** — Thank you, Mr. Speaker. Now I was making the point, Mr. Speaker, how unfair the original closure motion of the government had been to limit debate on this very important question.

I want to come back to that because nowhere did we realize the significance of that more clearly than when we got to the committee stage of this Bill last Thursday and last Friday. Then it became perfectly clear to us on this side of the House what that motion was really all about. Oh I know it was about the way in which we were hammering away at them during second reading and those speeches that were having their political effect, their political impact, taking their political toll on the members opposite.

But when we got to the committee stage, we really found out what that closure motion was all about because the committee stage was limited to two days, 18 hours of consideration. And we on this side of the House, as we

are entitled to do and as we must do, began to ask the minister questions about the Bill. We went through it, looked at all of the clauses of it and all of the concepts contained in it, and we asked the minister some hard questions. And the minister didn't answer. The minister answered virtually nothing. The minister stonewalled us hour after hour after hour. We'd ask him a question; he'd get up and make a political speech but not answer the question. We'd ask him the same question again; he'd get up and make a political speech and not answer the question. We'd ask it again, and again he'd stand up, make a political speech and not answer.

We must have received . . . I think this morning was the 40th time that the minister has tried to explain to us how it is that the shares owned by foreign investors will be voted. And I must say, Mr. Speaker, that after 40 explanations, we hear the words he's saying but we still don't understand and still don't believe that that provision can possibly be implemented and applied at any general meeting of the Potash Corporation of Saskatchewan incorporated.

**Some Hon. Members:** — Hear, hear!

**Mr. Mitchell:** Ms. Speaker, it's going to take an army of accountants and Philadelphia lawyers in order to simply determine who's got the right to vote how many shares at any meeting of the Potash Corporation of Saskatchewan. It's just simply not going to work. And the minister could get up here and go through that little song and dance another 40 times and he still wouldn't be able to clarify how, at a particular meeting of the potash corporation, that provision is going to prove to be workable.

I want to just review with you, Mr. Speaker, some of the questions that we asked, some of the subject areas that we got into where the minister just simply refused to give us answers to the questions or information that we were seeking.

The first has to do with the cherished and hallowed notion of how this corporation is going to diversify in the future, how it's going to diversify. Because what we're faced with with this Bill, Mr. Speaker, with Bill 20, is that one of its professed goals as I guess we read in the paper — we haven't really heard it come across the floor of this House — but one of the ideas here is that this new corporation is going to diversify.

So we asked the minister, what does this mean? How is it going to diversify? What are the plans? Well we haven't really thought ahead that far. We haven't really figured that out yet. We don't really have any plans. But we're going to make them; we're going to make them. As soon as this Bill gets through the House and as soon as we get a little time, we're going to sit down and we're going to figure out how we're going to diversify.

Now that's the answer that we got from the minister, paraphrased in my own words but I think I'm perfectly accurate, again and again and again. I mean it went on over hours, Mr. Speaker. Now if this had been a normal type of proceeding where we were not faced with a limit of two days of committee, we would have stayed with that minister on that question until he got up and came clean;

until he either told us what their diversification plans were, or admitted that they don't have any diversification plans.

**Some Hon. Members:** — Hear, hear!

**Mr. Mitchell:** — But with debate limited to 18 hours, all the minister had to do was to continue to get up in his place and stonewall us for 18 hours, and at the end of 18 hours, he doesn't have to answer the questions. And that's what happened.

And so it was with evaluation. Now with evaluation I have to admit that the minister did give us one evaluation. In quotes, he said that his financial people, his brokers, the firm to handle the share issue, had evaluated the potash corporation at 800 to \$900 million.

Now that's what he told us, but that's all he told us, Mr. Speaker. He would not table the evaluation. He would not reveal to us anything more than the bottom line figure. He talked about methodology but he just spied off a whole lot of words, and we were left in the position of having no evaluation in front of us, so that we were not in a position to evaluate the evaluation.

If this had been a normal Bill, Mr. Speaker, we would have kept that minister in committee until he put that evaluation on the table, or at least until he was able to satisfy us that it was a competent evaluation that took into account all of the factors that ought to have been taken into account. He never did it — never did it.

Didn't have to. All he had to do was to stonewall us for 18 hours and that would be it; the subject disappears. Last we heard about evaluation. I'm going to come back to evaluation in a few minutes, Mr. Speaker, but first of all I want to talk about some of the other frustrations that we had during committee.

We spent a long time talking about the share offerings — when would shares be offered, what kind of shares, what kind of prices, how many shares. Now we did get from the minister one tiny bit of information here, Mr. Speaker. We learned from the minister that he was looking at, it was possible, there was a window where this might be done in late September or early October. And he reiterated that a number of times. So we had to conclude that that is their plan.

Also outside the House, he and others are quoted as saying that that is the plan. There will be a share issue late September, early October. Now we don't know how many shares, we don't know what portion of the total shares will be put on the market, we don't know their price, and we couldn't find these things out. Again the minister just told us as little as he possible could and then just stonewalled, put up the big stone wall and just answered the questions without answering the questions — answered the questions, Mr. Speaker, by making a political speech.

Again, if this had been a normal proceeding where the opposition is free to do the role that it must do in a democracy, to do the role that the rules of this House permit, to fulfil the role that the people expect us to fill, we

could have kept this minister here and we would have kept this minister here until we got the answers we wanted.

**Some Hon. Members:** — Hear, hear!

(0900)

**Mr. Mitchell:** — And again, he hid behind the gag order and simply didn't provide us with the information, and finally the time expired on Friday night and we had to vote the Bill off.

Another subject that we tried our hardest to explore was the kind of political advertising that we may expect after this Bill is passed and in advance of the first share offerings. And we tried hard with the minister here — what kind of advertising; where's it going to be, radio, television, newspapers; who's going to handle it; how much is it going to cost; how big is it going to be; how big is this campaign going to be; how expensive for the taxpayers of this province is that campaign going to be?

Not a sliver of information there, Mr. Speaker, not a sliver. And again — and I say this without fear of contradiction — in normal proceedings we would have kept this minister here until we got an answer to that question.

**Some Hon. Members:** — Hear, hear!

**Mr. Mitchell:** — And again the minister hid behind the gag order, knowing that all he had to do was to come to 11 o'clock Friday evening and the pressure to answer that question disappears as the House has to vote off the Bill, as the committee has to vote off the Bill — democracy in action.

Mr. Speaker, it's the very antithesis, the very opposite of democracy. It is stonewalling after having gagged the opposition and taking advantage of the terms of the special order to avoid the obligation of the minister to come to this House and to answer precisely those kinds of questions.

And finally, the use of the proceeds. We are told that this potash corporation is going to return, on the minister's figure, we're going to realize some \$800 million out of it. We know from information that he gave us that the first share offering will be between 200 and \$400 million. Let's assume it's 400 million, and that indicates to me, Mr. Chairman, that they're going to put half the potash corporation on the market next month, next month to sell off.

So we asked him, what's he going to do with the money? I think we got some kind of an answer, although I'm not certain at all what information it was that the minister was intending to convey. Here's the answer as I understood it: we're not sure — we're not sure — but we're thinking about that though. That's important and we're thinking about it. What we're thinking of doing, well, what we're thinking about doing is we're going to go around and talk to the people and see what they want us to do with this money. We're going to go around and consult with people, how do you want us to spend this money?



Now that's not what they've been saying to us. We know very well that this government has been running an unmanageable operation for the last seven years. From a fiscal and financial point of view, it's been a disaster. It's been a continuing deficit right from the beginning. And they've gotten to the point where they just have no way to balance the books. And so they moved to the alternative of selling off the assets in order to try and cover the deficit. Now there's no doubt that that's what they're doing. And it's deliberate and it also accomplishes the right-wing agenda of the member from Qu'Appelle and others who have wanted these Crown corporation to get out of the hands of the people for a long time — for a very long time.

Now these are things, Mr. Speaker, that he must have known. And, I mean, he must have sat down and thought about what we're going to do with all this money. But at the end of the day, after literally hours of questioning the minister on this point, the answer came down to simply this — we're not sure, we're not sure. Some time after this Bill is passed and after we've sold the shares and we got the money together, then we're going to sit around the table and we're going to talk to a few people and we're going to think about it and we're going to do something with it, but we're not sure what.

We said, is it going to be applied to debts? Is it going to be applied to any part of this \$4 billion deficit on the ordinary operating accounts of the government? Well we're not sure, maybe. Could be, could do a little bit of that; we're not sure.

And what about the total government debt of some \$14 billion. Is it going to be applied to that? The minister says, well we're not sure, maybe; maybe apply a little bit to that, but we're going to go around and consult and we're going to make up our mind later.

There's only one conclusion, Mr. Speaker. There's only one conclusion. Just look at the timing; look at the nature of the political problem that the government has gotten itself into with this privatization thrust of theirs, and you come to the simple conclusion that the government is going to use the proceeds of the sale of the potash corporation as a political slush fund — a political slush fund, a slush fund that's going to be there in order to give out little goodies at election time in order to try and buy enough votes to cling to power. A shame, Mr. Speaker, a damnable shame.

I said during my second reading speech and I repeat now: the purpose for the sell-off of public assets ought not to be simply to cover the deficit — that was the point that I made during second reading — because that's like selling off the home quarter in order to pay off a debt. You lose your income-producing asset. You just give away the ability that you have to earn money, and we're talking about a corporation here that made \$106 million last year, and that is going to make a lot of money in a lot of years in the future. We all know that. But don't do it just to cover the deficit.

Well now we learn from the Minister of Finance that these proceeds aren't even going to be used to cover the deficit. They're going to be used for some unstated future purpose that the minister will decide only after he has finished

consulting the people of Saskatchewan. And I dare say that that consultation is going to take place in the weeks prior to and during the election campaign. That's when that consultation is going to take place, and these are going to be election goodies administered from an election slush fund.

A related point, Mr. Speaker, a related point. Let's just assume for the moment that the minister was not stonewalling. Let's assume for the minute that the minister was not just trying to put in 18 hours, and was not just trying to give us as little information as possible. Let's assume that the minister actually stood in this House with the top officials of the potash corporation surrounding him, and for 18 hours was telling us how it really is, was telling us that there are no plans respecting the diversification of the potash corporation, there is no corporate plan for diversification and expansion or anything like that. Let's assume that.

Let's assume that the minister has only had that one valuation, that one rather . . . almost pointless evaluation, at least deficient valuation by his stockbrokers, and that's all he's got. Let's assume that's so. And he hasn't tried to get any other valuations or to evaluate it from any other perspective except what his financial advisers will tell him what the investors on the market will pay for them.

And let's assume that he was telling us the real story about the use of the proceeds, that he really hadn't made up his mind. Let's say that he didn't know anything about the timing of the share offerings for sure and that he didn't know what the price would be and he didn't know all of those details that he was denying he knew.

And let's say that he really didn't know what kind of an advertising campaign they weren't going to have starting next week or the week after, or how much that's likely to cost. Let's assume he was telling us the real truth when he said there was no budget for that that had been prepared so he couldn't share any figures with us.

And let's assume that he was also telling us the real truth when he told us that they hadn't decided what kind of options they were going to give to senior officers of the company to purchase shares in this new corporation. Let's assume all that is right.

Mr. Speaker, consider this — consider this. That share offering, if it's going to be made in late September or early October, is going to be made six or seven weeks from now. As we stand here today and debate this Bill, that share offering will be six, seven, maybe eight weeks down the road.

We know also that the prospectus has to be filed three weeks before the share offering is to go on the market. So the prospectus has to be filed and approved by the Securities Commission about three or four weeks from now. And yet the minister comes in the House and says that he doesn't know, he doesn't know the answers to these questions, that he hasn't talked about these things and discussed them and considered recommendations and made decisions, and cabinet hasn't looked at these questions, and the potash corporation hasn't got any plans.

Mr. Speaker, that must be the . . . what the minister is saying is that he's just totally incompetent to carry forward this plan. That's what he's telling us.

**Some Hon. Members:** — Hear, hear!

**Mr. Mitchell:** — I tell you, Mr. Speaker, if the Leader of the Opposition were the premier of this province, and some minister came into this House a scant six or seven weeks before the share offering was to hit the market and told this House that he didn't know what plans there would be for diversification, and he really only had this one little one-sided valuation of the selling price of the corporation, and he didn't know what he was going to do with the proceeds, and they hadn't decided what would be in the prospectus, and they hadn't decided what kind of stock options would be available for officers, and he hadn't decided when the shares would be put on sale or how much they'd be sold for, didn't even know for certain what the commission would be for the stockbrokers — although I think clearly that's going to be 5 per cent, but he said that wasn't for sure either — and didn't have any plan in effect to know what kind of advertising there'd be, starting next week or the week after — I'll tell you, if the member from Riversdale had been the premier of this province, that minister would be fired on the spot.

**Some Hon. Members:** — Hear, hear!

**Mr. Mitchell:** — That minister wouldn't have lasted through consideration of the Committee of the Whole. He'd have been replaced by a minister right there who would be prepared to stand up and give those answers.

If that is the case, if we were told the exact situation on those answers, Mr. Speaker, then this Bill most certainly should not go forward — should not go forward. There are decisions, which the government has to make, which any government has to make before it can decide to do such a monumental thing, such an important action as the privatization of the potash corporation. And if they really are as horribly unprepared for this privatization as the Minister of Finance told us they are, then they've got no business in here trying to get the permission of this House to sell that corporation.

These are questions that ought to have been assessed and answered, and the answers ought to have been given to this House on the consideration of that Bill, or that Bill ought not to have even been presented to this House. They had no business bringing that Bill before this House unless and until he had the answer to fundamental kinds of questions like that.

And that point, Mr. Speaker, makes it even more incredible that debate would have been closed, that closure would have been invoked. I mean here is a government that doesn't have the faintest idea what it's going to do tomorrow on this Bill, that they want to rush tomorrow. We don't get what we're going to do when we get there, but please get us there. No, we're not going to let you get there. Well if you're not going to let us get there, we're going to force our way there, we're going to gag your ability to debate, and we're going to shut off debate, and we're going to muzzle the opposition. We're

going to get the Bill through even though we don't know what we're going to do after the Bill is passed. That is ridiculous; that is shameful; that should never, ever happen in this House.

**Some Hon. Members:** — Hear, hear!

(0915)

**Mr. Mitchell:** — Now I want to go to the subject of valuation. I want to go to the subject of valuation, Mr. Speaker, with this caveat. We on this side of the House, reflecting as I say the majority view of the people of this province, are totally opposed to the privatization of this corporation. There can be no doubt of that.

But, Mr. Speaker, if it is to be privatized, if we're actually going to go ahead with this thing, then surely we have to consider very carefully what we're going to sell it for, what's going to be the selling price.

The minister uses a simplistic idea of a person who owns a \$15,000 car and somebody comes along and offers him 10, and the owner says no, I want 15, so he can't sell the car. And that's supposed to, I think, convince us that his idea of the valuation, that sort of clinches it. Well it doesn't clinch it, Mr. Speaker, it doesn't clinch it.

You're going to sell an asset, you're going to decide you're going to sell an asset, you don't just go out and ask somebody, what do you think this is worth? And they say, well I think it's worth \$10,000. So you say, well okay I'll sell it for \$10,000. I mean nobody conducts their business like that. Nobody in commerce conducts their business like that. We don't conduct our own personal lives like that.

Let me give a better example. Let me give what I think is a more relevant example. Let's say that I am the owner of a section of farm land. And let's say that that land, considering a whole multitude of factors, including the long-range picture in agriculture, is worth about \$400 an acre, and it would cost me about \$400 an acre to buy similar land in a similar district. And that's what it's worth to me. And according to my calculations made while the minister was speaking, Mr. Speaker, that \$400 an acre for a section of land would be a \$256,000 section of land.

Now let's say that I decide today that I may just sell that land. I think I will sell that land. I want to get out of farming. I want to be a member of the legislature and come here and sit here month after month. I'm going to sell the farm. I want \$400 an acre. But I go to some expert, some real estate sales person, and I say to the real estate sales person, what is this land worth? And he says, well I don't know how much it's worth but on today's market you sell that land, you're going to sell it at \$150 an acre. That's what he says to me. And according to my calculations that's \$96,000.

Now do I simply go ahead and sell my land for \$96,000? And is that all there is to it? Or do I say, this may not be the right to sell. Looking back in the '70s at the market then and the market in the early '80s, and looking at the long-run projection for agriculture, this may not be the right time to sell, Mr. Speaker. I don't have to sell my land

today for \$150 an acre; I can hold on. I can wait until that price bounces back. I can wait until the international agriculture situation clears up and other conditions clear up, and I can sell that land at a decent price. I don't have to sell today.

Mr. Speaker, they don't have to sell today; they don't have to sell next month; they don't have to sell in early October. They can hold on. And if their expert evaluators, who are stockbrokers, if they're correct when they value our potash corporation at \$800 million, I'll eat my hat. I'll eat my hat.

But, Mr. Speaker, what the stockbrokers are telling them is simply how much that corporation could be sold for on the market today — not last decade, not next year, not the next decade, not on the long run — but how much today. And that's a disastrous price; \$800 million is a disastrous price by whatever yardstick you want to use.

And we tried them all out on the minister. We asked him what would be the replacement cost of that mine, of all that property. He said that the replacement cost of that . . . well he really didn't say. We suggested that at \$300 per tonne to construct it, the replacement cost of that mine would be 2.4 billion, not 800 million, but 2.4 billion. Well he argued with that figure and he gave us replacement costs that were lower. But on his costs, the cost of replacement would be about 1.6 billion, which happens to be twice as much as his valuation.

All that says, Mr. Speaker, assuming for the moment that the stockbrokers are the people who should be evaluating a potash mine, and assuming for the moment that they know what they're talking about, all that says is that we ought not to be selling it now.

Now I want to speak directly through you, Mr. Speaker, to members opposite. I mean I don't have any idea why you people agreed with this plan to privatize the potash corporations. I've no idea what goes on in your minds that would lead you to the conclusion that that was a good idea. But let's just leave that aside.

You're in the position of having agreed to this thing and let the Minister of Finance go ahead and sell it off. But what about the price? I mean, surely you're not just going to sit there and let him give it away for \$800 million. That would be a stupid and foolish thing to do. And surely you won't let him do it. Stop him — stop him! Tell him the plain, simple facts of life. Tell him . . . I don't want to sell my farm at \$150 an acre; I'll hold on to it till the price is better.

That's all I'm asking you to do — hang on until the price is better. Any expert in the potash industry in the world will tell you that there's a lull in the market at this point in 1989, that we were on an upswing, but because of the particular agriculture conditions this spring in the United States, we're on a little bit of a lull.

But they'll tell you at the same time that on the whole, the market is rising and the market will continue to rise and there'll be a greater equilibrium between demand and supply going right through 1994 to 1995. Well tell him not to do it now; tell him to wait. Hang on, hang on until

'91 or '92 or '94 until the market's better. There is absolutely no reason why there should be a fire sale on the Potash Corporation of Saskatchewan.

**Some Hon. Members:** — Hear, hear!

**Mr. Mitchell:** — There is no reason of any sort. And if you were to do that on top of this Bill, that would be such an outrage to the people of this province, such a terrible outrage. Bad enough that you sell off their assets without their permission, bad enough that you sell off their assets in the face of their stated and determined opposition, but to sell it off at a fire sale price is inexcusable and irresponsible, and you must not do it.

Now here I am speaking directly to members opposite through you, Mr. Speaker, to tell you to at least — at least — apply your common sense to that extent. Don't let them give it away. And that in effect is what they're doing. Not only is the replacement value so much out of line with the estimate they have from their stockbrokers, but any other method that you want to use to evaluate this corporation leads you to the same conclusion.

If you were to consider price as a multiple of a price/earnings ratio, for example, which is a fair yardstick, which is a fair yardstick, then this is definitely the wrong time to sell. We're here in this . . . (inaudible interjection) . . . I'd ask for the attention of the member from Regina Wascana because I will be able to finish my remarks more quickly if he gets off my case.

I was talking about the price/earnings ratio. If we sell now at the price that is quoted to you by your stockbrokers, then we'll be selling at a price/earnings ratio of about 8 or 9:1. And that is just out of line with the long-term situation in the mining industry, in the potash industry, in the fertilizer industry, or in the stock-market generally. I mean, a price/earnings ratio of 8 or 9:1 is foolish; I mean it just doesn't go.

It may be the situation right today. I mean if you look at the potash side of IMC (International Minerals and Chemical Corporation (Canada) Ltd.) or something like that, you may say, well that's what their ratio is so it can't be all that bad. But it is bad, and it's very bad and it is not representative.

And if you hang on, if you just wait till better times, then the day will come soon when that price/earnings ratio will be back in sync, back to where it should be — 12 or 13 or 14:1. And in that kind of a market you're going to . . . you won't double the price you're going to get, but you'll almost double it. You won't have to sell it for 800 million; you'll be able to sell it for 1.4 billion, something like that.

**An Hon. Member:** — When?

**Mr. Mitchell:** — Well the member asks when. I don't know when. It may be next year; it may be the year after; it may be 10 years from now. But be patient; there is absolutely no case to be made for conducting a fire sale of the Potash Corporation of Saskatchewan — no case at all. Don't do it; wait for better times.

If you're to evaluate this corporation on the basis of

discounted cash flow, then your numbers are altogether wrong. Now I don't know how to do that precisely, so I can't tell you what the right answer is. But the result, Mr. Speaker, is a valuation far higher than \$800 million. With profits last year of \$106 million and a good picture going into the next decade, a good picture in potash, then on the basis of a discounted cash flow, you come out with a much higher value than \$800 million. That \$800 million that the minister brought into this House is really so artificial, because all it says is at this moment on the stock market, at this moment, investors buying shares will only be prepared to pay this price. Therefore that is the price that you must take.

Well boloney! That is not the price that we must take. We must wait for a better day when we can get a better price, and you have a responsibility to do that. You don't own, they don't own this corporation, Mr. Speaker. The people own this corporation. They are the trustees, they are the stewards, and they have a public obligation to realize from that sale the very best price that they can.

And so I make the point and I make it with all the sincerity I can, that this is obviously, from the minister's own numbers, the wrong time to do it. Besides when a firm of stockbrokers come to you and they say, well we think this is worth 800 or 900 million, remember that they're thinking about selling it. They want to be able to sell it, they want to sell it quickly, they want to earn their commissions, and they want to close the file. Remember that. They're not going to come in here with some big figure that's going to make the shares tough to sell. They're going to come in as low as they think they can and still get your approval to going ahead with the deal.

Now the member from Regina South who is very experienced in these matters, will know exactly what I'm talking about. Not that stockbrokers aren't doing their job or not doing it properly, but they will do it from their own particular perspective. And that's why it's important to get a number of perspectives on questions like value, and to be careful; treat these assets as though they were you own, as though they were your own.

Don't sell it just to accumulate a little slush fund; don't sell it just in pursuit of an ideology. If you've got to sell this thing, if you're hidebound determined to sell it, then at least sell it wisely and with prudence.

I made a point, Mr. Speaker, and I made it in this House on committee about the foreign ownership provisions. And I want to repeat those remarks, Mr. Speaker, because they're so important. And this is our last chance to do something about the foreign ownership provisions in that Bill. And I offer the opinion that these provisions are unacceptable and unwise and we ought not to do the thing that we're doing.

I don't know why that 45 per cent provision is in the Bill. I don't know why the provision is in the Bill, Mr. Speaker, but I do know this, once the provision is in the Bill, once this House passes that provision, then we in this House forgo our ability to ever change that figure in a downward direction.

Now let me just briefly say what I mean by that. Under the

free trade agreement the American investors have an unlimited opportunity to invest in Canada, subject only to some very, very large transaction where they're buying out entire businesses, they have free access to come up here and buy up our businesses and invest in our companies.

(0930)

We have one situation provided for in article 16 of the free trade agreement where Crown corporations are being sold off. And the Mulroney government put it in because it's pursuing an agenda similar to yours where you're selling off public assets. The one opportunity to limit American investment, to limit the opportunity of Americans to invest, you've got one chance, and that's when you privatize — and that's what we're doing here this morning. And what you're saying, what you're saying when you're going to pass this Bill allowing 45 per cent foreign ownership, is that for ever — for ever — American investors are going to be entitled to purchase shares in the Potash Corporation of Saskatchewan up to the limit of 45 per cent.

And, Mr. Speaker, the handcuffing . . . what I mean by the term "powerlessness" is that never in the future can you change that number downwards. Our grandchildren 40 years from now, sitting in this legislature, deciding that American investment in the Potash Corporation of Saskatchewan is just wrong, would never be able to bring that number down and say, 45 is wrong, it should be 25. They won't be able to do it. They can't change it from 45 to 10 per cent. They can't change it from 45 to zero. They can't even change it from 45 to 40.

I mean, you're locking this in. and you're locking it in in such a way that it can't be changed. And I wonder why you're doing that. I mean, I'm not going to even suggest the answer, but it escapes understanding, that's what I mean by it. It escapes understanding that you would do such a thing.

**An Hon. Member:** — Bob, you don't believe what you just said.

**Mr. Mitchell:** — The member says I don't believe what I said. And I want to say to the member that, first of all, I am not wrong, I am not wrong. And the minister says I'm not wrong. The Minister of Finance during committee admitted that my interpretation, which I have just given to this House, is the correct interpretation . . . (inaudible interjection) . . .

Now the minister says that I'm a lawyer and I should know better. But I want to say to the minister that while I am a lawyer, I'm afraid that I don't share his view, because the provisions are perfectly clear and we have obtained the opinion of law firms who have larger knowledge of trade matter than I have. And I have put it to the minister directly that what I have said is the case, and he has accepted that it is the case, that it is the correct interpretation. And what he says, Mr. Speaker, what the minister says is that we think this is appropriate. And we don't think it's appropriate, Mr. Speaker, we think it is entirely inappropriate to set up a situation that is inflexible like that, where you just can't ever change it.

And so I don't know why we would.

Is it the case that we just can't raise that much money on the Canadian stock exchanges or the Canadian money markets to handle this kind of a share offering? I don't think so. I don't think so. According to the government's Bill on SaskEnergy tabled in this House, which has been referred to the Barber Commission, the shares in that company were to be limited to Canada — not to Saskatchewan, but to Canada. So Canadians could wind up running our energy utility, whether they're from Toronto or Montreal or Vancouver or Halifax, wherever they're from, they could do that. But no foreign ownership was provided for in the Bill. And you're entitled to do that; the government could set it up in such a way.

So, Mr. Speaker, I am far from convinced, and the minister did not try very hard to persuade us, that these kind of numbers that he's looking at can't be raised in Canada.

And what I said to the minister and what I repeat again is that surely in this Bill at least we can adopt the approach of going at it, limiting share holdings only to Canadians. And if at the end of the day, a year from now or so, the government realizes that you can't raise enough money in Canada to be able to handle that thing, then come back here and amend the Bill and we'll allow some foreign investment — we'll allow some foreign investment. But to just offer it up front, just to throw it away and say you are entitled to 45 per cent, is in my opinion the wrong thing to do, and we should not do it.

One of the reasons why we shouldn't do it has to do with what happens to the profits, what happens to the dividends. And that's serious business, Mr. Speaker, because as things are organized right now, all of the profits, all of the dividends from the Potash Corporation of Saskatchewan go to the people of this province.

**An Hon. Member:** — Hear, hear, that's a good idea.

**Mr. Mitchell:** — And that's a good idea, as my colleague says, and that's important. That's important because just last year, for example, there was \$106 million that were earned and that ought to go into the general revenue of this province for the benefit of all of us.

Now if we go ahead with this plan, and if foreigners buy up to their limit of 45 per cent, as they will in the long run, then 45 per cent of all of the profits and dividends of the potash corporation's activities in this province in the future will be heading out of Canada. It'll be the same old story — out of Canada, down into the centres, the investment centres of the world, where it will be used for the benefit of the people in those centres. And we in Saskatchewan will have lost that really valuable notion of exploiting our own resources ourselves, developing them ourselves for our own benefit, hanging on to the title, as it were, hanging on to ownership in the knowledge that ownership will bring profits and bring revenues, not just last year, not just this year, but for decades and centuries and millenia, and that's important and we ought to respect it.

Now I've made that argument. I think every member on this side of the House has made that argument, and members opposite have not accepted it, but it is so important that it has to be said and said again.

Now the minister has . . . I've been gibing the minister for explaining over and over and over again how those foreign shares are going to be voted. He has tried to explain to us I think 40 times — I wasn't counting in the early stages, but I've been gibing him as he gets to 36, 37, 38 explanations, and this morning was the 40th time that the minister has tried to explain to the House how the foreign shares are going to be voted.

And I must say, as I mentioned a few minutes ago, I still don't know how it will work at an annual meeting when shares are being voted, how you're going to count those shares. How many lawyers and how many accountants is it going to take to just sit down at an annual general meeting of this corporation to try and figure out what weight to give to the shares owned by the Chinese corporation, or what weight to give to the shares owned by the corporation from India, or what weight to give to the shares owned by the wealthy investor from South Korea? Because that share may not have the same value on one vote as it has on another, because it depends on how many votes are cast. And if somebody abstains from voting on one vote, then the calculations have to be done all over again.

I mean, it just can't work. You just sit down and figure out some numbers and take yourself through an annual general meeting and consider the things that have to be considered at an annual general meeting, and ask yourself the simple question, what happens if there is an abstention? What happens if someone who owns 5 per cent of the corporation abstains? Well you've got to sit down and recalculate the whole voting regime and come up with an entirely different weighting system for those foreign shares. Well it's really just not going to work. And as I said, it's going to take an army of accountants and an army of lawyers present at a meeting of the potash corporation in order to get through an agenda that has any controversy in it at all.

But on the other side of that same question is the very, very grave notion that we are abandoning the ownership of this corporation. And, Mr. Speaker, I want to explain this in just a few words. I say a few words because I've gone through this before in greater detail, but I think it important on third reading and it was raised during committee, why we're denuding ourself of control of this Crown corporation.

Consider our position now, Mr. Speaker. We're living in the province that is the world's great supplier of potash, great to the point of practically dominating the international industry. And we're talking here about a Crown corporation that is by far the giant potash producer in the province of Saskatchewan, gigantic to the point where it dominates the Saskatchewan market. So you have the potash corporation dominating the Saskatchewan market which dominates the world market. And that's a significant notion, Mr. Speaker. We have in our hands, under the stewardship of this government, a corporation which is in a position to

dominate the potash industry in this world.

Now I realize that that's a generalization, and like many generalizations it sounds like an overstatement. But if you look at it carefully, this is how it really shakes down, Mr. Speaker. We do dominate the industry, and the minister proved that. The minister and the Potash Corporation of Saskatchewan proved that a little more than a year ago in the context of the anti-dumping action in the United States. And you recall, Mr. Speaker, that the minister, with the stroke of a pen, with a press release, raised the world price of potash, practically doubled it, just like that. And nobody argued, nobody fought. The whole industry in Saskatchewan got in line behind the potash corporation and the rest of the world responded. Some of them didn't respond fully and took advantage of market opportunities to undercut the price, but by and large the whole world responded to that initiative.

Now that's an incredibly important notion that we in little old Regina, Saskatchewan, the stewards of the world's largest potash corporation, are able to dominate the industry to that extent. Now that's a good feeling, isn't it? Why would we just abandon that idea? Why would we just say, we're not going to do that any more? We want to get out. That's too much responsibility. We can't handle such a heavy burden as to be responsible for that. Well the minister says I should be nice, and I will. I will. But I make that point, and I don't abandon it for a moment.

Let me draw an analogy. Again, the analogy is extreme, but it's very much to the point — and it is Saudi Arabia in the oil market. Saudi Arabia has such a large percentage of the world's recoverable reserves of petroleum that Saudi Arabia can control the oil market of the world. If they want the price to go up, they can bring the price up; if they want the price to go down they know how to force the price down. And there's all kinds of other things they can do on a policy level as a result of being in the dominant position in which they're in.

Now if you go to Saudi Arabia — and I've never been to Saudi Arabia — but if you look at Saudi Arabia you find that the oil in Saudi Arabia is owned by the state. The Kingdom of Saudi Arabia owns all the oil . . . (inaudible interjection) . . . Now the member asks if that's what I want. And that's an impertinent remarks and quite beside the point. The point here is that in Saudi Arabia that is the situation. The King of Saudi Arabia is not about to privatize his oil fields. The Kingdom of Saudi Arabia finds the oil, digs the well, pulls the oil out of the ground, transports it to the refineries, all of these things done by the state — not privatized, not sold off to Exxon or to one of the other giants, but done by the state and taken all the way through to refinery and actually does most of the refining, all of the interests of retaining its grip or its domination of the oil industry, of the international oil industry.

(0945)

Now here we are with the potash corporation doing a lot of the same things, not in quite the dominant position of the King of Saudi Arabia, but we're mining almost half the potash, we're pulling it out of the mines, we're putting it in our refineries, we're refining it, and we're exporting it to

the markets of the world. Quite an analogous position. And we're doing it with all of that clout that follows from being in such a dominant position, and we're forsaking it, Mr. Speaker. We're just throwing it away. We're just tossing it to the winds. We're denuding ourself of control in that kind of a situation. That is shameful, that is shameful. And we've been making that argument in this House for a long time.

It was heartening to see our foremost political columnist picking up on that point on the weekend in his political column, and think that was just right on.

**An Hon. Member:** — Do you know who this foremost political columnist is?

**Mr. Mitchell:** — It was Dale Eisler of the *Leader-Post* and I read it in the *Star-Phoenix*. I thought he was right on, and my colleagues says it's too late now. And I'm afraid it is too late now. But members opposite should know that in passing this Bill what they are doing is just tossing away the opportunity to play a dominant role in the potash markets of the world.

Now the minister shakes her head, and I would just remind the minister, through you, Mr. Speaker, that we have proven we can do it. We have proven we can do it, and we can continue to do it, and it is irresponsible to throw away that opportunity.

I will favour privatization of the potash industry in Saskatchewan at the precise time as that King of Saudi Arabia abandons his efforts to dominate the international oil market. That's when I'll do it.

Now the minister spoke in committee about the plan that he has, this policy that he has to ensure that Saskatchewan remains a majority owners. And what I understood him to say is about this. He's going to count the shares that are purchased by employees, and then he's going to add to the shares that are picked up by the general public, and then the government is going to hold enough shares on top of that, Mr. Speaker, to ensure that something a little more than 50 per cent of the shares are held in the province of Saskatchewan.

Now that was interesting to hear because I mean if you accept it on its face, it clears up the idea of just how much control Saskatchewan's going to retain.

Then he told us a couple of things. First of all, he refused to put it into the Bill; he refused to write it in. He was prepared to write in how much of the corporation foreign people could get — up to 45 per cent — and he was prepared to write in the companion notion that Canadians must own at least 55 per cent. But he wasn't prepared to write into the Bill that Saskatchewan people, that Saskatchewan interests would own at least 50 per cent. Why? Well I guess that's not administerable. You can administer the 45 per cent and the 55 per cent, but you can't administer the idea that we should retain majority control in this province.

The second thing he told us, which was more dismaying, was to announce and to say that they were going to write into the prospectus, Mr. Speaker, the commitment that

this government will not vote its shares, will not vote its shares. That just abandons any idea of Saskatchewan control over the affairs of PCS, absolutely abandons it. They're going to sit back, appoint their three directors, sit back — if indeed they going to appoint any directors — sit back and just watch the corporation operate. And apparently only in the most extreme conditions, which the minister will not define, are they going to retain the right to vote their shares.

You see the situation, Mr. Speaker. I mean, we're finished. The idea that Saskatchewan will control the affairs of this giant potash corporation is just a dream, it's gone. As soon as we pass this Bill and start making these transactions under the Bill, it's gone, it's lost.

Why would we do such a thing? I mean, if we've got to have a share structure here and if, as the government says, we have to convert this into a private company and sell shares in it, and the government's going to remain as a shareholder, then why in the world doesn't the government behave like a shareholder? Why doesn't the government accept and exercise its responsibilities as a shareholder to ensure that the business of this new corporation will be conducted in the interests of the people of this province? Why not?

So those two points, Mr. Speaker — a refusal to write guarantees into the Bill about the level of Saskatchewan ownership, and the policy of not voting the shares held by the government—just abandons any notion of control of the Potash Corporation of Saskatchewan. So not only are we abandoning any idea of dominating the market, but we abandon totally the idea that Saskatchewan people will have the governing voice in the role that's left for the potash corporation after it's been privatized.

Now this abdication of leadership just can't be emphasized enough, Mr. Speaker, because it seems to me that of all the things that we do in this province, potash is unique. We produce oil, but we produce it in a world where many, many people produce more oil, and we are just bit players in that market. We produce a lot of agricultural products, but again we produce it in a world of a large number of producing countries, and we are just one of the actors. We're strong actors, we play a strong role, but we're not dominant. We produce a little pulp and paper and lumber, but again we're not dominant actors.

In this one area, in this one sector of our economy, are we dominant, and it presents us with such an opportunity to manage the resource in the best interests of all of the people in this province. And it is an opportunity that we ought not to be tossing away. Now the minister says you don't have to own it in order to control it, and he gives us some examples like natural gas and forestry. But the minister's missing the point, Mr. Speaker, the minister's missing the point.

Under the constitution of this country, and the minister knows this as well as anybody does, the power of provincial governments to control a situation, to make a situation come out the way it wants to, is very, very limited — very limited. The amendments to the constitution in 1981 accorded to the provincial

governments a power to tax, but it's power that is also shared with the federal government. But the federal government has not and will never give up its power with respect to international trade, and our potash is all internationally traded.

And so our jurisdiction as a province to manage this resource is severely limited. Our ability as a legislature, as a government, to manage this resource is very, very limited, and not until the day that we decided, that this legislature decided to enter the industry as a large owner, did we start to put together the pieces that were necessary in order to have the clout to really make an impact on this industry, put together the pieces that would allow the government to adopt policies that would be in the interests of all of the people in this province.

I mean it is important that we adopt policies that will ensure that this resource is exploited to the maximum extent possible and that we maximize the return for the people of this province. And as a bare government, as a bare regulator, our power to do so is severely limited, and here we are throwing that opportunity away — throwing away that lever and reducing our role to that of the regulator and the taxer, but losing our ability to influence production and to influence price and to do other things that we can do through the agency of public ownership. And that's very important, Mr. Speaker, and we're giving it away. We're just letting it drift away from our grasp.

The other thing, Mr. Speaker, is that in no circumstance is this government going to be able to replace the revenue from the potash corporation by royalties and by taxation. That is just not going to happen.

And members will recall my second reading speech, I traced the background for royalty and taxation revenue received by the province over the years, Mr. Speaker, and I think I proved quite conclusively that the level of royalty and taxation is not ever going to make up for the profits received from the potash corporation in the long run.

**An Hon. Member:** — That's a bunch of garbage.

**Mr. Mitchell:** — And that is not a bunch of garbage, Mr. Minister, and you know it. You've been the minister — I'm having a direct conversation with him and I should address my remarks to you, Mr. Speaker — but the minister, the member from Weyburn has had responsibilities in a previous capacity by which he knows that what I say is true. Royalty and taxation is not going to replace the profits made directly from the potash industry by the people of Saskatchewan, and that's the fact of the matter.

**Some Hon. Members:** — Hear, hear!

**Mr. Mitchell:** — I want to come back to this really incompetent show that we've been going through and that we're going to go through in the next few weeks. I told you, Mr. Speaker, about this performance by the minister responsible where he said in this House in effect that right now we want to pass this Bill. We really don't have any firm future plans. We haven't thought through any of the things that you guys are talking about. We haven't decided what diversification should take place.

We haven't decided how many shares to put out. We haven't decided what price they should be put out at. We haven't decided what options to give to the officers. We haven't decided what to do with the proceeds. And all these things have to be decided, Mr. Speaker, in very, very short order.

And one of the things that this government, that this minister has said hasn't been decided is what kind of a propaganda campaign this province is going to be subjected to over the next several weeks. I mean we've had debate in this legislature cut off. The government has just said, we've heard enough; we can't take this any more; we're not going to listen to it any more; we're getting out of here. So they've closed off debate.

But they're going to reopen the debate, Mr. Speaker, next week or the week after on the television sets in this province and in the newspapers and radios in this province. They're going to open that debate with an ad campaign. I just think there is no question about that.

Now we tried and tried in vain to get from this minister any information at all about what kinds of plans he had for that advertising campaign. We asked them all the questions you'd expect us to ask. Particularly we wanted to know from him what's his budget; how much money is he going to spend on it.

Mr. Speaker, what we fear is that in the next few weeks leading up to the share issue in late September or early October the people of this province are going to be subjected to an expensive, slick saturation advertising campaign which will try and persuade them that the privatization of the potash corporation has been a good thing, and that they will profit from it and that they should jump on the gravy train and buy into this thing. And the cost of that whole program will be borne by the taxpayers of this province.

That's information that we ought to have been able to get in this House. That is an item on which the minister has a responsibility to come clean. That is an item the minister ought to have been able to table — here is my budget for next week and the week after and the month after — so that we would know what we're getting into.

Now we're going to end debate in this House in about two minutes and that will be it as far as this legislature is concerned. But the government using the taxpayers' own money is going to carry on that debate and try and sell their side of the story in the weeks and the months to come. And that's wrong, Mr. Speaker, it is totally wrong. It is bad. It is a shame, as this whole operation has been a shame.

This privatization plan, as I said in my opening remarks, proceeds in the face of overwhelming opposition from the people of this province. We know it from our polling, we know it from independent polling, the government opposite knows it from their polling. And there is no question about that. They're here trying to save their face, trying to salvage something from the Speech from the Throne, from that famous privatization thrust that was to be the Alamo of the NDP, or the Waterloo of the NDP. Some Alamo, Mr. Minister, some Alamo.

**Some Hon. Members:** — Hear, hear!

(1000)

**Mr. Mitchell:** — And now they're shutting down. They've abandoned SGI; they've pretty much abandoned SaskEnergy. And now they're shutting down the debate on the potash corporation, and they're going to use taxpayers' dollars to take this fight out onto the streets in the newspapers and television stations in this province to try and somehow sell the people, to propagandize them into accepting this absurd Bill.

It's to the government's shame and not to its credit that it is selling out this resource company; that it is selling out our position in the world market; that it is selling out our opportunity to participate fully in that industry and receive from that industry all of the profits and all of the benefits that will flow not only to us and to our family, but to our children and grandchildren, and countless generations to come over the next hundreds of years, Mr. Speaker, literally thousands of years.

This government throws away the opportunity and says these assets should not be owned by the people. These assets should be owned by a few people who are wealthy enough to purchase the shares in that corporation.

Well we will never support, we will never support that kind of idea, Mr. Speaker. We will not support it in the case of the Saskatchewan Power Corporation, or the SGI, nor in the case of the Potash Corporation of Saskatchewan. We will oppose this Bill right to the end. Thank you, Mr. Speaker.

**Some Hon. Members:** — Hear, hear!

The division bells rang from 10:03 until 10:21.

Motion agreed to on the following recorded division.

#### Yeas — 35

Devine	Muller
McLeod	Andrew
Berntson	Lane
Taylor	Smith
Swan	Muirhead
Maxwell	Schmidt
Hodgins	Gerich
Hepworth	Hardy
Klein	Meiklejohn
Martin	Toth
Sauder	Johnson
McLaren	Hopfner
Petersen	Swenson
Martens	Baker
Wolfe	Gleim
Neudorf	Gardner
Kopelchuk	Saxinger
Britton	

#### Nays — 25

Romanow	Prebble
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Rolfes	Shillington
Lingenfelter	Tchorzewski
Koskie	Thompson
Brockelbank	Mitchell
Upshall	Simard
Kowalsky	Atkinson
Anguish	Goulet
Hagel	Pringle
Lyons	Calvert
Lautermilch	Trew
Smart	Van Mulligen
Solomon	

The Bill read a third time and passed under its title.

## GOVERNMENT MOTIONS

### Reappointment of Pauline Duncan to Public and Private Rights Board

**Mr. Andrew:** — Yes, Mr. Speaker, I would like to move this motion for an address to Her Honour The Lieutenant Governor. What this motion deals with is the appointment of one Pauline Duncan, a Regina lawyer, to be reappointed as a member of the Public and Private Rights Board pursuant to section 6 of The Expropriation Procedure Act, being chapter E-16 of the revised statutes of Saskatchewan, 1978.

Now this particular individual was appointed to her first term some five years ago in this Assembly, and as the Act requires, the matter must be approved by this Assembly. If you go back five years, this individual, when first appointed, received the unanimous approval of this House. The individual has been the first woman to serve in this capacity. I would ask all members of the Assembly to reappoint one Pauline Duncan to this position for a further five-year term.

With that, Mr. Speaker, I move, seconded by the Deputy Premier:

That an humble address be presented to Her Honour the Lieutenant Governor recommending that Pauline Anne Duncan of Regina in the province of Saskatchewan be reappointed member of the Public and Private Rights Board pursuant to section 6 of The Expropriation Procedure Act, being chapter E-16 of the revised statutes of Saskatchewan.

Mr. Speaker, I so move.

Motion agreed to.

## COMMITTEE OF FINANCE

### Motions for Interim Supply

**Mr. Chairman:** — Would the minister introduce his officials?

**Hon. Mr. Lane:** — Thank you, Mr. Chairman. With me is Mr. Art Wakabayashi, deputy minister of Finance; Mr. Keith Laxdal, associate deputy minister, treasury board

division; Mr. Jim Marshall, director of tax and economic policy.

Mr. Chairman, the interim supply is one-twelfth, a straight one-twelfth, and first motion is:

Resolved that towards making good the supply granted to Her Majesty on account certain expenses to the public service for the fiscal year ending March 31, 1990, the sum of \$336,074,000 be granted out of the Consolidated Fund.

**Mr. Shillington:** — Thank you very much. Mr. Minister, is it precisely one-twelfth for all the departments or are there any exceptions to that?

(1030)

**Hon. Mr. Lane:** — Yes, it is except for legislation which was approved at the last interim supply and then subsequently goes through the Board of Internal Economy.

**Mr. Shillington:** — So all the others then are exactly one-twelfth. Is that what the minister's saying?

**An Hon. Member:** — Yes.

**Mr. Kowalsky:** — Mr. Minister, I want to ask you a series of questions with respect to the lottery tax, and then we'll follow up starting off with some questions on the ticket sales themselves, and then proceed later on to stuff with respect to casinos. I'm going to talk first of all about some numbers and ask you some questions on some numbers, then I will proceed to give you some testimony, Mr. Minister, from people across the province.

I must state at the outset that the response that we've been getting from people across the province since this tax has been implemented, has been quite consistent and the message is quite consistent, and the message goes — succinctly I suppose I could put it in a couple of sentences — that is that people feel that they are being taxed, taxed, and over-taxed. They even mention things on letters and petitions and notes that they hand to us, that they see you doing things like selling off the potash corporation, which seems to work for those that are involved in large corporations and those that live outside the province and those that are the best off in the province, and in turn continuing to tax the people of Saskatchewan more and more, and now with this particular one, with the lottery tax. And I notice now that the numbers are in verify this, this perception of the people of Saskatchewan, verified and substantiated because they substantiating their words with their actions as well.

Mr. Minister, we now know that the numbers for the lottery sales projected for July were 10.6 million. And they actually have come in at close to 7.9 million. That's a loss of — little bit of subtraction there — if you do the subtraction, it's a loss of \$2.7 million of loss in sales. And that's a loss that's directly, I would say, 90 to 95 per cent of it is a result of the implementation of the tax. If you take the 2.7 million and multiply it over a period of 10 months, that'll more than be equivalent to what you expected to gain in taxes. So it tells me that the revenues from lottery

sales will be greater than what you will have collected in taxes.

There may be some argument, although I think it would be very weak, that the lottery overhead will go down. I don't think it will, very substantially, if anything. You still have to keep the same number of kiosks going. You still have to have the same number of people on staff. Certainly you didn't project that. As a matter of fact what it's doing is it's costing business people an increase in cost.

So under these circumstances, under what's happening, we're going to see a continued problem here, Mr. Minister. I wonder, Mr. Speaker, if you would confirm those numbers, and if you will, comment on how you . . . just how much more evidence you need before you're going to take very seriously the words of the people of Saskatchewan, which I think are even quite well reflected in statements made by the Minister of Culture, and where the Minister of Culture indicates in *Star-Phoenix* of Thursday, quoted. He says: "We have to be willing to listen."

I think that's been one of the good signs out of this whole thing. At least somebody's indicating should they be willing to listen, and minister's also indicated in one place. He says:

My opinion is yup (and that sounds all right too), if we go through the month of September and the sales as far down as they appear to be right now, I think our concerns would have to be translated into some kind of heavy discussion.

I would suggest, Mr. Minister, the time for heavy discussions is now; I would suggest it's probably overdue. Right as of now we've got a loss of 2.7 million for one month. I'm not talking about the months previous to that yet. Wait till September. That'll be two more months. That'll already be \$6 million loss, and you expected to collect only 10 million. You'll never collect the 10 million in taxes. Will you confirm those numbers, Mr. Minister?

**Hon. Mr. Lane:** — Well no, I can't confirm the numbers. As I have indicated on numerous occasions, we will get the numbers by about the third week of August.

One thing the hon. member should be aware of, we're advised that in the other western provinces, okay, there has also been a reduction in lottery sales, and of course that cannot be attributable to the tax . . . Should also be aware that prior to the implementation of the tax, there was reduction in sales.

Now to what one attributes, and let's just look at the other provinces, if I may, that reduction — state of the economy — could be that the games themselves, some of them at least, are dropping off in popularity. And I think you and I have debated in this Assembly before that these games do have a cycle to them, of public interest, and that new games are constantly being looked at.

So I can't confirm the specific numbers. I will freely acknowledge that the numbers are down; I'm not

debating that. We expected that to happen in that there is a change, but we also think it's far too soon to tell as to whether that would be permanent.

And secondly, given the rather surprising information and indications from the others — and again we don't have the precise numbers that they're down in the other jurisdiction — I think it can be fairly stated that certainly the tax would have some implications. But I think we also have to find out with the other provinces as to why they're down in the other provinces.

**Mr. Chairman:** — Order, order, I'd like to bring it to the member's attention that the member's talking about revenue and not the appropriation of funds, and the question should be related to expenditures. It's not really related to the Appropriation Bill.

Why is the member on his feet?

**Mr. Shillington:** — Mr. Chairman, it's a point of order, I guess. Mr. Chairman, we have always, that I have been involved in this, discussed not just expenditures but also the money which is available to make those expenditures, which is revenue. We have long discussed revenue as well as expenditures, and I think both are relevant, Mr. Chairman. This is not something new that we're doing this morning. We've always done this. And I suggest, Mr. Chairman, that these comments are in order.

**Mr. Chairman:** — I find the point of order not well taken.

**Mr. Kowalsky:** — Mr. Chairman, I will reword my questions in this fashion. There is a budgetary item in the Department of Health that states that there's \$26.7 million of moneys to be put to the expenditures for this year — '88-89. I want to spend some time talking about this money, about the source of this money. I want to make sure that that money actually gets into that fund. I have concern that there may not be the money to get into that, and I would like to put the question to the minister.

We had talked about this in a previous . . . we started the debate in a previous interim supply. The minister was forthright enough to admit that this was an issue at this time that needs discussing, and if I word it in that fashion, Mr. Chairman, I would hope that you would allow me to proceed.

Mr. Minister, in reply to your comments regarding that the sales are down in other jurisdictions, I would not concur with your opinion that they're down to the extent that they are in Saskatchewan. My information is that they are down in Manitoba at 94 per cent of projected cost; that in Alberta they're at 96 per cent of projected cost; in Saskatchewan they're at 85 of projected cost.

I would also indicate that I've been advised by people that are involved with the collection of these sales that Saskatchewan is usually right up there with the rest of them as to revenues, if not leading, revenues are at least up there with the rest of them, so that there is certainly a significant difference there that needs to be looked at.

You also indicated, Mr. Minister, that you needed more time for some evidence. And I've been getting a great deal

of evidence, Mr. Minister, which I think I would like to share with you at this time. I've got loads of them over last week and I'd say even mail, Mr. Speaker, that I haven't opened this week. But it all seems to have very much of a pattern, and I'm going to give you some information from it, some of the comments. And this is comments from kiosk operators, and these comments come from places like Cando and Weyburn, Regina, Macklin, Whitewood, Radville, Saskatoon, Oxbow, Glentworth. I could go on and on and mention all of the names here. I don't want to do it for purposes of time constraint, but I do want to mention that this is sort of a voluntary survey that people have given their comments because of their concern and the advice that they want to yield to the Minister of Finance.

Here's one comment. Should the tax be dropped? And the person says, yes, 75 per cent of the customers express concerns about this tax — I'm unable to read some of this — and they sure hope they take the taxes off, he says. Here's another comment. It says, yes, the tax should be dropped. Saskatchewan is the only province with the tax and we're steadily hearing negative comments. People think the government is steadily trying to get more money. Another comment: the whole concept is ridiculous. If there was a general house-cleaning from the ground up, we'd all be rich. These are small-business people.

Here's a comment from a small town in north-western Saskatchewan and he has a suggestion along with the comment: it would have been much simpler if the tax had been applied at 7 per cent, at least the same as the E&H tax (education and health) and then the vendor would not have to do two different tax calculations. It brings in another point altogether which I'll be dealing with later.

Then here's another kiosk operator. He said most customers had quit buying on account of the tax. Another comment: everyone feels this tax is unjustified; the consumer continually pays for the mismanagement of government.

What are the customers saying? Oh here's another one about the kiosk operator; the tax is choking a valuable resource of revenue for all concerned. He says there must be a better way. Person who wrote a letter and attached it says, I would like to see the 10 per cent tax dropped as the public is very upset as it is a high tax plus a nuisance to collect.

(1045)

Mr. Minister, that kind of information is coming in very, very consistently — it's not random, it's consistent. I believe it needs to be listened to.

I want to also give you a sampling of information that people, that business people give with respect to the tax, but perhaps before I do that I should just ask you one more thing, Mr. Minister. It's my understanding that the market share in Saskatchewan is down to 17.1 per cent from a projected 19.4 per cent. It used to be 19.4 per cent. That was the Saskatchewan market share of the lotteries in western Canada. Now it's down to 17.1 per cent, which is a very, very significant drop.

And I couple that with the remarks that I made earlier about Manitoba sales being at 94 percent projection, Alberta at 96, on either side; Saskatchewan, 85. Will you not concede that that is a significant difference? That is the evidence, the market share coupled with the projected shares . . . the shares that were received with respect to projected shares.

**Hon. Mr. Lane:** — Well again, I haven't denied that they're down. I said that in my opening remarks so . . . But I find it interesting that the lottery revenues are down in our neighbouring provinces, and I think we have to take a look at that. I think that figure surprises most. So certainly I have indicated that they're down. And I know the hon. member will table the copies of the letters from which he's referring. But having said that, I have freely acknowledged that they're down. I do say it's too soon to tell.

Thirdly, I have also indicated that if the revenues are down in all of the provinces, then perhaps and in all likelihood, there are other reasons. And the lottery officials have been, as I indicated to you very early, sir, that they are looking at other games. Whether it be a daily lottery, whatever it may be, those games are being looked at.

I mean, I'm not sitting here debating you as to whether or not they're down. I freely acknowledge that they're down. What I am saying is that in fairness, you have to bring into your debate that they are down in the other provinces. Not as much, I acknowledge that, but I think that there is perhaps a trend or a problem with games. And that's simply what I have indicated to you. And again, I know you'll table copies of the letters you referred to.

**Mr. Kowalsky:** — Well I'm not sure, Mr. Minister, if the other provinces will be delighted with your looking at what their problems are. I think they would more than likely, and the people of Saskatchewan would be quite delighted if we were able to just handle our own problems here right now, that basic 10 per cent, and there's a pretty easy solution to it.

I have additional testimonies which I want to share with you, Mr. Minister, and this is how it's affecting the business people themselves. The first group that I gave you was getting the business people's advice, but some of these comments I want you to hear because it's been a bit of a difficulty for several of the people who are right in business.

One person says:

Seeing as we only get 1 per cent for collecting the tax, we can't afford to collect this much longer as we need at least 10 per cent to cover wage cost involved.

So they're collecting it primarily because they feel it's an obligation, and of course because it's illegal not to collect, but certainly not because there is any kind of remuneration there for them.

Here's one from a small town close to Saskatoon who

said, I sent all my tickets in and gave up as a vendor when it was initiated, and the reason was because there was just too much inconvenience and too much hassle. Another person comments: our cashiers took a great deal of hassle from customers when this tax was introduced.

Another small vendor in a small town in Saskatchewan: are your customers expressing concerns about the lottery tax? She says, they don't like it, it's a nuisance.

A person who wrote a letter, and she says:

I've had people throw — and I mean throw — their 20 cents at me. Some have refused to buy the ticket when they realized they've had to pay a tax on it. And some have even told me . . .

And she's got something in quotations, which is very unparliamentary. I think I won't quote that there. But if you want me to write you a note, Mr. Minister, I can pass it over.

Now a comment from a person in Yorkton.

Collecting the sales tax is a terrible hindrance to me and the public. The tax must be figured out manually. Mistakes are often made. I've had many shortages. It takes me a couple of hours more work than previously to deal with this tax. It is of course affecting my family life. I run the kiosk on my own, as do most kiosk operators.

We have a tough time handling two extra hours of work per day, as we must do it single-handedly.

Mr. Minister, the comments of this type are made by people who are small-business people. Let me just bring a contrast in here. The small-business person in Saskatchewan, who we know that employ the bulk of the people of Saskatchewan, has the biggest potential for growth. They feel through taxation measures of the government like this, that it's hurting their business, and at the same time they see money going to some of the big outfits. And they see, as we saw today, the potash corporation going away, which was going out of Saskatchewan — we see it slipping from their fingers. We see money going to Cargill. And this has just been sort of one extra thing that's hurt them.

I've asked you this question before, Mr. Minister, and that is, is there some way that you can — I hate to ask it in this way, but — is there some way that you can help these people out? You see, some of them, I guess if it wasn't for the hassle and if they really felt that this money was being collected with the positive response of the people, they probably wouldn't mind it so much. But I guess about the best advice that they can do is repeat the same . . . I can give you is, they can repeat the same claim, and that is that you've got to drop the tax.

Here's one customer comments who put a petition on her desk and she told me in a note that this was taken in two days of customers, she said, that came to our store:

Our total population for our town, small town in Saskatchewan, is 800. I would say about

three-quarters of our adult population signed the petition.

So what's happening is if people across the province are doing this completely voluntarily, on their own, if the kiosk operator takes the initiative and does something like put a petition, people will sign it. And I will be presenting petitions to the House this week. You'll have a chance to look at them, Mr. Minister, all in the hope that slowly you can use this as evidence to go back and undo what the people of Saskatchewan feel is an unjustified taxation.

One more comment from a kiosk operator, and I quote:

Mr. Lane has no business going on the radio and telling the people that sales tax hasn't hurt our business, that it was already down when they put it on. We always have a slow month from the end of June and July simply because they are so many other things going on and people are away. My sales in July were down over half. We need more staff with the extra work, and my income for July was not sufficient to pay staff and my mortgage payment.

Let Mr. Lane come and interview people at the lottery kiosk, and the customers, and he will find out that he's 100 per cent wrong. Or maybe he should spend a day selling tickets, and I can guarantee you this would be his last.

I am sending petitions in and will continue to keep them up.

And I don't think the people are writing these remarks, Mr. Minister, as a personal affront. I think they're genuinely giving an opinion that this tax ought to go, that you've got to be prepared to be more flexible and be flexible sooner.

Now I've given you the testimony, Mr. Minister, and I've got a question that I want to ask with respect to the money that you're going to put in. It is in the budget, \$26.7 million. I think you're expecting \$10 million this year, this was your projection. According to what money's coming in right now, you'd be at approximately half of that is what you'll get in taxation.

What are you going to do, Mr. Minister, with respect to the money that's been dedicated to health, or you say has been dedicated to health, when the money is not going to be available from these lottery sales because we're behind already? There's no way, even if they came back tomorrow, right up to the projected amount, you'd be behind. What are you going to do? Are you going to help . . . tell those people in Saskatoon or . . . where are the other places they're going to use the hospital money? Some in Regina, some in Weyburn, I think. Are you going to tell them, well sorry, people didn't buy tickets so we're going to stop construction? What are you going to do to meet that budget?

**Hon. Mr. Lane:** — Well we've indicated that we believe that more of the gambling moneys in this province should go to health care. Our position's quite clear on that. You have disagreed with that. And certainly if sales don't

come up, we're going to have to sit down with the hospital people and say, look we'll have to reassess the priorities within that allocation of the expenditures, and talk to them as to which may or may not proceed. So I think that's not surprising.

The hospital people are very, very interested in the proposals to have more of the gambling moneys go to health care. Certainly we'll have to sit down and talk to them. If the moneys don't come in, then we'll have to deal with it. I have said, and I've now said on numerous occasions that they're down in the other provinces, and I note even one of the letters, that sales are way off in July, so perhaps more than usual.

But take a look at some other things that are off. Fair attendance was down this year. Is that the lotteries tax?

**An Hon. Member:** — Saskatoon was up.

**Hon. Mr. Lane:** — Saskatoon was up; Regina was down.

**An Hon. Member:** — Yes, well that's Regina.

**Hon. Mr. Lane:** — The hon. members says oh, that's Regina. But the economy may have some effect. I think they have to take a look at that. All that I have said is that they are down. They're down in all the provinces. The extent of any drop, it's far too soon to tell.

Now if, for example, they're down 6 per cent in Manitoba and 15 in Regina, so we're off 9 per cent. You know, I don't think that will continue, but if it does, you've really got, in effect, a 9 per cent reduction, not the 75 per cent that you were talking about earlier and not the higher figures.

Again, I'm simply saying to you that it is far too soon to tell. And secondly, I'm not here to say that it's not with some difficulties for some of the operators. Some of the operators that collect sales tax for other items, it's not as big a problem. Others have to make some adjustment. Certainly there was ample notice. Some adjusted to it; some did not.

(1100)

But we have the same commission structure, I believe, same as the sales tax, or E&H tax, and that seems to have worked fairly for most of the small-business community. Maybe that of itself is not adequate. I'd be inclined, certainly, to take a look later on in the year if the commission structure is ultimately the only problem. I would be more than pleased to take a look at that. But again, that's too soon to tell. If it's not going to correct the problem, then one can argue against making a change.

So again, I'm repeating the arguments that I've given to you earlier. It's simply too soon to tell.

The committee reported progress.

The Assembly recessed until 1 p.m.